

M&G Property Portfolio

INVESTMENT POLICY AND OBJECTIVES

The Fund aims to maximise long term performance mainly through investing in a diversified portfolio of UK commercial property, seeking to add value through strategic asset allocation, stock selection and asset management. It may also invest in other collective investment schemes that invest primarily in commercial property and in securities and debt instruments issued by property companies.

INVESTOR CONSTITUENCY

The Fund is open to investment by UK and overseas private and institutional investors.

Fund details	
Type of fund	Property authorised investment fund
Residence	United Kingdom
Launch date	November 2005
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	30-Sep
NAV (GBpm)	614.1

Source : M&G Property Portfolio

Management/professional advisors	
Manager	M&G Securities Limited*
Investment manager	M&G Investment Management Limited*
Property Manager	Prudential Property Investment Managers Ltd*
Fund manager	Justin Upton
Trustee	Royal Bank of Scotland plc
Auditors	PricewaterhouseCoopers LLP

* A wholly-owned subsidiary of Prudential plc

Source : M&G Property Portfolio

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	M&G Property Portfolio	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	0.3	0.3	0.4	0.3
Year-to-date	0.5	0.1	0.2	0.1
12 months	-15.9	-17.1	-17.4	-17.1
3 years+	-3.1	3.3	3.4	2.3
5 years+	-4.1	2.3	2.2	1.1
10 years+	0.8	6.6	6.3	5.5

Source : M&G Property Portfolio

Property investment restrictions	
Maximum development exposure (speculative or pre-let)	10%
Maximum lot-size holding as a standing investment	25%
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	10%
Maximum development exposure (speculative or pre-let)	10%

Source : M&G Property Portfolio

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
	M&G Property Portfolio	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	4.9	4.6	4.6
Standard retail – Rest of UK	0.0	1.2	1.4	2.3
Shopping centres	8.6	0.6	0.9	2.5
Retail warehouses	10.7	12.4	12.1	7.6
All UK retail	19.3	19.1	19.0	17.1
City offices	0.0	3.3	3.4	3.2
West End offices	8.1	8.1	7.5	5.1
Rest of South East offices	1.7	7.5	7.1	5.5
Rest of UK offices	11.4	5.2	4.9	5.3
All UK offices	21.2	24.2	22.9	19.1
South East industrial	5.9	24.0	24.5	20.3
Rest of UK industrial	14.0	13.6	13.7	11.8
All UK industrial	19.9	37.6	38.2	32.1
Other UK properties	24.6	12.4	12.5	25.9
Cash***	14.9	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Source : M&G Property Portfolio

Property ownership structure			
	Number of assets	Valuation (GBpm)	% of total portfolio
Direct holdings	26	488.5	93.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	1	36.7	7.0

Total	27	525.2	100.0
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Source : M&G Property Portfolio

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
PARC TROSTRE RETAIL PARK	LLANELLI	Retail Park	50 - 75	*
JUNCTION SIX INDUSTRIAL ESTATE	BIRMINGHAM	Industrial Other	50 - 75	*
PORTLAND & RIDING ESTATE	LONDON	Office	25 - 50	*
3 TEMPLE QUAY	BRISTOL	Office	25 - 50	*
FREMLIN WALK	MAIDSTONE	Retail Shopping Centre	25 - 50	*
SELLY OAK STUDENT QUARTER	BIRMINGHAM	Residential	25 - 50	*
MEDWAY VALLEY LEISURE PARK	ROCHESTER	Leisure Park (whole or part)	25 - 50	*
THE CAPITOL 429- 431 UNION STREET	ABERDEEN	Office	0 - 25	*
8 GREENWICH VIEW PLACE	LONDON	Industrial Other	0 - 25	*
SITES A1 - A29 ALTENS INDUSTRIAL ESTATE	ABERDEEN	Industrial	0 - 25	*
10 largest investments as % of portfolio				*

