

M&G UK Shared Ownership Limited

Annual Report and Audited Financial Statements for the year ended 31 March 2025

Company number 12199619



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Directory

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^a Non-executive Director

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^a Valued the portfolio as at 31 March 2025.

^b CBRE Limited is the new Property Valuer as at 30 June 2025.

Strategic Report

The Directors present their strategic report on the Company for the financial year ended 31 March 2025.

Principal activity of the business

M&G UK Shared Ownership Limited (the 'Company') is a for-profit registered provider of social housing. The principal activity of the Company is to build and acquire residential homes in well located areas to be structured as Shared Ownership units, and going forward, the Company will look to widen its scope to include Affordable Housing units. The Company achieved registered provider status on 5 November 2020. The Company became a large registered provider after its acquisition of additional units on 28 March 2024, taking its portfolio above 1,000 Shared Ownership units.

The Company continues to broaden access to home ownership, ensuring first-rate and sustainable solutions for residents that cannot afford to buy on the open market by funding the delivery of new homes. The Company also has the objective to build strategic partnerships with well-accredited, housing associations. These partnerships enable the Company to access robust and deliverable development pipelines as well as the ability to purchase existing stock to generate stable investment returns. The partnership approach will have the additional benefit of enabling housing associations to recycle new capital and build more homes.

The sole shareholder of the Company is M&G Affordable Living REIT Ltd, formerly M&G Shared Ownership REIT plc, (the 'REIT'). The REIT is wholly owned by M&G Affordable Living LP, formerly M&G Shared Ownership LP, (the 'Partnership'). The Partnership, REIT and Company, together are the 'Fund' or 'M&G Affordable Living Fund', formerly 'M&G Shared Ownership Fund'.

The Company entered the UK REIT regime on 1 April 2021 and is part of a REIT group. As a result, all income and gains from property rental business is exempt from UK Corporation Tax from that date. The REIT parent is managed by M&G Alternatives Investment Management Limited (the 'Alternative Investment Fund Manager' or the 'AIFM') or ('Manager') which is authorised by

the Financial Conduct Authority. The AIFM is also responsible for management activities of the REIT group which includes both the REIT and the Company.

Development and performance of the business during the financial year

As at 31 March 2025, the Company had a net asset value ('NAV') of £253,704,565 (2024: £227,082,097). During the year ended 31 March 2025, the Company generated a total comprehensive income of £10,053,108 (2024: £1,966,046).

During the year ended 31 March 2025, the Company issued 22,265,246 (2024: 159,537,326) number of shares with nominal value of £0.01 (2024: £0.01). There were interim dividends declared and paid amounting to £6,430,640 (2024: £2,363,020).

Portfolio overview

As at 31 March 2025, the portfolio comprised of 183 (31 March 2024: 168) schemes totalling 1,692 (31 March 2024: 1,571) homes, of which 1,664 (31 March 2024: 1,498) homes within the portfolio are occupied and income producing and the remaining 28 (31 March 2024: 73) homes were unoccupied giving exposure to first tranche sales proceeds for the remainder of 2025. In the year to 31 March 2025, the Company also acquired 147 standing units from a range of existing strategic partners including HSPG and Hyde. These acquisitions continue to broaden the geographic reach of the portfolio while also providing a significant pipeline of modern, high quality standing homes and development opportunities.

The Company seeks to acquire Shared Ownership homes in desirable locations, typically close to centres of strong economic activity and good transport networks, for aspirational homeowners from a wide social demographic, in employment or with contracted incomes. Occupiers will acquire a share of a home with or without a traditional mortgage. The Company retains the remaining equity share and receives an inflation-linked rent from the Shared owner.

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The Company will acquire a mix of standing stock, forward purchase and forward funding development opportunities with large scale housebuilders and housing associations. As a Registered Provider ('RP'), the Company will be able to access a wider market, acquiring homes from other RPs and directly from developers. When acquiring standing stock, it will be providing capital to housing associations to unencumber their balance sheets, allowing them to recycle capital back into the delivery of new homes, regenerating communities and creating new ones. In doing so, such organisations are able to deliver new homes across all tenures of social and affordable housing.

The Company seeks to broaden access to home and affordable housing tenures, broadening the Company scope and reach to ensure first-rate and sustainable solutions for residents that cannot afford to buy on the open market, by delivering new homes. The Company has appointed a third-party social impact consultant, The Good Economy, to help create a framework for measuring the social impact of the Company's activities.

Key performance indicators and principal objectives of the business

The Company being a registered provider has access to a wider market for housing stock sourcing, including the ability to acquire developers' housing stock. The Company is a registered provider which demonstrates our commitment to regulatory transparency. The standard of governance the Company has committed to uphold being a registered provider will facilitate improved relationships with occupiers, partners and stakeholders who will have the assurance of dealing with a reputable and appropriately governed operator. While the initial focus for acquisitions was on Greater London and the South, the Company acquisitions are now more widely spread and it continues to seek investment opportunities nationally, targeting areas where affordability constraints are most acute.

Principal risks and uncertainties

The Directors have identified the following key risks and mitigating factors affecting the Company:

Interest rate and inflation risks

Changes in interest rates and rates of inflation may adversely affect the Company's investments. Changes in interest rates and rates of inflation may also affect the valuation of the Company's assets. Changes in interest rates and inflation can affect the Company's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of its interest-bearing liabilities. However, the Company currently has no interest bearing liabilities. Interest rates and rates of inflation are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Company and the AIFM.

We are conscious that Shared owners are not immune to higher expenses and will be experiencing increased living costs. In response to this, and given the stance taken by the majority of housing associations, last year the RP Board approved a recommendation to apply the rent review mechanism in line with the current lease terms but forgive a proportion of that rental uplift for the forthcoming year. This meant that residents benefited from a concessionary rent that reflected a 7% cap increase from 1 April 2024. The rent increase of 3.2% for the forthcoming year from 1 April 2025 has been calculated from the rent due under the Shared Ownership leases.

Liquidity risk

Some of the Fund's investors are past their lock in period which may pose an increased redemption risk. The risk of defaulting investors is mitigated by the profile of investors committed into the Partnership, being long term institutional investors backed by strong balance sheets. A significant commitment in the Partnership has been made by M&G plc internal client that has a resolute capital base. Further, the Company has no debt which allows for some flexibility and headroom and there are liquidity provisions in place to allow for withdrawal restrictions.

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Development risk

Assets which are subject to forward funding arrangements could lead to the Company being exposed to an element of risk where, for example, the relevant developing entity fails and is unable to complete the development in question. The Company intends to undertake asset management and development initiatives in respect of properties that it acquires. These works may prove to be more extensive, expensive and take longer than anticipated. The ability to carry out development or refurbishment works may be adversely affected by several factors, including location constraints, planning legislation, the requirement to obtain various licenses, consents and approvals, and the presence of restrictive covenants. In implementing development or refurbishment works the AIFM will rely upon reputable third party service providers and contractors. Failure by any such service providers and contractors to carry out their obligations in accordance with the terms of their appointment could result in the refurbishment works being more expensive than anticipated and taking longer to complete.

Fall in property values

Shared Ownership assets are subject to normal market fluctuations, including decreases in real estate values. The Company is a for-profit registered provider; however there is no guarantee that the Company's investment will benefit from capital appreciation.

Risk in occupier default

Due to higher cost of living, there continues to be an increased risk that an occupier of a Shared Ownership asset fails to make rental payments to the Company or defaults on any mortgage used to purchase the share in the Shared Ownership property. Should any occupier default on any mortgage of a Shared Ownership property, the mortgage lender would have first recourse to the Shared Ownership property, including potentially selling the Shared Ownership property in order to recoup the sums outstanding to the lender. The Company would be subject to any such prior claim to repayment with a consequential potential loss of equity.

Where an occupier defaults on rent owed to the Company, the Company may be obliged to take action to recoup sums owed to it including repossession

and sale of the Shared Ownership property. Any sale of a Shared Ownership property which is subject to a mortgage or any other charge would require the Company to subordinate its claim to repayment until priority mortgages or charges have been repaid.

Dividends payable by the Company will be dependent on the income from the properties it owns. Failure by occupiers to comply with their rental obligations could affect the ability of the Company to pay dividends to its Shareholders.

Health and Safety risk

There is the risk of potential emergency works required to make properties and residents safe and secure. For apartments, repairs and maintenance of common parts sit with Freeholder. For Freehold houses, all repairs and maintenance sits with the Shared owners. The Company owns some small freehold apartment buildings including a 5-storey building for which appropriate cash reserves have been set aside.

Unexpectedly high rates of staircasing

Traditionally, rates of staircasing have been low and only a small percentage of occupiers ever staircase to 100%. If this were to change then the Company would benefit from the increased capital receipts but this would be offset by the reduction in the rental income. Staircasing is an occupier's option, which the Company does not control. It is noted, the increased cost of mortgages for Shared Ownership occupiers has reduced demand, and the ability for occupiers to staircase.

Legal, regulatory, tax

The operation of the Company and the consequences of an investment in it will be substantially affected by legal requirements, including requirements imposed by the securities, regulatory, tax, partnership, trust and company laws of various jurisdictions. The Company will look to monitor and adhere to any changes. As the Company is part of a REIT group, it will also adhere to the requirements imposed by the REIT regime.

Current or future governments may take a different approach to the availability or regulation of Shared Ownership arrangements. There is no guarantee that the current legal and regulatory regime applicable to

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Shared Ownership assets will continue or will not change significantly in a manner which could adversely affect the ability of the Company to achieve its objectives.

As the Company is regulated by the Regulator of Social Housing ('RSH'), failure to comply with the regulatory regime may present reputational risk and enforcement action may be taken by the RSH against the Company. Any action could be detrimental to Shareholder returns as well as the ability in the future for the Company to build more affordable homes. This is mitigated with robust service level agreements with service providers and quarterly Service Review Group ('SRG') reporting with Key Performance Indicators ('KPIs').

No assurance can be given that future legislation, tax regimes, administrative rules, court decisions or changes (whether published or unpublished) in the practice of any authority will not adversely affect the operation of the Company or investment in the Company.

