

19 October 2023

Dear Investor

Suspension and proposed closure of the M&G Property Portfolio

I am writing to inform you that, subject to regulatory approval from the Financial Conduct Authority (the "FCA"), we have decided to close the M&G Property Portfolio (the "Fund"). In order to uphold investors' best interests while we're seeking approval from the FCA, effective from Thursday 19 October 2023, we have suspended dealing in the Fund. In the case of myM&G accounts, this means that instructions to buy, sell or switch in or out of shares in the Fund will no longer be accepted after 11:00 on that date.

The decision to suspend with a view to closing the Fund was taken in agreement with the Fund's Depositary and we have informed the FCA.

This letter provides you with the reasons why we have decided to close the Fund and why it was necessary to suspend dealing in it ahead of the closure. It also details how this affects your investment with myM&G, the charges you pay, and where to obtain further updates and information.

Subject to receiving approval for the closure from the FCA, we will write to you again to provide you with further details on the closure, including the options available to you.

Please be reassured that the suspension of the Funds has no effect on any other investments you may have with myM&G.

Why does M&G intend to close the Fund?

The Fund aims to provide investors with a total return (the combination of capital growth and income) through investment in UK commercial property, whilst allowing them to manage their investment on a daily basis. Property funds have been less popular with investors over the last few years. Investors have sold their holdings, and the Fund is smaller. We believe withdrawals from the Fund are likely to continue, and there is a risk this may accelerate in the future. As the Fund reduces in size, it becomes necessary to sell some of its larger properties and buy smaller ones. Doing this will incur high transaction costs which will negatively impact the performance of the Fund.

As we believe that the Fund will continue to reduce in size, after considering a number of options, we have decided that it is in the best interests of investors to close the Fund as soon as practicable to allow for an orderly disposal of the Fund's assets and return the proceeds to investors.

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Why has M&G suspended dealing in the Fund before the closures?

It is common for a fund closure announcement to trigger significant outflows. However the assets owned by the Fund, such as office buildings and warehouses, cannot be sold quickly to accommodate sudden large withdrawal requests. If we didn't suspend the Fund now, it's likely that only a limited number of investors would be able to sell their holdings before dealing in the Fund had to be suspended to allow the fund manager to sell more properties in order to meet further withdrawal requests. The immediate suspension will therefore protect investors in the Fund by allowing the proceeds to be paid out fairly and equitably.

It would also not be desirable to allow investors to invest in the Fund at this time. This is because under the Fund's pricing methodology, the purchase price for shares can be in excess of 6% higher than the price at which shares are being sold, and investing for a short period of time is more likely to result in a negative return on investment.

How long will the closure take and when will I get back the proceeds of my investment?

Properties typically take some time to sell. Once we have received permission to close the Fund, the fund manager will initiate an orderly sale of the Fund's portfolio of properties, seeking to achieve fair market prices for investors. Based on the current market environment, we expect this process to take approximately 18 months in total for the majority of the portfolio to be sold, although there is no guarantee that this can be achieved within this timeframe.

We intend to allocate the proceeds of the asset sales to investors as these are completed. The details of how your investment proceeds will be paid to you, and other options, will be communicated as soon as possible following approval of the closure from the FCA. We will keep you updated on the progress of the sale via the M&G website, and fund reports and updates will also continue to be produced until the Fund closes.

Will I continue to pay the same charges?

The Fund will still be actively managed until its closure, but we understand that being unable to deal in the Fund at this time is very frustrating for our customers. In recognition, we are waiving 30% of the Fund's annual charge (which forms part of the Ongoing Charge figures) from the suspension date until it is closed. In addition, effective from the date of the suspension, no charges will be applied to any cash that is held within the Fund's portfolio.

What will happen to my income payments?

If you hold Income Shares, you will continue to receive income payments until the Fund closes.

I invest by Direct Debit. What will happen to that?

We will not be able to use Direct Debit payments to purchase new shares in the Fund.

- **Payments into the General Investment Account (GIA)**
We'll stop collecting Direct Debits for investments into the Fund. If your Direct Debit Instruction covers other M&G funds, it will be reduced to only collect for your other funds.
- **Payments made into an ISA or Junior ISA with myM&G**
We'll place Direct Debit payments intended for the Fund in your Cash Park. You will be able to invest this in any other M&G fund when you are ready, and the payments will continue to contribute to your ISA allowance for the current tax year.

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If you want to amend your Direct Debit Instructions, just log in to myM&G and go to the 'My account' tab to select 'Regular monthly investment' from the menu to make your changes.

Other information

Daily prices, as well as your portfolio valuation, will still be available to you by logging in to myM&G, but no dealing will take place at these prices while the Fund is suspended.

For more information

If you have any further questions about the closure of the Fund, please log in to myM&G to send us a secure message or chat to us online. You can also contact us by calling 0808 178 4035. We are available from 08:00 to 18:00 Monday to Friday, and from 09:00 to 13:00 on Saturday (excluding UK bank holidays). For your security and to improve the quality of our service, calls may be recorded.

Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser. You can find Information on how to access financial advice on our website www.mandg.co.uk/getfinancialadvice

Yours faithfully



Laurence Mumford
Director
M&G Securities Limited