

15 December 2023

Dear Investor

Closure of the M&G Feeder of 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 enclosed documentation, carefully.

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

This letter provides you with details of the closure, including the reasons for closing the Funds, how we’ll be returning proceeds to investors and the options available to you. You will also find answers to the most commonly asked questions at the back of the letter.

Why is M&G closing the Funds?

Property funds have been less popular with investors over the last few years. Investors have sold their holdings, and the Funds are smaller. We believe withdrawals from the Funds are likely to continue, and there is a risk this may accelerate in the future. As the Funds reduce in size, it becomes necessary to sell some of the Master Fund’s larger properties and buy smaller ones. Doing this will incur high transaction costs which will negatively impact the performance of the Funds.

As we believe that the Funds 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 Funds as soon as practicable to allow for an orderly disposal of the Master 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.

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

However, properties typically take some time to sell, so the proceeds of the Master Fund's remaining assets won't be immediately available on the Effective Date. The fund manager will therefore initiate an orderly sale of the Master 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 £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 Master Fund's portfolio to be sold, although there is no guarantee that this can be achieved within this timeframe. There may also be some properties held by the Master Fund that will take longer to sell. Once all the assets in the Master 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 do I need to do?

The options available to you are detailed in this letter. Once you have read these options carefully, you can give us your instructions by using the Option Form and reply-paid envelope provided. We must receive your instructions before **Friday 19 January 2024** in order to apply them to the first payment.

What are my options?

Please be aware that both options set out below will be deemed a disposal of your units 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.

- **Option A - receive payments as cash – (the default option – no action required)**

If we don't receive any instructions from you, we will send you the relevant proportion of your investment in the Fund every time a payment takes place. You will be sent your proceeds within three business days of a payment taking place, with the first proceeds issued to you no later than Tuesday 13 February 2024. We will continue to pay proceeds to you every time a payment is made unless you amend your instructions at least **14 business days** before the next payment is due to take place.

- **If you receive your payments by cheque**

If we haven't received instructions from you to the contrary by **Friday 19 January 2024**, your share of the first payment will be sent to you by cheque on Tuesday 13 February 2024.

If you wish to receive these payments into your bank account, please complete and return the enclosed "Bank Account Verification" form in the reply-paid envelope provided. If you are also returning an Option Form, please send both forms together.

- **If you receive your payments in a nominated bank or building society account**

If we haven't received instructions from you to the contrary by **Friday 19 January 2024**, your share of the first payment will be paid into your nominated bank or building society account (as per your current settlement and mandate instructions) on Tuesday 13 February 2024.

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For your protection, and to minimise the risk of financial crime, we are required by law to verify the identity of all our customers. If we have not been able to verify your identity we will not be able to release the proceeds of the sale of your holding to you and will need to contact you to obtain verification.

- **Option B – switch to an alternative M&G fund – please complete the enclosed Instruction Form**

You can choose to switch your investment to another fund or funds from M&G's Open-Ended Investment Company (OEIC) range. The first switch into the fund(s) of your choosing will take place on Thursday 8 February 2024, and further switches will be made into this/these fund(s) every time a payment is made, unless you amend your instructions at least 14 business days before the next payment is due to take place.

Information on our full range of funds can be found at www.mandg.co.uk/funds or by contacting our **Customer Relations** team. Before selecting this option, you must read the relevant Key Investor Information Document (KIID) for your chosen fund(s), along with the Important Information for Investors document, which will provide you with details of share classes that are available for investment, and minimum investment limits associated with those share classes.

In order for a switch to be made when the first payment takes place, your instructions must reach us before **Friday 19 January 2024**. You can instruct us by completing the enclosed Instruction Form. We are not permitted to provide investment advice, but we are happy to talk you through the various options. Alternatively, please contact a financial adviser.

We will send you confirmation of your new holding(s) in your chosen fund(s) every time a switch has taken place.

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. None of the options detailed above carry any associated charge from M&G.

For more information

If you have any questions about the closure of the Fund, please contact our **Customer Relations** team by calling **0800 390 390**. The team is available from 08:00 to 18:00, Monday to Friday, and from 09:00 to 13:00 on Saturday. To help us deal with your enquiry as quickly as possible please have your M&G client reference when calling us. 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

Enc. Appendix: Questions and answers on the closure of the M&G Feeder of Property Portfolio

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Giving your instructions

Q. How do I give my instructions?

- If you wish to receive payments as cash, you do not need to do anything. If we don't receive any instructions from you, we will send you the relevant proportion of your investment in the Fund every time a payment takes place.
- If you choose to switch your investment to another M&G fund or funds, you will need to instruct us by using the Instruction Form and reply-paid envelope provided. We must receive your instructions before Friday 19 January 2024 in order to apply them to the first payment.

Q: What if I don't do anything?

If we don't receive any instructions from you, we will send you the relevant proportion of your investment in the Fund every time a payment takes place. You will be sent your proceeds within three business days of a payment taking place, with the first proceeds issued to you no later than Tuesday 13 February 2024. We will continue to pay proceeds to you every time a payment is made unless you amend your instructions at least 14 business days before the next payment is due to take place.

Q. What if I change my mind?

You can change your mind and provide alternative instructions at any point in the closure process. You can do this by completing and returning a new Option Form, available on our website at www.mandg.com/propertyclosure

Please note that we need to receive any change of instruction at least 14 business days before a payment takes place in order for it to be applied to that payment. Any change of instruction will apply to future proceeds only and will not affect switches or payments that have already been made in line with your previous instruction.

Your investment

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

The Master 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 investors who have chosen to receive cash will be issued their first proceeds no later than Tuesday 13 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 Master Fund's portfolio that will take longer to sell.

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: Will the Fund continue to distribute income?

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

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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 Master Fund. As property sales are completed, the rental income will reduce accordingly and therefore distribution payments are likely to reduce in value.

Q: What happens if I have previously chosen to reinvest income to buy additional units in the Fund?

As all dealing in the Fund has now ceased, it is not possible to reinvest income payments to purchase further units. Any income available to distribute from the Fund will be paid to all investors by cheque or directly to your bank on the usual income payment dates.

The value of income relating to Accumulation Units will continue to be reflected in the price of the underlying units.

Q: Can I convert my units?

No. We are unable to offer conversions of units.

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 final closure?

When a fund reduces in size, investors who remain invested 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 Master 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.

Tax

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

You may be liable for CGT, no matter which option you choose. This depends on your personal tax circumstances; please speak to a financial adviser or tax adviser if you are in any doubt.

Other

Q: Where can I find up-to-date information on the progress of the closure?

Updates on the sales process and information about forthcoming payments will be available on our website at www.mandg.com/propertyclosure

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Q: Will you still publish reports and accounts?

Yes. We will continue to publish the Interim Report and Unaudited Financial Statements, and the Annual Report and Audited Financial Statements. These documents will be made available in the usual way on the M&G website.

Q: Will you publish any termination accounts and when will these be available?

We will publish termination accounts on our website within two months of the date termination is completed. Should termination not be completed before the end of any future annual accounting periods ending 30 September each year or half-yearly accounting periods ending 31 March each year, we would additionally publish on our website the report and financial statements within two months of the end of the half-yearly accounting periods and within four months of the end of the annual accounting periods.

If you would like to receive a paper copy of either report these will be available on request by calling our **Customer Relations** team on **0800 390 390**.