

M&G Property Portfolio

**Annual report and audited financial statements
for the year ended 30 September 2024**



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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Property Portfolio presents its annual report and audited financial statements for the year ended 30 September 2024.

The audited financial statements of M&G Property Portfolio, the Authorised Corporate Director's Reports including the portfolio statement, financial highlights and the audited financial statements and notes of the fund are presented in their individual sections of this report as set out in the contents page.

Please note that an explanation of key investment terminology is available on our website at mandg.com/private-investor/glossary. A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

Company information

M&G Property Portfolio is an Open-Ended Investment Company which is structured as a Property Authorised Investment Fund (PAIF). The Company is a non-UCITS Retail Scheme (NURS) under the COLL Sourcebook and is an alternative investment fund (AIF) for the purposes of the Alternative Investment Fund Managers Directive (AIFMD). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

The Company was authorised on 16 October 2012 and was launched on 18 January 2013.

The Company's principal activity is to carry out business as an OEIC.

A shareholder is not liable for the debts of the Company and will never be liable to make any further payment to the Company after paying the purchase price of the shares.

Fund manager

Michael Wood is employed by M&G FA Limited, which is an associate of M&G Securities Limited.

ACD

M&G Securities Limited
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: 0800 390 390 (UK only)
(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of The Investing and Saving Alliance)

Directors of the ACD

N J Brooks, C Dobson (non executive director),
S A Fitzgerald, P R Jelfs,
M McGrade (non executive director), L J Mumford

Investment manager

M&G Investment Management Limited
10 Fenchurch Avenue, London EC3M 5AG, UK
(Authorised and regulated by the Financial Conduct Authority)

Registrar

SS&C Financial Services Europe Ltd
SS&C House, St. Nicholas Lane, Basildon
Essex SS15 5FS, UK
(Authorised and regulated by the Financial Conduct Authority)

Depository

NatWest Trustee & Depository Services Limited
House A, Floor 0, Gogarburn, 175 Glasgow Road
Edinburgh EH12 1HQ, UK
(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX, UK

Property manager

M&G Real Estate Limited
10 Fenchurch Avenue, London EC3M 5AG, UK

Standing independent valuer

Knight Frank LLP, 55 Baker Street, London
W1U 8AN, UK

Authorised Corporate Director's Report

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2024 can be found on our website at mandg.com/investments/valueassessment

Climate-related Financial Disclosures (TCFD)

The fund was closed in December 2023, and is in the process of liquidating its assets and winding up. As a result, TCFD report is not required per ESG 2.3.4.

Important information

The events in Ukraine continue to bring uncertainty. The ACD continues to monitor the associated risks that are posed to the Company.

The ACD of the M&G Property Portfolio together with the Manager of its feeder, M&G Feeder of Property Portfolio have decided to close both funds. FCA approval for the M&G Property Portfolio closure was obtained on 17 November 2023. Since the ACD and the Manager announced their intention, dealings in both funds were suspended on Thursday 19 October 2023. We commenced the wind up of the M&G Property Portfolio and its feeder M&G Feeder of Property Portfolio on Friday 29 December 2023.

In recognition of this inability for customers to access their investment, M&G is waiving 30% of its annual charge until the funds close. In addition, effective from the date of the suspension, no charges will be applied to any cash that is held within the funds' portfolios. This supersedes the previous waiver, where M&G continued to waive its annual charge on cash held above 20% of the M&G Property Portfolio's net asset value.

From January 2025 the operating charge figure will not include the underlying charges for closed-ended-funds, such as investment trusts and real estate investment trusts. There is no change to what you are currently being charged, this is a presentational change to align

with the latest industry guidance issued by the Investment Association.

Please refer to the 'Investment review' section for further details on significant events during the period. Investment reviews may become quickly outdated in relation to ongoing economic and geopolitical events.

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest annual or interim investment report and financial statements as well as a list of purchases and sales are available free of charge on request from the following address. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Customer services and administration for UK clients:

M&G Securities Limited
PO Box 9039, Chelmsford CM99 2XG, UK

Please remember to quote your name and M&G client reference and sign any written communication to M&G. Failure to provide this will affect your ability to transact with us.

Telephone: 0800 390 390 (UK only)

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim reports for the Company. The ACD must ensure that the financial statements, contained in this report, for the fund are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

The ACD is required to keep proper accounting records, and to manage the Company in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Instrument of Incorporation and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities. Additionally, the ACD is responsible for preparing the financial statements on a going concern basis unless it is appropriate to presume that the Company will not continue in operation.

For the reasons stated in the ACD's Report and Note 2a, the financial statements of the M&G Property Portfolio have not been prepared on a going concern basis.

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the FCA, except the non-compliance in relation to the COLL 7.3.6 R (2) (b) & (c) as detailed in note 18 to the financial statements on page 37.

M&G Securities Limited
17 March 2025

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Property Portfolio ('the Company') for the year ended 30 September 2024

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Depository also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

On 19 October 2023, the ACD announced its intention to close the Company and dealing was suspended on the same date. On 17 November 2023, the FCA approved ACD's request to close the Company. On 29 December 2023 closure of the Company commenced.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, with the exception of a technical breach of COLL 7.3.6 R (2) (b) & (c) that occurred following the commencement of the closure of the Company. There was no investor impact due to the technical error; and
- ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Edinburgh
17 March 2025

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Property Portfolio

Opinion

We have audited the financial statements of M&G Property Portfolio ("the Company") for the year ended 30 September 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the Cash Flow Statement, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2024 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters – financial statements prepared on a basis other than going concern and non-compliance with COLL 7.3.6

We draw attention to note 2a to the financial statements which explains that the Authorised Corporate Director ("the ACD") intends to wind up the Company and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements, have been prepared on a basis other than going concern as described in note 2a. We also draw attention to Note 18 to the financial statements which explains that COLL 7.3.6 has been breached in the period. COLL 7.3.6 states that, the fund must cease to cancel shares except in respect of the final cancellation once termination of the fund has commenced. The fund has cancelled shares in the period and the financial statements have been prepared reflecting the cancellations processed since the commencement of termination. Our opinion is not modified in respect of these matters.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether

Independent Auditor's Report

this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the rules of the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud

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rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to:

Incorrect valuation of property investments. For a sample of investment properties, we engaged our valuation specialists to review the property valuations as prepared by the independent valuer engaged by the Company and we agreed key data included in the tenancy schedule, which was provided to the independent valuer, to lease documentation.

Incomplete or inaccurate recognition of rental income including accounting for lease incentives. We recalculated a sample of rental income and lease incentives recognised, with reference to lease documentation.

Incomplete or inaccurate provisions for doubtful debts. We assessed and challenged the provision policy and tested its application to a sample of aged rent receivables.

Incorrect valuation of suspended investments. We assessed and challenged the valuation applied to the suspended investment. We performed our own valuation analysis with reference to Company announcements, liquidity discounts and comparable Company market movements.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company. We identified an instance of non-compliance with the FCA Collective Investment Schemes Sourcebook as described in the above 'Emphasis of matters' paragraph.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities which included the use of specialists where appropriate to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's Shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

Independent Auditor's Report

Company and the Company's Shareholders as a body,
for our audit work, for this report, or for the opinions we
have formed.

