

THE LUCENT STRATEGIC LAND FUND

A Dedicated Fund of the KMG SICAV - SIF

FACTSHEET FEBRUARY 2012

KEY FACTS:

Launch Date: **17th September 2010**

Launch Price: **1000 per share**

Base Currency: **GBP**

Status: **SICAV - SIF, Lux Domiciled**

Shares: **Capitalisation**

Dealing: **Monthly**

Redemption: **Quarterly**

Minimum Initial Investment:

Class A: GBP 10,000, USD 15,000, EUR 15,000

Class B: GBP 25,000, USD 40,000, EUR 40,000

Class C: GBP 10,000, USD 15,000

Class A2: GBP 10,000

Annual Management Charge

Class A and Class A2 = 1.6% pa

Class B = 0.85%

Class C = 1.75%

Subscription Charge

Class A and A2 — no charge: 100% allocation

Class B and C Shares will be subject to a maximum

subscription charge of 5%

Redemption Charge

Class A – 6% reducing by 1.2% p.a. over 5 years

Class A2 – 5% reducing by 1% p.a. over 5 years

Class B – no redemption charge but a 12 month tie in on new investment.

Class C - no redemption charge

Performance fee

20% of any net profits after a monthly hurdle of 0.65% is achieved. A high water mark principle is applied. Equivalent to a compound rate in excess of 8% per annum

VALUATION METHODOLOGY:

The value of the land (or the contract to buy land) in land planning projects and the expected appreciation between the Total Cost and the Sale Proceeds is not expected to occur in a straight line over the Time Frame.

Instead there is likely to be one or more events when successful planning steps are achieved which cause an increase in value, which is identified and confirmed by an independent valuation. These increases may be released over the lifetime of the project.

The timing of these will be guided by established planning timeframes within the emerging Local Development Framework which applies to a specific asset. The fact that these planning timeframes are established by government will enable the Investment Adviser to partially anticipate general timeframes in which increases in value should occur. Independent valuations will be used to verify this increase in value.

STRATEGY:

Regional and National Housebuilders are increasingly focusing their efforts on housing delivery rather than investing in strategic land for development because of the constraints on their equity resources and the need to increase operating margins. Housebuilders are being forced to adapt to a less capital intensive model, which means finding ways of engineering down building costs and focusing on selling houses. Finding more capital effective means of acquiring land ready for development is essential to them.

This has created a gap in the market where the Lucent Strategic Land Fund is ideally positioned to act as the leading platform in preparing and delivering land ready for construction.

Lucent undertakes the acquisition, design, master planning and promotion of strategic sites and then sells consented land on to the housebuilder market. This approach is fully aligned with the government's housing delivery initiatives and Localism agenda.

FUND OVERVIEW:

The Lucent Strategic Land Fund (LSLF) is an Open Ended SICAV- SIF domiciled in Luxembourg. LSLF commenced operations in September 2010 with the investment objective of providing capital gains in excess of 12% p.a. through a targeted land acquisition program of land sites in high growth areas throughout England. The fund will acquire land assets (freehold and option) which have been identified for residential development within its relevant Local Plan but prior to the grant of planning permission. This targeted acquisition strategy is aimed at mitigating planning risk while enabling shareholders to benefit from the largest capital gain anywhere within the real estate cycle. Following an intensive acquisition and planning period the fund will begin to deliver ready-to-build sites to the housebuilding market in approximately an 18 - 36 month period as demand for development land peaks and the housing market and the economy resumes an upward trajectory.

PERFORMANCE:

Over the course of its first 12 months the LSLF has secured 605 acres which can accommodate up to 3,000 homes and 25,000 sq meters of commercial space which forms part of phase one of the heralded Lincolnshire Lakes urban extension in North Lincolnshire. Lucent is working with the Council to develop a first phase planning application (1.1) for approx. 500 houses. A separate planning application will be submitted for the first phase of commercial space. The performance since launch has been exceptional and we expect this high level of performance to continue. The planning work to bring forward the first project in North Lincolnshire is expected to progress significantly in the coming months which will add value to the assets under management. Investments made into the Fund over this time period will benefit from any such uplift in value associated with this. Meanwhile the Fund is actively pursuing an acquisition programme which will significantly expand its underlying asset base over the coming months.

