

KMG SICAV-SIF

Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé
88, Grand Rue
L-1660 Luxembourg
R.C.S. Luxembourg No. B 139.130
(the « **Company** »)

**NOTICE TO THE SHAREHOLDERS
of Castel Residential Property Fund (the "Sub-Fund")**

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

WHEREAS the Board of Directors (the "**Board**") of the Company decided on the 20th of June 2019 to conduct a liquidation of all shares of the Sub-Fund and notified the shareholders on the 17th of October 2019;

WHEREAS the Board of Directors has considered that part of available net proceeds of liquidation should be distributed amongst the Shareholders of the Sub-Fund on a pro rata basis, in proportion to the number of Shares held by them.

Consequently, the Board would like to inform the Shareholders of the Sub-fund that it has taken unanimously the decision to:

- instruct KREDIETRUST S.A. Luxembourg, the Administrative Agent of the Company to calculate a NAV for each Class of Shares of the Sub-Fund to be dated 31 July 2019, for the purpose of proceeding to an interim distribution of the liquidation proceeds to the Shareholders of the Sub-Fund;
- instruct KBL European Private Bankers S.A., the Depositary of the Company, to distribute to the Shareholders of the Sub-Fund a total amount of GBP 10,370,000.00 representing an interim distribution of the liquidation proceeds, on the basis of the NAV per Share that will be calculated for each Class of Shares of the Sub-Fund. Such distribution will be made on or around the 20 December 2019 amongst the Shareholders of the Sub-Fund on a *pro rata basis*, in proportion to the number of Shares held by them;

The above amount to be distributed represents 95% of the cash balance and ensures that sufficient proceeds (5%) remain to cover all pending and expected costs resulting from the liquidation and ceasing the activity of the Sub-Fund, such as:

- winding up the SPV established for new property purchases (before redemptions requests prompted the decision to liquidate the sub-fund);
- recovery of tax retention from buyer of previous SPVs, per typical practice for such transactions (for subsequent distribution to shareholders);

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- a comfortable contingency for any unforeseen expenses, as complete liquidation may take up to 3 years, starting from September 2019 when the ATED (Annual Tax on Enveloped Dwellings) returns have been submitted.

During the remainder of the liquidation process, the fund will hold minimal cash for the above and suppliers will charge minimum fees. The AIFM will oversee the process with fees reduced to 50% of minimum fee.

If you have any questions or concerns about the foregoing, please contact the Alternative Investment Fund Manager, KMG Capital Markets Ltd.

Luxembourg, 18 December 2019.

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By order of the Board of Directors