Counterparty risk

There is a reliance on property managers, developers, contractors and other service providers. Any stresses to the outsourcing model are monitored through quarterly SRG reporting, KPIs and Service Level Agreements ('SLAs'). There are exit plans in place for suppliers that might face difficulties in continuing to provide services. The M&G Real Estate Financial Risk and Analysis team assess the financial health of suppliers as part of the initial due diligence and reviews them regularly. The relationship with developers and contractors also has protection clauses in their contracts.

Economic background

Economic activity has remained softened given the ongoing global economic headwinds around inflation and now the tariffs introduced by the government of United States in particular leading to a stagnant economic growth throughout the year. Gross Domestic Product ('GDP') estimated to have increased by 0.1% for the three months to December 2024, as the cost of living pressures continue to impact both consumer and business sentiment. More recently, GDP growth increased by 0.7% in the three months to March 2025.

CPI inflation fell to 2.6% in March 2025, showing a significant decline from its peak of over 11% in autumn 2022 and the more recent rate of 4.6% for the twelve months to October 2023. Following a period of monetary tightening where the Bank of England had raised the base rate from a historic low of 0.1% to 5.25% by August 2023 and now further lowered to 4.25% by June 2025.

The Directors of the Company do not anticipate that the total return will be impacted in the short run by these economic headwinds. The RP holds Shared Ownership leases that cover the costs of maintenance by owners who are effectively on a fully repairing and insured basis. The owners are motivated to maintain the upkeep as they are part owners as opposed to tenants.

2025 and 2026 looks optimistic with CPI inflation expected to fall to 2.3% by 31 March 2026. GDP is estimated to grow by 1.3% in 31 March 2026, as cost of living pressures continue to impact both consumer and business sentiment. Financial markets are currently pricing in a long-term inflation rate of around 2% which is lower than its current level of 3.8% and in line with reaching the projected target.

Likely future developments in the business

Following agreements formed throughout 2024 and 2025 with new, nationwide strategic partners which grew the portfolio, we now turn our attention to the strengthening of existing partnerships and the delivery of additional affordable housing.

We have supplied a loan to an existing strategic partner to progress a site in Oxfordshire that will see 35 new carbon-positive Shared Ownership homes delivered. A reserved matters planning application has been approved by the council and we look forward to progressing the site in the forthcoming year.

Also with an existing strategic partner, we have agreed the forward-purchase of a development in Kent. We are contracted to purchase 120 Shared Ownership homes in a wider mixed-use development of 220 units. We will start acquiring the units in tranches in 2025 as the development reaches a phased completion.

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As a result of the outlined activity and agreements made throughout 2024 and 2025, the vast majority of queued capital has now been allocated. We are now focusing on raising further Affordable Housing capital to deploy into opportunities with existing and new partners to take advantage of attractive pricing within the market.

Position of the business at the end of the financial year

The Company is in a healthy financial position as at 31 March 2025. It has no leverage (2024: £nil) and a cash balance of £14,503,743 (2024: £7,904,269).

The Company maintains strong operational cash flows and working capital position, supported by established cash reserves. Additionally, the Partnership secured £296.72m (2024: £297.26m) of commitments from its investors of which £50.75m (2024: £71.28m) remains undrawn but mostly allocated at the date of approval of these Financial Statements. On request from the AIFM these commitments can be utilised to acquire shares and fund further investments in the Company.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for a period up to 30 September 2026. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements have been prepared on a going concern basis.

Approved by the Board of Directors of M&G UK Shared Ownership Limited on 11 September 2025 and signed on its behalf by:



Alexander Greaves

11 September 2025

Directors' Report

The Directors present their report together with the Audited Financial Statements of M&G UK Shared Ownership Limited (the 'Company') for the year ended 31 March 2025.

Principal activity and business review

The Company is a for-profit registered provider of social housing whose status was obtained on 5 November 2020. The Company became a large registered provider after its acquisition on 28 March 2024, which took its portfolio above 1,000 Shared Ownership units. The Company is regulated by the Regulator of Social Housing ('RSH').

The Directors consider that the demand for Affordable Homes and the end of 'Help to Buy' Equity Scheme in 2023 makes Shared Ownership the main viable option for potential homeowners. The Directors also believe that the Shared Ownership and Affordable Housing market will be of more interest to investors who are interested in diversifying their portfolio with exposure to assets with a strong sense of social responsibility.

Directors

The Directors of the Company during the year and at the date of this report were as follows:

Alexander Greaves
Nina Reid
Jane Earl^a
Debra Yudolph^a
Trevor Moross^a

^a Non-executive Directors

Registration of the company

M&G UK Shared Ownership Limited is a private company limited by shares registered in England and Wales under the Companies Act 2006. The registered address of the Company is 10 Fenchurch Avenue, London, United Kingdom, EC3M 5AG.

The Company was successful in its application to become a registered provider on 5 November 2020 and is regulated by the RSH (Registration 5115).

Political and charitable contributions

The Company has made no political or charitable contributions during the year.

Dividends

Interim dividends paid during the year amounted to £6,430,640 (2024: £2,363,020). The Directors do not propose a final dividend for the financial year ended 31 March 2025 (2024: £nil).

Value for money

The Regulatory Framework

Registered providers of social housing are regulated by the Regulator of Social Housing ('RSH'). Registered providers carry out a value for money self-assessment each year, which reflects how the registered provider is performing against the Value for Money Standard, which is set out in the RSH's 'Regulatory Framework for Social Housing in England' Value for Money Standard 2018 (updated 2021), as well as the provider's own Value for Money ('VFM') metrics. This sets out the framework and context for registered providers in respect of VFM. Registered providers are required to meet the relevant standards set by the RSH.

We have set out below how the Company is approaching VFM, and how we have performed over the last year. The Company has developed a Sustainability Framework which outlines the criteria that it uses to assess the sustainability characteristics of investments. It sets out methodologies and processes that define how environmental and social considerations are integrated into our processes. The Company's overall sustainability objective is to broaden access to housing for people who cannot afford to buy or rent on the open market, including families with lower and moderate household income and key workers, and to provide high quality

Directors' Report

accommodation and services to the benefit of our residents. The current economic climate and the financial pressures being felt by our residents makes delivering VFM across all stakeholders even more critical to meeting the Company's objectives.

This sustainability objective is broken down into three core components:

- Increase the supply of affordable housing
- Provide high-quality housing which exhibits strong environmental credentials
- Deliver high standards of property management services

All sustainability management processes (eg complying with minimum criteria, checking environmental and social considerations, and sustainability performance measurement) align with these three core components of our sustainability objective.

The Company aims to increase the supply of affordable housing via either forward purchasing or funding the construction of new-build housing, or by purchasing existing housing stock from other registered providers (or other partners for whom delivery of affordable housing is a primary objective), enabling them to build more affordable housing.

Health and Safety and Performance Management

The Company seeks to ensure the Health and Safety of its residents. This is achieved by utilising M&G Real Estate's Asset Management and Health and Safety specialists to analyse building safety measures and by holding our Freeholders to account on behalf of our residents. A key aim of our strategy is to fully integrate VFM into our planning and performance management frameworks embedding it within our culture and that of our property managers. We have created KPIs and targets for our property managers which enable the Company to measure their performance. This ensures appropriate action can be taken to ensure high quality

service delivery, to maintain efficiencies and to ensure that the Company is accountable to our residents. Regular engagement and quarterly meetings with the property managers ensure the Company can measure performance as well as monitor customer satisfaction and complaints management.

Benchmarking

Benchmarking is a tool in measuring relative performance and in identifying areas of excessive costs. The Company intends to join its own benchmarking group so an effective comparison of the Company's performance can be measured against other similar organisations. The Company is a for-profit registered provider, has no third-party debt and is currently entirely focused on Shared Ownership homes. The number of comparable member organisations is very low, though it remains a goal to identify an appropriate benchmarking group at the earliest opportunity.

The value for money metrics presented in the table below show the performance for 2024/2025 against the 2024 Global Median.

New delivery

To date, the Company's contribution to increasing the supply of Affordable Housing has come almost entirely from acquiring existing stock. In total, the Company portfolio consists of 1,692 homes, of which 96% were acquisitions of existing stock.

To date, homes have been acquired through transactions with four different housing associations – Hyde Housing, Places for People, Chelmer Housing Partnership ('CHP') and Park Properties Housing Association ('PPHA')^a. This has resulted in purchases totalling £218m from these housing associations, providing them with additional capital in their businesses. As defined under the minimum requirements in its Sustainability Framework, the Company is intentional in acquiring existing affordable housing from organisations who are actively developing or funding the development of new affordable homes. For example:

^a PPHA is HSPG's for-profit registered provider.

Directors' Report

- HSPG – the Company's investment of £14.5m will contribute to their Shared Ownership pipeline, enabling them to develop approximately 100 additional new-build affordable homes.
- Hyde Housing – the strategic relationship with M&G, and the capital injection provided, has served three primary purposes for Hyde:
 1. De-risk their balance sheet by paying off debt
 2. Build more new homes
 3. Invest more in existing stock, primarily through safety and remediation works

To date, the Company has directly funded the delivery of one new scheme – a forward purchase of 73 Shared Ownership homes in Harrow managed by Hyde Housing.

Now, having a well-established portfolio, the Company expects to invest more substantially in the delivery of new homes through forward purchase and forward funding agreements. Several deals are already in progress, and we expect these to materialise in the coming years.

Value for Money Metrics

The Company has reported its performance against the RSH Value for Money ('VFM') Metrics in accordance with the VFM Standard as far as this is possible. The disclosures reflect the nature of the Company's activities, being entirely focussed on Shared Ownership homes as well as the fact the Company has no leverage as at 31 March 2025.

Value for Money metrics	2024/2025 disclosure	2024 global median (weighted)	Comments
Metric 1 – Reinvestment	10.79%	7.7%	The Company spent £23.9m on acquisitions and £0.6m on capital expenditure during the period with a total value of £24.5m.
Metric 2 – New supply delivered	0.00% (social) 0.00% (non-social)	1.40% (social) 0.00% (non-social)	The Company has not developed any new affordable homes during the period, however the company has committed to the development of 155 new homes to be delivered between 2026-2028. 147 Shared Ownership units have also been acquired during the year.
Metric 3 – Gearing %	(6.4%)	45.6%	There are no loans either short term or long term held by the Company.
Metric 4 – EBITDA MRI Interest Cover %	n/a	122%	Operating Surplus for the year was £7,327,905. As the Company has no debt, there are no interest payments to be covered.
Metric 5 – Headline Social Housing cost per unit	£1.73k	£5.1k	Costs are significantly lower than global median due to cost efficiencies offered by a Shared Ownership strategy.
Metric 6 – Operating margin %	59% (SHL) 42% (overall)	20.40% (SHL) 18.5% (overall)	Relative to the sector, the Company has the benefit of cost efficiencies principally due to a Shared Ownership strategy.
Metric 7 – Return on capital employed	2.9%	2.8%	Financial performance for the Company was driven principally via income collection and profits realised through staircasing transactions. The ROCE is in line with the Global Median of 2024.

