

THE LUCENT STRATEGIC LAND FUND

A Dedicated Fund of the KMG SICAV SIF
Advised by Lucent Advisors Limited

Prospectus Extract



INVESTMENT OBJECTIVE

The investment objective of the Lucent Strategic Land Fund is to achieve medium to long-term capital growth through investment in strategic land assets located within the United Kingdom. Accordingly, prospective investors should only consider an investment into the Lucent Strategic Land Fund if their investment horizon is medium to long-term.

INVESTMENT POLICY

The Lucent Strategic Land Fund will seek to achieve the stated Investment Objective by targeting an average return in excess of 12% per annum. The aim is to achieve this through investment in land assets which are of strategic significance and importance as identified by the Advisor in its recommendation for investment to the Global Investment Manager. The Global Investment Manager reviews and approves the Advisor's investment recommendation and further provides recommendation to the Board of Directors of the Fund. The Board of Directors of the Fund finally approves the investment and divestment decision and generally controls the investment decision process.

Whilst the Lucent Strategic Land Fund has the potential to invest in assets located throughout the UK, it is intended that the primary focus for the Lucent Strategic Land Fund will be in high growth areas where demand for new housing stock is most acute.

As the Advisor's speciality is in the delivery of land for residential development, it is intended that the vast majority of investment will be in assets whose primary use will be the creation of new homes, or mixed use sites, where the creation of new residential housing stock is at the heart of the development. This will not preclude the Lucent Strategic Land Fund from acquiring a commercial site where a change of use to residential development can be sought to increase the value of the asset.

To ensure planning risk is mitigated, land assets will only be considered for acquisition if they have been identified for residential development within the emerging Local Development Framework (LDF) or Local Plan (LP) and where there is an identifiable need for increased housing supply as determined by a relevant Urban Capacity Study.

Having secured an asset, the Advisor will progress the site through the planning process to ensure that maximum value can be achieved through the sale of the land to a national house builder following the award of the appropriate planning consent. The Lucent Strategic Land Fund will not take on any development risk. It is expected that the vast majority of assets will be sold once outline planning permission has been secured, however the Advisor will consider a phased sale of land which matches the development timetable if it will achieve a higher return. Approximately 20% of the Fund's assets will have an expected maturity period between 12 and 18 months.

The Lucent Strategic Land Fund will, subject to relevant tax and legal advice, establish operating subsidiaries to hold the assets (the "Subsidiary Companies").

Strategic land assets will be held in separate Subsidiary Companies. These will be incorporated in Luxembourg as private investment companies with limited liability and will be beneficially owned by the Dedicated Fund. Such Subsidiary Companies shall be organized under such terms that the investments remain under the control of the Dedicated Fund, particularly with respect to the exit opportunities and to the custodian, central administration and auditor requirements in Luxembourg. The audit of the accounts of the Dedicated Fund and of Subsidiary Companies which are fully funded by the Dedicated Fund by way of equity are and will be carried out under the responsibility of the same auditor of the Dedicated Fund, to the extent possible. The accounts of these entities are, in principle, drawn up as of the same date. For the purposes of the presentation of the accounts of the Dedicated Fund any Subsidiary Companies will be regarded as transparent and the accounts will contain a list of all investments held through such Subsidiaries.

The Board of each Subsidiary Company will be comprised of Directors from the Global Investment Manager, the Advisor or a combination of these parties.

Lucent Advisors Limited (the ‘Advisor’)

The Advisor to the Lucent Strategic Land Fund is Lucent Advisors Limited, a private limited company incorporated in the Isle of Man with number 124307C with unlimited duration under the Companies Acts 1931 to 2004 of the Isle of Man. Its registered office and principal place of business is at 10 Peel Road, Douglas, Isle of Man IM1 4LR.

Pursuant to the terms of the Advisory Agreement (the “Agreement”) dated 3rd June 2010 between the Global Investment Manager and the Advisor, the Advisor will, subject to the final approval, control and supervision of, and review by, the Board of Directors of the Fund, identify possible sites for acquisition.

