

Interim Investment Report and Financial Statements
(unaudited)

May 2009

For the six months ended 31 March 2009

M&G Property Portfolio



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MANAGER'S REPORT

Investment objective and policy of the M&G Property Portfolio

The trust aims to maximise long-term total return (the combination of income and growth of capital) through investment mainly in commercial property.

The trust invests in a diversified portfolio of commercial property mainly in the UK, seeking to add value through strategic asset allocation, stock selection and asset management. The trust may also invest in other property related assets, including collective investment schemes, securities, derivatives and debt instruments, as well as government debt, money market instruments and cash.

INVESTMENT REVIEW

**As at 1 April 2009,
for the six months ended 31 March 2009**

Trust performance

Between 1 October 2008 (the start of the period under review) and 1 April 2009, the M&G Property Portfolio declined 17.7% in terms of total return (capital performance with net income reinvested).

Market background

Significant uncertainty in financial markets combined with a rapid decline into economic recession during one of the most difficult periods on record for UK commercial property investors. Valuations adjusted to the rapidly deteriorating outlook and the lack of available banking finance squeezed leveraged investors, slowing the volume of transactions and causing the delay and/or cancellation of much planned property development work.

The Investment Property Databank (IPD) UK Monthly Index, the proxy for the UK commercial property market declined 19.7% in the six months to the end of March 2009. The majority of the fall came in the first half of the review period, following the collapse of the US investment bank Lehman Brothers in September 2008. Total returns declined 13.5% in the last three months of 2008, the sharpest quarterly fall ever recorded by the IPD.

The start of 2009 has seen the downward momentum in the IPD UK Monthly Index abate somewhat, with some signs that yields on prime properties are stabilising. The index yield moved out to 7.7% at the end of March 2009, from a peak of 4.6% in June 2007 – a rise of over 300 basis points. However, yields on secondary and tertiary properties continue to be vulnerable to outward movement, as investors concentrate on quality. This underlines the value of investing in prime assets during a period of economic difficulty.

The underlying fundamentals for the property market continue to be challenging. Rental growth remained negative across all three sectors – retail, offices and industrial – throughout the review period as tenant demand for space weakened. Corporate downsizing and insolvencies are expected to put upward pressure on vacancy rates and the market is focusing ever more on the security of rental income flows.

Portfolio structure

The portfolio is balanced and diversified across sectors and regions, with a particular emphasis on retaining key prime assets that we consider to be more resilient in a downturn. For example, exposure to relatively defensive prime high street shops was maintained at higher than the benchmark. However, we have slightly reduced our presence by selling assets we considered to be more sensitive to the consumer downturn.

We kept exposure to offices relatively low, although, at 23.8% it remains a significant proportion of the trust's net asset value (NAV). The portfolio has little presence in central London and particularly City offices, which have felt the most immediate effects of the economic downturn and where rental prospects are particularly poor. The remaining office assets are predominantly in the south east of England, where rents are expected to be more robust.

At 15.6% of the trust's NAV, exposure to retail warehouses is less than the benchmark. We prefer retail parks with the most flexible 'open A1' planning consent, such as the Castle Vale Retail Park in Birmingham, which allows high street retailers to trade. The supply of 'open A1' assets is constrained by planning regulations, which provides better potential for rental growth in the long term, as retailer demand for these units is expected to continue to grow over time. Furthermore, the multi-let nature of these properties provides good asset management opportunities. With regard to shopping centres, the Wellgate Centre in Dundee is the trust's only exposure. It is aimed at the value area of the retail market, benefiting from tightening consumer purse strings through such stores as the frozen food purveyor Iceland.

While we are cautious on industrials, our current exposure, 22% of the NAV, is significantly higher than the benchmark. This largely reflects the ground rent portfolio in Aberdeen, which is a key area for our asset management initiatives to release embedded value. The successes of 2008 actually saw the ground rents increase in value during calendar year 2008. Elsewhere, we believe that the sector is attractively priced and may offer good returns in the medium to long term. On the negative side, tenant demand is weak and rents may be vulnerable.