Directors' Report

Tenant Satisfaction Measures and Complaints

A critical part of measuring the performance of the Company against its objective to ensure quality services and outcomes is understanding the experience and perspectives of our residents.

In April 2023, the Regulator of Social Housing created a new system for assessing how well social landlords in England are doing at providing good quality homes and services. As part of this assessment, social landlords are required to report against the applicable Tenant Satisfaction Measures (TSMs) covering five themes.

The Company's first survey in line with TSMs was carried out in March 2023. 100 responses were obtained

from the 382 homes that the Company owned at the beginning of that period. Although the sample size was small, the initial survey responses highlighted a number of areas where improvements in service could be achieved. Since that initial survey, the Company's portfolio has grown from 382 homes to 1692 homes. Therefore, the surveys conducted this year represent a much larger number of residents, offering deeper insight into residents' experiences and clear directions as to where and how services need to improve. We have also been able to compare resident experiences and satisfaction across our four managing agents, allowing us to create very tailored action plans to improve services for all residents. The 2024/25 Tenant Satisfaction Measures are shown below.

		2023/24	2024/25	Variance
Building safety				
BS01	Proportion of homes for which all required gas safety checks have been carried out.	100.0	100.0	–
BS02	Proportion of homes for which all required fire risk assessments have been carried out.	100.0	100.0	–
BS03	Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out.	0.0	0.0	–
BS04	Proportion of homes for which all required legionella risk assessments have been carried out.	100.0	100.0	–
BS05	Proportion of homes for which all required communal passenger lift safety checks have been carried out.	100.0	100.0	–
Q4b Anti-social behaviour				
NM01 (1)	Number of anti-social behaviour cases, opened per 1,000 homes.	11.4	5.7	-5.7
NM01 (2)	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes	0.0	0.0	–
Q4d Complaints				
CH01 (1)	Number of stage one complaints received per 1,000 homes.	41.3	49.0	+7.7
CH01 (2)	Number of stage two complaints received per 1,000 homes.	5.7	14	+8.3
CH02 (1)	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	76.9	94.8	+17.9
CH02 (2)	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	77.7	100.0	+22.3

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		2023/24	2024/25	Variance
Q4e Tenant perception measures				
TP01	Proportion of respondents who report that they are satisfied with the overall service from their landlord.	19.3	45.4	+26.1
TP05	Proportion of respondents who report that they are satisfied that their home is safe.	48.4	69.3	+20.9
TP06	Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	14.8	30.1	+15.3
TP07	Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	41.0	46.4	+5.4
TP08	Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	41.8	52.8	+11.0
TP09	Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	6.8	21.6	+14.8
TP10	Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	34.5	44.1	+9.6
TP11	Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighbourhood.	15.3	25.5	+10.2
TP12	Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	30.1	24.0	-6.1

We are committed to continuing to work closely with our managing partners to understand where things have gone wrong and implement changes that will improve service delivery for our customers.

We are pleased that we have seen an increase in 8 of the 9 tenant perception measures applicable to the Company. While the levels of resident satisfaction remain below expectations, we remain committed to continually improve our residents' experience of their homes and our services.

In addition to the feedback received from our resident surveys, the number and the nature of resident complaints provide us with valuable service insights.

We maintain the view that the number of complaints remains too high for the number of properties we manage. However, it is worth noting that although the number of complaints rose, so did the portfolio size.

We continue to work with our managing partners to respond promptly to complaints within policy timelines that follow the Housing Ombudsman's Complaint Handling Code 2024. As a result, the time taken to respond to a Stage 1 complaint has improved from 76.9% in 2023/24 to 94.8% in 2024/25.

The quality and value for money of estate management remains a key area of concern identified through our resident surveys and complaints analysis. In 2023/24, over half (51%) of the complaints we received related to issues with estates management. By implementing service improvement plans, holding more frequent management meetings with partners and scrutinising performance, complaints relating to estates management have reduced to seven in 2024/25.

Notwithstanding these improvements, just over a quarter of all complaints (26%) received last year related to Property Services and Maintenance. Many of the complaints received related to the repairs and maintenance of communal and external areas.

Typically, although most of these areas are not owned by the Company, we actively ensure that these areas are well managed and maintained and that our customers receive a high-quality service from estate and building owners. We will continue to hold third party freeholders and estate managers to account for the benefit of our customers.

Directors' Report

Risk management

Responsibilities and Processes

M&G Alternative Investment Management Limited (the 'AIFM') has delegated responsibility for risk management and reports to the RP Board for the Company on all risk management processes and policies. The Company has also adopted policies of M&G plc which includes a Risk Management Framework Policy. The approach to risk management is based on the three lines of defence model.

The first line comprises the AIFM who is responsible for day to day risk identification, measurement and management through the operation of controls within their business area. There is an embedded first line of defence, the AIFM's operational risk team who are responsible for ensuring the operational risk framework and standards are implemented across M&G Real Estate and for supporting the business with the identification, measurement, management and reporting of risks. Key first line of defence operational risk activities include:

- Risk and Control Self-Assessment.
- Risk appetite reporting – identifying and monitoring key risk indicators.
- Issue and action tracking.
- Operational incident management, escalation and reporting.
- Assurance – control testing and assurance process and control reviews.

The second line of defence operational risk activity sits within the M&G plc Group Risk function and is responsible for oversight and challenge over operational risk activity.

The third line of defence comprises the M&G Group Wide Internal Audit ('GWIA') function who provide independent assurance on the design and effectiveness of the overall system of internal control (including second line activities). GWIA assignments involve an assessment on the effectiveness of the key controls established by management and reporting of audits

of relevant interest that impact M&G Real estate. The assessment takes account of both internal and external risk factors, such as changes in the market, regulatory environment and technology infrastructure, which impact the risk profile of the Company and therefore challenges the continued effectiveness of the control environment.

The Company maintains an Investment Risk process which also fits into the three lines of defence model.

The framework for the Investment Risk process is shown below.

Governance	Investment Performance and Risk Committee
	Liquidity Management sub-committee
	Valuation sub-committee
	Property Investment committee
Risk monitoring	Product design and Fund Risk Profile
	Transaction level risk assessments
	Portfolio level risk dashboards
	Liquidity risk dashboards
	Quarterly risk oversight meetings

The AIFM maintains a Risk and Control Self-Assessment ('RCSA') register which is monitored and reviewed on a monthly basis. The Board receives an updated RCSA register on a quarterly basis which is reviewed and any requirements and decisions passed back to the AIFM.

The Company maintains a system of internal control appropriate to the business it operates, in addition to the above this includes an Audit & Risk Committee, a formal committee of the RP Board, that reports quarterly to the RP board on audit assurance and any risk matters identified by the AIFM.

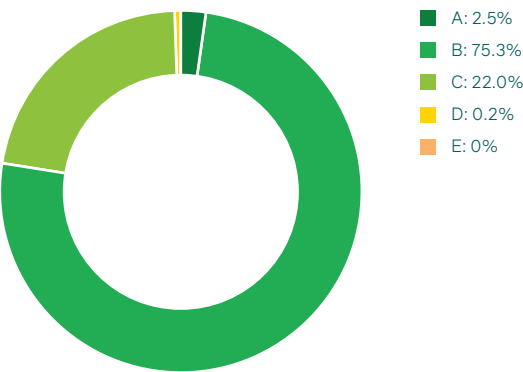
It should be noted that the details above define the working model for the identification, management and monitoring of risk. The Audit & Risk Committee agrees a risk appetite and this is approved by the RP Board on an annual basis.

Directors' Report

Environmental, Social and Governance

In view of climate-related transition risks we have screened EPC ratings for the whole portfolio against the Minimum Energy Efficiency Standard regulations. The EPC ratings for the portfolio are provided in the pie chart below and show that all EPC ratings are above that required by the regulation.

Energy Performance Certificate – ratings by number of units



As at 31 March 2025, EPC rating by unit count

Partner case studies

HSPG

HSPG is a social impact real estate company, investing in affordable housing, homeless affordable rent solutions, and asset management. The Company entered into an agreement with Park Properties Housing Association ('PPHA'), HSPG's for profit registered provider. The Company bought 102 newly built Shared Ownership homes across 6 sites in the East Midlands and South East from PPHA. This includes 16 newly built Shared Ownership homes acquired during year ended 31 March 2025. The Company is forward committing to the new homes, while PPHA takes on the sales risk.

In an interview with TGE, the Fund's independent impact advisors, HSPG representatives spoke positively about their relationship with the M&G Affordable Living Fund (formerly M&G Shared Ownership Fund), highlighting its role in fostering connections with local authorities and strengthening HSPG's reputation. Describing their

relationship, HSPG noted that it was a 'long term partnership' and HSPG chose to partner with them because they are a patient, prudent, and robust investor.

Hyde

Hyde provides some of the most affordable homes in London and the southeast and has done for almost 60 years. As a group led by a not-for-profit charity, they work for the good of their customers. They do this by maintaining and investing in the homes they provide and by building genuinely affordable homes too.

Hyde has made four portfolio sales of Shared Ownership homes to the Company. An initial portfolio which currently consists of 368 tenanted homes, 73 homes developed by Hyde and completed in Q1 2024, 166 fully tenanted homes which also completed in Q1 2024 and a further transaction of 131 tenanted homes completed in Q1 2025. For all tenanted homes, Hyde continues to provide management service to the residents. The sales have enabled Hyde to fund new developments quicker, as well as build at scale and purchase more land.

M&G Affordable Living Fund is the first institutional investor that Hyde has partnered with. In an interview with TGE, the Fund's independent impact advisors, Hyde highlighted that it was evident that the M&G Affordable Living Fund was focused on providing quality customer service from the outset. This prompted Hyde to reflect on their own approach to customer experience with their Shared Ownership residents. Hyde also explained that the relationship with M&G Affordable Living Fund has positively impacted the housing association overall in terms of operational efficiencies and funding solutions.