The Board of Directors are:

Charles Flynn

Mr. Flynn founded Lucent Group utilising a depth of experience in real estate and finance with a focus on residential land development. Prior to the creation of Lucent, Mr. Flynn co-founded Land Planning Group, a pre-eminent site-assembly specialist in the United Kingdom. As Managing Director and then Head of Business Strategy, Mr. Flynn has overseen the acquisition, planning development and forward sale of significant strategic land holdings throughout the UK. Charles has been instrumental in providing a specialist platform for blue chip pension and insurance institutions to invest into the strategic land market in the UK. Prior to co-founding Land Planning Group, he was a consultant in London arranging residential and commercial development finance for private clients. He graduated from the University of California, Santa Barbara with a BA in History in 1997 and is resident in the Isle of Man.

Marco Pasquale

Mr. Pasquale has more than 25 years experience in international commercial real estate and development. In his most recent role as CEO of the Grand Hotel Group in the UK, Marco successfully completed a number of large hotel developments, introducing all operational aspects as well as coordinating the sale of redundant sites which were to be redeveloped for housing. Previous positions held by Mr Pasquale include Executive Vice President of Turin Hotels International, as well as Executive positions with BAA PLC - Hotels Division, Hilton Hotels, Marriott, and Scott’s Hospitality of Canada. He remains on the Board of Directors of Channel Hotels & Properties (CHAPS) and Turin International Hotels. Marco provides a valuable contribution to the overall business strategy of Lucent Group with particular focus on commercial development, risk analysis, finance and tax. He holds a dual degree from Trento University, Italy in Commerce & Economics and International Hotel Management.

Ernest Battey

Mr. Battey is the Executive Chairman of Morgan Sindall Investments Limited overseeing project development and funding to the public sector in the UK to implement sustainable change in health and social care services, education, emergency services, affordable housing, transport infrastructure and broader urban regeneration. Prior to joining Morgan Sindall, Mr. Battey served as an advisor to the UK Government focusing on the use of PFI and PPP arrangements within government departments. Mr. Battey has previously held senior Executive Directorships with major banking institutions heading up International Trade, Corporate and Project Financing divisions. He has also been involved in significant mergers and acquisitions having led the acquisition of Alliance and Leicester on behalf of Santander. Mr. Battey is a member of the Chartered Institute of Bankers and holds a BSc in Economics and Politics from the University of Bath and an MBA from Harvard Business School.

Rosamond Flynn

Rosamond Flynn brings with her a breadth of experience in working with institutional and private companies active within the site assembly arena in the UK and has worked with investment clients and development specialists globally. As co-founder of Land Planning Group, Mrs. Flynn was pivotal in ensuring that client and industry relations were aligned with internal processes to enable exceptional growth of the business. Now, as a Director of Lucent Group, she brings the full weight of her experience in site assembly, land acquisitions, sales and negotiations to oversee the Lucent Advisors land team tasked with site finding and oversight of the site assembly process. She is resident in the Isle of Man.

Michael Flynn

Michael is the founder and director of m3project, an international landscape and urban design practice based in New York. His expertise is reflected in a diverse range of projects, from the re-design of entire city sectors to the delivery of large scale residential and mixed-use urban extensions. Project focus is on maximising financial viability through the use of ecologically driven infrastructure and urban landscapes. He holds a BLA with honours from California Polytechnic State University (1999) and an MLA with distinction from Harvard University (2004), where he was awarded the Charles Elliot Travelling Fellowship Alternate ('04 & '06). His work has been published extensively in leading academic and professional journals and has been exhibited internationally, including at the Venice Biennale; the Museum of Modern Art, New York; the Rotterdam Biennale; and the Zollverein Entry Exhibition, Essen Germany.

VALUATIONS

The Board of Directors of the Fund has established a panel of independent valuers that will provide independent valuation services in respect of the strategic land assets acquired by the Subsidiary Companies on behalf of the Lucent Strategic Land Fund.

This panel is currently made up of BNP Real Estate, Knight Frank and Savills, all of whom are suitably qualified and are leading names in their market place. The Lucent Strategic Land Fund may appoint additional suitably qualified independent valuers to this panel.

An independent valuer will be contracted by the Lucent Strategic Land Fund to provide monthly valuations of the strategic land assets held by the Subsidiary Companies on the basis of "market value" and "investment value". These contracts will be for the "anticipated time frame" or until the sale of the strategic land assets has been completed. The contracts will be subject to standard termination clauses and independent valuers contracted to a Subsidiary Company may be replaced with alternative independent valuers should the Fund Directors, consider this appropriate. The Fund Directors may also request other independent valuers from the panel to conduct verification of the valuation of the strategic land assets at any time.