With the possibility of increased vacancies, active income management will be paramount to the long-term security of the portfolio. The trust has a defensive income profile, with a vacancy rate of 8.1%* at the end of March 2009, well below the 11.7%# average in the IPD UK Monthly Index. Nearly a third of the trust's

INVESTMENT REVIEW

vacancy comes from one asset management project, the refurbishment of a West End office, which is currently on hold. The trust's rental income is diversified across approximately 250 unique tenants and expiries are well managed to ensure that the trust is not over-exposed in any one particular year. With less than 3% of the existing tenant leases due to expire by the end of 2010, the trust has a good degree of protection against falling rents over the short term, when the worst of the economic decline is expected. The average lease term is a very respectable 13 years.

Investment activity

A total of £30 million was raised during the review period through the sale of six properties: four high street shops and two industrial units. This helped to position the trust defensively with cash reserves in excess of 15%.

We continued to focus on asset management opportunities to maximise valuations and secure or improve rental income.

Retail

Regular communication with our retail tenants during the review period highlighted the immediate and significant assistance that a move to monthly rents would provide. In January 2009, we offered the majority of the portfolio's retail tenants to pay rent on a monthly basis, for a 12-month period. We are negotiating with the interested parties.

Another good example of the trust benefiting from PRUPIM's scale was seen in February 2009. Following discussions with the tenant, the Zavvi unit in the Dundee shopping centre was added to a wider, multi-unit deal being struck by PRUPIM with the music and DVD retailer's new owner. The store was one of only a handful maintained following Zavvi's entry into administration, which reflects well on PRUPIM's policy of regular contact with tenants.

Rent reviews in the portfolio of retail assets were a successful part of our asset management activity during the review period. New, longer leases were agreed with a number of current tenants. This included Topshop, at a large high street unit in Norwich, and designer clothes retailer Jaeger, at a prime high street retail asset in Winchester.

Office

Earlier in 2008, we received planning permission to turn the office in Poland St, Soho (London's West End) into a grade-A office property with a small retail outlet on the ground floor. Given the current outlook for West End offices, we decided to delay the

refurbishment of the asset. The office has been de-rated and hence does not incur costs. This position will be kept under close review.

Industrial

The trust has a large industrial/commercial exposure in Aberdeen, through a ground rent portfolio spanning four estates over 140 acres, acquired in October 2006 as a major asset management project. We have concluded a number of intensive leasing negotiations in 2009. One of the sites was re-let to Aberdeen City Council on an extended term of 125 years, after furniture maker Glencraft surrendered its lease. In March 2009, we set another new rental benchmark of £25,000 per acre through renegotiation of an existing lease at the Murcar industrial estate. Driving the rental benchmark upwards is enhancing the value of the entire ground rent portfolio.

Other

Forward funding for the development of two distribution warehouses at Capitol Park, Doncaster, was completed at the end of January 2009. Prior to completion of the scheme, terms were agreed for one of the units with Croda Chemicals, a global leader in naturally resourced chemicals. Only one building in the development remains vacant, illustrating the strength of Capitol Park as a location.

The portfolio's cash reserves were augmented in March by the maturation of a Property Index Certificate (PIC), a short-term structured note that guarantees the capital return of the IPD UK Annual Property Index, plus the income return. This was bought at a discount to the prevailing index level in May 2008.

Outlook

While we cannot overlook the underlying difficulties faced by the UK commercial property market, we believe that these are the normal symptoms of an economic downturn. Capital values are falling to discount lower tenant demand and deteriorating rental prospects. Yields on prime properties seem to be stabilising and, more recently, there has been evidence of improved investor interest, particularly from abroad. We expect the near term to remain challenging, given the economic environment. However, the UK commercial property market is already some way below what we consider to be fair value and some interesting investment opportunities are emerging. We expect the rate of decline to slow further over the next few months.