Places for People

Places for People ('PFP') is a leading social enterprise that encompasses housing providers, developers, property managers, and care providers to create thriving communities. In March 2024, the Company bought 700 Shared Ownership homes from PFP which currently stands at 687 units. The sale enables PFP to purchase more stock and invest in their existing stock, to fund retrofit projects or support services to social enterprises for example.

Directors' Report

PFP chose M&G Affordable Living Fund as their partner following a comprehensive tender process, which included a full consultation with customers prior to the sale of the homes. The consultation involved asking residents to respond to a survey to determine what mattered to them. In response, M&G Affordable Living Fund filled out a quality questionnaire and a set of points specifically responding to customers and demonstrating how it would ensure continuity for residents in terms of service standards.

Governance

The RP Board is committed to high levels of governance. The Company has adopted the Corporate Governance and Principles for Unlisted Companies in the UK (Institute of Directors and European Confederation of Directors' Associations) as its code of governance.

The expertise, experience and skills held by the RP Board take into account the nature of the Company's business. Given the nature of the Company's business – the provision of social housing, specifically Shared Ownership units, for the benefit of a fund structure, the Board agreed that it needed skills and expertise relating to fund management, finance, risk, law, governance and real estate knowledge in the social housing sector.

The key attributes and relevant sector experience for each of the board members are outlined below:

Alexander Greaves, Head of Global Living, M&G Investment Management Ltd

Mr Greaves is responsible for setting the UK, European and Asia Living investment strategies and for driving overall fund performance. Mr Greaves joined M&G Real Estate in 2013 to establish and build the residential capability and team in the business.

Prior to joining M&G Real Estate, Mr Greaves spent seven years at Grainger with responsibility for the Schroders ResPut Fund and the Grainger Geninvest JV with Genesis housing. He also set up Grainger's Ramp platform and managed its partnership with Lloyds Banking Group ('LBG') for distressed borrowers. Furthermore, prior to this, Mr Greaves had oversight

of a student accommodation portfolio whilst working for Bradford and Bingley Building Society. Mr Greaves is a member of the Royal Institution of Chartered Surveyors ('RICS'), of the Investment Property Forum ('IPF') and the Chair of the British Property Federation Residential Committee. Mr Greaves is also on the St Edwards Board, a joint venture between Berkeley Homes and Prudential and on the Board of Greencore Homes, a carbon negative sustainable house builder.

Nina Reid, Head of Sustainability, Private Markets; Head of Sustainable Investing Frameworks

Ms Reid was appointed Head of Sustainability, Private Markets in April 2022, and Head of Sustainable Investment Frameworks in October 2023.

As Head of Sustainability, Private Markets, Ms Reid is responsible for integrating ESG across private credit, alternatives, real estate equity and debt, infrastructure and ABS. She works across private assets to scale up our sustainability and impact offerings, as well ensuring delivery of commercially-viable and regulatory-compliant investment propositions across our wide spectrum of products. As Head of Sustainable Investment Frameworks, Ms Reid leads on the development of sustainable investment frameworks covering public and private assets. This includes approach to sustainable investments, Sustainable Finance Disclosure Regulation ('SFDR'), Sustainability Disclosure Requirements ('SDR'), sovereigns and green bonds.

Ms Reid was previously Global Head of Sustainability for M&G Real Estate, and Co-Head of the Climate team, responsible for net zero, Task Force on Climate-related Financial Disclosures ('TCFD') and decarbonisation across M&G. Prior to joining M&G in 2011, Ms Reid was in the Sustainability Consulting team at JLL. She began her career as a researcher in the environmental Economics department at the University of East Anglia. She has a Natural Sciences degree from the University of Cambridge.

Jane Earl (Non-Executive, Chair)

Ms Earl is an experienced Chair, Non-Executive Director ('NED') and senior leader, committed to making a difference and achieving results for customers. Ms Earl

Directors' Report

has remunerated NED experience in an AIM-listed house builder and housing association, as well as arts, youth and education bodies. Ms Earl has strong senior management experience in local and central government, and arts and social enterprises. Ms Earl has excellent interpersonal and leadership skills, with a good track record in delivering change and establishing new projects. Ms Earl has extensive experience in offering constructive challenge to organisations to help them work better, deliver their vision, establish high standards of governance, forward planning and performance management. Ms Earl is currently the Non-Executive Chair of Thirteen Group, a Housing Association based in the north east of England with a £250m turnover, managing 34,000 homes and with an ambitious programme for development and social regeneration. She is also the non-executive chair of Surrey Choices, a local authority trading company providing services to people with learning disabilities.

Previously, Ms Earl was the first director of the Assets Recovery Agency, a non-ministerial department established to take the profits out of crime, where she was responsible to the Home Secretary as a statutory office holder to deliver a major part of the government's asset recovery strategy. From 1999 to 2003, Ms Earl was Chief Executive of Wokingham Unitary Council where she was responsible for the managerial leadership of an organisation providing the entire range of local government services to 150,000 residents.

Debra Yudolph (Non-Executive Board Member)

Ms Yudolph is an experienced senior residential and mixed-use asset management specialist with exceptional knowledge of development, strategic management of residential led assets and executive operational activities. Ms Yudolph has strong leadership, influencing abilities and interpersonal skills. Ms Yudolph is an accomplished public speaker and industry commentator on the Private Rented Sector ('PRS'), placemaking and housing policy. Ms Yudolph is the founding partner at SAY Property Consulting LLP ('SAY') which provides advice relating to strategic, long term operational management advice. SAY works on large mixed-use regeneration schemes as well as smaller

developments across all tenures including the Build-to-Rent ('BTR')/PRS, Later Living, affordable and for-sale. SAY also supports their clients with business planning, mentoring and critical business reviews. Ms Yudolph is currently a NED at Grove End Housing Limited and Deverell Smith Recruitment.

Trevor Moross (Non-Executive Board Member)

Mr Moross has been involved in the residential property market for almost 50 years. For much of that time he was joint Managing Director of Dorrington – a large private property investment company. Mr Moross has continued his association with Dorrington as a NED of its parent company, Hanover Acceptances Limited. He is currently a board member and Chairman of the Property Committee of Metropolitan Thames Valley Housing and before that was the Senior Independent Director of London and Quadrant Housing Trust.

A large focus of Mr Moross' career has concerned the promotion of good practice in the PRS, and he is a former president of the British Property Federation. Mr Moross is a Fellow of the RICS, has served on the board of The Leasehold Advisory Service and on the Advisory Board of Zoopla. In 2019, Mr Moross was a member of the All-Party Parliamentary Committee Inquiry 'Rental Housing for an Ageing Population'. He has also been a Governor of The Dolphin Square Foundation, a Westminster housing charity and also served as a NED of several housing associations.

Outside of property, Mr Moross has held a wide range of voluntary roles. He has been Chair of The Academy of St Martin in the Fields, the renowned orchestra and currently serves on its International Advisory Board, and of Salusbury World a charity supporting refugee children. Mr Moross is currently a Trustee of the English Touring Opera and Co-Chair of its Development Board.

The Board operates an Audit & Risk Committee comprised of the Chairman, Head of Risk Management and Head of Property Fund Finance. The Audit & Risk Committee meets at least four times each year and reports to the Board on the oversight of the planning and delivery of the audit, and the compilation of the Annual Report and Financial Statements.

Directors' Report

Going concern and viability statement

The Company's risks and controls are monitored through the RCSA register and notes where a risk relates to Financial Viability. The Company has undertaken a review of compliance with the Financial Viability Standard and is in compliance with the regulatory framework and its accompanying code of practice. In accordance with the Governance and Financial Viability Standard the Company carries out detailed and robust financial forecasting and stress testing against identified risks and combinations of risks across a range of scenarios. The Company will at all times maintain sufficient cash and near cash balances to maintain its liquidity and viability. The cash reserves policy and process considers rental income and arrears, health and safety and counterparty risks. Furthermore, the Directors consider Company undertakings, committed support, sources of funds and uses of funds. Accordingly, there is a general quarterly cashflow reserve for operating costs of £40,000 and a capital reserve of £1,075,000 for capital costs. This analysis in combination with the description of controls in place enable the Board to assess the Company's ability to continue as a going concern.

The RP Board has a reasonable expectation that the Company will generate adequate income to meet the operating expenses to continue operations for a period up to 30 September 2026. The key method for assessing going concern is through the business planning and risk monitoring processes which considers the Company's future commitments, financial position, performance and cash flows. These processes consider the commitments required to meet the Company's investment activities, together with factors likely to affect the Company's future development, successful performance and position, key risks in the current economic climate, and the Company business plan. These plans have been updated to take into consideration the current information available in respect of the economic environment.

The Company's earnings, distributable cash flows and NAV could be adversely affected if the Company's Shared owners are unable to meet their lease

obligations and there are falls in house prices due to shocks in economic activity. The RP Board does not anticipate that the Company income will be impacted in the short run. The Company holds a significantly diverse occupier base who are motivated to maintain the upkeep as they are part owners as opposed to tenants. Furthermore, there is increased reporting and monitoring activity undertaken by property manager.

Economic activity has remained softened given the ongoing global economic headwinds around inflation and now the tariffs introduced by the government of United States of America in particular leading to a stagnant economic growth throughout the year. Gross Domestic Product ('GDP') estimated to have increased by 0.1% in the three months to December 2024, as the cost of living pressures continue to impact both consumer and business sentiment. More recently, GDP growth has increased by 0.7% in the three months to March 2025.

March 2025 saw CPI at 2.6%, down from the high of 4.6% in October 2023, further down from a peak of over 11% in autumn 2022. To try and bring inflation under control, the Bank of England implemented a series of interest rate hikes, with base rate moving from historically low levels of 0.1% to 5.25% by August 2023. This has now been lowered to 4.25% by June 2025. However, a strong labour market and the imbalance between demand and supply continue to underpin house prices. The liquidity risk of defaulted investors is mitigated by the profile of investors committed into the Partnership, being institutional investors backed by strong balance sheets. Further, a significant commitment in the Partnership has been made by M&G plc internal client that has a resolute capital base. The Board, having considered the objectives and available resources along with the projected cash flows of the Company, and are satisfied that the Company has adequate resources to continue in operational existence for the next 12 months from the issue of these Financial Statements. Accordingly, the Company has continued to adopt the going concern basis in preparing these Financial Statements.