The independent valuers are to provide assistance to the Lucent Strategic Land Fund and the Administrator in the calculation of the Net Asset Value of the Subsidiary Companies. The independent valuers will also be contracted to verify the value to be assigned to purchases or sales of assets as recommended by the Advisor and accepted by the Board of Directors of the Fund in relation to that particular Subsidiary Company.

The valuation methodology used to calculate the NAV of each strategic land asset will be drawn from the Royal Institution of Chartered Surveyors ("RICS") RICS Valuation Standards 6th Edition January 2008 incorporating the RICS Rules of Conduct ("Red Book"). The Property Valuer will provide two valuation figures for each strategic land asset, both at the commencement of a project and then on a monthly basis for the purposes of determining the NAV.

The two valuation figures will be as follows:

- (i) **Market Value**
Market Value, which is defined in the Red Book as "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each accepted knowledgeably, prudently and without compulsion". It is accepted as the most common form of valuation used for property valuation.
- (ii) **Worth / Investment Value**
Valuations based on Worth, which is defined in the Red Book as "The value of property to a particular owner, investor, or class of investors for identified investment or operational objectives". Investors should note that Investment Value will be capped at 5% above Market Value.

The NAV of a Subsidiary's Project will be the higher of (i) the Market Value and (ii) the Investment Value (the "Property Valuer's Valuation").

BORROWINGS

The Lucent Strategic Land Fund may borrow for the following purpose:

- (i) To meet redemptions from Shareholders that would otherwise result in having prematurely to realise Investments held by the Lucent Strategic Land Fund, or to meet timing differences arising on the settlement of Investments held by the Lucent Strategic Land Fund.
- (ii) The Lucent Strategic Land Fund may arrange borrowing facilities which may be with one or more major banks, the cost of which will be borne by the Dedicated Fund. The Lucent Strategic Land Fund may also grant security over its assets to secure borrowings.

It is intended that the borrowings of the Lucent Strategic Land Fund will not exceed 20% of the Net Asset Value of the Dedicated Fund.

HEDGING

The performance of Lucent Strategic Land Fund may be affected unfavourably, as well as favourably, by fluctuations in currency rates. Hedging transactions may be undertaken, but only with a view to eliminating or reducing interest rate or currency risk. Long and short term hedging arrangements may be entered into on behalf of the Dedicated Fund. Derivative instruments may be used for this purpose.

It will not be the intention of the Global Investment Manager to use hedging arrangements to generate a profit for the Dedicated Fund. It is anticipated that the strategic land assets will be denominated in GBP. The objective is to, wherever and to the fullest extent possible, neutralise the impact of currency fluctuations for investors in the Dollar Share Class and Euro Share Class.

LIQUIDITY STRATEGY

The Lucent Fund is open for redemptions on a quarterly basis with a one month prior redemption period. Redemptions exceeding 5% of the Shares in issue may be postponed to the next Valuation Day. In addition:

- It is expected to hold up to 10% of the Dedicated Fund's assets in cash or cash equivalents;
- As part of the investment policy, approximately 20% of the Dedicated Fund's assets will have an expected maturity period between 12 and 18 months;
- Large plots of land can, if necessary, be broken into smaller parcels of land and sold independently to generate additional liquidity. This process can ordinarily be completed within 8-12 weeks.
- The Dedicated Fund can arrange borrowings, up to a cap of 20% of its NAV to assist liquidity;
- Finally the Board of Directors of the Fund may suspend redemption requests for a period of up to two years from the relevant Valuation Day if at a quarterly Valuation Day the net aggregate redemption requests equal 10% or more of the Fund's net assets.

Redemption requests made in respect of a particular Valuation Day will take priority over new redemption requests received in respect of any subsequent Valuation Days, i.e. no new redemptions will be processed until all redemption requests received in respect of any prior Valuation Day have been satisfied in full.

Accordingly, redemptions settlement may take place over one or more Valuation Days and therefore at different NAV's per share and prospective investors should be aware that they may be required to bear the financial risk of their investment for a longer period of time and Shareholders may be paid out at different NAV's per share.