Over the longer term, 70% of the total return from commercial property investing is derived from income, which makes the maintenance of a strong revenue stream of paramount importance.

INVESTMENT REVIEW

With rental growth in negative territory, it is important to understand what implications this may have for income flows on those leases that are due to be reviewed in the near future. Although the PRUPIM research team forecasts that market rental values will fall in 2009, the structure of most commercial property leases in the UK, with upward only rent reviews, provide a certain degree of protection against the prevailing level of rents during any cyclical downturn.

The protracted nature of the credit crisis has meant that many development projects, particularly those in the office sector, have been abandoned or put on hold as developers struggle to secure financing. The volume of new stock due to complete over the next few years has therefore decreased significantly. This creates an interesting dynamic for investors over the medium term. Re-emerging demand for space from tenants may meet supply constraints when economic conditions improve, which could enhance the upward pressure on rental values at that time.

At M&G the property funds benefit from the unrivalled scale and resources available within PRUPIM. These enable the fund managers to execute proactive strategies across their portfolios, defensively position their funds to withstand deteriorating economic conditions and secure the all important rental income flows from the properties.

Fiona Rowley

Fund manager

Fiona Rowley is an employee of M&G Limited, which is an associate of M&G Securities Limited.

* Source: Prudential Property Investment Managers Limited as at 31 March 2009 (the nearest measurable period).

Source: IPD (Investment Property Databank) as at 31 March 2009 (the nearest measurable period).

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

Please note that as with other investments, the value of an investment in commercial property is not fixed and you may not get back the amount you originally invested. The level of income is not fixed and may vary. Property is valued by an independent valuer; however, valuations are subjective and may vary between valuers. Commercial property is a specialised sector, which by nature is less liquid and has different characteristics to investments in equities and bonds.

TRUST STATISTICS

Sterling Class 'C' units are not generally available to all investors.

DISTRIBUTION DATES

Distribution type	xd	payment
Third interim	01.07.09	31.08.09
Final	01.10.09	30.11.09
First interim	04.01.10	28.02.10
Second interim	01.04.10	31.05.10

INTERIM DISTRIBUTION

	Inc 30.04.09 ^[a]	Acc 01.04.09 ^[a]
Sterling	p	p
Class 'A'	0.5520	n/a
Class 'C'	n/a	0.9510
Class 'R'	0.5850	n/a
Class 'S'	0.6860	n/a
Class 'X'	0.5820	n/a

^[a] The date on which the final distribution will be paid to Income unitholders and credited to Accumulation unitholders.

EXPENSE RATIOS ^[a]

as at 31 March 2009

	Sterling Class 'A'	Sterling Class 'C'	Sterling Class 'R'	Sterling Class 'S'	Sterling Class 'X'
	%	%	%	%	%
Fund management fees	1.53	0.02	1.28	0.78	1.53
Fund operating expenses	0.17	0.17	0.17	0.17	0.17
Total expense ratio (TER)	1.70	0.19	1.45	0.95	1.70
Property expense ratio (PER)	0.27	0.27	0.27	0.27	0.27
Real estate expense ratio (TER + PER)	1.97	0.46	1.72	1.22	1.97
Transaction costs	2.76	2.70	2.79	2.71	2.74

TRUST STATISTICS

EXPENSE RATIOS ^[a] (continued)

as at 30 September 2008

	Sterling Class 'A'	Sterling Class 'C'	Sterling Class 'R'	Sterling Class 'S'	Sterling Class 'X'
	%	%	%	%	%
Fund management fees	1.52	0.02	1.28	0.77	1.53
Fund operating expenses	0.21	0.20	0.21	0.21	0.21
Total expense ratio (TER)	1.73	0.22	1.49	0.98	1.74
Property expense ratio (PER)	0.13	0.13	0.13	0.13	0.13
Real estate expense ratio (TER + PER)	1.86	0.35	1.62	1.11	1.87
Transaction costs	1.70	1.58	1.69	1.65	1.64

