Precontractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: M&G European Secured Property Income Fund FCP-FIS
Legal Entity Identifier: 5493009NTKFILY69JU94

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

● ● ☐ **Yes** ● ● ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**:

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**:

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 1% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Fund aims to invest in buildings which either have high environmental standards or the Manager seeks to improve the environmental footprint of the building. Continuous improvement in environmental and social performance of the assets is driven through the Fund's ESG targets.

The Fund will not invest in activities that are considered to be harmful to the society or the environment. It will not invest in real estate assets that have significant tenants that are listed companies assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption, or any tenants that are listed companies involved in the controversial weapons. These exclusions are applied at the time of investment and upon new lettings where the AIFM or its delegate has control. Significant tenants are defined as tenants whose rent constitutes 20% or more of overall rental income of the real estate asset.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
  - % of investments with green building certification achieved or planned and underway
  - % of investments with green building certification BREEAM Very Good or above (or equivalent)
  - % of all ESG targets (as set out in the Fund's ESG Investment Policy) achieved or on track
  - % of Estimated Rental Value with tenants compliant with fund exclusion principles

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**
  To invest in economic activities that are environmentally sustainable. Sustainable investments that the Fund makes comprise of real estate assets which meet high environmental standards evidenced by attaining a given level of Green Building Certification defined by the Manager. Green Building Certification assessments use recognised measures of performance, which are set against established benchmarks, to evaluate a building's specification, design, construction and use. The measures used tend to represent a broad range of categories and criteria. Each category will often focus on the most influential factors, which might include reduced carbon emissions, low impact design, adaptation to climate change, ecological value and biodiversity protection.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**
  Before investment and over the holding period of the asset, Principal Adverse Impact (PAI) indicators are assessed and monitored for each sustainable investment to ascertain that it does not cause significant harm. The following four PAI indicators applicable to real estate assets, as defined in the Annex I of EU Commission Delegated Regulation 2022/1288, are considered:
  - exposure to fossil fuels through real estate assets
  - exposure to energy inefficient real estate assets
  - greenhouse gas emissions
  - energy consumption intensity

  - **How have the indicators for adverse impacts on sustainability factors been taken into account?**
    Thresholds are established for PAI indicators related to fossil fuels and energy inefficiency. PAI indicators related to greenhouse gas emissions and energy consumption intensity are considered through the requirements of Green Building Certification. All sustainable investments are evaluated against these PAIs as part of due diligence and periodically thereafter. Assets that breach established PAI thresholds are not qualified as sustainable investments.

  - **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**
    All real estate assets qualified as sustainable investments screen their significant tenants against a list of listed companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption. Investments are not qualified as sustainable if they are assessed to be in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

000

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, at the product level, the Fund considers Principal Adverse Impacts (PAI) through assessing and monitoring the following four PAI indicators applicable to real estate:

- exposure to fossil fuels through real estate assets
- exposure to energy inefficient real estate assets
- greenhouse gas emissions
- energy consumption intensity

Adverse impacts are considered for inclusion in asset plans. The information on how principal adverse impacts on sustainability factors were taken into account will be available in the Annual Report of the Fund.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund invests in European real estate assets with the aim to deliver secure, long-term and rising income streams. The Fund aims to optimise long-term total return through systematic analysis of income credit quality and of each property's fundamentals and potential and strategic asset selection across European real estate markets. Security of investment return will be sought by maintaining an appropriate balance between income credit quality and the underlying real estate fundamentals. Income growth will be sought primarily by targeting assets with leases that offer regular rent reviews providing inflation-linked or fixed uplifts. The Fund may seek to invest in all real estate sectors across Europe where the investment is available on a long lease basis.

Environmental and social characteristics are considered within the Fund's investment process, including setting binding elements, as well as, aspirational targets relating to reducing the impact of real estate assets on the environment, supporting the well-being of occupiers, and encouraging community engagement which are monitored using performance indicators, and external industry ESG benchmarks (such as GRESB).

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**
  Majority of assets (>50% of assets) have green building certification or plan to achieve it within 3 years (either from 1st January 2023 for assets already in the fund or from the date of acquisition for assets acquired after this date).