The Directors may use a number of different arrangements to generate liquidity for outstanding redemption requests. The Board of Directors of the Fund will use all reasonable commercial efforts to satisfy redemption requests, while recognising its obligation to balance such efforts with the interests of those Shareholders who remain in the Dedicated Fund. Subject to the fact that redemption requests will be settled in the order of the Valuation Days in respect of which they are received, the Board will not provide preferential treatment to any redeeming Shareholder and in considering generating liquidity will always take into account, with due diligence and in good faith, the interests of the Lucent Strategic Land Fund and those Shareholders who have not submitted redemption requests.

Redemption settlement of Shares may be suspended for certain periods of time as described above and under provision of Section 17 of the main Offering document.

RISK MANAGEMENT

Investors should be aware that there is risk involved in investing in the Dedicated Fund.

The Board of Directors of the Fund (with the assistance and recommendations of the Global Investment Manager and the Advisor) attempt to minimise risk by:

- (i) undertaking a comprehensive due diligence process for new investment opportunities prior to investing any funds;
- (ii) undertaking a detailed risk assessment of all new investment opportunities;
- (iii) by receiving from the Global Investment Manager and Advisor a detailed financial analysis of all investment opportunities prior to investing any funds, including legal and financial due diligence;
- (iv) controlling and monitoring experienced, professional personnel;
- (v) maintaining a long term vision for the Dedicated Fund;
- (vi) reviewing the risk and compliance report prepared by the Global Investment Manager; and
- (vii) actively monitoring and managing the assets of the Dedicated Fund.
- (viii) reviewing any information provided immediately by the Global Investment Manager in relation to potential issues (in particular any breach) which may arise in relation to the investment restrictions.

GENERAL RISKS OF REAL ESTATE INVESTMENTS

Investors should be aware that there are a number of risks associated with investments of this nature. Investors must be aware of the general risks involved in the investment activities, and be aware that the Lucent Strategic Land Fund is authorised to invest in any opportunity in relation to strategic land assets within the UK which it assesses as appropriate.

The Lucent Strategic Land Fund and the Subsidiary Companies will also be relying on the expertise of the Advisor. No assurance can be given that the Lucent Strategic Land Fund will meet its investment objectives.

This section sets out a number of risks which investors should consider before investing in the Lucent Strategic Land Fund. Investors who are not prepared to accept these risks and the wide investment discretion of the Lucent Strategic Land Fund should not invest. The risks and comments set out in this section are intended as a guide only and the Directors recommend that investors seek professional financial advice.

Risks of Real Estate Investments

Investments in Real Estate are subject to various risks, including but not limited to adverse changes in regional, national or international economic conditions, adverse local market conditions, the financial conditions of buyers and sellers of strategic land, changes in interest rates, real estate tax rates and other operating expenses, environmental laws and regulations, zoning laws and other governmental rules and fiscal policies, changes in the relative popularity of site locations, risks due to dependence on cash flow, as well as acts of God, uninsurable losses and other factors which are beyond the control of Board of Directors of the Fund. The state of the international financial markets at the time the Dedicated Fund seeks to realise some or all of its assets may adversely affect the ability of the Dedicated Fund to do so.

These risks, either individually or in combination may cause a reduction in the return generated by Strategic Land assets or an increase in operating and other costs of the Real Estate asset, either or both of which may materially affect the financial position and returns of specific investments by the Dedicated Fund.

Many of these factors could also have a negative effect on the value of Real Estate and any income derived from Real Estate. The capital value of the Fund's Real Estate may be significantly diminished in the event of a sudden downward turn in Real Estate market prices.

Risk of Illiquid and inefficient Real Estate Markets

The markets on which Real Estate assets are traded are not transparent and therefore generally inefficient. As a result the price to be paid upon an acquisition of a Real Estate asset value may be higher (or lower) than the market value determined by an appraiser applying acknowledged and customary valuation techniques. Equally, the price received when selling a Real Estate asset may be lower (or higher) than the market value determined by an appraiser applying acknowledged and customary valuation techniques.

To the extent the Dedicated Fund will make new Real Estate investments, market inefficiencies may make it difficult for the Dedicated Fund to identify suitable assets to acquire.