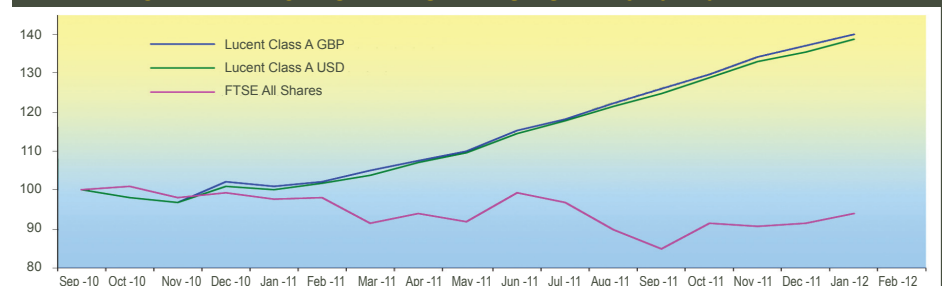
*The following chart depicts sites under management in accordance with anticipated phasing and delivery strategy. Phasing and values are subject to change.

Masterplan phasing		Acreage	% of total Acreage	% of total Value
Region: North Lincolnshire				
Phase 1.1	Residential	35.2	5.8%	16.5%
	Commercial			
	Open space, eco & other uses			
Phase 1.2	Residential	30.4	5.0%	11.2%
	Commercial			
	Open space, eco & other uses			
Phase 1.3A	Residential	34.2	5.7%	12.6%
	Commercial			
	Open space, eco & other uses			
Phase 1.3B	Residential	34.2	5.7%	12.6%
	Commercial			
	Open space, eco & other uses			
Phase 1.4	Residential	11.4	1.9%	4.2%
	Commercial			
	Open space, eco & other uses			
Phase 1.5A	Residential	31.4	5.2%	11.6%
	Commercial			
	Open space, eco & other uses			
Phase 1.5B	Residential	31.4	5.2%	11.6%
	Commercial			
	Open space, eco & other uses			
Phase 1.7	Residential	52.8	8.7%	0.7%
	Commercial			
	Open space, eco & other uses			
Totals		605.0	100%	100%

NAV PERFORMANCE PER SHARE AS AT: 31/01/2012

Share Class	Currency	NAV	1 Month	12 Month
A	GBP	1389.33	+2.15%	+38.52%
A	USD	1369.52	+2.51%	+38.78%
A	EUR	1429.71	+2.11%	+38.38%
A2	GBP	1000.00	n/a	n/a
B	GBP	1412.77	+2.27%	+40.69%
B	USD	1389.46	+2.63%	+39.32%
B	EUR	1000.00	n/a	n/a

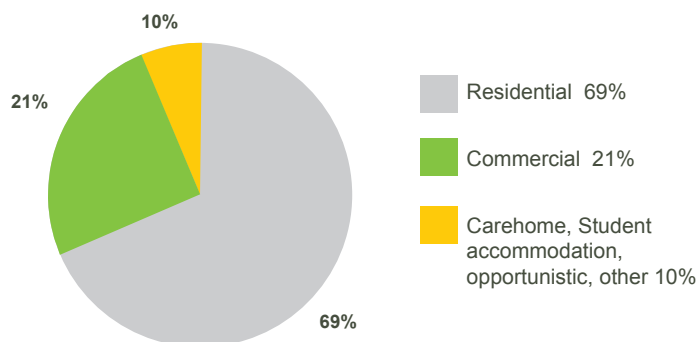
NAV PERFORMANCE vs FTSE ALL SHARES AS AT: 31/01/2012



MARKET OVERVIEW:

- The UK is witness to an acute housing crisis which has been created by a chronic lack of supply over the last few decades, exacerbated recently by temporary economic factors¹.
- Official projections show the need for an additional 232,000 homes in England per year just to meet growth in the number of households².
- In 2009 England saw the lowest peacetime house building rate since 1923 – just 118,000 completions; creating a shortfall of well over 100,000 homes in 2010 with a total housing starts of only 87,690.
- A recent YouGov Survey showed that more than 80% of people in the UK think more homes are a necessity³.
- 85% of people in England want to be home owners within ten years⁴.
- As housebuilding has fallen, household creation has risen leaving a huge gap between demand and supply.
- In all areas of England the need for an increase in housing supply equates to increases of more than 100% of units already constructed.**
- Yorkshire and the Humber (including North Lincolnshire) require an increase of housing supply of over 300% from the current very low base to meet current household growth.**
- According to the DCLG in a report published in November 2010, the number of households in England is projected to grow to 27.5 million by 2033, an increase of 5.8 million homes (27%) over 2008⁵.
- The New Homes Bonus, the Coalition Government's house building incentive program, offering Local Authorities match funding of council tax on new homes for 6 years, could see additional Government investment of over £1.2 billion annually in meeting the official household projections.**