The Portfolio Turnover Rate (PTR) for the 12 months ending 31 March 2009 was -8.99% compared with -9.54% for the year ending 30 September 2008. ^[b]

^[a] The Total Expense Ratio (TER) shows the relevant annualised operating expenses, that relate to the management of the trust, of each unit class from the most recent reporting period as a single percentage of the average net asset value for that unit class over the same period. The Fund Management Fees form part of the TER and also include the annualised Investment Accounting Fee. The Property Expense Ratio (PER) shows the operating expenses that relate to the management of the property assets.

^[b] The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the trust over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the trust's units and is expressed as a percentage of the trust's average net asset value.

TRUST PERFORMANCE

Performance of unit classes

	Net asset value per unit as at 31.03.09		Net asset value per unit as at 30.09.08		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
Sterling	p	p	p	p	%	%
Class 'A'	64.31	n/a	79.49	n/a	-19.10	n/a
Class 'C'	n/a	82.35	n/a	99.49	n/a	-17.23
Class 'R'	64.31	n/a	79.55	n/a	-19.16	n/a
Class 'S'	67.66	n/a	83.71	n/a	-19.17	n/a
Class 'X'	67.70	n/a	83.74	n/a	-19.15	n/a

CAPITAL PERFORMANCE

	six months (01.04.08) %	one year (01.10.07) %	five years (01.10.03) % p.a. ^[a]	since launch (08.11.05) % p.a. ^[a]
M&G Property Portfolio Sterling Class 'A' units ^[b]	-19.2	-24.3	n/a	-11.1

^[a] Shows the compound rate of return, per annum, over the period.

^[b] Bid to bid excluding reinvested income.

SINGLE YEAR PERFORMANCE (5 YEARS ENDING MARCH)

From	31.03.08	30.03.07	31.03.06	31.03.05	31.03.04
To	31.03.09	31.03.08	30.03.07	31.03.06	31.03.05
	%	%	%	%	%
M&G Property Portfolio Sterling Class 'A' units ^[a]	-21.5	-18.1	+10.0	n/a	n/a

[a] Nominated unit class.

Source: Morningstar Inc., bid to bid with net income reinvested.

INCOME

Income per unit

	Calendar year	Interims	Distributed	Total	Reinvested
			Final		
Sterling (net)		p	p	p	p
Class 'A'	2006	1.9980	0.7430	2.7410	n/a
	2007	1.9020	0.7130	2.6150	n/a
	2008	2.0200	0.6600	2.6800	n/a
	2009 ^[a]	1.2380	-	1.2380	n/a
Class 'C'	2006	n/a	n/a	n/a	4.0320
	2007	n/a	n/a	n/a	4.4170
	2008	n/a	n/a	n/a	4.5390
	2009 ^[a]	n/a	n/a	n/a	2.0960
Class 'R'	2006	1.9840	0.7760	2.7600	n/a
	2007	2.0240	0.7620	2.7860	n/a
	2008	2.1520	0.6930	2.8450	n/a
	2009 ^[a]	1.3110	-	1.3110	n/a
Class 'S'	2006	2.3410	0.9250	3.2660	n/a
	2007	2.4550	0.9130	3.3680	n/a
	2008	2.5520	0.8260	3.3780	n/a
	2009 ^[a]	1.5290	-	1.5290	n/a
Class 'X'	2006	2.0920	0.7680	2.8600	n/a
	2007	1.9860	0.7480	2.7340	n/a
	2008	2.1150	0.6940	2.8090	n/a
	2009 ^[a]	1.3040	-	1.3040	n/a

[a] Up to final: ex-distribution date 1 April 2009;
payment date 31 May 2009.