Directors' Report

Auditors and disclosure of information to auditors

The Independent Auditor, Ernst and Young LLP, has been reappointed by the Company for the year ended 31 March 2025.

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection to preparing its report, of which the auditor is unaware.

Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that they are obliged to take in order to make themselves aware of any relevant audit information; and to establish that the auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Directors' Report

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Companies Act 2006 requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the applicable Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- use the going concern basis of accounting unless it is appropriate to presume that the Company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors of M&G UK Shared Ownership Limited on 11 September 2025 and signed on its behalf by:



Alexander Greaves

11 September 2025

Registered number: 12199619

Independent Auditor's Report

Opinion

We have audited the financial statements of M&G UK Shared Ownership Limited (the "Company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, including 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 in 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 Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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. 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 FRC's 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period up to 30 September 2026 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent Auditor's Report

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 directors are 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 course of 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Accounting and Regeneration Act 2008, the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2022.
- We understood how M&G UK Shared Ownership Limited is complying with those frameworks by making enquiries of management and the directors.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the objectives of the company by making enquiries with management and the directors, and therefore where reporting was considered susceptible to fraud. Where this risk was considered to be higher, we performed audit procedures in response to the identified fraud risks. These included testing for risk of improper revenue recognition. We also made inquiries with the directors and management regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the company. We considered the controls the company has established to address risks identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management for their awareness of any non-compliance with laws and regulations, completion of relevant audit work in respect of compliance matters including that relating to adherence to the disclosure provisions of the Companies Act 2006 and related financial reporting requirements. We corroborated our enquiries through our reading board meeting minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Vishal Soorkia (Senior statutory auditor)

for and on behalf of Ernst & Young LLP

Statutory Auditor

Guernsey, Channel Islands

12 September 2025

Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Rental income	9	8,104,110	2,831,063
Other property income	9	26,630	97,324
Service charge income	9	1,370,581	762,367
Interest revenue on loan		366,298	237,545
First tranche inventory sold	5	5,911,950	–
Turnover		15,779,569	3,928,299
Property management fees		(678,356)	(299,698)
Service charge expenses		(1,370,581)	(762,882)
Abortive deal fees	7	(904,266)	–
Other operating charges	10	(885,079)	(482,440)
Cost of first tranche of inventory sold	5	(5,337,869)	–
Operating expenditure		(9,176,151)	(1,545,020)
Gain on disposal of investment properties	9	724,487	310,597
Operating surplus		7,327,905	2,693,876
Unrealised gain/(loss) on investment properties	8	2,192,301	(559,250)
Grant deemed interest	18	(18,143)	(13,110)
Finance income/(cost)		303,613	(209,182)
Other interest income		287,904	53,712
Surplus before tax		10,093,580	1,966,046
Taxation	11	(40,472)	–
Total comprehensive income for the year		10,053,108	1,966,046

The Company's results relate wholly to continuing activities.

The Financial Statements were authorised and approved by the Board on 11 September 2025.



Director: Alexander Greaves

11 September 2025

The accompanying notes on pages 27 to 44 are an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March 2025

	Notes	As at 31 March 2025 £	As at 31 March 2024 £
Fixed assets			
Investment properties	8	231,160,000	207,750,000
Total fixed assets		231,160,000	207,750,000
Current assets			
Inventory	5	2,764,085	7,898,916
Loan receivable	6	6,320,804	5,650,733
Trade and other debtors	7	846,601	1,381,489
Prepayments		523,723	92,343
Cash and cash equivalents		14,503,743	7,904,269
Total current assets		24,958,956	22,927,750
Total assets		256,118,956	230,677,750
Current liabilities			
Trade creditors		(116,195)	(87,190)
Other fees payable	14	(1,144,243)	(2,766,616)
VAT payable		(18,222)	(10,106)
Accrued expenses	13	(398,782)	(352,670)
Deferred income		(14,647)	(14,060)
Recycled capital grant fund	18	(147,277)	–
Corporation tax payable	11	(40,472)	–
Total current liabilities		(1,879,838)	(3,230,642)
Net current assets		23,079,118	19,697,108
Non-current liabilities			
Recycled capital grant fund	18	(534,553)	(365,011)
Total non-current liabilities		(534,553)	(365,011)
Total net assets		253,704,565	227,082,097
Capital and reserves			
Share capital	15	2,436,927	2,214,274
Share premium	15	245,558,574	222,781,227
Net retained earnings		5,709,064	2,086,596
Total capital and reserves		253,704,565	227,082,097

The Financial Statements were authorised and approved by the Board on 11 September 2025.



Director: Alexander Greaves

11 September 2025

Registered number: 12199619

The accompanying notes on pages 27 to 44 are an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 March 2025

	Notes	Share capital £	Share premium £	Retained earnings £	Total £
Balance as at 31 March 2023		618,901	61,271,100	2,483,570	64,373,571
Issue of share capital	15	1,595,373	161,510,127	–	163,105,500
Profit for the year		–	–	1,966,046	1,966,046
Dividends declared during the year		–	–	(2,363,020)	(2,363,020)
Balance as at 31 March 2024		2,214,274	222,781,227	2,086,596	227,082,097
Issue of share capital	15	222,653	22,777,347	–	23,000,000
Profit for the year		–	–	10,053,108	10,053,108
Dividends declared during the year		–	–	(6,430,640)	(6,430,640)
Balance as at 31 March 2025		2,436,927	245,558,574	5,709,064	253,704,565

The accompanying notes on pages 27 to 44 are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 March 2025

	Notes	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Net cash generated from operating activities			
Total comprehensive income for the year		10,053,108	1,966,046
Adjustments for non-cash items and non-operating activities			
Unrealised (gain)/loss on investment properties	8	(2,192,301)	559,250
Gain on disposal of investment properties	9	(724,487)	(310,597)
Interest revenue on loan		(366,298)	(237,545)
Finance (income)/cost		(303,613)	209,182
Other interest income	6	(287,904)	(53,712)
Uplift on recycled capital grant fund	18	7,368	3,938
Movement on grant deemed interest	18	18,143	13,110
Decrease/(increase) in inventory	5	5,134,831	(7,898,916)
Decrease/(increase) in trade and other debtors		748,173	(748,525)
Increase in prepayments		(431,380)	(31,852)
Increase in trade creditors		29,005	83,807
Increase in other fees payable		219,631	2,596,050
Increase in VAT payable	13	8,116	8,135
Increase in accrued expenses		46,112	160,291
Increase in deferred income		587	14,060
Increase in recycled capital grant fund	18	291,308	75,420
Increase in taxation payable	11	40,472	–
Net cash provided by/(used in) operating activities		12,290,871	(3,591,858)
Cash flow from investing activities			
Purchase of investment properties		(26,391,646)	(152,387,070)
Proceeds from sale of investment properties		3,843,145	1,718,417
Loans advanced	6	–	(5,622,203)
Interest income received		287,904	53,712
Net cash used in investing activities		(22,260,597)	(156,237,144)
Cash flow from financing activities			
Issue of share capital	15	23,000,000	163,105,500
Dividends paid during the year		(6,430,640)	(2,363,020)
Interest paid		(160)	(167)
Net cash provided by financing activities		16,569,200	160,742,313
Net increase in cash and cash equivalents		6,599,474	913,311
Cash and cash equivalents at the beginning of the year		7,904,269	6,990,958
Cash and cash equivalents at the end of the year		14,503,743	7,904,269

The accompanying notes on pages 27 to 44 are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2025

1 Organisation and legal status

M&G UK Shared Ownership Limited (the 'Company') is a private limited company incorporated in England & Wales as a company limited by shares on 10 September 2019 with company number 12199619. The address of its registered office is 10 Fenchurch Avenue, London EC3M 5AG, United Kingdom. The Company has been granted 'for-profit registered provider of social housing' status by the Regulator of Social Housing ('RSH') on 5 November 2020.

The Company is a wholly owned subsidiary of M&G Affordable Living REIT Ltd, a closed-ended investment company limited by shares incorporated under the Companies Act 2006, since 12 May 2020. M&G Affordable Living LP (the 'Partnership'), an English limited partnership, is the sole shareholder of the REIT.

The Company is primarily dedicated to investing in Shared Ownership property assets in England and aims to continue to acquire a mix of standing stock, forward purchase and forward funded developments, directly and through the use of joint venture arrangements.

The Company has no employees (2024: nil).

The Company's administration is delegated to Citco Fund Services (Luxembourg) S.A. (the 'Administrator').

2 Material accounting policies

2.1 Statement of compliance

The Financial Statements are prepared in accordance with Financial Reporting Standard ('FRS') 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland which is issued by the Financial Reporting Council in respect of its application in the United Kingdom and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

2.2 Basis of preparation

The Financial Statements have been prepared under the historical cost convention except for investment properties that are measured at fair value.

2.3 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for a period up to 30 September 2026 from the date the Financial Statements are authorised for issue. The key method for assessing going concern is through the business planning and risk monitoring processes which considers the future commitments, financial position, performance and cash flows. These processes consider the commitments required to meet the Company's investment activities, together with factors likely to affect the Company's future development, performance and position, and key risks in the current economic climate.

Cash flow from operations is expected to continue exceeding operating costs. As at 31 March 2025, the Company had net assets of £253,704,565 (2024: £227,082,097) and a healthy cash and cash equivalents balance of £14,503,743 (2024: £7,904,269). The assessment of the cash-flow forecast shows that there will be sufficient income to meet working capital requirements.

Notes to the Financial Statements

For the year ended 31 March 2025

The liquidity risk of defaulted investors is mitigated by the profile of investors committed into the Partnership being institutional. In addition, committed investors are required to satisfy a Spending Commitment and a Committed Investor who fails to make payment by the expiry of the notice period will be subject to sanctions in respect of such default. The Partnership secured £296.72m (2024: £297.26m) of commitments from its investors of which £50.75m (2024: £71.28m) remains undrawn at the date of approval of these Financial Statements. On request from the AIFM of the Partnership these commitments can be utilised to acquire shares and fund further investments in the Company over the next 12 months.