Source : M&G Property Portfolio

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	3.7	0.7
2.5 - 5	6	19.8	3.8
5-10	2	19.6	3.7
10-25	9	154.9	29.5
25 - 50	5	171.1	32.6
50 - 100	2	119.5	22.8
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	26	488.5	93.0
Average lot size		18.8	

Source : M&G Property Portfolio

Property Yield		Voids as % of ERV	
Net initial yield	6.01%	Investments	10.9%
Nominal equivalent yield	6.56%	Developments	0.0%
True equivalent yield	-	Total	10.9%
Net reversionary yield	6.37%		

Source : M&G Property Portfolio

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	15.8	12.4
Shopping centres	21.2	20.5
Central London offices	5.8	5.5
Other offices	14.9	19.3
Industrial	14.5	16.6
Other	27.8	25.7
Overall	100.0	100.0

Source : M&G Property Portfolio

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Retail warehousing	5.6	5.5	0.0	3.8	-28.1	-17.7	-45.8	82.3
Shopping centres	7.5	1.5	0.0	11.7	-25.2	1.7	-23.6	101.7
Central London offices	2.1	0.0	0.0	0.0	-0.3	0.9	0.6	100.9
Other offices	5.3	7.3	0.0	40.2	-15.4	36.4	21.1	136.4
Industrial	5.2	3.2	0.0	11.0	-3.0	20.3	17.3	120.3
Other	9.9	0.0	0.0	2.8	-10.5	-2.8	-13.3	97.2
Overall	35.6	2.7	0.0	11.4	-15.4	5.2	-10.3	105.2

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source : M&G Property Portfolio

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	7.8
15 years or greater, but less than 20	13.1
10 years or greater, but less than 15	11.4
5 years or greater, but less than 10	40.1
Less than 5 years	27.7

Source : M&G Property Portfolio

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
Kames Target Healthcare Ltd. Partnership	Medical	Indirect	-	*	0 - 25	*
-	-	-	-	*	-	*
-	-	-	-	*	-	*
-	-	-	-	*	-	*
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source : M&G Property Portfolio

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source : M&G Property Portfolio

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Including schemes to which the fund is contractually committed

Source : M&G Property Portfolio

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, on the last day of the month*
Valuers	Knight Frank
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Full member

* The Fund itself is priced and is available for dealing on a daily basis

Source : M&G Property Portfolio

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	25%
for investment purposes	25%
for liquidity purposes	10%
Cash holdings (maximum)	*
Cash holdings (minimum)	25%

Source : M&G Property Portfolio

The contribution of major tenants to rental income	
Tenant	%
Saba Infra UK Limited	4.7
Premier Inn Hotels Limited	4.0
Amev Foster Wheeler Group Limited	3.8
London Think Tank	3.4
Bloomberg L.P.	3.3
Bond Dickinson Service Company Limited	3.1
Travelodge Hotels Limited	2.8
Marks & Spencer Plc	2.4
Whitbread Group Plc	2.2
Boots Uk Limited	2.1
Three largest tenants' contribution to rental income	12.5
Five largest tenants' contribution to rental income	19.2
Ten largest tenants' contribution to rental income	31.8

Source : M&G Property Portfolio

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	488.5	0.0	0.0	0.0	488.5
Listed investments	0.0	0.0	0.0	36.7	36.7
Debt	0.0	0.0	0.0	0.0	0.0
Cash	85.6	0.0	0.0	0.0	85.6
Other net assets/liabilities	3.4	0.0	0.0	0.0	3.4
Total net assets	577.4	0.0	0.0	36.7	614.1
Gearing (%)					
Net debt (cash)/properties	-17.5	-	0.0	-	-17.5
Net debt (cash)/equity	-14.8	-	0.0	0.0	-13.9

Source : M&G Property Portfolio

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	126.9300	129.6900	124.8500	108.3000	108.4100	108.6900
Offer (GBP)	134.2200	136.9000	132.2900	114.7800	115.1700	114.6000