Edinburgh
17 March 2025

Ernst & Young LLP
Statutory Auditor

Authorised Corporate Director's Report

M&G Property Portfolio is in the process of winding up and is no longer open to investment. For the purposes of these financial statements, the Prospectus dated 29 December 2023 has been used.

Investment objective

The investment objective of the fund is to carry on property investment business and to manage cash raised from investors for investment in the property investment business. In doing so, the fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure and property expense ratio, than the average return of the IA UK Direct Property Sector over any five-year period.

Investment policy

At least 70% of the fund is invested directly in a diversified portfolio of commercial property in the UK. This may be reduced to 60%, if it is considered prudent for liquidity management.

The fund may also invest in other property related assets such as:

- other types of property, including residential property;
- property of any type outside the UK;
- funds (including funds managed by M&G); and
- transferable securities (such as shares and bonds); and money market instruments.

For liquidity management, the fund may invest in cash; near cash; money market instruments; and government bonds, directly, or via funds (including funds managed by M&G).

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund is actively managed, while controlling for risk factors, through diversified real estate exposure

primarily in direct property sectors (such as retail, offices and industrial). The fund's investment and disposals align the fund positioning toward those sectors forecast to outperform with regard for structural trends and property specific risk such as lease expiries and voids, tenant covenant strength and physical and environmental factors.

The investment process is structured to deliver the fund's objective however, as a responsible property manager, M&G's Responsible Property Investment capabilities are drawn on to initiate projects that address ESG themes and risk factors relevant to the fund, such as building suitability in light of regulation and addressing energy efficiency, water use and waste. Performance will take precedence over any ESG goals referenced within the Responsible Property Investment policy.

Benchmark

IA UK Direct Property sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 27 to 28.

Investment review

For the year ended 30 September 2024

Important Information

On 19 October 2023, M&G announced the suspension of dealing in the M&G Property Portfolio (the fund) and

Authorised Corporate Director's Report

the feeder fund, the M&G Feeder of Property Portfolio ('the feeder fund'). The wind up of the fund and the feeder fund began on 29 December 2023.

In recent years, open-ended property funds have seen a decline in popularity among investors, leading to significant redemptions. Consequently, both the fund and the feeder fund have contracted in size. We anticipated that these withdrawals were likely to persist, with the potential for an acceleration in the future. As the fund's size diminished, it would have become necessary to sell properties to meet redemption requests. Such actions would have incurred substantial transaction costs, which could have adversely affected the fund's overall performance.

Given our expectation of a continued reduction in fund size, and after a thorough consideration of alternative strategies, it was concluded that the most appropriate course of action would be to close both the fund and the feeder fund. This decision was made to facilitate an orderly disposal of the fund's assets and ensure a timely return of proceeds to investors.

With effect from the commencement of the fund's closure, the requirement to meet the Investment objective and policy of the fund and the return to the comparator benchmarks fell away.

Investment activities

An orderly sales programme is under way with the objective of ensuring that fair market prices are achieved. In the current market conditions, M&G expects it will take until approximately end of 2025 for the majority of the M&G Property Portfolio's assets to be sold.

Investment volumes remained muted throughout the review period, however, we expect to see more transaction activity in the coming months, as asset valuations have stabilised across most sectors. The prevailing market view is that property yields have now peaked and combined with the significant degree of repricing already recorded in the UK, this has increased our confidence that values are close to their bottom.

Since the announcement of M&G's intention to close the fund, we have disposed of many of the fund's real estate investment properties. At the end of September, a further two properties were under offer.

In November 2023, we completed on the sale of The Gracechurch Centre, a shopping centre in Sutton Coldfield, and in March 2024, we completed on the sale of Parc Trostre, a retail warehouse park in Llanelli, South Wales. Further sales in 2024 included the fund's remaining five Travelodge hotels, a shopping centre in Maidstone, Kent, and the part sale of offices at The Yard, London.

Since the suspension in trading, we have made three capital repayments to customers. The initial repayment of £91 million occurred in February, representing approximately 17% of the value of customer holdings as of 8 February 2024. Another capital repayment of £50 million was made in May, representing approximately 12.5% of customer holdings as of 1 May 2024.

We announced a third capital repayment on 6 September 2024. In September 2024, £46 million was returned, representing approximately 13.5% of customer holdings as of 4 September 2024.

We announced a fourth capital repayment on 5 December 2024. In December 2024, £60 million was returned, representing approximately 21% of customer holdings as of 2 December 2024.

Authorised Corporate Director's Report

Fund performance

As the fund is now in the process of an orderly wind-up and returning capital to investors, fund performance has not been analysed.

For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Financial highlights' section of this report.

Michael Wood

Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited.

Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

Portfolio statement

Investments

Location	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
Retail properties	3,579	1.31	15.83
Values between £50 million and £60 million	0	0.00	10.17
Values between £30 million and £40 million	0	0.00	5.28
Values between £0 million and £10 million	3,579	1.31	0.38
Harrogate Harrogate House			
Office properties	89,933	32.88	23.60
Values between £40 million and £50 million	0	0.00	7.58
Values between £30 million and £40 million	0	0.00	5.43
Values between £20 million and £30 million	51,156	18.71	7.38
Bristol 3 Temple Quay			
London, W1 Portland & Riding Estate			
Values between £10 million and £20 million	29,467	10.77	0.00
London, E14 8 Greenwich View Place			
Aberdeen The Capitol, 431 Union Street			
Values between £0 million and £10 million	9,310	3.40	3.21
Aberdeen City View, Craigshaw Drive			
London, N1 Units 1-4 The Yard, 122 East Road			
Industrial properties	53,238	19.47	11.06
Values between £10 million and £20 million	43,192	15.79	9.29
Leatherhead Leatherhead Trade Park			
Dartford Orbital One Trading Estate, Green Road			
Aberdeen Sites A1-A25, Altens Industrial Estate			
Values between £0 million and £10 million	10,046	3.68	1.77
Bedford Unit 5, Apex Park, Cambridge Road			
Aberdeen Units 1-4 Howe Moss Drive, Kirkhill Industrial Estate			
Leisure properties	54,146	19.80	14.28
Values between £20 million and £30 million	23,730	8.68	4.79
Rochester Medway Valley Leisure Park			
Values between £10 million and £20 million	20,916	7.65	7.18
Salisbury Premier Inn & McDonald's			
Telford Southwater Square			

Portfolio statement

Investments (continued)

Location	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
Leisure properties (continued)			
Values between £0 million and £10 million	9,500	3.47	2.31
Swansea Premier Inn Hotel, The Waterfront Development			
Other properties	20,000	7.31	5.22
Values between £20 million and £30 million	0	0.00	5.22
Values between £10 million and £20 million	20,000	7.31	0.00
Birmingham Selly Oak Student Quarter			
Total direct properties before estimated disposal costs^a	220,896	80.77	69.99
Estimated disposal costs ^b	(3,694)	(1.35)	(0.71)
Total direct properties after estimated disposal costs	217,202	79.42	69.28
Holding Real estate investment trusts	1,292	0.47	6.59
9,100,000 Home ^c	1,292	0.47	
Total portfolio	218,494	79.89	75.87
Net other assets/(liabilities)	54,993	20.11	24.13
Net assets attributable to shareholders	273,487	100.00	100.00

Investment properties have been reclassified into more representative valuation bands, with 2023 investments properties reclassified on a consistent basis.