TRUST STATISTICS

PRICES

	Calendar year	Income units		Accumulation units	
		Highest offer	Lowest bid	Highest offer	Lowest bid
Sterling		p	p	p	p
Class 'A'	2005 ^[a]	101.53	94.90	n/a	n/a
	2006	109.86	95.96	n/a	n/a
	2007	112.05	88.18	n/a	n/a
	2008	93.63	67.78	n/a	n/a
	2009 ^[b]	70.81	63.64	n/a	n/a
Class 'C'	2005 ^[c]	n/a	n/a	107.10	105.25
	2006	n/a	n/a	120.53	107.14
	2007	n/a	n/a	126.36	105.72
	2008	n/a	n/a	108.79	84.93
	2009 ^[b]	n/a	n/a	85.20	81.50
Class 'R'	2005 ^[a]	101.50	94.90	n/a	n/a
	2006	109.89	95.95	n/a	n/a
	2007	112.10	88.22	n/a	n/a
	2008	93.64	67.82	n/a	n/a
	2009 ^[b]	70.81	63.64	n/a	n/a
Class 'S'	2005 ^[a]	101.57	99.90	n/a	n/a
	2006	110.02	101.01	n/a	n/a
	2007	112.22	92.95	n/a	n/a
	2008	93.66	71.43	n/a	n/a
	2009 ^[b]	70.79	66.96	n/a	n/a
Class 'X'	2005 ^[a]	101.52	99.90	n/a	n/a
	2006	109.86	101.00	n/a	n/a
	2007	112.05	92.82	n/a	n/a
	2008	93.63	71.36	n/a	n/a
	2009 ^[b]	70.82	67.00	n/a	n/a

^[a] From 8 November 2005 (the launch date of the unit class) to 30 December 2005.

^[b] To 1 April 2009.

^[c] From 4 November 2005 (the launch date of the trust) to 30 December 2005.

Past performance is not a guide to future performance.

The price of units and the income from them may go down as well as up, and you may get back less than you invested.

NET ASSETS

	Period ended	Value per unit		Number of units	
		Inc	Acc	Inc	Acc
Sterling		p	p		
Class 'A'	Sep 2006	97.24	n/a	190,126,000	n/a
	Sep 2007	100.13	n/a	525,464,300	n/a
	Sep 2008	79.49	n/a	557,999,800	n/a
	Mar 2009	64.31	n/a	557,638,800	n/a
Class 'C'	Sep 2006	n/a	111.97	n/a	491,952,874
	Sep 2007	n/a	119.69	n/a	482,323,474
	Sep 2008	n/a	99.49	n/a	326,522,474
	Mar 2009	n/a	82.35	n/a	266,653,474
Class 'R'	Sep 2006	97.23	n/a	4,870,000	n/a
	Sep 2007	100.11	n/a	6,212,000	n/a
	Sep 2008	79.55	n/a	3,584,000	n/a
	Mar 2009	64.31	n/a	3,627,000	n/a
Class 'S'	Sep 2006	102.35	n/a	11,937,000	n/a
	Sep 2007	105.38	n/a	60,061,000	n/a
	Sep 2008	83.71	n/a	64,541,000	n/a
	Mar 2009	67.66	n/a	64,011,000	n/a
Class 'X'	Sep 2006	102.36	n/a	19,425,000	n/a
	Sep 2007	105.38	n/a	32,595,000	n/a
	Sep 2008	83.74	n/a	28,496,000	n/a
	Mar 2009	67.70	n/a	26,651,000	n/a

Total net asset value of trust

Year ended	£
Sep 2006	772,565,000
Sep 2007	1,207,305,000
Sep 2008	849,140,000
Mar 2009	641,904,000

