



LM Investment Management Ltd

Press Release

17th March 2011

**LM launches Luxembourg domiciled SICAV-SIF providing access to
Australia's thriving property market**

Australian fund manager LM Investment Management Ltd ("LM") announces the launch of its LM Australian Income Fund – Currency Protected Lux. The fund, a Luxembourg-domiciled SICAV-SIF, offers institutional investors, qualified investors and IFAs exposure to Australia's well-performing property market. The fund offers hedged share classes in Euros, US Dollars and Sterling, as well as non-hedged AUD investments.

It is LM's first Luxembourg domiciled fund, and will further expand LM's global distribution (currently some 60 countries) throughout the UK and Europe, specifically in countries only able to invest via a SICAV-SIF structure.

The new fund benefits from LM's 13 year track record in providing Australian income solutions for global investment, and functions as a feeder into the LM Australian Income Fund – Currency Protected (Master Fund), which is underpinned by the strength, diversity and resilience of Australia's economy and property markets. The fund invests in a diversified pool of Australian registered first mortgages, including commercial, residential, industrial and retail property mortgages, vacant land and cash. LM diversifies the underlying mortgage portfolio by selecting securities spread across different property sectors and geographic locations within Australia. The target EUR return is 4.75% per annum with very low volatility.

Since inception, the Master Fund has provided consistent outperformance against the major currency cash rates, specifically, GBP by 3.00% to 4.75%, and EUR by 2.00% to 3.75%. The LM Australian Income Fund – Currency Protected Lux will mirror this outperformance against the reference currency.

The Australian property sector, the underlying asset of the fund, benefits from size and diversity, and is not correlated to property markets anywhere else in the world. LM expects Australian property to continue to perform well, benefiting from population growth, almost full employment affordable interest rates, and a strong and well diversified economy.

LM founder and CEO, Peter Drake comments: “Many European investors are looking further afield for growth and returns, and Australia is the logical choice. The Australian property market is one of the world's best performers. Australia’s residential, commercial, office property and retail property markets continue to be driven by demand with property values holding or rebounding, which presents continued, strong opportunity for the fund.

“Utilising the Luxembourg structure for our established income funds will allow European advisers and institutions greater ease of access to the quality Australian investment assets we manage. Luxembourg has a very well developed fund management industry, so all the proven legislation, legal, custodial, audit and administrative infrastructure required to operate soundly exists. It has a very similar financial landscape to that in Australia, which provides further comfort and confidence for LM and our prospective clients.”

-ENDS-

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Notes to Editors

Key features of the LM Australian Income Fund – Currency Protected Lux

Fund structure: The LM Australian Income Fund – Currency Protected Lux is a dedicated fund of the KMG SICAV-SIF and is a feeder fund for the LM Australian Income Fund – Currency Protected.

Investment Adviser: LM Investment Management Ltd

Global Investment Manager: KMG Capital Markets Luxembourg S.A.

Reference Currency: AUD

Fees: The Master Fund charges a management fee of 1.5% pa. There will be no advisory fee charged to the Feeder Fund.

Minimum investment: EUR 5,000

LM Investment Management Ltd

<http://www.lmaustralia.com/>

LM Investment Management Ltd is an independent Australian specialist fund manager, privately owned by its management. Under Australian legislation, LM operates independently as a licensed Responsible Entity under Australian Financial Services License No. 220281. LM has over 13 years' experience in the Australian market and offers international clients its Australian market knowledge and expertise to identify buoyant themes and investment solutions.

LM manages some AUD 1billion across a range of investment products including cash, capital guaranteed, conservative income, enhanced income and Australian index-based investment solutions.

LM is headquartered on the Gold Coast, Australia and has client service and distribution centres in Sydney Australia, Hong Kong, London, Dubai, Auckland, Johannesburg, Tokyo and Seattle and employs some 90 people.

LM is recognised as a professional lending institution across the business and property sectors of Australia. In selecting and managing the property related assets of its investment funds, LM utilises the significant breadth of Australian property and lending expertise provided by its in-house team. Over the past 13 years, LM has settled loans in excess of AUD5 billion. Lending and asset management are spread across a range of property sectors including residential, commercial, aged care, industrial, retail and construction opportunities throughout Australia's diverse property markets.

KMG SICAV-SIF

<http://www.kmgcavsisif.com/>

The KMG SICAV-SIF is an open architecture platform, created exclusively to enable third parties to launch their own fully supported and administered Luxembourg regulated SICAV SIF funds.

SICAV SIFs are onshore, open-ended, Luxembourg-domiciled Specialised Investment Funds. They operate within the framework of the Specialised Investment Funds law of February 2007. The structure can play host to a wide variety of asset types, including both traditional and alternative investment products. There are few restrictions on leveraging, making it ideal for

private equity, hedge funds and property funds. The rules are designed to accommodate all investment styles and objectives.

A SICAV SIF is a truly multi-purpose investment vehicle that is operationally flexible and fiscally efficient and is marketable both internationally and within EU member States to institutional investors and individuals who qualify as “well informed investors”.

KMG SICAV-SIF hosts a variety of funds for fund managers, IFAs and entrepreneurs, ranging from currency programs to property to commodity trading accounts to fund of funds.