The realisation of capital invested in a particular asset and of any capital gains will generally occur only upon the partial or complete disposition of an investment. The liquidity of all investments will depend on the success of the realisation strategy proposed for each investment. Such strategy could be adversely affected by a variety of factors. Market inefficiencies can make it difficult for the Dedicated Fund to sell Real Estate assets. To the extent that the sale of the Dedicated Fund's Real Estate assets is an important component of the Fund's strategy, there is a risk that the Dedicated Fund may be unable to realise its investment objectives because the sale or other disposition at attractive prices or at the appropriate times or in response to changing market conditions, or using another favourable exit strategy may not be possible. Losses on unsuccessful investments may be realised before gains on successful investments are realised. Prospective investors should therefore be aware that they may be required to bear the financial risk of their investment for an indefinite period of time. It cannot be ruled out that the Dedicated Fund will incur losses when making such investments.

Potential Risks

The Lucent Strategic Land Fund intends to invest substantially all of its assets through Subsidiary Companies which will then be distributed amongst the Subsidiary Companies, as set out in this Supplementary Document.

- An investment in the Lucent Strategic Land Fund is not suitable for investors who require regular income from their investments.
- It is not anticipated that the Lucent Strategic Land Fund will pay any dividends or make any other distributions to investors.

Capital Risk

The investments of the Lucent Strategic Land Fund are not capital guaranteed, and there is a risk that the value of the investment might decline. There can be no assurance that investors will receive back the amount originally invested. The Lucent Strategic Land Fund is not intended to be a complete investment program.

Liquidity Risk

The Lucent Strategic Land Fund, via the Subsidiary Companies, intends to invest predominately in strategic land sites which are generally, by their nature, regarded as illiquid assets. It is intended that redemptions of Shares may be met by employing the mechanisms described under above Liquidity Strategy of this Appendix. This may not always be possible due to the illiquid nature of investments. Redemptions may also be financed by borrowings by the Dedicated Fund, subject always to the availability of such borrowings. Any borrowings will be made in accordance with the borrowing restrictions detailed in this Appendix.

As described above, redemption requests may be suspended where there are a significant number of withdrawal requests received at the same time, which absorb the cash and cash equivalent reserves of the Lucent Strategic Land Fund and if assets of the Lucent Strategic Land Fund are not sufficiently liquid.

Borrowing Risk

If the Lucent Strategic Land Fund borrows, and there are subsequent increases in interest rates or there is a refusal of a financier to extend the term of any facility this could cause the Lucent Strategic Land Fund to default on its loan and the financier would have first right of recourse to the assets of the Lucent Strategic Land Fund.

The level and movements in the cost of any borrowings may increase the volatility of the performance of the investments of the Lucent Strategic Land Fund.

Government Policies

Investment performance may be affected by changes to government policy in relation to taxes, exchange rates, legislative changes, land tax, income tax and other government factors. These factors are generally beyond the control of the Board of Directors of the Fund. Prospective investors should consult their own professional advisors as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions to which they may be subject.

Valuation Risk

The values ascribed to strategic land assets for Share valuation purposes will be the opinion of the Property Valuer.

An appraisal or a valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the Market Value of a Real Estate asset depends to a great extent on economic and other conditions beyond the control of the Board of Directors of the Fund. Appraised or otherwise determined values do not necessarily represent the price at which a Real Estate investment would sell since market prices of Real Estate investments can only be determined by negotiations between a willing buyer and seller. If the Dedicated Fund were to liquidate a particular Real Estate investment, the realised value may be more than or less than the appraised value or other valuation of such asset. The valuation of a Real Estate asset is inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the valuations of the Real Estate belonging to the Dedicated Fund will reflect actual sale prices, even where any such sales occur shortly after a valuation date.

Uninsured Losses

The Dedicated Fund may have uninsured risks. The Board of Directors of the Fund will attempt to purchase and maintain insurance coverage for the Dedicated Fund against liability to third parties and property damage as is customary in the respective market. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Furthermore, insurance for certain risks may be so expensive as to make an investment unviable or less attractive. Insurance against certain risks, such as terrorism, earthquakes or floods, may be unavailable, available in amounts that are less than the full Market Value or replacement cost of investments or underlying assets or subject to a large deductible. In addition, there can be no assurance that particular risks which are currently insurable will continue to be insurable on an economically feasible basis.

Capital Expenditure

The returns generated from the Portfolio may be adversely affected by unforeseen necessary capital expenditure. Both the quantum and timing of expenditure will have an impact on the cash flow of the Dedicated Fund.