PORTFOLIO

PORTFOLIO STATEMENT

as at 31 March 2009

Portfolio of investments	Location	31.03.09 %	30.09.08 %
RETAIL		34.40	36.95
Properties with value over £40 million up to £60 million			
Castle Vale Retail Park	Birmingham		
The Wellgate Centre	Dundee		
Properties with value over £10 million up to £20 million			
Orbital Retail Park, Voyager Drive	Cannock		
15/17 Haymarket	Norwich		
Units 1, 2, 3, 4, 6 & 513, Reading Link Retail Park	Reading		
Properties with value over £5 million up to £10 million			
97a/98 Princes Street & 3 Frederick Street	Edinburgh		
391/393 Oxford Street	London, W1		
29/39 Market Street & 112/118 Grainger Street	Newcastle		
5/6 Haymarket	Norwich		
Barclays Bank, 1/3 Church Street	Peterborough		
Lockey House, St Peters Street	St Albans		
3/7 Coney Street	York		
Properties with value up to £5 million			
96 High Street	Bromley		
210/212 High Street	Hounslow		
Wickes Unit, Manchester Road	Huddersfield		
HSBC Bank, 4 Dale Street	Liverpool		
75/77 Cornwall Street	Plymouth		
Wickes Unit, Whitchurch Road	Shrewsbury		
52 Above Bar Street	Southampton		
78 Ings Road	Wakefield		
71/73 St Georges Street & 126 High Street	Winchester		
OFFICE		23.82	22.80
Properties with value over £20 million up to £40 million			
Buildings 1,000 & 2,000, G3, Cathedral Hill	Guildford		
4 Coleman Street	London, EC2		
Wavendon Business Park	Milton Keynes		
Properties with value over £10 million up to £20 million			
Buildings 1&2, Link 414 Stoneycroft Rise, Chandler's Ford	Eastleigh		
Mill Court, La Charotterie, St Peter Port	Guernsey		
York & Wellington House, Dukes Green	Heathrow		
Properties with value over £5 million up to £10 million			
Globe House, Clivemont Road	Maidenhead		
Properties with value up to £5 million			
1/5 Poland Street & 7a Livonia Street	London, W1		
Olympus Plaza, Olympus Business Park, Quedgeley	Gloucester		

PORTFOLIO STATEMENT (continued)

as at 31 March 2009

Portfolio of investments	Location	31.03.09 %	30.09.08 %
INDUSTRIAL		22.04	20.65
Properties with value over £20 million up to £40 million			
Sites A1, A7-A10, A12, A15-A25 & A29, Altens Industrial Estate	Aberdeen		
Properties with value over £10 million up to £20 million			
Sites WT1-WT20, West Tullos Industrial Estate	Aberdeen		
Canon Unit, Bardon 22, Bardon Hill	Coalville		
Gist Unit, Valley Drive, Swift Valley Park	Rugby		
TK Maxx Distribution Centre, Green Lane	Walsall		
Properties with value over £5 million up to £10 million			
Expressway 56, Deeside Industrial Estate, Welsh Road	Chester		
Capitol Park, Thorne	Doncaster		
11 Barnes Wallis Road	Fareham		
Unit 100, Hartlebury Trading Estate	Hartlebury		
Building A (Site 3), Shirley Park	Rushden		
Properties with value up to £5 million			
Portfolio of 7 Ground Leases, Murcar Industrial Estate	Aberdeen		
Sites ET2-ET8 & ET10, East Tullos Industrial Estate	Aberdeen		
Souterhead Industrial Estate	Aberdeen		
Unit E, Redfern Road, Tysely	Birmingham		
John Menzies Unit, Peninsular Park	Charlton		
Securicor Omega Express, Euro Central Park	Lanark		
Booker Cash & Carry, Ravens Way	Northampton		
Unit 10, Blenheim Park	Nottingham		
LEISURE		4.13	3.99
Properties with value over £20 million up to £40 million			
Medway Valley Leisure Park	Rochester		
Properties with value up to £5 million			
Cannons Health Club, Pyrford Road	West Byfleet		
OTHER INVESTMENTS		0.00	3.24
Total portfolio valuation		84.39	87.63
Net other assets		15.61	12.37
Net assets attributable to unitholders		100.00	100.00

PORTFOLIO

PORTFOLIO TRANSACTIONS

Property acquisitions ^[a]		£'000
Transaction costs for prior period acquisitions		242
Transaction costs: prior period adjustments		(362)
Total acquisitions for the year		(120)
Property disposals ^[a]		£'000
	Location	
Amari Unit, Parkway North Distribution Centre	Moxley	10,473
HSBC Bank, 26/28 Broad Street	Reading	6,419
82/84 Market Street & 2 Sickle Street	Manchester	3,852
40 Clarence Street	Kingston upon Thames	3,506
59 High Street	Guildford	3,456
Feltham Point, Browells Lane	Feltham	2,687
Transaction costs for prior period disposals		20
Total property disposals for the period		30,413
Other sales ^[a]		
Barclays Bank Property Index Certificate 2009		25,080
Total disposals for the period		55,493

^[a] These transactions include the related costs.

FINANCIAL STATEMENTS (unaudited)

For the six months ended 31 March 2009.

STATEMENT OF TOTAL RETURN

	2009		2008 ^[a]	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(156,403)		(175,047)
Revenue	23,050		29,142	
Expenses	(4,904)		(5,855)	
Finance costs: Interest	(142)		(293)	
Net income before taxation	18,004		22,994	
Taxation	(3,246)		(4,172)	
Net revenue after taxation		14,758		18,822
Total return before distributions		(141,645)		(156,225)
Finance costs: Distributions		(14,398)		(18,393)
Change in net assets attributable to unitholders from investment activities		(156,043)		(174,618)

[a] Restated (see note to the financial statements).

STATEMENT OF CHANGE IN UNITHOLDERS' NET ASSETS

	2009		2008	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		849,140		1,207,305
Amounts received on issue of units	21,908		55,686	
Amounts paid on cancellation of units	(78,726)		(176,548)	
		(56,818)		(120,862)
Stamp Duty Reserve Tax (SDRT)		(284)		(547)
Change in net assets attributable to unitholders from investment activities (see above)		(156,043)		(174,618)
Retained distributions on Accumulation units		5,909		9,099
Closing net assets attributable to unitholders		641,904		920,377

The opening net assets attributable to unitholders for 2009 differs from the closing position in 2008 by the change in unitholders' net assets for the second half of the comparative financial year.

FINANCIAL STATEMENTS (unaudited)

BALANCE SHEET

	as at 31 March 2009 £'000		as at 30 September 2008 £'000	
Assets				
Portfolio of investments		541,690		744,079
Debtors	5,539		4,686	
Cash and bank balances	114,427		124,518	
Total other assets		119,966		129,204
Total assets		661,656		873,283
Liabilities				
Creditors				
Net distributions payable on Income units	(3,694)		(4,439)	
Other creditors	(16,058)		(19,704)	
Total liabilities		(19,752)		(24,143)
Net assets attributable to unitholders		641,904		849,140

CASH FLOW STATEMENT

	2009		2008	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities		15,054		21,494
Servicing of finance				
Distributions paid	(8,920)		(8,643)	
Bank interest paid	0		(19)	
Interest on unsecured borrowing	0		(117)	
Non-utilisation fee	(136)		(157)	
		(9,056)		(8,936)
Taxation		(3,515)		(3,684)
Capital expenditure and financial investment				
Acquisition of investments	(169)		(269)	
Capital expenditure	(9,668)		(3,981)	
Disposal of investments	55,643		152,463	
Capital receipts	0		1,457	
		45,806		149,670
Financing				
Amounts received on issue of units	21,824		59,290	
Amounts paid on cancellation of units	(80,204)		(178,962)	
		(58,380)		(119,672)
Net (decrease) / increase in cash		(10,091)		38,872

FINANCIAL STATEMENTS (unaudited)

NOTE TO THE FINANCIAL STATEMENTS

Accounting policies

Basis of accounting: The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 30 September 2008. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008 (the IMA SORP 2008).

