

LM, the global pathway to Australian investment solutions



LM Investment Management Ltd

Australia – Fast facts



LM Investment Management Ltd

- AAA Sovereign Credit Rating (Standard & Poor's)
- 4 of the world's 8 -AA rated banks
- 4th largest Managed Funds Industry in the world (\$1.8 trillion)
- The most resilient economy in the world 2011 (OECD)
- Safest country to invest in (alongside Canada, Norway & Switzerland) (OECD)
- Best performing Stock Market in the World (average 7.5%pa last 111 years)
- A higher GDP per capita than the US, UK, Germany, France, Canada or Japan

LM, the global pathway to Australian investment solutions



AUSTRALIAN ECONOMY



LM Investment Management Ltd

- **20 years** of continued economic growth
- Australia **did not go into recession** during the Global Financial Crisis
- There were **no bank bailouts** during the Global Financial Crisis
- Australia maintained **stronger growth** through the worst of the crisis than any other advanced economy
- GDP growth has recovered to **3%** per annum
- The Australian labour market has remained buoyant, with current unemployment below **5%**
- Confidence in Australia's business environment has encouraged a **steady flow** of foreign direct investment
- Australia's financial sector remains in robust good health, underpinned by a **world class** regulatory system

LM, the global pathway to Australian investment solutions



Some Things You May Not Know About LM



LM Investment Management Ltd

- LM is an Australian Fund Manager with around AUD1billion of Assets Under Management
- LM is a privately owned Australian Financial Services Licensee and first registered with the Australian Securities & Investment Commission (ASIC) in 1998
- All funds offered and managed by LM carry only Australian assets
- LM is an income fund specialist
- We have around 110 employees
- We have 10 offices worldwide, from which we operate in more than 65 different countries
- LM has invested in excess of AUD5billion into the Australian property market since inception
- Our Head Office is on the Gold Coast in Queensland.

LM, the global pathway to Australian investment solutions



Some Things You May Not Know About LM



LM Investment Management Ltd

- LM clients worldwide are only licensed intermediaries We do not solicit investment from the public directly in any country.
- Our expertise is in Australian property and fund management.
- Deutsche Bank is our partner for our structured products, underwriting their guarantees and protections.
- Investment terms from 1 to 5 years are available in our funds.
- Our Independent Fund Custodian is The Trust Company Ltd, a 125-year-old company with more than AUD150billion on its books.
- Ernst & Young are our Fund auditors and accountants.
- PKF are our company accountants.

LM, the global pathway to Australian investment solutions





LM, the global pathway to Australian investment solutions

LM Australian Income Fund - Currency Protected

Luxembourg SICAV-SIF

Conservative Income

The Mortgage Trust Sector



LM Investment Management Ltd

- Established in Australia in the 1960's.
- A sector with a track record for stability.
- Initially used as a 'defensive' asset allocation.
- Since the 1990's, used as a 'mainstream' asset allocation.
- AUD35 billion dollar sector
- Typically forms 15-20% of an investor's portfolio
- Mortgage trusts should not be confused with property trusts. Mortgage trusts lend against the security of a mortgage over a property. Property trusts buy or develop property on behalf of unit holders.

LM, the global pathway to Australian investment solutions



LM Australian Income Fund



LM Investment Management Ltd

FUND FACTS

- > Fund Inception 2008
- > Fund Size – AUD \$18 million

Track record:

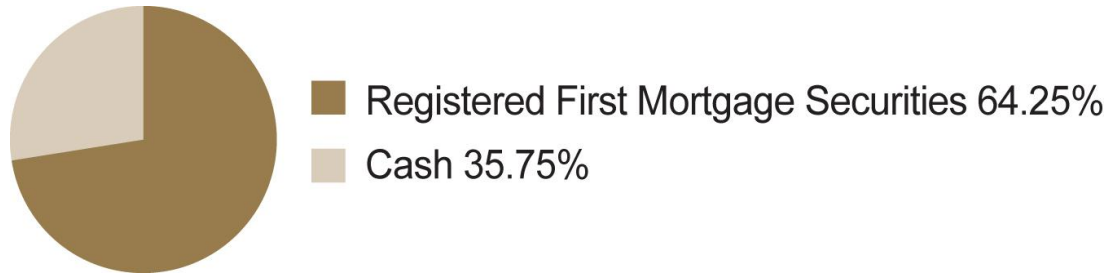
- > 100% stability of investor capital
- > 100% delivery of forecast investor income

LM, the global pathway to Australian investment solutions





Fund Assets



- > Cash
- > Registered first mortgages secured across Australian property (commercial, residential, retail & industrial)
 - > Loan to Value Ratio always less than 75%
 - > Loan to Value Ratio currently under 60%



LM Australian Income Fund – Currency Protected



LM Investment Management Ltd

Investment objective

- > Provide Investors with exposure to the Australian Property market
- > First Mortgage Lending up to a maximum LVR of 75%
- > Deliver stable returns 2-3% above cash rates

LM, the global pathway to Australian investment solutions



LM Australian Income Fund – Currency Protected



LM Investment Management Ltd

	1 Year Investment Term	2 Year Investment Term	3 Year Investment Term	4 Year Investment Term	5 Year Investment Term
GBP	5.00%pa	5.25%pa	5.50%pa	5.75%pa	6.00%pa
EUR	5.00%pa	5.25%pa	5.50%pa	5.75%pa	6.00%pa
USD	3.25%pa	3.50%pa	3.75%pa	4.00%pa	4.25%pa

LM, the global pathway to Australian investment solutions





Historical Performance Since Inception

	2008	2009	2010	2010	Average Net Return
GBP	6.30%pa	4.59%pa	5.12%pa	5.25%pa	5.31%pa
EUR	5.72%pa	4.41%pa	4.69%pa	4.74%pa	4.89%pa
USD	4.05%pa	3.31%pa	3.50%pa	3.50%pa	3.59%pa



LM, the global pathway to Australian investment solutions

LM Australian Income Fund – Currency Protected



LM Investment Management Ltd

KEY FACTS

- > 100% allocation
- > No entry or exit fees
- > Daily investment dealing and valuation
- > Fixed term investment for 1-5 years – automatic rollover
- > Redemption notice – 10 days prior to maturity date
- > Income paid monthly, quarterly, biannually, annually or reinvested

LM, the global pathway to Australian investment solutions



Australian Property SIZE, DIVERSITY & PERFORMANCE

- Has one of the world's best performing property markets, with strong demand continuing to drive prices in all sectors
- With a naturally growing population and strong, qualified immigration, **200,000** new homes per year are required to satisfy demand
- This shortage is expected to continue over the next few years, as only around **150,000** homes a year are being completed, fuelling demand
- **Low unemployment** and **affordable loan rates** continue to create a buoyant property market
- As a percentage of household income, affordability is at the **same level as 2003**

LM, the global pathway to Australian investment solutions



Australian Property SIZE, DIVERSITY & PERFORMANCE

- The government's **first time home owners grant** encourages Australians to buy their own homes, fuelling demand.
- Different property asset classes perform independently of each other and of the same asset class in another state of Australia, creating great diversity for investment.
- A strict and controlled migration program adds some significance to the supply and demand of Australia's property sectors.
- Australian Bank and Non Bank lenders offer "full recourse" loans.
- LM loan to value ratios in the Australian Income Fund is generally 60-65% (Australian Banks are generally around 80-85% LVR).

LM, the global pathway to Australian investment solutions