Mid (GBP)	130.5750	133.2950	128.5700	111.5400	111.7900	111.6450
Bid/offer spread	5.4%	5.3%	5.6%	5.6%	5.9%	5.16%
Net asset value (GBP)	128.0900	130.8300	126.0300	109.3300	109.4900	109.4700

Source : M&G Property Portfolio

Share pricing

The Fund has five classes of retail units ("A", "D", "R", "X" and "I"). Income and accumulation units are available for retail classes, with the exception of the "X" class which offers income only. There are differences in minimum holdings and initial, annual and redemption charges between the various classes of units. The Fund's net asset value is re-calculated daily at noon, and dealing is on a forward basis. Income is not included in the unit price of any class of units.

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Distributions

The Fund distributes its net income quarterly, on or before 28 February, 31 May, 31 August and 30 November.

Minimum investment/disinvestment

Class	Initial	Top Up	Minimum
Sterling A	£500	£100	£500
Sterling D	n/a	n/a	n/a
Sterling I	£500,000	£10,000	£500,000
Sterling R	£500	£100	£500
Sterling X	£500	£100	£500

The Manager may, at its discretion, reduce any of the above amounts

Creation, transfer and realisation of units

Orders to the manager to buy or sell units are carried out at the next valuation following receipt of instructions. When units are sold, a cheque for the proceeds will be posted not less than four business days after receipt of the properly completed renunciation form.

The Manager reserves the right to impose a maximum transaction size of £10m or 10% of the value of the company (whichever is the lower) in respect of Class A, R, I and D units. A maximum transaction size of £30,000 will apply to Class X units, but may be waived at the discretion of the Manager. In order to protect the liquidity of the Trust, the Manager may defer redemptions of Class R and S units to a point within 90 days where the net redemptions exceed 1% of the Trust's value. (See "Redemption notices outstanding" overleaf)

Taxation

Capital Gains Tax

The Trust is exempt from UK capital gains tax. Unitholders may be liable to CGT on the disposal of their units in the Trust.

Corporation tax

The Trust is subject to corporation tax.

Income Tax

Distributions of income are made net of income tax at the lower rate. Higher rate taxpayers may incur a further liability.

Stamp duty reserve tax

Transfers of units attract SDRT at the standard rate, currently 0.5%.

Charges

The initial, annual and redemption charges (if any) applicable to the various classes of units are as follows:

Class	Initial charge	Annual charge	Redemption charge
Sterling A	5.00%	1.50%	nil
Sterling D	2.00%	0.60%	nil
Sterling I	2.00%	0.75%	nil
Sterling R	2.00%	1.00%	nil
Sterling X	nil	1.50%	5years*

Note: * The deduction from redemption value would be made on the following basis: within the 1st year 4.5%, within the 2nd year 4.0%, within the 3rd year 3.0%, within the 4th year 2.0%, within the 5th year 1.0% and nil thereafter.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	2,164	14.2
1% or greater but less than 2%	7	9.3
2% or greater but less than 4%	3	7.5
4% or greater but less than 8%	0	0.0
Greater than 8.0%	1	69.0
Total	2,175	100.0
Major investors		
Largest holder	1	44.4
Three largest holders	3	57.5
Five largest holders	5	64.7
Ten largest holders	10	73.0
Internal/external investors		
Internal	16	49.8
External	2,159	50.2

Source : M&G Property Portfolio

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	3,100,227,046	2,951,684,209	2,171,249,463	2,171,249,463	2,171,249,463	1,959,797,169
Units issued during period	234,964,015	219,852,889	0	0	87,945,352	29,355,843
Units redeemed during period	-383,506,851	-1,000,287,635	0	0	-299,397,646	-105,028,467
Units in issue at end of period	2,951,684,209	2,171,249,463	2,171,249,463	2,171,249,463	1,959,797,169	1,884,124,544
Unit transfers						
Matched bargains	0	0	0	0	0	0
Matched bargains %*	0	0	0	0.00%	0	0.00%

* as % of units in issue at the end of the period

Source : M&G Property Portfolio