

## THE LUCENT STRATEGIC LAND FUND

A dedicated Fund of the KMG SICAV-SIF

### IF YOU HAVE A PRODUCT FOR WHICH THERE IS DEMAND YOU HAVE A GOOD BUSINESS PROPOSITION.

Lucent specialises in the most lucrative stage of the housebuilding cycle; the delivery of land with planning consent. The Fund identifies, acquires and navigates strategic land sites through the planning process to the point at which they are granted outline planning consent. At that point these 'ready-to-build-sites' are sold on to national housebuilders. The demand from housebuilders for such sites is increasing as they respond to their need to improve their operating margins and the Government's clearly stated objective of increasing UK housing stock – an objective which can only be met if first the increasing demand for land with planning consent is met.

The improving financial health of housebuilders during 2011 is fuelling their demand for, and thereby the values of, the sites Lucent deliver. This improved financial health is very clear from the following corporate announcements:

- **Jan 17<sup>th</sup>: Taylor Wimpey** expects group operating profit in the second half of 2011 to rise by more than 80% year on year and for the firm to hit double digit operating margins in the UK in the period
- **Jan 16<sup>th</sup>: Bovis** expects to see pre-tax profit for 2011 to rise to £31million as the firm sees an increase in margin, sales and completions.
- **Jan 12<sup>th</sup>: Barratt** expects a 40% increase in operating profit for the second half of 2011.
- **Jan 11<sup>th</sup>; Galliford Try** housing completions have increased 59%
- **Jan 9<sup>th</sup>: Persimmon** expects profit before tax in 2011 to be 50% up on last year
- **Oct 18<sup>th</sup>: Bellway** sees 50% profit surge and sales up. Bellway reported a 50% increase in pre tax profits for the year ending July 31 2011
- **Sept 8<sup>th</sup>: Redrow** reported a surge in profit and revenue for the year to June.
- **Sept 5<sup>th</sup>: Berkeley Group** may achieve its target of doubling it's pre tax profit at least 2 years earlier than originally expected.

Crest Nicholson CEO, Stephen Stone, revealed in the Sunday Times (October 2011) that the first thing he looks at in a morning when he gets to his desk are "new land opportunities". He went on to say he is late home twice a week because he has a dinner to attend, "usually land related. It's a competitive market and the raw material is land".

**The case for investing in UK strategic land right now is as compelling as an investment opportunity can get.**

#### NAV PERFORMANCE vs FTSE ALL SHARES IN 2011