The Company's earnings, distributable cash flows and NAV could be adversely affected if Shared owners are unable to meet their lease obligations if there is a fall in house prices due to shocks in economic activity. The Directors of the Company do not anticipate that the income return will be impacted in the short run. The Company holds a significantly diverse occupier base, made up of 1,692 (2024: 1,571) standing homes of the portfolio, 98% of the units are occupied and income generating. Those that are unoccupied are the 28 units at Eastman Village, the Fund's first forward-purchase and are being actively marketed for sale. The owners are motivated to maintain the upkeep as they are part owners as opposed to tenants. Furthermore, there is increased reporting and monitoring activity undertaken by property manager. The Company also has powers to protect its income which is documented by the fundamental clauses of Shared Ownership leases, in doing so warrants a stream of distributions to be paid up the structure.

The Directors, having considered the objectives and available resources along with the projected cash flows of the Company, are satisfied that the Company has adequate resources to continue in operational existence for the next 12 months from the date the Financial Statements are authorised for issue. Accordingly, the Company has continued to adopt the going concern basis in preparing these Financial Statements.

2.4 Functional and presentation currency

Items included in the Company's Financial Statements are measured using the Pound Sterling ('£'), the currency of the primary economic environment in which it operates (the 'functional currency').

2.5 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2.6 Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

2.7 Trade and other debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

2.8 Loans receivable

The Company has entered into a forward fund development agreement with a third party developer in relation to residential property development schemes. These are presented as loans receivable in the Statement of Financial Position. This funding, where drawn down by the developer, is classified as loans receivable at amortised cost. Interest earned by the Company on the funding provided is recognised as finance income. Monies transferred into escrow but not drawn down by the developers are classified as other receivables.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the year ended 31 March 2025

Interest is accounted for using the effective interest method and taken to the Statement of Comprehensive Income in the year in which it relates.

These loans are assessed on an annual basis to determine whether there are any impairment indications. Where impairment indicators are identified, an assessment is performed and any resulting impairment loss is recognised in the Statement of Comprehensive Income.

2.9 Shared Ownership

Shared Ownership is an affordable home ownership scheme which allows a Shared owner to buy a part share in a home with a lower deposit requirement and pay a discounted rent on the portion of the property that they do not own. Shared owners pay an initial payment (the 'First Tranche') in return for a long lease and the right to purchase the remaining share in increments.

First Tranche sales are included within turnover and the related proportion of the cost of the asset will be recognised as cost of sales.

Shared owners have the right to acquire further tranches ('staircasing'). Any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as gain or (loss) on disposal of investment properties.

2.10 Shared Ownership properties

SORP 2018 requires that Shared Ownership properties, including those under construction, should be split between fixed assets and current assets. In line with the SORP 2018, the initial percentage of a Shared Ownership unit to be sold to a buyer/occupier will be treated as inventory (trading property), with the remainder being classified as Investment Property. Periodic adjustments are possible prior to completion of the first tranche sale.

During the development phase, an estimate of first tranche costs should be allocated to inventory. The assumptions on which the first tranche proportion has been based include, but are not limited to, the affordability of the Shared Ownership properties, local demand for Shared Ownership properties, and general experiences of first tranche Shared Ownership sales within the wider social housing sector.

A change in estimate of the first tranche percentage will result in reclassification of cost between inventory and investment property.

Where a grant is receivable from government and other bodies as a contribution towards the capital cost of Shared Ownership investment property, it is recognised as a deduction in arriving at the cost of the property. Prior to satisfying any performance obligations related to the grant, such grants are held as a liability on the Statement of Financial Position.

In some circumstances, typically when a Shared owner staircases, there arises an obligation to recycle the grant into the purchase of new affordable properties within three years or to repay the grant to the relevant government body. Where such an obligation exists the grant will be held as a liability on the Statement of Financial Position.

2.11 Inventory

Inventory relates to properties held for delivery as first tranche sales. Inventories are measured at the lower of cost and estimated selling price less the costs to complete and sell.

Inventory is assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the inventory carrying amount to its recoverable amount. Where the carrying amount of a inventory is deemed to exceed its recoverable amount, the inventory is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. The inventory assessment will be subject to a regular review both in terms of the initial percentage used as well as if there are any indicators of impairment.

Notes to the Financial Statements

For the year ended 31 March 2025

2.12 Investment Properties

Investment properties relate to the remaining portion of the property not classified as inventory. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent measurement will be at fair value at each reporting date with changes in fair value recorded in the Statement of Comprehensive Income.

Valuations of investment properties in the Financial Statements shall be on the basis of existing use value for social housing ('EUV-SH') for housing stock held for social housing. EUV-SH is an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the valuation date, assuming:

- a willing seller;
- that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price and terms and for the completion of the sale;
- that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest;
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion;
- that the property will continue to be let by a body pursuant to delivery of a service for the existing use;
- that at the valuation date any regulatory body in applying its criteria for approval would not unreasonably fetter the vendor's ability to dispose of a property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements;
- that properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and
- that any subsequent sale would be subject to all the same assumptions above.

EUV-SH is similar to market value, but with additional assumptions reflecting the continued use of the property for social housing, it considers a discounted cash flow based on rents and proceeds from affordable housing for the Shared Ownership units.

The discounted cash flow ('DCF') is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. DCF analysis involves the projection of a series of periodic cash flows either to an operating property, a development property, or a business. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property or business. In the case of real estate properties, periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. The series of periodic net operating incomes, along with an estimate of the reversion/terminal value, anticipated at the end of the projection period, is then discounted.

Notes to the Financial Statements

For the year ended 31 March 2025

The most widely used applications of DCF analysis are the Internal Rate of Return ('IRR') and Net Present Value ('NPV'). As with all other components of DCF analysis, the discount rate should also reflect market data, (ie, other market derived discount rates). Discount rates should be selected from comparable properties or businesses in the market. In order for these properties to be comparable, the revenue, expenses, risk, inflation, real rates of return, and income projections for the properties must be similar to those of the subject property. Present value calculations of cash flows are most often calculated using appropriate discount rates for each class of cash flows. A reversion/terminal value is capitalised at a terminal capitalisation rate, or reversion yield, and discounted to present value at an appropriate discount rate. In many instances, a single discount rate is used for all cash flows.

The key assumptions used by the Valuers as at 31 March 2025 include a discount rate of 6.00% to 6.50% (2024: 5.25% to 5.75%) on net rents, and 7.25% to 7.75% (2024: 6.75% to 7.25%) on capital receipts. The RPI has been used to forecast inflation as well and the Housing Price Index for capital growth. In addition, staircasing over a 30-year hold period of 2.0% (2024: 2.0%) per year has been assumed.

On disposal, meaning the completion of a staircasing event or full sale of the asset, the investment property will be de-recognised and a gain or loss realised on disposal will be calculated with reference to the difference between the net disposal proceeds and book cost, recognised in the Statement of Comprehensive Income.

2.13 Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Turnover and revenue recognition

Turnover comprises rental income receivable in the year, service charge income and other property income included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year. Turnover also includes interest earned on loan from forward funded investments.

Rental income is recognised from the point when properties become available for letting and a signed lease contract is in place, net of any voids. Service charge income is recognised when service charge expenditure is incurred as this is the point at which the services have been performed.

Revenue from the sale of investment properties is recognised in the Statement of Comprehensive Income on completion of the property transaction being when the significant risks and rewards of ownership have been transferred to the buyer.

During the year ended 31 March 2025, the Company incurred £1,247 of void losses (2024: £452).

2.15 Income and expenses

All income and expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Rent receivable under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March 2025

2.16 Taxation

Taxation is currently recognised in the Statement of Comprehensive Income and is calculated on the basis of the tax laws enacted, or substantively enacted at the Statement of Financial Position date, and taxable income. Tax provisions are recognised where appropriate on the basis of amounts expected to be paid to the tax authorities. The Company invests solely in real estate in England and is a subsidiary member of a UK REIT Group effective from 1 April 2021.

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

The calculation of the total tax charge inherently involves a degree of estimation and judgement. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge included in the financial statements if the Company considers it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition the provision is measured based on management's judgement and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgement as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgments and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgements.

As a REIT group, the income and gains of the group from qualifying property rental business will be exempt from UK corporation tax, provided that certain conditions are satisfied. Distributions of such exempt profits and capital gains (Property Income Distributions) will be treated for UK tax purposes as UK property income in the hands of Investors, subject to any reclassification under a relevant double taxation agreement. The disposal of a percentage of Shared Ownership units gives rise to capital gains, which will be exempt gains under the REIT rules.

Interest income is recognised on the loan advanced to Greencore Homes Limited. Under the REIT rules, for tax purposes this is classified as residual income that falls outside the property rental business of the Company and is subject to corporation tax. There are excess management expenses at the level of the REIT available to partly offset the residual income arising in the year and therefore reduce the associated tax charge.

The M&G plc Group ('the Group'), into which the results of the Company are consolidated, is subject to Pillar Two global minimum top-up tax rules. The UK has enacted domestic minimum top-up tax legislation so that Pillar Two top-up tax due in respect of the UK Group entities (ie where the local effective tax rate is less than 15%) is payable in the UK. The Group has completed an assessment to estimate the top-up tax that would be due for 2025, which indicates no Pillar Two top-up tax liability in respect of the Company.

As the compliance, reporting and/or notification obligations become clear in the UK, the Company shall take appropriate steps to ensure compliance with any consequent relevant obligations under Pillar Two.

Notes to the Financial Statements

For the year ended 31 March 2025

2.17 Deferred income

Deferred income represents rental income which has been billed to tenants as at the end of the reporting period but which relates to future periods.

2.18 Government grants

Grants received for investment properties measured at fair value are recognised using the performance model.

A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

3 Critical accounting estimates and judgements

Management makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at Statement of Financial Position date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical estimates

Investments at fair value through profit or loss

Management uses valuation techniques to determine the fair value of investment properties. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

3.2 Other estimates

Impairment of loan receivable

The loan advanced to Greencore Homes Limited is considered to be a financing transaction with a non-market rate of interest of 4% per annum compounded monthly. The effective rate of interest is considered to be 6.68% per annum and no transaction costs were incurred for arrangement of the loan. Impairment loss is the difference between the nominal loan amount and the present value of estimated cash flows discounted at the loan's original effective interest rate. Given the loan is linked to a property investment, the fair value of the underlying development is also considered for the outcome of impairment which considers changes in residual value of the development based on gross development value less costs to completion and expected profit. This value is compared to the calculated amortised cost of the loan to arrive at any impairment loss.