^a The fair value of investment property is shown net of a lease incentive balance of £4,489,000 (2023: £8,806,000) which has been deducted from the valuation. This lease incentive asset is disclosed separately see (note 12).

^b Please refer to note 24.

^c Suspended/delisted.

Portfolio statement

Portfolio transactions

for the year to 30 September	2024 £'000	2023 £'000
Total purchases	0	12,814
Total sales	131,078	111,334

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

Financial highlights

Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-11.7	-7.0	-6.4	-2.3
Class 'A' Accumulation	-11.8	-7.1	-6.5	-2.3
Class 'D' Income	-11.4	-6.6	-6.0	-1.8
Class 'D' Accumulation	-11.4	-6.6	-6.0	-1.8
Class 'F' Income	-11.1	-6.2	-5.6	-1.3
Class 'I' Income	-11.5	-6.8	-6.2	-1.9
Class 'I' Accumulation	-11.6	-6.8	-6.2	-1.9
Class 'R' Income	-11.6	-6.9	-6.3	-2.1
Class 'R' Accumulation	-11.7	-7.0	-6.4	-2.1
Benchmark	+1.6	-1.1	-0.9	+1.4

^a Not annualised.

Calculated on price basis rather than adjusted NAV basis.

Capital repayments

A first capital repayment was made on various dates in February 2024, depending on what investors have opted to do with their holding. This represented £91 million, approximately 17% of the value of holdings calculated as of 2 February 2024.

A second capital repayment to customers was announced on 2 May 2024. In May, we returned £50 million, representing approximately 12.5% of customer holdings as of 1 May 2024.

A third capital repayment to customers was announced on 6 September 2024. In September, we returned £46 million, representing approximately 13.5% of customer holdings as of 4 September 2024.

A fourth capital repayment to customers was announced on 5 December 2024. In December, we returned £60 million, representing approximately 21% of customer holdings as of 2 December 2024.

We'll continue to keep customers updated with the progress on the fund's closure and future payments on the M&G website.

Specific share class performance

The following comparative tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV per share).

'Operating charges', 'Property expenses' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 18 January 2013.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	75.73	92.03	91.47
Return before charges*	(10.31)	(9.88)	7.19
Property expenses	(1.15)	(1.36)	(0.88)
Operating charges	(0.60)	(1.12)	(1.23)
Return after charges*	(12.06)	(12.36)	5.08
Distributions	(4.18)	(3.94)	(4.52)
Closing NAV	59.49	75.73	92.03
*after direct transaction cost of	0.24	0.16	0.40
Performance			
Return after charges (%)	(15.92)	(13.43)	5.55
Other information			
Closing NAV (£'000)	8,218	16,838	23,227
Number of shares	13,813,427	22,233,261	25,239,159
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.85	1.41	1.32
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	80.24	96.99	97.63
Lowest share price (UK p)	63.77	76.49	91.48

Sterling Class 'A' Accumulation shares

The share class was launched on 18 January 2013.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	108.44	126.00	120.21
Return before charges*	(15.10)	(13.49)	9.45
Property expenses	(1.67)	(1.90)	(1.19)
Operating charges	(0.87)	(1.56)	(1.66)
Return after charges*	(17.64)	(16.95)	6.60
Distributions	(5.28)	(4.09)	(4.48)
Retained distributions	4.43	3.48	3.67
Closing NAV	89.95	108.44	126.00
*after direct transaction cost of	0.35	0.23	0.54
Performance			
Return after charges (%)	(16.27)	(13.45)	5.49
Other information			
Closing NAV (£'000)	8,870	17,331	23,938
Number of shares	9,860,685	15,981,211	18,998,928
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.85	1.41	1.32
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	114.88	132.83	131.87
Lowest share price (UK p)	94.94	108.03	120.25

Financial highlights

Sterling Class 'D' Income shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	786.52	949.46	937.82
Return before charges*	(107.33)	(101.74)	73.65
Property expenses	(11.95)	(14.12)	(9.18)
Operating charges	(3.13)	(6.27)	(6.38)
Return after charges*	(122.41)	(122.13)	58.09
Distributions	(43.59)	(40.81)	(46.45)
Closing NAV	620.52	786.52	949.46
*after direct transaction cost of	2.49	1.68	4.12
Performance			
Return after charges (%)	(15.56)	(12.86)	6.19
Other information			
Closing NAV (£'000)	601	1,225	1,845
Number of shares	96,792	155,774	194,280
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.43	0.76	0.66
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	833.75	1,000.75	1,005.49
Lowest share price (UK p)	664.65	794.15	937.93

Sterling Class 'D' Accumulation shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,160.19	1,340.58	1,272.85
Return before charges*	(161.96)	(143.65)	99.43
Property expenses	(17.91)	(20.09)	(12.72)
Operating charges	(4.70)	(8.93)	(8.97)
Return after charges*	(184.57)	(172.67)	77.74
Distributions	(61.21)	(51.42)	(56.40)
Retained distributions	51.41	43.70	46.39
Closing NAV	965.82	1,160.19	1,340.58
*after direct transaction cost of	3.74	2.39	5.71
Performance			
Return after charges (%)	(15.91)	(12.88)	6.11
Other information			
Closing NAV (£'000)	41	79	76
Number of shares	4,205	6,781	5,641
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.43	0.76	0.67
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	1,229.67	1,413.34	1,401.72
Lowest share price (UK p)	1,018.83	1,150.91	1,272.75

Financial highlights

Sterling Class 'F' Income shares

The share class was launched on 18 January 2013.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	81.09	97.30	95.55
Return before charges*	(11.14)	(10.44)	7.51
Property expenses	(1.23)	(1.45)	(0.94)
Operating charges	(0.04)	(0.13)	(0.09)
Return after charges*	(12.41)	(12.02)	6.48
Distributions	(4.45)	(4.19)	(4.73)
Closing NAV	64.23	81.09	97.30
*after direct transaction cost of	0.26	0.17	0.42
Performance			
Return after charges (%)	(15.30)	(12.35)	6.78
Other information			
Closing NAV (£'000)	219,965	455,370	654,386
Number of shares	342,472,920	561,582,018	672,568,416
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.05	0.15	0.09
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	86.00	102.56	102.86
Lowest share price (UK p)	68.75	81.85	95.56

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	778.13	941.80	932.36
Return before charges*	(105.92)	(100.99)	72.98
Property expenses	(11.88)	(13.98)	(9.09)
Operating charges	(4.28)	(8.26)	(8.71)
Return after charges*	(122.08)	(123.23)	55.18
Distributions	(43.15)	(40.44)	(45.74)
Closing NAV	612.90	778.13	941.80
*after direct transaction cost of	2.48	1.67	4.08
Performance			
Return after charges (%)	(15.69)	(13.08)	5.92
Other information			
Closing NAV (£'000)	3,938	17,967	27,543
Number of shares	642,504	2,309,049	2,924,504
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.59	1.01	0.91
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	824.69	992.54	998.00
Lowest share price (UK p)	656.67	785.76	932.48

