

Odyssey
Private Equity
Fund 1

INFORMATION MEMORANDUM

JULY 2011

Important notice

Issuer

Odyssey Capital Funds Management Ltd ACN 116 172 395 holds Australian Financial Services License No.297283 (**OCFM** or the **Manager**) and is the issuer of this Information Memorandum which relates to the proposed Odyssey Private Equity Fund 1 (**Fund**). The Manager is a wholly owned subsidiary, and the funds management arm, of Odyssey Capital Pty Ltd ACN 112 217 848 (**OC**).

Nature of this document

This Information Memorandum is neither a prospectus nor a product disclosure statement regulated under the *Corporations Act 2001* (Cth) (**Act**), nor is it required to be. A copy is not required to be, and has not been, lodged with the Australian Securities and Investments Commission.

Eligible investors

This Information Memorandum has been prepared only for issue to, and use by, prospective investors who qualify as *wholesale clients* as defined in the Act (**Eligible Investor**) and is not intended to be received or read by anyone other than an Eligible Investor.

The issue of this Information Memorandum to a person does not constitute an offer of an interest in the Fund to that person. Such offer may be extended to a person by the Manager (at the Manager's absolute discretion) if the person has satisfied the Manager's investor criteria including, inter alia, that the person is an Eligible Investor.

Restrictions under foreign laws

This Information Memorandum does not constitute an offer or invitation in relation to any place in which, or to any person to whom, it would not be lawful to make such an offer. Any person, who receives this Information Memorandum in circumstances where receipt of it is unlawful, unauthorised or requires the Manager to take additional steps, including registration, must not accept it and must return it immediately to the Manager.

Confidentiality

This Information Memorandum is the property of the Manager. By receiving this Information Memorandum, the recipient agrees to keep its content confidential and agrees not to copy, supply, disseminate or disclose any information in relation to its content without the prior written consent of the Manager.

No advice

This Information Memorandum is not investment advice and does not take into account the investment objectives, financial situation or particular needs of any person who receives or reads it. This Information Memorandum is not a recommendation to invest. It is important that you consider the investment risks set out in this Information Memorandum in light of your personal circumstances (including financial and taxation aspects) and seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to invest.

Disclaimers

No person is authorised to provide information or to make a representation in connection with the Fund that is not contained in this Information Memorandum. Any information or a representation in connection with the Fund that is not contained in this Information Memorandum may not be relied upon as having been authorised by the Manager.

No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by the Manager or by any of its officers, directors, shareholders, partners, employees or advisers (as relevant) as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this Information Memorandum or any omission from this Information Memorandum or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In particular, no representation or warranty is given as to the achievement or reasonableness of any plans, future projections, prospects or financial returns and nothing in this Information Memorandum is or should be relied upon as a promise or representation as to the future. The Manager expressly disclaims all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting on any information and opinions relating to the Fund contained in this Information Memorandum or any information which is made available in connection with any further enquiries, notwithstanding any negligence, default or lack of care. In furnishing this Information Memorandum, the Manager undertakes no obligation to provide any additional information other than as specifically stated in this Information Memorandum.

Forward looking statements

This Information Memorandum contains forward looking statements which are identified by words such as “may”, “could”, “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans” and other similar words that involve risks and uncertainties. These forward looking statements are subject to various factors that could cause the results of the Fund to differ materially from those expressed or anticipated in these statements. The Manager has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Information Memorandum, except where required by law.

Investment risk warning

Investment in the Fund involves a high level of risk and is not suitable for investors who are unable to sustain the loss of all or part of the sum invested, or who require predictable levels of return or liquidity. Neither the Manager nor any other person guarantees the future performance of the Fund, the return of capital, or any particular rate of return

In Section 6 of this Information Memorandum sets out additional risks of an investment in the Fund. Potential investors should assess their own appetite for such risks independently and consult their own advisors before making a decision to invest in the Fund. Investment in the Fund should be regarded as speculative and is subject to the conflicts of interest described in this Information Memorandum.

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1. Executive summary

The Executive Summary highlights information contained elsewhere in this Information Memorandum (IM), and does not contain all the information potential investors should consider before investing in the Fund. Potential investors should read the entire IM before making the decision to invest in the Fund.

1.1 Odyssey Private Equity Fund 1

The Fund has been established to provide wholesale investors with an investment exposure to the private equity investment class.

Private equity has, over the last two decades, become an important asset class globally for superannuation and other large institutional type funds, providing diversification benefits in addition to in many cases a track-record of out-performance. Generally speaking, non-institutional investors have not been provided direct access to private equity funds, with limited opportunity only to invest through fund-of-fund structures which add considerable cost and provide little performance visibility for the investor.

The Fund has been established to provide a direct private equity investment opportunity for its wholesale investors, and through the pooling of interest with other wholesale investors, enables them exposure to larger business opportunities and greater diversification than investing alone.

Odyssey Capital Funds Management Ltd (OCFM or the **Manager**) will be the Fund's Manager and will bring considerable private equity and corporate experience to the role, with its key people committed to a high level of engagement with the Fund's Investors.

The target size of the Fund is \$50m with corner-stone investments already committed for 50% of the Fund's minimum size of \$30m.

1.2 Investment strategy

The Manager's strategy is to leverage its extensive network for investment opportunities in Australian based private companies that provide exceptional potential for earnings growth. Investee companies will typically demonstrate:

- A well balanced management team with strong leadership;
- Operate in attractive, stable markets;
- Provide the potential for at least 100% earnings growth over a 3 year time horizon; and
- A realistic opportunity for the Fund's exit through trade sale or IPO.

Utilising its in-house transaction advisory expertise, the Manager will seek to negotiate and structure the Fund's investments to provide a strong foundation for success, and then work actively with the investee company to deliver its business plan and drive the company towards the Fund's exit event.

Investments may be either through the provision of new money to the investee company or through a combination of new money and the purchase of existing equity (secondary investment).

Allowable investment categories will be:

- Growth capital;
- Management buy-outs;
- Cash-out deals; and
- Turnaround investments

There will be no minimum size criteria for investments; however the Manager will be looking to invest in companies that are capable of achieving an enterprise value on the Fund's exit of more than \$20m.

It is envisaged that the Fund, having achieved its target size of \$50m, will be invested across 6 to 8 companies.

Further detail about the Fund's investment strategy is set out in Section 2.

1.3 The Market opportunity

There are a number of macro-factors that together make the Manager believe this is an excellent time for establishing the Fund. These are:

Private equity is a cyclical business where fund returns often depend on the year of their creation. The Manager expects that good returns can be made throughout the economic cycle. It is true that the performance of large private equity funds has tended to be high where funds have invested during periods of low growth in the economy and exited during periods of high economic growth and high stock-market performance. Whilst the local economy has fared better than some overseas economies, company profits and valuations have generally fallen and we anticipate that this will provide a good buying opportunity over the Fund's investing years. We anticipate an improving economy through the Fund's investing years that will assist both in providing a healthy back-drop for development of investee companies' businesses, and at the time of exit, higher valuation metrics for those companies.

The baby-boomer effect – Australia has a large number of private companies that are managed and owned by individuals in their late 50's and 60's. