

15 December 2023

Dear Investor

Closure of the M&G Property Portfolio

This letter has been sent to you because you are invested in the above fund. We recommend that you read it, along with the appended questions and answers, carefully.

We wrote to you on 19 October 2023 to advise you of the suspension of the M&G Property Portfolio (the "Fund") and of our intention to seek regulatory approval to close the Fund. I can now confirm that we have completed the required regulatory process, and we will therefore commence the termination of the Fund on Friday 29 December 2023 (the "Effective Date").

Why is M&G closing the Fund?

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 to return the proceeds to investors.

What happens next?

We will commence the closure of the Fund on the Effective Date. We intend to pay the available cash held in the Fund¹ on a pro-rata basis with an initial payment to investors on or around Thursday 8 February 2024.

However, properties typically take some time to sell, so the proceeds of the remaining assets won't be immediately available on the Effective Date. The fund manager will therefore initiate an orderly sale of the Fund's properties from the Effective Date, seeking to achieve fair market prices for investors. We intend to make further payments as asset sales are completed, and anticipate these payments to take place on a quarterly basis. Note however, that if the amount of cash raised from the sale of assets during a specific quarterly period is not sufficient to make a material payment, then any cash held by the Fund will be carried forward with a view to making a payment as soon as practicable. We currently believe that between

¹ We will need to retain some cash to deal with the daily running of the Fund, such as property maintenance and operating costs.

£40m and £50m will need to be raised in cash for a material payment to be made. We will keep this figure under review and keep you updated via our website www.mandg.com/propertyclosure

Based on the current market environment, we expect it will take approximately 18 months for the majority of the portfolio to be sold, although there is no guarantee that this can be achieved within this timeframe. There may also be some properties in the Fund's portfolio that will take longer to sell. Once all the assets in the Fund have been sold, the closure of the Fund will be finalised.

We will keep you updated on the progress of the sales via our website www.mandg.com/propertyclosure

Fund reports and updates will continue to be produced until the Fund closes.

What will happen to my investment in the Fund?

- **Investments held in the General Investment Account**

We will send the proceeds of your investments directly to your nominated bank account every time a payment occurs.

The first payment will take place on Thursday 8 February 2024 and will reach your bank account no later than Tuesday 27 February 2024.

Please be aware that this will be deemed a disposal of your shares in the Fund for capital gains tax (CGT) purposes and may give rise to a CGT liability every time a payment is made. This will depend upon your individual circumstances. If you are in any doubt as to the taxation consequences of your action you should contact a tax adviser or financial adviser.

- **Investments held in an ISA or Junior ISA with myM&G**

Every time a payment occurs, we will automatically place your proceeds in your Cash Park to preserve your investment's ISA tax-efficient status. The money will be available for you to invest again within ten business days of the payment taking place. We will put a confirmation in your library and email you to let you know that a payment has taken place.

You should note that any money held in your Cash Park does not earn any interest and is out of the investment market.

The first payment will take place on Thursday 8 February 2024 and the proceeds will be available in your Cash Park no later than Tuesday 27 February 2024.

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

Dealing in the Fund was permanently suspended on 19 October 2023 and it has therefore not been possible to purchase any shares in the Fund after that date, by Direct Debit or otherwise.

- Direct Debit payments into the Fund in the General Investment Account were cancelled after the date of the suspension.

If you currently also invest by Direct Debit in any other fund(s) with myM&G, these payments won't be affected, but your total Direct Debit payments will be reduced by the amount you were investing in the Fund each month.

- Direct Debit payments into the Fund in an ISA or Junior ISA with myM&G have been redirected into your Cash Park since the date of the suspension.

If you currently also invest by Direct Debit in any other fund(s) with myM&G, these will not be affected, and your total Direct Debit contributions to myM&G will remain the same.

You can amend your Direct Debit Instructions at any time. From your Dashboard, click on the 'My account' tab and select 'Regular monthly investment' from the menu to make your changes.

Costs associated with the Closure

Administrative or publishing charges incurred in the closure of the Fund will be borne by M&G. Transaction and legal costs associated with selling the portfolio will be paid by the Fund.

For more information

If you have any further questions about the closure of the Fund, please 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 to proceed, 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

Questions and answers on the closure of M&G Property Portfolio

We realise that you may have some questions on the closure of the Fund and what your options are. With this in mind we have set out to answer the most commonly asked questions. If you have any further questions, please do not hesitate to contact us using our Chat facility. We will also publish regular updates on the progress of the closure on our website www.mandg.com/propertyclosure

Please be aware that we are not in a position to give you investment or tax advice, so if you are uncertain as to how to proceed, you should consult a financial adviser. You can find information on how to access financial advice on our website www.mandg.co.uk/getfinancialadvice

1. Questions about your investment

What are you doing to return proceeds to investors as quickly as possible?

How quickly will I get my money back?

At what share price will I switch/sell my shares in the Fund?

How will I be notified about payments taking place?

Does the closure affect my other investments with myM&G?

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

How can I amend my Direct Debit Instructions?

Will the Fund continue to distribute income?

Will the value of my income distributions be affected?

Will the Fund earn any interest on the cash it holds, and what will happen to that?

How can I find out what the value of my investment in the fund is?

Can I convert my shares?

2. Costs of the closure

Will I be charged for the Fund closure?

Will I pay more charges as the Fund reduces in size prior to its final closure?

3. About tax

Will I have to pay capital gains tax (CGT)?

1. Questions about your investment

Q: What are you doing to return proceeds to investors as quickly as possible?

The Fund will sell assets as quickly as it can but in an orderly manner to achieve fair market prices and return money to investors.

Q: How quickly will I get my money back?

The first payment to investors will take place on Thursday 8 February 2024 and will be paid into your nominated bank account, or placed in your Cash Park, no later than Tuesday 27 February 2024.

How quickly you get the rest of your investment will depend on how quickly the properties held in the Fund are sold. In the current market conditions, we anticipate selling the majority of the portfolio within 18 months, although there may be some properties in the Fund's portfolio that will take longer to sell.

After the first payment, depending on the progress of the sales programme, we anticipate allocating payments to investors on a quarterly basis. We will keep you fully informed if and when we make these payments on our website at www.mandg.com/propertyclosure

Q: At what share price will I switch/sell my shares in the Fund?

The switch or sale of your shares in the Fund will happen in a number of phases. All transactions will use the share price on the date the transaction takes place. As each switch/sale will take place at a different date, it is likely that each switch/sale will use a different share price. We will send you a confirmation each time we sell your shares and each time you switch money to another fund, and this will specify the share price that was used for the transaction.

Q: How will I be notified about payments taking place?

We will keep customers informed on the progress of the closure via our website at www.mandg.com/propertyclosure including when we make payments. We anticipate making payments quarterly, but it will depend on the progress of the overall sales programme.

You will also receive a notification every time a payment has taken place.

Q: Does the closure affect my other investments with myM&G?

No – it does not affect any other investment(s) you have with us.

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

Dealing in the Fund was permanently suspended on 19 October 2023 and it has therefore not been possible to purchase any shares in the Fund after that date, by Direct Debit or otherwise.

- Direct Debit payments into the Fund in the General Investment Account were cancelled after the date of the suspension.

If you currently also invest by Direct Debit in any other fund(s) with myM&G, these payments won't be affected, but your total Direct Debit payments will be reduced by the amount you were investing in the Fund each month.

- Direct Debit payments into the Fund in an ISA or Junior ISA with myM&G have been redirected into your Cash Park since the date of the suspension.

If you currently also invest by Direct Debit in any other fund(s) with myM&G, these will not be affected, and your total Direct Debit contributions to myM&G will remain the same.

Q: How can I amend my Direct Debit Instructions?

You can amend your Direct Debit Instructions at any time. From your Dashboard, click on the 'My account' tab and select 'Regular monthly investment' from the menu to make your changes.

Q: Will the Fund continue to distribute income?

Yes. The Fund will continue to pay income to shareholders on the usual payment dates.

Q: Will the value of my income distributions be affected?

The amount of income paid largely depends on the rental income received from tenants who occupy the properties owned by the Fund. As property sales are completed, the rental income will reduce accordingly and therefore distribution payments are likely to reduce in value.

Q: Will the Fund earn any interest on the cash it holds, and what will happen to that?

Any interest earned on cash held by the Fund will form part of the income payments to customers.

Q: How can I find out what the value of my investment in the fund is?

Valuations will continue to be updated daily and available at all times on your Dashboard.

Q: Can I convert my shares?

No. We are unable to offer conversions of shares.

2. Costs of the closure

Q. Will I be charged for the Fund closure?

Administrative or publishing charges incurred in the closure of the Fund will be borne by M&G. Transaction and legal costs associated with selling the portfolio will be paid by the Fund. None of the options detailed above carry any associated charge from M&G.

Q. Will I pay more charges as the Fund reduces in size prior to its closure?

When a fund reduces in size, investors may have to pay an increased share of any fixed costs associated with running the fund. However, the Fund's annual charge incorporates these fixed costs and will therefore not be impacted by the reduction in the Fund's size.

The Fund's annual charge doesn't include property operating expenses, or the Property Expense Ratio ("PER"). The PER includes costs associated with the operation of the properties held in the Fund, such as repairs and maintenance, insurance and letting costs. These will continue to be charged to the Fund during the termination period and will fluctuate depending on the activity in the Fund's properties, particularly maintenance/refurbishment activity and the level of vacancies. Details of the most up-to-date PER can be found in the Fund's Report and Financial Statements.

3. About tax

Q. Will I have to pay capital gains tax (CGT)?

Unless you hold all your shares in the Fund in an ISA or Junior ISA with myM&G, you may be liable for CGT. This depends on your personal tax circumstances; please speak to a financial adviser or tax adviser if you are in any doubt.