Sterling Class 'I' Accumulation shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,142.65	1,323.25	1,258.25
Return before charges*	(159.47)	(141.62)	98.59
Property expenses	(17.63)	(19.94)	(12.29)
Operating charges	(6.34)	(11.78)	(11.77)
Return after charges*	(183.44)	(173.34)	74.53
Distributions	(58.38)	(47.74)	(51.82)
Retained distributions	49.03	40.48	42.29
Closing NAV	949.86	1,142.65	1,323.25
*after direct transaction cost of	3.68	2.38	5.52
Performance			
Return after charges (%)	(16.05)	(13.10)	5.92
Other information			
Closing NAV (£'000)	30,848	60,103	82,206
Number of shares	3,247,652	5,259,983	6,212,463
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.59	1.01	0.91
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	1,210.90	1,395.11	1,384.17
Lowest share price (UK p)	1,002.19	1,135.38	1,258.70

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	76.82	93.21	92.52
Return before charges*	(10.46)	(10.00)	7.27
Property expenses	(1.17)	(1.38)	(0.90)
Operating charges	(0.53)	(1.02)	(1.11)
Return after charges*	(12.16)	(12.40)	5.26
Distributions	(4.25)	(3.99)	(4.57)
Closing NAV	60.41	76.82	93.21
*after direct transaction cost of	0.24	0.16	0.41
Performance			
Return after charges (%)	(15.83)	(13.30)	5.69
Other information			
Closing NAV (£'000)	328	675	839
Number of shares	543,281	878,276	899,714
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.75	1.26	1.17
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	81.40	98.24	98.85
Lowest share price (UK p)	64.74	77.59	92.53

Sterling Class 'R' Accumulation shares

The share class was launched on 18 January 2013.

for the year to 30 September Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	111.95	129.91	123.79
Return before charges*	(15.60)	(13.91)	9.72
Property expenses	(1.73)	(1.96)	(1.23)
Operating charges	(0.79)	(1.44)	(1.51)
Return after charges*	(18.12)	(17.31)	6.98
Distributions	(5.56)	(4.39)	(4.80)
Retained distributions	4.67	3.74	3.94
Closing NAV	92.94	111.95	129.91
*after direct transaction cost of	0.36	0.23	0.55
Performance			
Return after charges (%)	(16.19)	(13.32)	5.64
Other information			
Closing NAV (£'000)	678	1,346	2,198
Number of shares	729,924	1,202,577	1,692,064
Property expenses (%)	1.64	1.71	0.95
Other operating charges (%)	0.75	1.26	1.17
Direct transaction costs (%)	0.00	0.00	0.03
Prices			
Highest share price (UK p)	118.62	136.96	135.94
Lowest share price (UK p)	98.08	111.41	123.83

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Statement of total return

for the year to 30 September	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	6		(92,933)		(130,554)
Revenue	8	32,963		44,135	
Expenses	9	(7,760)		(12,927)	
Interest payable and similar charges		(313)		(485)	
Net revenue/(expense) before taxation		24,890		30,723	
Taxation	10	0		0	
Net revenue/(expense) after taxation			24,890		30,723
Total return before distributions			(68,043)		(99,831)
Distributions	11		(25,043)		(31,162)
Change in net assets attributable to shareholders from investment activities			(93,086)		(130,993)

Statement of change in net assets attributable to shareholders

for the year to 30 September	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		570,934		816,258
Amounts received on issue of shares	252		29,576	
Amounts paid on cancellation of shares	(21,226)		(148,936)	
Capital repayments	(187,748)		0	
		(208,722)		(119,360)
Dilution adjustments		1,747		2,110
Change in net assets attributable to shareholders from investment activities (see above)		(93,086)		(130,993)
Retained distributions on Accumulation shares		2,612		2,919
Unclaimed distributions		2		0
Closing net assets attributable to shareholders		273,487		570,934

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Balance sheet

as at 30 September	Note	2024 £'000	2023 £'000
Assets			
Current assets			
Tangible assets			
Land and buildings	15	217,202	395,557
Investments		1,292	37,635
Debtors	12	11,930	43,054
Cash and bank balances	13	13,987	77,698
Cash equivalents		44,697	42,342
Total assets		289,108	596,286
Liabilities			
Creditors			
Distribution payable		(4,991)	(7,002)
Other creditors	14	(10,630)	(18,350)
Total liabilities		(15,621)	(25,352)
Net assets attributable to shareholders		273,487	570,934

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Cashflow statement

for the year to 30 September	2024		2023	
	£'000	£'000	£'000	£'000
Operating activities				
Net revenue/(expense) before taxation	24,890		30,723	
Adjustments for:				
Interest payable and similar charges	313		485	
Movement in property debtors	30,307		(19,079)	
Movement in non-property debtors	466		668	
Movement in property creditors	(5,936)		747	
Movement in non-property creditors	(105)		(1,372)	
Net cash generated from operating activities		49,935		12,172
Investing activities				
Capital expenditure	(2,018)		(3,535)	
Investment purchases	0		(5,564)	
Investment sales	38,703		16,243	
Tangible assets: acquisitions	0		(7,250)	
Tangible assets: disposals	85,080		94,192	
Net cash from investing activities		121,765		94,086
Financing activities				
Amounts received on issue of shares	285		28,840	
Amounts paid on cancellation of shares	(23,986)		(169,205)	
Capital repayments	(187,748)		0	
Dilution adjustments	1,747		2,110	
Distributions paid	(18,919)		(25,290)	
Interest paid	(1)		(412)	
Taxation	(4,436)		(6,610)	
Unclaimed distributions received	2		0	
Net cash used in financing activities		(233,056)		(170,567)
Net increase/(decrease) in cash and cash equivalents		(61,356)		(64,309)
Cash and cash equivalents at the beginning of the year		120,040		184,349
Net increase/(decrease) in cash for the year		(61,356)		(64,309)
Cash and cash equivalents at end of the year		58,684		120,040

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Notes to the financial statements

1 Statement of compliance

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss and in compliance with UK Financial Reporting Standard 102 (FRS 102). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

2 Summary of significant accounting policies

a. Basis of preparation

The financial statements of the M&G Property Portfolio are prepared on a basis other than going concern due to the decision to wind up the Company as described in the ACD Report. Under this basis, assets are recorded at fair value less estimated disposal costs and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the fund will be borne by the ACD.

Accounting policies are comparable to prior year. Assets and liabilities have been classified as current.

b. Functional and presentational currency

The functional and presentational currency of M&G Property Portfolio is UK sterling.

c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 30 September 2024 being the last business day of the accounting period.

d. Fixed assets – recognition and valuation

(i) Land and buildings and property under construction

Initially land and buildings and property under construction are recognised at cost, including Stamp Duty Land Tax (SDLT) and other transaction costs, and reduced for amounts received from the vendor associated with the purchase of the asset. Acquisitions and disposals are accounted for on exchange of contracts or thereafter when all conditions have been met. Additions to land and buildings and property under construction consist of costs of a capital nature.

Land and buildings are valued by an independent valuer at fair value as defined in the Appraisal and Valuation Standards manual issued by the Royal Institution of Chartered Surveyors of the United Kingdom. The estimated disposal costs have been deducted from the fair value.

(ii) Investments – recognition and valuation

All investments have been classified as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 30 September 2024, the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

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Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value.

Collective investments operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.

e. Recognition of income and expenses

Rental income is recognised on an accrual basis. Contingent rents being those that are not fixed at the inception of the lease are recorded as income in the period in which earned. Rent reviews are recorded as income, based on estimates, when it is reasonable to assume they will be received. In accordance with Section 20 of FRS 102 (Leases), benefits to lessees in the form of rent free periods are treated as a reduction in the overall return on the leases on a straight line basis over the non-cancellable period for which the lessee has contracted to lease the asset and capital contributions granted to tenants are recognised as a debtor then amortised over the non-cancellable period for which the lessee has contracted to lease the asset.

Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.

All income is accounted for on an accruals basis net of VAT.

If it is expected that revenue receivable at the balance sheet date will not be received, a provision is recognised for the amount that is considered irrecoverable.

Distributions received are accounted for in the period in which they are declared.

Expenses are recognised on an accruals basis.

f. Treatment of income and expenses

Any increases or decreases in the fair value of land and buildings, property under construction (including estimated disposal costs) and investments and gains and losses realised on their sales are treated as capital and recognised in net capital gains/(losses).

Rental income is treated as revenue.

Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.

Other interest income, such as bank interest is treated as revenue.

Expenses relating to the purchase and sale of land and buildings and property under construction are treated as capital; all other expenses are treated as revenue.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with an original maturity of three months or less and other short-term, highly liquid investments that are readily convertible to a known amount of cash.

h. Revolving credit facility

Drawdowns from the revolving credit facility are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of total return over the period of the revolving credit facility

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using the effective interest method. An interest expense is recognised within expenses in the statement of total return using the effective interest method. The direct issue costs of raising finance are amortised over the life of the leveraged facility.

i. Allocation of returns to share classes

The annual charge is directly attributable to individual share classes. All other returns are apportioned to the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in note 4, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares.

Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

j. Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund, excluding the provision of property operating services.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to the fund's annual charge (up to a maximum of 0.12%).
- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

k. Property expenses

Property expenses are costs associated with the management and operation of the property portfolio itself, including day-to-day property management, rent collection and payments to third parties providing property operating services.

l. Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution.

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Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

Portfolio transaction costs include the costs of acquiring or disposing of, as the case may be, all the assets forming the scheme property, being agents' commissions, legal, fiscal and financial advisory fees and additionally in the case of acquisitions, surveyors' fees and taxes, including Stamp Duty Land Tax (SDLT).

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

m. Tax

Dividends and similar income receivable are recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

The fund qualifies as a Property Authorised Investment Fund (PAIF) for tax purposes. Accordingly the income generated by its property investment business will be exempt from tax.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which funds are or might be exposed.

The fund's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, credit risk and liquidity risk. These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

The following risk management policies are applicable to the fund, with specific risk disclosures set out in note 22 in this report.

a. Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of the fund's investments including, but not limited to, adverse real estate valuation movements which may be attributable to changes to global or local economic conditions; local market conditions such as the price volatility of the UK commercial property markets or performance of individual properties; the financial conditions of tenants; changes in interest rates or exchange rates; real estate tax rates and other operational expenses; environmental laws and regulations; planning laws and other governmental legislation; energy prices and the relative attractiveness of real estate types or locations. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in values.

The fund's exposure to market risk is comprised mainly of movements in the value of the fund's investments in properties. Property investments are inherently difficult to value and difficult to transform into cash due to the individual nature of each property. As a result, valuations are subject to uncertainty. The value of investments is determined by the Independent Valuer and is therefore subjective. The Independent Valuer has acquired significant experience in the real estate sectors targeted by the fund. No assurance can be given that any given real estate asset could be sold at a price equal to the fair value ascribed to it. There is no assurance that the actual sale price will reflect the estimates resulting from the valuation process even where such sales occur shortly after the valuation date.

The fund is subject to interest rate risk with respect to cash deposits and overdrafts.

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b. Liquidity risk

Liquidity risk is the risk that funds cannot be raised or investments sold at limited cost or in an adequate time frame to meet financial commitments such as share redemptions.

c. Credit risk

The fund is exposed to credit risk in the event of default by an occupational tenant. The fund would suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The fund has been closely monitoring the ability of tenants to pay their rent and adjusting bad debt provision accordingly. The fund also works with the tenants to determine any rent concessions on a case-by-case basis.

d. Risk management

The fund's risks are measured and managed as an integral part of the investment process. As the fund is suspended, market risk and liquidity risk are being managed through an orderly sales program with the objective of ensuring that fair market price are achieved. Available cash is then being returned at regular intervals via capital repayments.

In managing credit risk, income from any one tenant or tenants within the same group must not exceed 25% of the aggregate revenue in relation to the property investments in any accounting period, unless the tenant is the UK Government or guaranteed by the UK Government. Rent is collected from tenants in advance, usually quarterly. Cash is placed on deposit with reputable financial institutions and is subject to limits as disclosed in the Prospectus.

4 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

5 Capital repayment policy

In order to conduct a controlled flow to shareholders, capital repayments will be made at regular intervals at the fund manager's discretion, provided sufficient cash has been made available from the orderly disposal of the fund's assets.

6 Net capital gains/(losses)

for the year to 30 September	2024 £'000	2023 £'000
Land and buildings and property under construction ^a	(95,293)	(125,931)
Non-derivative securities	2,360	(4,778)
Provision for a potential return of distribution to Kames Target Healthcare I LP	0	155
Net capital gains/(losses)^b	(92,933)	(130,554)

a Please refer to note 24.

b Includes realised losses of £218,499,000 and unrealised gains of £125,566,000 (2023: realised losses of £64,649,000 and unrealised losses of £65,905,000). Certain realised gains and losses in the current year were unrealised in the prior year.

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7 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges', 'Property expenses' and 'Portfolio transaction costs' on pages 26 and 27. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 30 September	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Property acquisitions				
Property acquisitions excluding transaction costs	0		6,840	
Agents' fees	0	0.00	68	0.99
Legal fees	0	0.00	55	0.80
Survey fees	0	0.00	2	0.03
Others	0	0.00	285	4.17
Total transaction costs	0		410	
Total property acquisitions after transaction costs	0		7,250	
Equities				
Equities before transaction costs	0		5,535	
Commissions	0	0.00	3	0.05
Taxes	0	0.00	26	0.47
Equities after transaction costs	0		5,564	
Total equities purchases after transaction costs	0		5,564	
b) Sales				
Property disposals				
Property disposals excluding transaction costs	93,837		96,453	
Agents' fees	(1,019)	1.09	(822)	0.85
Legal fees	(661)	0.70	(344)	0.36
Marketing fees	3 ^a	(0.00)	(26)	0.03
Others	215 ^a	(0.23)	(28)	0.03
Total transaction costs	(1,462)		(1,220)	
Total property disposals after transaction costs	92,375		95,233	
Equities				
Equities before transaction costs	38,721		16,106	
Commissions	(18)	0.05	(5)	0.03
Equities after transaction costs	38,703		16,101	
Total equities sales after transaction costs	38,703		16,101	

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	2024	% of average NAV	2023	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	18	0.00	8	0.00
Taxes paid				
Equities	0	0.00	26	0.00
Agents' fees	1,019	0.24	890	0.14
Legal fees	661	0.15	399	0.06
Marketing fees	(3) ^a	0.00	26	0.00
Survey fees	0	0.00	2	0.00
Others	(215) ^a	(0.05)	313	0.05
Costs before dilution adjustments	1,480	0.34	1,664	0.25
Dilution adjustments	(1,480)	(0.34)	(1,664)	(0.25)
Total direct portfolio transaction costs	0	0.00	0	0.00

^a Accrual adjustment in respect of prior year balance.

8 Revenue

for the year to 30 September	2024 £'000	2023 £'000
Bank interest	8	43
Distributions from collective investment schemes: property income dividends	0	(776)
Interest distributions	3,088	3,589
Property distribution: non-taxable	36	337
Property distribution: taxable	1,140	1,980
Property interest	1,047	318
Rebate of ongoing charges from underlying funds	16	23
Rental income	27,628	38,621
Total revenue	32,963	44,135

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9 Expenses

for the year to 30 September	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	526	1,273
Other expenses		
Costs incurred from aborted acquisitions ^a	245	1
Non-recoverable expenditure ^b	6,822	9,017
Publishing costs	11	73
Additional refurbishment costs	0	1,970
Revolving credit facility commitment fees	156	593
	7,234	11,654
Total expenses	7,760	12,927

Audit fees for the financial year ending 2024 were £78,000 (2023: £93,000) (including VAT), which are covered by the annual charge.

^a Costs incurred from aborted acquisitions as detailed below.

Legal fees	245	1
Costs incurred from aborted acquisitions	245	1

^b Service charges are common costs which are paid to service providers by the fund and recovered from tenants. In some circumstances these service charges cannot be recovered, for example, vacant units and shared areas, resulting in an irrecoverable amount as set out below.

Service charges incurred	13,343	16,180
Service charges recoverable	(6,521)	(7,163)
Total non-recoverable expenditure	6,822	9,017

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10 Taxation

for the year to 30 September	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 10c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	24,890	30,723
Corporation tax at 20%	4,978	6,145
Effects of:		
Property distributions: non-taxable	(7)	(68)
Capital allowances	(387)	(646)
Interest distributions	(599)	(672)
Property income distributions	(3,985)	(4,759)
Total tax charge (note 10a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 10a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2023: same).

Whilst properties in which the fund invests may have capital allowances attributable to them, these allowances are dependent on the relevant properties being held at the fund's year end. Since the properties are principally held for investment purposes, there is no certainty that they will be held at the year end and as such, the fund only recognises these allowances as they crystallise. Therefore no deferred tax asset and corresponding charge is provided for.

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11 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 30 September	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
PAIF distributions				
First interim	4,592	658	5,754	695
Second interim	6,106	946	6,401	834
Third interim	3,128	470	5,738	739
Final	3,534	538	5,093	651
Total net distributions		19,972		25,905
Income tax deducted at source		3,985		4,759
Income deducted on cancellation of shares		1,086		667
Income received on issue of shares		0		(169)
Distributions		25,043		31,162
Net revenue/(expense) per statement of total return		24,890		30,723
Expenses offset against capital		151		439
Undistributed income brought forward		2		2
Undistributed income carried forward		0		(2)
Distributions		25,043		31,162

12 Debtors

Tenant debtors is reduced by a bad debt provision of £2,599,000 (2023: £4,666,000) and includes lease incentives of £4,489,000 (2023: £8,806,000).

as at 30 September	2024 £'000	2023 £'000
Amounts receivable on issues of shares	0	39
Deposit interest receivable	0	155
Distributions receivable	103	179
Dividends receivable	0	237
Sales awaiting settlement: property	0	18,000
Tenant debtors	7,064	20,419
VAT recoverable: non-property	850	848
VAT recoverable: property	3,913	2,865
Interest on unsecured borrowing receivable	0	312
Total debtors	11,930	43,054

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13 Cash and bank balances

as at 30 September	2024 £'000	2023 £'000
Cash held as bank balances	13,987	29,263
Cash held on deposit	0	48,435
Total cash and bank balances	13,987	77,698

14 Other creditors

as at 30 September	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	0	1,679
Annual charge payable	39	35
Expenses payable: non-property	0	109
Expenses payable: property	1,693	3,223
Income billed in advance: property	8,898	13,304
Total other creditors	10,630	18,350

15 Investment property

The fair value of investment property is shown net of a lease incentive balance of £4,489,000 (2023: £8,806,000) which has been deducted from the valuation. This lease incentive asset is disclosed separately (see note 12).

as at 30 September 2024	Land and buildings £'000
Opening fair value of investment property as at 1 October 2023	395,557
Property acquisitions	0
Property disposals	(85,080)
Capital expenses	2,018
Additional capital	0
Net gains/(losses) from fair value adjustments	(95,293)
Closing fair value less estimated disposal costs of investment property as at 30 September 2024	217,202

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as at 30 September 2023	Land and buildings £'000
Opening fair value of investment property as at 1 October 2022	604,895
Property acquisitions	7,250
Property disposals	(94,192)
Capital expenses	3,535
Additions	0
Net gains/(losses) from fair value adjustments	(125,931)
Closing fair value of investment property as at 30 September 2023	395,557

The valuation has been primarily derived using comparable recent market transactions on arm's length terms. The valuation was also determined using cashflow projections based on estimates of current and future cashflows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market conditions.

The future rental rates were estimated depending on the actual location, type and quality of the property, and by taking into account market data and projections at the valuation date. In addition to the condition and repair of buildings and sites, certain assumptions were also made as to the tenure, letting, and local town planning in order to derive the valuation.

The below sensitivities illustrate the impact of changes in key unobservable inputs (in isolation) on the fair value of the fund's property investments, analysed by sector in accordance with the portfolio statement.

as at 30 September 2024	Increase in equivalent yield 25bps £'000	Decrease in equivalent yield 25bps £'000
Office	(2,494)	2,668
Industrial	(2,035)	2,205
Leisure	(1,915)	2,051
Other	(1,630)	1,766
Total	(8,074)	8,690

The sensitivity analysis presented in the above note for the current year has taken into account the post balance sheet adjustments impacting the investment portfolio, as described in the 'Events after the balance sheet date' note on page 45.

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as at 30 September 2023	Increase in equivalent yield 25bps £'000	Decrease in equivalent yield 25bps £'000
Retail	(3,188)	3,408
Office	(4,903)	5,370
Industrial	(2,932)	3,233
Leisure	(2,981)	3,210
Other	(2,538)	2,789
Total	(16,542)	18,010

The sensitivities are provided by the fund's Independent Standing Valuer, Knight Frank.

Future minimum rentals receivable under non-cancellable operating leases within investment property are as follows:

as at 30 September	2024 £'000	2023 £'000
Not later than one year	19,943	26,556
Later than one year and not later than five years	69,661	90,887
Later than five years	167,282	228,539
Total	256,886	345,982

16 Revolving credit facility

On 12 July 2023 M&G Property Portfolio entered in to a one-year extension to its existing revolving credit facility with Lloyds bank, with total commitments of £50 million. On 25 January 2024 this revolving credit facility was terminated. The arrangement fee charged on the facility during the year was £313,000 (2023: £474,000).

17 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

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18 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 19.

Sterling Class 'F' Income shares are only available to the M&G Feeder of Property Portfolio.

Since the closure of the fund, M&G has paid (and will continue to pay) the available cash held in the fund (some cash will be retained to deal with the daily running of the fund, such as property maintenance and operating costs) on a pro-rata basis to shareholders. To facilitate capital repayments, M&G elected to use the standard share redemption and cancellation process, as this was in the best interests of shareholders, given it was the most appropriate and timely way to pay shareholders. In redeeming and cancelling shares to make payments to our shareholders M&G are in breach of COLL 7.3.6 R (2) (b) & (c) which states that once the termination of the fund has commenced, the fund must cease to cancel shares except in respect of the final cancellation. As the fund has cancelled units in the period, the financial statements have been prepared to reflect these cancellations. The table below includes cancellations taking place before post commencing the wind-down and those processes as part of the capital repayments. Please refer to the 'Capital repayments' section on page 15 for further details of the payments made since closure.

Share class	Opening 01.10.23	Issued	Movements Cancelled	Converted	Closing 30.09.24
Sterling					
Class 'A' Income	22,233,261	373	(8,420,207)	0	13,813,427
Class 'A' Accumulation	15,981,211	18,891	(6,139,417)	0	9,860,685
Class 'D' Income	155,774	0	(58,982)	0	96,792
Class 'D' Accumulation	6,781	0	(2,576)	0	4,205
Class 'F' Income	561,582,018	256,105	(219,365,203)	0	342,472,920
Class 'I' Income	2,309,049	107	(1,666,652)	0	642,504
Class 'I' Accumulation	5,259,983	726	(2,013,057)	0	3,247,652
Class 'R' Income	878,276	4,190	(339,185)	0	543,281
Class 'R' Accumulation	1,202,577	8,744	(481,397)	0	729,924

19 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end. M&G is waiving 30% of its annual charge until the fund closes. In addition, effective from the date of the suspension, no charges will be applied to any cash that is held within the fund's portfolio. This supersedes the previous waiver, where M&G continued to waive its annual charge on cash held above 20% of the M&G Property Portfolio's net asset value.

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Sterling Class 'F' Income shares are available only to the M&G Feeder of Property Portfolio.

Share class	Annual charge %
Sterling	
Class 'A'	1.25
Class 'D'	0.60
Class 'F'	0.00
Class 'I'	0.85
Class 'R'	1.10

20 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 11. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 12 and 14 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 9. Amounts due at the year end from the annual charge are disclosed in note 14.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 6 and 8. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 12.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 92.91% (2023: 93.01%) of the fund's shares. M&G Feeder of Property Portfolio is a related party, as M&G Securities Limited is the manager, and as disclosed in note 18 invests solely in the Sterling Class 'F' Income shares.

21 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

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Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 30 September	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	0	0	34,173	0
Level 2	0	0	0	0
Level 3	1,292	0	3,462	0
	1,292	0	37,635	0

Level 3 assets comprise solely of Home REIT (2023: Home REIT) which is held at a discount to estimated NAV.

Land and buildings and property under construction do not fall within the FRS 102 definition of financial instruments held at fair value. The balance sheet totals for these items in the current and prior year are therefore not included in the above table (these would fall under level 3 if included).

22 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 27 to 28.

23 Property authorised investment fund (PAIF) distribution tables

This fund pays PAIF distributions. PAIF distributions are categorised into three streams: income from property, interest from cash and dividend income. Income tax is deducted from the property stream.

This fund pays quarterly PAIF distributions and the following table sets out the distribution periods.

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.10.23	31.12.23	02.01.24	29.02.24
Second interim	01.01.24	31.03.24	01.04.24	31.05.24
Third interim	01.04.24	30.06.24	01.07.24	31.08.24
Final	01.07.24	30.09.24	01.10.24	30.11.24

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their net revenue rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the net revenue and equalisation components.

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Sterling Class 'A' Income shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	0.8604	0.1061	0.7543	0.0000	0.7543	0.8337
Second interim	1.4320	0.2252	1.2068	0.0000	1.2068	0.9547
Third interim	0.8116	0.1004	0.7112	0.0000	0.7112	0.8878
Final	1.0801	0.1505	0.9296	0.0000	0.9296	0.8240
Group 2						
First interim	0.8013	0.1018	0.6995	0.0548	0.7543	0.8337
Second interim	1.4320	0.2252	1.2068	0.0000	1.2068	0.9547
Third interim	0.8116	0.1004	0.7112	0.0000	0.7112	0.8878
Final	1.0801	0.1505	0.9296	0.0000	0.9296	0.8240

Sterling Class 'A' Accumulation shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	1.0180	0.1513	0.8667	0.0000	0.8667	0.7744
Second interim	1.8712	0.3236	1.5476	0.0000	1.5476	0.9837
Third interim	1.0153	0.1478	0.8675	0.0000	0.8675	0.8992
Final	1.3732	0.2241	1.1491	0.0000	1.1491	0.8251
Group 2						
First interim	0.9278	0.1433	0.7845	0.0822	0.8667	0.7744
Second interim	1.8712	0.3236	1.5476	0.0000	1.5476	0.9837
Third interim	1.0153	0.1478	0.8675	0.0000	0.8675	0.8992
Final	1.3732	0.2241	1.1491	0.0000	1.1491	0.8251

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Sterling Class 'D' Income shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	9.0865	1.2930	7.7935	0.0000	7.7935	8.3698
Second interim	14.7834	2.4428	12.3406	0.0000	12.3406	9.6689
Third interim	8.4625	1.1490	7.3135	0.0000	7.3135	8.9474
Final	11.2621	1.7207	9.5414	0.0000	9.5414	8.3356
Group 2						
First interim	9.0865	1.2930	7.7935	0.0000	7.7935	8.3698
Second interim	14.7834	2.4428	12.3406	0.0000	12.3406	9.6689
Third interim	8.4625	1.1490	7.3135	0.0000	7.3135	8.9474
Final	11.2621	1.7207	9.5414	0.0000	9.5414	8.3356

Sterling Class 'D' Accumulation shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	12.3271	1.8684	10.4587	0.0000	10.4587	10.0148
Second interim	20.9183	3.6138	17.3045	0.0000	17.3045	12.0496
Third interim	11.9116	1.6803	10.2313	0.0000	10.2313	11.1628
Final	16.0508	2.6374	13.4134	0.0000	13.4134	10.4697
Group 2						
First interim	12.3271	1.8684	10.4587	0.0000	10.4587	10.0148
Second interim	20.9183	3.6138	17.3045	0.0000	17.3045	12.0496
Third interim	11.9116	1.6803	10.2313	0.0000	10.2313	11.1628
Final	16.0508	2.6374	13.4134	0.0000	13.4134	10.4697

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Sterling Class 'F' Income shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	0.8818	0.0967	0.7851	0.0000	0.7851	0.8329
Second interim	1.5317	0.2653	1.2664	0.0000	1.2664	0.9723
Third interim	0.8735	0.1312	0.7423	0.0000	0.7423	0.8990
Final	1.1645	0.1921	0.9724	0.0000	0.9724	0.8364
Group 2						
First interim	0.6787	0.0967	0.5820	0.2031	0.7851	0.8329
Second interim	1.5317	0.2653	1.2664	0.0000	1.2664	0.9723
Third interim	0.8735	0.1312	0.7423	0.0000	0.7423	0.8990
Final	1.1645	0.1921	0.9724	0.0000	0.9724	0.8364

Sterling Class 'I' Income shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	9.1189	1.2814	7.8375	0.0000	7.8375	8.4188
Second interim	14.5216	2.3550	12.1666	0.0000	12.1666	9.6937
Third interim	8.3797	1.1072	7.2725	0.0000	7.2725	8.9605
Final	11.1268	1.6425	9.4843	0.0000	9.4843	8.3257
Group 2						
First interim	8.0853	1.1384	6.9469	0.8906	7.8375	8.4188
Second interim	14.5216	2.3550	12.1666	0.0000	12.1666	9.6937
Third interim	8.3797	1.1072	7.2725	0.0000	7.2725	8.9605
Final	11.1268	1.6425	9.4843	0.0000	9.4843	8.3257