3.3 Critical judgement

Classification as investment property versus property, plant and equipment

Classification of Shared Ownership properties depends on the intended use of the property and to what extent it can be attributable to providing a social benefit to the wider community versus other motives most notably profit. Refer to Note 2.10 Shared Ownership properties.

As the Company's objective is to earn commercial rentals and capital appreciation, the Company must follow section 16 of FRS 102 Investment properties. Accordingly, the properties are classified as Investment Property with the exception of inventory sales that are accounted for in accordance with Chapter 8 of the SORP 2018.

Notes to the Financial Statements

For the year ended 31 March 2025

Investment Properties

The Company estimates the proportion of Shared Ownership properties that will be sold as First Tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, matters such as the affordability of the Shared Ownership properties, local demand for Shared Ownership properties, and general experience of first tranche Shared Ownership sales in the social housing sector. The first tranche sales percentage assumed for vacant Shared Ownership properties is 33%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed first tranche sale percentage resulting in a higher inventory value and lower investment property value.

4 Risks associated with financial assets and financial liabilities

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Company may be exposed to market risk (which includes interest rate risk and currency risk), credit risk and liquidity risk.

(i) Interest rate risk

The Company is not expected to have material debt that would be subject to risk. If leverage is assumed the Directors will regularly review its position with regard to interest rates in order to minimise the Company's risk. The loan advanced to Greencore Homes Limited bears a non-market fixed-rate of interest of 4% per annum compounded monthly. The Company does not have any material interest rate exposures.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hold assets denominated in currencies other than the Pound Sterling. The Company is therefore not exposed to material currency risk.

(iii) Liquidity risk

The Company's policy is to hold cash at a level sufficient to ensure that the Company has available funds to meet its liabilities as they fall due as well as meet unforeseen obligations.

(iv) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk on the Company's liquid funds is limited because the counterparty is a UK bank with an investment grade credit rating assigned by international credit rating agencies. The cash in the Company is held with RBS, National Westminster Bank plc and Barclays Bank plc which has a credit rating from Moody's of A1, A3 and A1, respectively (2024: A1, A3 and A1) and a credit rating from Standard & Poor's of A, BBB and A+, respectively at 31 March 2025 (2024: A+, BBB+ and A+).

The credit risk on an occupier defaulting on the payment of rents is limited as the Company can take action to recoup sums owed to it by repossession. Any repossession proceedings would require the Company to subordinate its claim until all charges are repaid.

The Company and Greencore Homes Limited, a related party, entered into a security agreement in relation to the loans advance. The Company is therefore not exposed to material credit risk.

Notes to the Financial Statements

For the year ended 31 March 2025

5 Inventory

	As at 31 March 2025 £	As at 31 March 2024 £
Shared Ownership properties:		
Completed properties	2,764,085	7,898,916
Total	2,764,085	7,898,916

During the year, the Company completed first tranche sales amounting to £5,911,950 (2024: £nil), with first tranche cost of sales of £5,337,869 (2024: £nil).

6 Loan receivable

	As at 31 March 2025 £	As at 31 March 2024 £
Loan to Greencore Homes Limited		
Opening balance	5,413,188	–
Advances	–	5,622,203
Present value adjustment	303,773	(209,015)
Closing balance	5,716,961	5,413,188
Accrued interest		
Opening balance	237,545	–
Accrued interest	366,298	237,545
Closing balance	603,843	237,545
Total loan receivable	6,320,804	5,650,733

Summary of forward fund development loan

Greencore Homes Limited	
First drawdown	25 July 2023
Expected repayment date	30 November 2026
Total loan advanced	£5,622,203
Fixed interest rate	4.00%
Effective interest rate	6.68%
Accrued interest since inception	£603,843
Interest frequency	Compound monthly

No transaction costs were incurred for arrangement of the loan. Under the Facility and Sale Agreement, there are several target and long stop dates to be met for detailed planning permission to be obtained satisfactorily and the first golden brick stage expected to be 31 March 2026 to be met. In the event the dates and conditions are not met then the developer will be liable to repay the entirety of the loan immediately and on demand.

Notes to the Financial Statements

For the year ended 31 March 2025

7 Trade and other debtors

	As at 31 March 2025 £	As at 31 March 2024 £
Rent receivable excluding service charges	200,682	226,168
Other receivables	636,411	1,145,126
Escrow receivables	9,508	10,195
	846,601	1,381,489

Other receivables represent the prepayment of acquisition costs for planned acquisitions. Acquisition costs of £904,266 related to Sovereign portfolio were expensed as abortive deal fees during the year as the Company no longer plans to acquire this portfolio. Further details regarding acquisitions are provided in the Strategic Report.

During the year ended 31 March 2025, there were no provisions for bad debts recognised in the Statement of Comprehensive Income (2024: £nil).

8 Investment properties

As at 31 March 2025 and 31 March 2024, all units are Shared Ownership properties. The fair values of investment properties held by the Company are as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Opening balance	207,750,000	57,330,000
Acquisitions	23,947,101	152,387,070
Capitalised expenditure	602,541	–
Disposals	(3,331,943)	(1,407,820)
Unrealised gain/(loss) on investment properties	2,192,301	(559,250)
Closing balance	231,160,000	207,750,000

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Book cost	227,594,933	206,377,234

As at 31 March 2025, total Shared Ownership units owned and managed were 1,692 (2024: 1,571) and currently there are no investment properties under construction.

As at 31 March 2025 and 31 March 2024, all investment properties have been categorised as level 3 assets. The investment properties were independently valued by Allsop LLP who have significant expertise in the valuation of Real Estate residential assets. Going forward CBRE Limited will perform the valuations for all schemes held by the Company.

During the year ended 31 March 2025, the Company disposed of properties due to staircasing activity for net proceeds of £4,056,430 (2024: £1,488,387) and recognised a gain amounting to £724,487 (2024: £310,597).

Significant increases/(decreases) in the discount rates, staircasing and HPI ranges result in a significantly higher/(lower) fair value of the investment property held by the Company. A quantitative sensitivity analysis is shown below with the discount rate range presented to be +50bps and -50bps based on the assumption that the Bank of England is unlikely to reduce the base rate more than 50bps in the short term. HPI range is presented below to be +1% and -1% given the historically high base rate which is expected to cause limited impact on the price index. Long term rate of staircasing is assumed to be 2% and accordingly a range of +1% and -1% has been presented.

Notes to the Financial Statements

For the year ended 31 March 2025

	Range of inputs	Investment property £
As at 31 March 2025		231,160,000
Significant unobservable inputs^a		
Improved Discount Rates (-50bps Rent & Capital)	6.00% to 6.50% Rent receipts &	246,610,000
Expanded Discount Rates (+50bps Rent & Capital)	7.00% to 7.75% Capital receipts ^b	217,150,000
Improved staircasing (3%) pa		209,730,000
Reduced staircasing (1%) pa	2.00%	240,120,000
Improved HPI ^c (+1% to assumed)		249,050,000
Impaired HPI ^c (-1% to assumed)	1.00% to 4.80%	216,470,000
	Range of inputs	Investment property £
As at 31 March 2024		207,750,000
Significant unobservable inputs^a		
Improved Discount Rates (-50bps Rent & Capital)	5.25% to 5.75% Rent receipts &	221,710,000
Expanded Discount Rates (+50bps Rent & Capital)	6.75% to 7.25% Capital receipts ^b	195,110,000
Improved staircasing (3%) pa		185,150,000
Reduced staircasing (1%) pa	2.00%	219,020,000
Improved HPI ^c (+1% to assumed)		223,120,000
Impaired HPI ^c (-1% to assumed)	-2.00% to 2.75%	195,320,000

^a Generally a change in the assumption made for discount rates is accompanied by an opposite change in HPI and staircasing.

^b The range of inputs is applicable to both the improved and expanded discount rates.

^c HPI stands for House Price Index calculated by the Office for National Statistics.

Government grants

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a recycled capital grant fund and included in the Statement of Financial Position in creditors. During the year, the Company accrued £291,308 (2024: £75,420) for this grant.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

As at 31 March each year, the Company is required to apply notional interest of base lending rate less 0.75% to the recycled capital grant fund at a rate in line with the Bank of England base rate. The notional interest is recognised in the Statement of Comprehensive Income as 'Grant deemed interest'. Accordingly, with the Bank of England base rate being 4.50%, (2024: 5.25%) as at 31 March 2025, 3.75% (2024: 4.50%) has been applied to the recycled capital grant fund.

Grants taken on from other Register Providers resulting from acquisition activity has been disclosed as contingent liability in the Financial Statements, at the year end the contingent liability balance prior to any calculated uplift was £24,267,937 (2024: £17,455,814). Refer to Note 17.

Notes to the Financial Statements

For the year ended 31 March 2025

9 Particulars of income and expenditure from social housing lettings

The below table shows the operating expenditure and operating surplus from low-cost home ownership activities:

Note A	Turnover	Other	Operating	Operating
For the year ended 31 March 2025	£	income	expenditure	surplus
		£	£	£
Shared Ownership (Note B)	15,413,271	–	(9,176,151)	6,237,120
Other social housing activities:				
Gain on disposal of housing properties	–	724,487	–	724,487
	15,413,271	724,487	(9,176,151)	6,961,607
For the year ended 31 March 2024				
Shared Ownership (Note B)	3,690,754	–	(1,545,020)	2,145,734
Other social housing activities:				
Gain on disposal of housing properties	–	310,597	–	310,597
	3,690,754	310,597	(1,545,020)	2,456,331

The below table shows the operating costs and operating profit from low-cost home ownership activities:

Note B	Year ended	Year ended
	31 March 2025	31 March 2024
	£	£
Rental income	8,104,110	2,831,063
Service charge income	1,370,581	762,367
Net rental income	9,474,691	3,593,430
Management fee income	26,630	97,324
First tranche property sales income	5,911,950	–
Turnover from social housing lettings	15,413,271	3,690,754
Service charge costs	(1,370,581)	(762,882)
Management fees and expenses	(843,989)	(382,002)
Routine maintenance	(19,428)	(20,495)
Non-recoverable costs	(25,980)	(3,606)
First tranche property sales expense	(5,337,869)	–
Other costs	(1,578,304)	(376,035)
Operating costs on social housing lettings	(9,176,151)	(1,545,020)
Operating surplus on social housing lettings	6,237,120	2,145,734
Void losses	1,247	452

Included in turnover in the Statement of Comprehensive Income is interest revenue on loan amounting to £366,298 (2024: £237,545). The loan has been provided to Greencore Homes Limited and considered a financing transaction rather than directly related to social housing activity.