ANTICIPATED ASSET ALLOCATION BY LAND USE:



GOVERNANCE:

Global Investment Manager	KMG Capital Markets Luxembourg S.A.
Independent Auditor:	Deloitte S.A.
Valuer:	BNP Paribas Real Estate
Custodian & Principal Paying agent:	KBL European Private Bankers S.A.
Administrative Registrar and Transfer Agent:	Kredietrust S.A. Luxembourg
Fund Bankers:	Kredietbank S.A. Luxembourg
Legal Advisors:	Global Finance Consult and Elvinger Hoss & Prussen
Domiciliary:	Kredietrust S.A. Luxembourg

ABOUT THE ADVISER:

Lucent Advisors Limited is a land site assembly business led by a senior professional team with combined real estate experience totalling over 75 years and collective transactions exceeding £1bn, incorporating real estate acquisition, planning, development, banking and project management. The Lucent team has an excellent reputation as operational partners acting in multiple joint ventures and co-investments with global institutional investors. With a base in the Isle of Man, the Lucent team are specialists in strategic land site assembly throughout the UK.

Lucent operates a "Top-down" analysis of macroeconomic trends in the wider economy as well as demographic, social and political trends or influences to identify land opportunities and growth areas throughout England.

Site specific research and analysis of opportunities is carried out by looking at individual assets and specific opportunities to create value through planning and design around that asset in its local market.

Our Land Team in conjunction with the Finance Team carries out an initial financial / conceptual analysis to establish whether an opportunity is worth looking at in more detail.

Detailed financial modelling follows the initial screen. A detailed financial model is created so that all assumptions can be flexed to present a range of scenarios, from the base case, to those required to achieve superreturns. This enables us to see clearly what factors the project returns would be most or least sensitive to.

Before we acquire any land site we carry out extensive due diligence together with our planning and site investigation teams, valuers, legal and tax advisers. This ensures that we are fully aware of the status of the site that we are buying and that we have correctly assessed our investment return and financial exposure as a result of such a transaction.

As a result of the detailed due diligence that we carry out at pre-acquisition, our planning experts are able to put together a detailed business plan to ensure that each site is effectively promoted through the planning process and that design efficiency is utilised to maximise profitability.

Final Lucent Board sign off is required before any recommendation is made to the Global Investment Manager (GIM) of the Lucent Strategic Land Fund, or any indicative or binding offers are submitted on their behalf.

Lucent has comprehensive in house asset advisory capability to oversee all land sites through the planning process, taking control of the site assembly specific opportunities and all strategic decisions such as design work and submitting planning applications. Site assembly projects under management with Lucent have specific returns criteria based on Internal Rate of Return (IRR) expectations. Project expenditure is rigorously scrutinised to ensure that cost savings are accrued throughout the life of each project, always aiming to exceed IRR expectations.

SHARE CLASS £ / \$ / € ISIN BLOOMBERG TICKER

A	EUR	LU0517777438	KMGLDAE LX
A	GBP	LU0517777271	KMGLDAG LX
A2	GBP	LU0517777511	KMGLDA2 LX
A	USD	LU0517777354	KMGLDAU LX
B	EUR	LU0517777867	KMGLDBE LX
B	GBP	LU0517777602	KMGLDBG LX
B	USD	LU0517777784	KMGLDBU LX
C	GBP	LU0738362044	KMGLDCS LX
C	USD	LU0738353993	KMGLDCS LX

¹ http://www.rics.org/site/scripts/press_article.aspx?pressreleaseID=346&categoryID=509. ² DCLG Live Tables (table 403: Household projections by region, England, 1971 – 2033).

³ YouGov survey for the New Homes Marketing Board – <http://tiny.cc/y1w0s>. ⁴ YouGov Survey for the CML – <http://www.cml.org.uk/cml/edia/press/2708>.

⁵ DCLG Live Tables (Table 208 House building: permanent dwellings started by tenure and country). ** HBF: Building a Recovery (December 2010).

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The Lucent Strategic Land Fund - Disclaimer

The Lucent Strategic Land Fund is a Dedicated Fund of KMG SICAV – SIF, a Luxembourg-registered "Société d'Investissement à Capital Variable" organised under Luxembourg Law of 13th February 2007 relating to specialised investment funds (SICAV-SIF) and regulated by the "Commission de Surveillance du Secteur Financier" (CSSF), the Luxembourg financial services authority. In accordance with the risks associated with KMG SICAV – SIF, the shareholders have to be "well-informed", "institutional/professional" investors. No guarantee is given or intended as to the completeness, timeliness, or adequacy of the information provided herewith.

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