  The Manager evaluates each potential investment against the ESG criteria relevant to the promoted environmental and social characteristics. The Fund has annual ESG targets for its assets that it is measured against and drives progress against these targets through asset plans.

  The Fund will not invest in activities that are considered to be harmful to the society or the environment. It does not invest in real estate assets that have significant tenants that are listed companies assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption, or any tenants that are listed companies involved in controversial weapons. These exclusions are applied at the time of investment and upon new lettings where the AIFM or its delegate has control. Significant tenants are defined as tenants whose rent constitutes 20% or more of overall rental income of the real estate asset.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**
  The Fund does not set a committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**
  Not applicable. The Fund does not invest in investee companies.

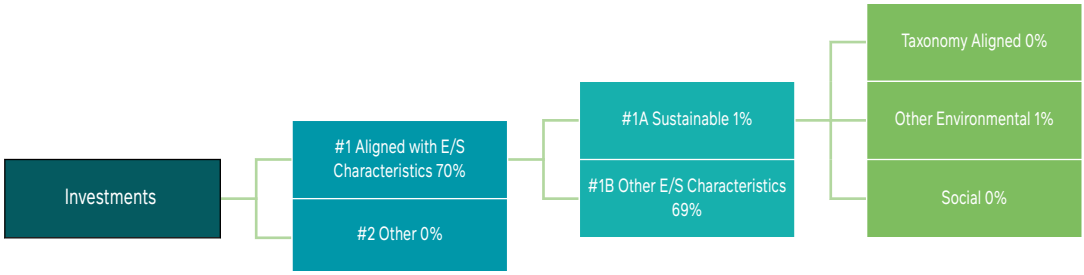
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

A minimum of 70% of the Fund's assets are aligned to the environmental or social characteristics promoted. This includes a minimum 1% of the assets that are qualified as sustainable investments with environmental objective. There is no minimum set for the proportion of the Fund's assets that are not aligned to the environmental or social characteristics promoted and they will not exceed 30% of the Fund's assets.

Asset allocations below are expressed as a % of Fund's Gross Asset Value. They reflect planned asset allocation resulting from the commitments outlined in the paragraph above.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not use derivatives to attain the environmental or social characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Fund does not target investment in taxonomy-aligned assets as part of its investment policy and therefore the Investment Manager expects that 0% of the Fund's investments will be aligned with the environmental objectives under the Taxonomy Regulation.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

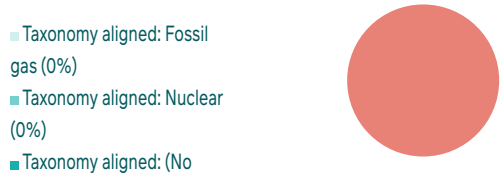
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

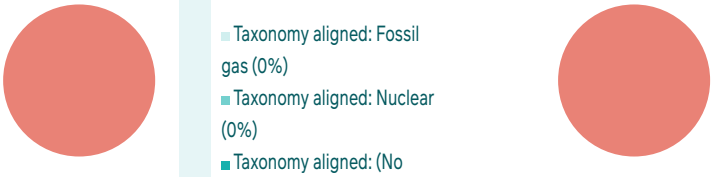
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



This graph represents 100% of the total investments.

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What is the minimum share of investments in transitional and enabling activities?**
  The Fund does not set a minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?
The minimum share of sustainable investments with an environmental objective is 1% of the assets. None of these assets are expected to be aligned to EU Taxonomy because the Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy regulation.

What is the minimum share of socially sustainable investments?
The Fund does not make sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?
Investments included in "#2 Other" consist of cash and cash equivalents, investments held for hedging purposes, investments for diversification purposes or investments for which there is insufficient data.

For investments for which there is insufficient data and investments for diversification purposes, minimum safeguards include exclusion of any real estate assets that have significant tenants that are listed companies assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption. For other ancillary assets, including cash, cash equivalents and hedging instruments, no minimum environmental or social safeguards have been put in place.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?
No reference benchmark has been designated to determine whether this fund is aligned with the environmental and social characteristics that it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
  Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
  Not applicable.

- **How does the designated index differ from a relevant broad market index?**
  Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**
  Not applicable.



Where can I find more product specific information online?
More product-specific information can be found on the website:
www.mandg.com/investments/institutional/en-global/sustainability-related-disclosures

000