Notes to the Financial Statements

For the year ended 31 March 2025

The below table shows the movement of low-cost home ownership units. These units are managed on the Company's behalf, under management agreements, by property managers.

	Year ended 31 March 2025 Units	Year ended 31 March 2024 Units
Opening units	1,571	382
Additions	147	1,196
Disposals	(26)	(7)
Closing units	1,692	1,571

10 Fees and expenses

Administration fee

The Company entered into an administration agreement with the Administrator. The Company pays the Administrator a quarterly administration fee. The total administration fee for the year was £197,182 (2024: £98,945), of which £45,906 (2024: £30,836) was payable at year end.

Auditors' remuneration

Auditors' remuneration for work carried out for the Company in respect of the financial year is as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Statutory audit (including VAT) ^a	94,302	136,089
Total	94,302	136,089

^a There were no non-audit related fees incurred during the year (2024: £nil).

Valuation fees

Valuation fees are paid to Allsops LLP quarterly, for the financial year fees are as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Valuation fees	99,464	62,604
Total	99,464	62,604

Tax fees

Tax fees are paid to Deloitte LLP, for the financial year fees are as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Tax services	25,516	20,592
Total	25,516	20,592

These costs are for the preparation of tax returns.

Notes to the Financial Statements

For the year ended 31 March 2025

Directors' remuneration

Executive Directors received no remuneration as part of their services to the Company.

Jane Earl is subject to a total fee of £18,000 (2024: £18,000) per annum split between £11,000 (2024: £11,000) being a Non-Executive Director and £7,000 (2024: £7,000) for her role as Chair.

Trevor Moross and Debra Yudolph are Non-Executive Directors and are paid £11,000 (2024: £11,000) per annum for their services to the Company.

The Chairman and Non-Executive Directors are entitled to claim expenses in the performance of their role.

No expenses were claimed during the year.

Salaries are paid by M&G plc group and therefore no costs have been incurred by the Company.

11 Taxation

The taxation income/expense is shown in the following table and recognises that revenue and expense items may affect the Financial Statements and tax returns in different years (timing differences).

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Current Tax	40,472	–
Prior year adjustments	–	–
Deferred Tax	–	–
Total tax charge	40,472	–

A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 March 2025 and 31 March 2024 is as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Profit Before Tax	10,093,580	1,966,046
Tax at 25% (2024: 25%)	2,523,395	491,512
Qualifying property rental business profits	(1,637,251)	(533,114)
Loss on disposal of REIT property assets	(324,642)	(77,649)
Investment property revaluation	(548,075)	139,813
Expenses not deductible	226,067	–
Effects of group relief	(199,022)	(2,346)
Management expenses brought forward	–	(18,216)
Total tax charge	40,472	–

Notes to the Financial Statements

For the year ended 31 March 2025

12 Employees

There were no employees during the year ended 31 March 2025 (2024: nil).

13 Accrued expenses

	As at 31 March 2025 £	As at 31 March 2024 £
Accrued management fees	59,063	38,124
Audit fees	66,978	82,098
Tax fees	39,928	31,512
Valuation fees	138,169	54,078
Administration fees	45,906	30,836
Retention fees ^a	48,738	103,194
Legal fees	–	12,828
Total	398,782	352,670

^a Retention fees relate to HSPG acquisition. The retention fees will be released within 12 months of the acquisition if there are no defects found with the properties.

14 Other fees payable

	As at 31 March 2025 £	As at 31 March 2024 £
Acquisition costs	780,992	2,622,996
Property management fees	71,394	12,305
Service charge payable	276,912	119,435
Accrued resale fee	14,945	11,880
Total	1,144,243	2,766,616

Notes to the Financial Statements

For the year ended 31 March 2025

15 Share capital

There is one class of ordinary shares. The shares have attached full voting, dividend and capital distribution (including winding up) rights; they do not confer any rights of redemption. As at 31 March 2025, the ordinary shares in issue were held by the REIT.

The number of units issued as at 31 March 2025 and 31 March 2024 are as follows:

	As at 31 March 2025 Units	As at 31 March 2024 Units
Ordinary shares		
Shares in issue at the beginning of the year	221,427,426	61,890,100
Issued during the year	22,265,246	159,537,326
Shares in issue at end of the year	243,692,672	221,427,426

Share capital and share premium as at 31 March 2025 and 31 March 2024 are as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Share capital		
At the beginning of the year	2,214,274	618,901
Issued during the year	222,653	1,595,373
Share capital at end of the year	2,436,927	2,214,274
Share premium		
At the beginning of the year	222,781,227	61,271,100
Issued during the year	22,777,347	161,510,127
Share premium at end of the year	245,558,574	222,781,227

On 19 March 2025, the Company issued 22,265,246 (2024: 159,537,326) ordinary shares with nominal value of £0.01 each for a total value of £23,000,000 (2024: £163,105,000), of which £22,777,347 (2024: £161,510,127) is share premium.

16 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company is a 100% owned subsidiary of the REIT. The Partnership is the sole shareholder in the REIT.

The activities of the Company are managed by the M&G Alternatives Investment Management Limited ('AIFM') or ('Manager') reporting into the Directors of the Company. Some management activities have been delegated to AIFM which is a wholly owned subsidiary of M&G plc, both the AIFM and M&G plc are companies incorporated in England and Wales whose registered office is 10 Fenchurch Avenue, London, EC3M 5AG.

The Company has entered into an Alternatives Investment Fund Management Agreement 'REIT Alternatives Investment Fund Management Agreement' with the AIFM to be responsible for the operation and the management of the REIT group. In accordance with Clause 3.2 of the agreement the fee charged by the REIT group shall not exceed the amounts payable to the Manager (in its capacity as manager of the Partnership) under the Partnership AIFM agreement.

Notes to the Financial Statements

For the year ended 31 March 2025

The Annual Management Fee is payable by the Partnership to the AIFM on NAV at 0.50% per annum for 'Founder' Unit Class, 0.80% per annum for 'A' Unit Class, 0.75% per annum for 'B' Unit Class, 0.70% per annum for 'C' Unit Class, 0.60% per annum for 'D' Unit Class, 0.50% per annum for 'E' Unit Class.

In accordance with the AIFM agreement, 85% of the Annual Management fee was accrued to the Partnership while 10% and 5% of the Annual Management Fee were accrued to the Company and REIT, respectively.

The following table reflects the management fees of the Company:

	Rate	Fees £
Payable as at 31 March 2025		59,063
Expense for the year ended 31 March 2025	10%	136,990
Payable as at 31 March 2024		38,124
Expense for the year ended 31 March 2024	10%	58,270

There were no transactions between the Executive Directors and the Company during the year. The transactions between the Non-Executive Directors and the Company have been disclosed in Note 10.

The Directors are not aware of any related party transactions other than those disclosed in these Financial Statements.

17 Contingent assets/(liabilities)

The Company had no contingent assets as at 31 March 2025.

During the year, the Company acquired properties with associated grant funding amounting to £7,111,202 (2024: £15,736,899). At the year end, the grant balance was £24,267,937 (2024: £17,455,814). This grant will be subject to determination and paid or recycled in accordance with the Capital Funding Guide as set out by Homes England. The value of the grant is dependent on the increase in the vacant possession value obtained on disposal, as the Company has for profit registered provider status. As the timing of any future disposal is unknown, no provision has been recognised in these Financial Statements and the balance is a contingent liability. During the year, the company transferred £299,079 (2024: £77,665) into the recycled capital grant fund and no recycling had occurred (2024: none).

18 Recycled capital grant fund

The following table represents the movement in the recycled capital grant fund during the year ended 31 March 2025 and 31 March 2024:

	As at 31 March 2025 £	As at 31 March 2024 £
At the beginning of the year	365,011	272,543
Inputs to recycled capital grant fund:		
Additions	291,308	75,420
Interest accrued	18,143	13,110
Uplift	7,368	3,938
At the end of the year	681,830	365,011
Current liabilities: Recycled capital grant fund	147,277	–
Non-current liabilities: Recycled capital grant fund	534,553	365,011
Total recycled capital grant fund	681,830	365,011

Notes to the Financial Statements

For the year ended 31 March 2025

19 Operating leases

The Shared owners benefited from a concessionary rent that reflects a 3.2% increase from their current rent from 1 April 2025. The rent for the following years would be calculated from the rent due under the Shared Ownership lease.

The rent which the Company is committed to receive in the next year under Shared Ownership operating leases is £9,415,000. The properties may be purchased (staircased) by the leaseholder at any time at the pro rata market rate. Accordingly, the rent receivable between 1 and 5 years and over 5 years has not been disclosed.

20 Commitments

The Company is committed to lend Greencore Homes Limited a total principal amount not exceeding £9,500,000 up to November 2026 upon practical completion of each phase. As at 31 March 2025, the Company advanced an amount of £5,716,962 (2024: £5,622,203).

The Company has entered into forward purchase agreements with Hyde and HSPG with remaining contractual commitments of £41,000,000 up to March 2028 and £3,000,000 up to September 2025 split in tranches upon the practical completion of each tranche as at 31 March 2025. These forward purchase agreements will be funded by the undrawn investor commitments of £50,745,145 (2024: £71,283,145) as at 31 March 2025.

The Company has no other outstanding commitments or contracts for capital or revenue spend.

21 Subsequent events

The Directors have evaluated the events and transactions that have occurred up until 11 September 2025, the date the Financial Statements were authorised for issue, and have concluded that there are no material events that require disclosure other than those listed below.

Dividends of £2,289,906 from the Company payable to the REIT were approved by the Board of Directors on 15 May 2025, the payment to the REIT was made on 16 May 2025.

Dividends of £2,256,811 from the Company payable to the REIT were approved by the Board of Directors on 13 August 2025, the payment to the REIT was made on 14 August 2025.

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