Changes in Applicable Law

The Dedicated Fund and the Board of Directors of the Fund must comply with various legal requirements flowing from its ownership of Real Estate assets, including requirements imposed by local laws in the jurisdictions in which the Real Estate is located. Should any of those laws change during the life of the Dedicated Fund, the legal requirements to which the Dedicated Fund and the Investors therein may be subject could differ materially from current requirements. Such changes could lead to increased cost, increased taxation, a decrease in the value of Real Estate or may require the strategy of the Dedicated Fund to be reviewed, altered or aborted.

RISKS ARISING FROM THE DEDICATED FUND

Investors must be aware of the risks attaching to the investment in an undertaking for collective investment investing in Real Estate such as the Dedicated Fund.

Newly Formed Entity

The Dedicated Fund is a newly formed fund, which has no operating history. There can be no assurance that the Board of Directors of the Fund will achieve the Dedicated Fund's investment objective. There exists a possibility that an Investor could suffer a substantial or total loss as a result of an investment in the Shares of the Dedicated Fund.

Investments Made With Local or Other Joint Venture Partners

The Dedicated Fund may enter into investments (including in some cases to form Real Estate Subsidiary Companies) along with one or more local or other joint venture partners who may assist in the location of attractive sites, help procure required government approvals and provide expertise and knowledge. While the Dedicated Fund may seek to include local or other joint venture partners who are familiar with the local regulatory environment, there can be no assurance that acceptable terms will be negotiated with such partners, can be identified or employed or that such relationships will facilitate projects or the obtaining of requisite approvals, permits or licenses.

Relationships with local or other joint venture partners may involve special risks associated with the possibility that such a partner may:

- (i) have economic or business interests or goals that are inconsistent with those of the Dedicated Fund;
- (ii) take actions contrary to the instructions or requests of the Dedicated Fund or contrary to the Dedicated Fund's policies or objectives with respect to their property investments;
- (iii) be unable or unwilling to fulfil its obligations under the terms of agreement with the Dedicated Fund; or
- (iv) experience financial difficulties.

The occurrence of such problems could have a material adverse effect on the business and prospects of the Dedicated Fund and may affect management decisions, distribution and exit strategies in a manner adverse to the Dedicated Fund's interests.

TAX AND REGULATORY RISKS

Regulation Generally	The operations of the Dedicated Fund, and the consequences of an investment in the Dedicated Fund, are substantially affected by legal requirements. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the operation of the Dedicated Fund, an investment in the Dedicated Fund or the ability of the Dedicated Fund to make cash distributions to Investors.
Taxation	An investment in the Dedicated Fund involves a number of complex tax considerations including distributions paid across national boundaries. Changes in tax legislation, or tax treaties could adversely affect the returns from the Dedicated Fund to its Investors. No assurance can be given regarding the actual level of taxation payable by the Fund. Investors should consult their own tax advisers on the tax implications for them of investing, holding and disposing of Shares of the Dedicated Fund.
Property Taxes	Real Estate owned by the Dedicated Fund is likely to be subject to land taxes when acquiring and during ownership of that asset in the country the asset is held. Such taxes may increase as tax rates change and as the assets are assessed or reassessed by taxation authorities.

CHARACTERISTICS

Advisor	Lucent Advisors Limited
Global Investment Manager	KMG Capital Markets Luxembourg S.A.
Advisor Fee payable to the Advisor	<p>Class A 1.6% per annum of the Net Asset Value of this share class calculated on a monthly basis</p> <p>Class B 0.85% per annum of the Net Asset Value of this share class calculated on a monthly basis</p> <p>There is no Advisor Fee calculated on Class I Shares.</p>
Dedicated Fund Setup Fee	A maximum fee of up to €100,000 will be charged for the setup of the Dedicated Fund. This fee will be amortised as an expense to the Lucent Strategic Land Fund over sixty (60) months. Costs for the formation of Subsidiary Companies will also be charged to the Lucent Strategic Land Fund and amortised over sixty (60) months as they are incurred.
Reference Currency	GBP
Valuation Day	Monthly, on the last Luxembourg Business day of each month.
Subscription Price / Redemption Price	<p>Investors will have their Shares allotted less any applicable subscription charge, at the Net Asset Value per Share as of the relevant Valuation Day.</p> <p>In accordance with the "Liquidity Strategy" above and the restrictions provided in this Appendix, Shares are redeemed at their Net Asset Value per Share minus any applicable redemption fees.</p>
Classes of Shares	<p>Class A GBP: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class A USD: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class A EUR: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class A2 GBP: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class B GBP: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class B USD: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class B EUR: Class offered to Well-Informed Investors and Institutional Investors.</p> <p>Class I GBP: Class offered to Well-Informed and Institutional Investors specifically accepted by the Board of Directors.</p>

Categories of Shares	<p>Class A GBP: Capitalisation of income Class A USD: Capitalisation of income Class A EUR: Capitalisation of income Class A2 GBP: Capitalisation of income Class B GBP: Capitalisation of income Class B USD: Capitalisation of income Class B EUR: Capitalisation of income Class I GBP: Capitalisation of income</p>
Initial Subscription Day	<p>Class A GBP: July 1st 2010 Class A USD: July 1st 2010 Class A EUR: July 1st 2010 Class A2 GBP: July 1st 2010 Class B GBP: July 1st 2010 Class B USD: July 1st 2010 Class B EUR: July 1st 2010 Class I GBP: July 1st 2010</p>
Initial Subscription Price	<p>Class A GBP: GBP 1,000 per Share Class A USD: USD 1,000 per Share Class A EUR: EUR 1,000 per Share Class A2 GBP: GBP 1,000 per share Class B GBP: GBP 1,000 per Share Class B USD: USD 1,000 per Share Class B EUR: EUR 1,000 per Share Class I GBP: GBP 1.00 per Share</p>
Minimum Subscription Investment	<p>Class A GBP: GBP 10,000 Class A USD: USD 15,000 Class A EUR: EUR 15,000 Class A2 GBP: GBP 10,000 Class B GBP: GBP 25,000 Class B USD: USD 40,000 Class B EUR: EUR 40,000 Class I GBP: GBP 1,000</p>
Minimum Subsequent Subscription	<p>Class A GBP: GBP 5,000 Class A USD: USD 5,000 Class A EUR: EUR 5,000 Class A2 GBP: GBP 5,000 Class B GBP: GBP 5,000 Class B USD: USD 5,000 Class B EUR: EUR 5,000 Class I GBP: GBP 1,000</p>

**Subscription,
Redemption and
Conversion between
Classes of Shares
Deadline**

For subscriptions – Applications must be received at latest at 12 p.m. Luxembourg time two Business Days prior to the monthly Valuation Day. Applications received by the Registrar and Transfer Agent after this time are considered for the immediately following Valuation Day.

For redemptions of the Class A Shares or Class B Shares (after the lock-up period) – Applications must be received at latest at 12 p.m. Luxembourg time on a Business Day one month prior to the last Business Day of each relevant calendar quarter (the “Redemption Day”). Applications received by the Registrar and Transfer Agent after this time are considered for the immediately following Redemption Day.

Class B Shares lock-up period: Redemptions Class B Shares will only be accepted after the investor has held these shares for at least one year. For investors that have multiple subscriptions the lock-up period commences from the Valuation Day when Shares were allocated.

Conversions into or from Lucent Strategic Land Fund into another Dedicated Fund are not allowed. For conversions between the launched Classes of Shares of Lucent Strategic Land Fund – Applications must be received at latest at 12 p.m. Luxembourg time on a Business Day one month prior to the last Business day of each relevant quarter (the “Conversion Day”). Applications received by the Registrar and Transfer Agent after this time are considered for the immediate following Conversion Day.

Subscription Charge

Class A, A2 and I Shares: There will be no initial charge payable on subscription. Investors will receive an initial allotment of Shares equivalent to 100% of their subscription amount.

The Class B Shares will be subject to a maximum subscription charge of 5% of the amount invested (95% allocation). Such charge will be deducted from the subscription amount received. The full amount of the subscription charge may be paid to Intermediaries involved in the offering of Shares.

Share Creation Charge

The Class A Shares will be subject to a monthly charge, equal to 0.1% per month of every subscription amount received, which will be borne by the Lucent Strategic Land Fund in the form of a Share Creation Charge and amortised back to the Lucent Strategic Land Fund on a monthly basis over a period of sixty (60) months from the date of each subscription.

