

KMG SICAV-SIF

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé

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R.C.S. Luxembourg No. B 139.130

NOTICE TO SHAREHOLDERS

Dated 24 September 2018

This document is important and requires your immediate attention.

By this notice, the following important information is notified to the Shareholders of the sub-fund named *The Castel Residential Property Fund* (the “**Sub-Fund**”) of the investment company KMG SICAV-SIF (the “**Company**”):

Reference is made to the Notice to Shareholders that was sent to you on 30 November 2017 informing you that the Board of Directors of the Company had decided to defer the settlement of all redemption and conversion requests as from the NAV dated 31 October 2017 for a certain period, in order to sell the underlying properties of the Sub-Fund at the best possible price and this in the best interests of the Sub-Fund’s Shareholders.

The Board of Directors is pleased to announce that a sale and purchase agreement has been concluded for the sale of the Fund’s SPVs Snapco Limited, Snapco 2 Limited, Snapco 3 Limited, Snapco 4 Limited, Snapco 5 Limited and Snapco 6 Limited.

The decision to sell the existing portfolio has been taken in the best interest of the Sub-Fund’s shareholders. The successful sale of the assets, for a net adjusted price of GBP 36.5 million, very close to the market value of the portfolio of GBP 36.6 million, was concluded on a basis of simultaneous exchange and completion.

The Sub-Fund will now begin the process of settlement of all pending redemption and conversion requests. The costs incurred by the sale of the above-mentioned assets will be taken into account in the Redemption price applicable to those pending redemptions and conversions, which represent approximately 65% of the fund’s assets.

After the settlement of all pending redemption and conversion requests, the Sub-Fund will have cash available. Therefore, the AIFM is considering to promptly reinvest proceeds of the portfolio sale referred above, so as to successfully pursue the Sub-Fund’s investment objective after outstanding redemptions are settled.

For further information regarding the foregoing, please contact the Alternative Investment Fund Manager, KMG Capital Markets Ltd at info@kmgcapitalmarkets.com.

Luxembourg, 24 September 2018.

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By order of the Board of Directors