During the year, the trust has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby transaction charges are now classified as capital losses. The effect of this is to reduce 'Expenses' by £2,000 (2008: £3,000), with a corresponding change in 'Net losses on investments'.

DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the Financial Services Authority.

J R TALBOT

G W MACDOWALL

} Directors

13 May 2009

OTHER INFORMATION

Details of the latest estimated yields and latest prices for Sterling Class 'A' units, Sterling Class 'R' units, Sterling Class 'S' units and Sterling Class 'X' units are published daily in the Financial Times or can be obtained by ringing M&G Customer Relations on 0800 390 390. Alternatively, these prices are available on our website at www.mandg.co.uk where you can also register for 'My Account' and have access to the latest valuation of your holding 24 hours a day, seven days a week.

Units may be sold at any time by giving your instructions to us either in writing or by calling our Dealing Line on 0800 328 3196. We are open for dealing each business day between 8.00am and 6.00pm Monday to Friday (except Christmas Eve and New Year's Eve when we close early).

Copies of the Key Features and Prospectus are available free of charge on request from M&G Customer Relations.

If you wish to complain about any aspect of the service you have received or to request a copy of M&G's Complaints Handling Procedures, please contact M&G Customer Relations, PO Box 9039, Chelmsford CM99 2XG. If your complaint is not dealt with to your satisfaction, you can then complain to: The Financial Ombudsman Service (FOS), South Quay Plaza, 183 Marsh Wall, London E14 9SR.

The EU Savings Directive

The percentage of the M&G Property Portfolio held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is 15.61%.

Authorised status

The trust is an authorised unit trust, being a non-UCITS retail scheme as defined in FSA rules.

ADMINISTRATION

Manager

M&G Securities Limited

Laurence Pountney Hill, London EC4R 0HH

Telephone: 0800 390 390

(Authorised and regulated by the Financial Services Authority)

Investment manager

M&G Investment Management Limited

Laurence Pountney Hill, London EC4R 0HH

Telephone: 020 7626 4588

(Authorised and regulated by the Financial Services Authority)

Administration office

M&G Securities Limited

PO Box 9039, Chelmsford CM99 2XG

Telephone: 0800 390 390

(For your security and to improve the quality of our service, we may record and randomly monitor telephone calls)

Trustee

The Royal Bank of Scotland plc

Trustee & Depositary Services, The Broadstone,

50 South Gyle Crescent, Edinburgh EH12 9UZ

(Authorised and regulated by the Financial Services Authority)

Registrar

International Financial Data Services (UK) Limited

IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS

(Authorised and regulated by the Financial Services Authority)

Property manager

Prudential Property Investment Managers Limited

Princeton House, 271 - 273 High Holborn, London WR1V 7NE

ADMINISTRATION

Standing independent valuer

Allsop LLP, 27 Soho Square, London W1D 3AY

Investment accounting services

M&G Investment Management Limited
Laurence Pountney Hill, London EC4R 0HH
Telephone: 020 7626 4588

(Authorised and regulated by the Financial Services Authority)

Directors of the Manager

W J Nott (Chief Executive),
J R Talbot (Director and Secretary),
C I Jackson, M Lewis, G W MacDowall,
L U Midwinter, L J Mumford, E L Rosengarten, L J Scrine

Fund manager

Fiona Rowley

(Fiona Rowley is an employee of M&G Limited, which is an associate of M&G Securities Limited.)

Independent auditors

PricewaterhouseCoopers LLP,
Hay's Galleria, 1 Hay's Lane, London SE1 2RD

M&G is a member of the Investment Management Association (IMA) and of the Tax Incentivised Savings Association.

The Trust Deed can be inspected at our offices or at the office of the Trustee.

M&G Securities Limited is authorised and regulated by the Financial Services Authority and provides investment products. The company's registered office is Laurence Pountney Hill, London EC4R 0HH. Registered in England number 90776.

NOTES