The Class A2 Shares will be subject to a monthly charge, equal to 0.083% per month of every subscription amount received, which will be borne by the Lucent Strategic Land Fund in the form of a Share Creation Charge and amortised back to the Lucent Strategic Land Fund on a monthly basis over a period of sixty (60) months from the date of each subscription.

The Share Creation Charge shall apply to all initial subscriptions and any subsequent subscriptions. The full amount of the Share Creation Charge may be paid to Intermediaries involved in the offering of Shares.

Class B and I Shares are not subject to this charge.

Redemption Charge

Class A Shares

Redemptions will be subject to an early Redemption Charge of a percentage of the value of the redemption proceeds of between 6% and Nil. This is calculated starting at 6% and reducing by 1.2% per year calculated over a period of 5 years from the date of issue of Shares.

Class A2 Shares

Redemptions will be subject to an early Redemption Charge of a percentage of the value of the redemption proceeds of between 5% and Nil. This is calculated starting at 5% and reducing by 1% per year calculated over a period of 5 years from the date of issue of shares.

Such charges will be deducted from the redemption proceeds in favour of the Lucent Strategic Land Fund.

Directors have the discretion to waive or reduce the Redemption Charge where the Directors’ deem that to do so would be in the best interests of Shareholders.

Class B and I Shares are not subject to this charge.

Performance Fee

The Advisor is also entitled to receive a performance related fee (the "Performance Fee") based upon the Net Asset Value of shares in the Dedicated Fund.

The Advisor will receive a Performance Fee equal to 20% of any net profits (realised and unrealised) after a monthly hurdle rate of 0.65% is achieved. Such fee will be accrued monthly and paid half-yearly. The net profit of the Lucent Strategic Land Fund will be determined as at each Valuation Day by calculating the increase in the Net Asset Value before redemptions and before any accrual for the Performance Fee; and any distributions made during the preceding quarter shall be added back. A high water mark principle will apply. Each Net Asset Value which generates a Performance Fee is a high water mark. A subsequent Performance Fee in respect of a Share that was in issue at the date of such high water mark will be payable only if and so far as the subsequent Net Asset Value exceeds such high water mark as increased at the monthly hurdle rate.

Performance Fees may be payable in respect of Shares issued on a particular Valuation Day in circumstances where no Performance Fees are payable in respect of Shares issued on another Valuation Day if the Shares issued on that other date are below their high watermark price.

The foregoing paragraphs describe how the Performance Fee is calculated. The hurdle rate of 0.65% per month is equivalent to a compounded rate in excess of 8% per annum.

Reporting Fund Status for UK Investors

It is intended that the Lucent Strategic Land Fund will seek Reporting Fund status for the purposes of UK tax legislation.

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The Lucent Strategic Land Fund - Disclaimer

KMG SICAV – SIF have no intention to make any offer. This document shall be specifically considered as a simple communication of information on a security or an issuer without securities being offered for purchase or subscription. The issuer is exempted from the obligation to publish a prospectus within the scope of Part II of Luxembourg law on prospectuses for securities.

This communication is directed only at institutional investors, professional investors and other well-informed investors. It should not be distributed to, or relied on by, any other investors. The Fund is a Luxembourg Specialised Investment Funds scheme; it cannot be promoted to investors for whom it has not been deemed appropriate. If you do not fall into these categories do not read this document.

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Each interested investor shall be responsible for carrying out his own examination and consulting, if necessary, his own legal advisors in order to evaluate, in respect to his personal situation, the appropriateness of an investment in the KMG SICAV – SIF (“the Fund”). The investor’s attention is drawn to the fact that the tax treatment that will be applied to investment in the Fund depends on his particular circumstances and may change. Therefore it is recommended that each investor consult with his tax advisor.

More specifically, the attention of potential investors is drawn to the risks associated with this investment, which are detailed in the Offering Document and it is strongly recommended that each potential investor consult this Document. Past yields of similar investments are no indication of future returns on investments that the Fund will carry out, as past performance is no guarantee of future results. Some legal, tax, or regulatory changes may occur during the life of the Fund, and may have an unfavourable effect on the performance of the Fund. There is no guarantee that the Fund’s targeted returns will be achieved. Hence, potential investors must form their own opinion on the risks of this investment opportunity prior to taking the decision to invest in the Fund.”