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Sterling Class 'I' Accumulation shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	11.3875	1.6460	9.7415	0.0000	9.7415	9.1186
Second interim	20.3852	3.5280	16.8572	0.0000	16.8572	11.3056
Third interim	11.3160	1.6651	9.6509	0.0000	9.6509	10.4136
Final	15.2901	2.5075	12.7826	0.0000	12.7826	9.6461
Group 2						
First interim	10.6012	1.6246	8.9766	0.7649	9.7415	9.1186
Second interim	20.3852	3.5280	16.8572	0.0000	16.8572	11.3056
Third interim	11.3160	1.6651	9.6509	0.0000	9.6509	10.4136
Final	15.2901	2.5075	12.7826	0.0000	12.7826	9.6461

Sterling Class 'R' Income shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	0.8795	0.1119	0.7676	0.0000	0.7676	0.8429
Second interim	1.4480	0.2296	1.2184	0.0000	1.2184	0.9644
Third interim	0.8242	0.0966	0.7276	0.0000	0.7276	0.8934
Final	1.0972	0.1563	0.9409	0.0000	0.9409	0.8331
Group 2						
First interim	0.7361	0.0997	0.6364	0.1312	0.7676	0.8429
Second interim	1.4480	0.2296	1.2184	0.0000	1.2184	0.9644
Third interim	0.8242	0.0966	0.7276	0.0000	0.7276	0.8934
Final	1.0972	0.1563	0.9409	0.0000	0.9409	0.8331

Financial statements and notes

Sterling Class 'R' Accumulation shares

PAIF distributions for the year to 30 September	Gross revenue 2024 UK p	Income tax deducted 2024 UK p	Net revenue 2024 UK p	Equalisation 2024 UK p	Distribution 2024 UK p	2023 UK p
Group 1						
First interim	1.0848	0.1633	0.9215	0.0000	0.9215	0.8379
Second interim	1.9543	0.3372	1.6171	0.0000	1.6171	1.0514
Third interim	1.0711	0.1534	0.9177	0.0000	0.9177	0.9607
Final	1.4479	0.2367	1.2112	0.0000	1.2112	0.8885
Group 2						
First interim	1.0059	0.1509	0.8550	0.0665	0.9215	0.8379
Second interim	1.9543	0.3372	1.6171	0.0000	1.6171	1.0514
Third interim	1.0711	0.1534	0.9177	0.0000	0.9177	0.9607
Final	1.4479	0.2367	1.2112	0.0000	1.2112	0.8885

Financial statements and notes

24 Events after the balance sheet date

In light of the decision to close the fund, total direct properties are shown after deducting estimated disposal costs. The estimated disposal costs include, but are not limited to, agents fees, legal fees and survey fees. As at 30 September 2024, these are estimated at £3,694,000.

To give an indication of the effect of this adjustment, the below table shows the effect of the estimated disposal costs on the net asset value per share for each share class as at 30 September 2024.

	Dealing NAV per share UK p ^a	Closing NAV before estimated disposal costs UK p	Estimated disposal costs UK p	Closing NAV after estimated disposal costs UK p
Class 'A' Income	64.22	64.15	(0.87)	63.28
Class 'A' Accumulation	95.60	96.88	(1.29)	95.59
Class 'D' Income	669.62	669.07	(9.04)	660.03
Class 'D' Accumulation	1,026.46	1,040.23	(13.85)	1,026.38
Class 'F' Income	69.29	69.25	(0.93)	68.32
Class 'I' Income	661.46	660.85	(8.93)	651.92
Class 'I' Accumulation	1,009.49	1,023.04	(13.63)	1,009.41
Class 'R' Income	65.20	65.14	(0.88)	64.26
Class 'R' Accumulation	98.78	100.10	(1.33)	98.77

^a As disclosed in the 'Financial highlights' section of this report, the closing NAV per share shown may diverge from the share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

On 19 November 2024, the sale of Orbital One Trading Estate and Leatherhead Trade Park completed for a total of £27.3m. On 24 December 2024, the sale of Apex Park completed for £7.3m. On 17 January 2025, the sale of Harrogate House completed for £2.75m. On 5 March 2025, the sale of Howe Moss completed for £3.1m.

A fourth capital repayment to customers was announced on 5 December 2024. In December, we returned £60m, representing approximately 21% of customer holdings as of 2 December 2024.

Following year end, the fair value of investment properties has been revised by a reduction of £17.65m. This reduction was made following the identification of information that met the criteria of an adjusting events per FRS 102. Following the adjustment to fair value, the estimated cost to sell was also recalculated. These adjustments lead to a difference between the indicative published NAV and financial reporting NAV within these financial statements.

Other regulatory disclosures

Alternative Investment Fund Managers Directive (AIFMD)

In accordance with the AIFMD we are required to report to investors on the 'leverage' of the fund and any 'special arrangements' that exist in relation to the fund's assets.

Leverage

Under AIFMD, leverage is defined as any method by which the fund increases its exposure through borrowing or the use of derivatives. This exposure must be calculated in two ways, the 'gross method' and the 'commitment method'. The fund must not exceed maximum exposures under both methods.

'Gross method' is calculated as the sum of all positions of the fund (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

'Commitment method' exposure is also calculated as the sum of all positions of the fund (both positive and negative), but after netting off derivative and security positions as specified by AIFMD rules.

Therefore as at 30 September 2024 the total amount of leverage is as follows:

Gross method:

M&G Property Portfolio	85%
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Commitment method:

M&G Property Portfolio	100%
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The M&G Property Portfolio did not use leverage to increase its exposure and this position was unchanged throughout the period ending 30 September 2024.

Special arrangements

A 'Special Arrangement' is an arrangement in relation to fund assets that results in an investor or group of investors receiving different redemption rights to those generally available to investors in a given share class.

The fund had no assets subject to special arrangements for the period ending 30 September 2024.

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), M&G Securities Limited (the 'AIFM') is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the AIFMD.

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the alternative investment funds managed by the AIFM. Further details of the remuneration policy can be found on our website: mandgplc.com/our-business/mandginvestments/mandg-investments-business-policies

The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee. The most recent review found no fundamental issues with no material changes made to the policy.

The AIFM is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated.

The 'Identified Staff' of M&G Securities Limited are those who could have a material impact on the risk profile of M&G Securities Limited or the AIFs it manages (including M&G Property Portfolio) and generally includes senior management, risk takers and control functions. 'Identified Staff' typically provide both AIFMD and non-AIFMD related services and have a number of areas of responsibility. Therefore, only the

Other regulatory disclosures

portion of remuneration for those individuals' services which may be attributable to the AIFM is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration. The information needed to provide a further breakdown of remuneration is not readily available and would not be relevant or reliable.

The amounts shown below reflect payments made in respect of the financial year 1 January 2023 to 31 December 2023.

	Fixed Remuneration £'000	Variable Remuneration (incl. carried interest) £'000	Total £'000	Beneficiaries
Senior Management	522	1,466	1,988	11
Other Identified Staff	2,410	7,681	10,091	25

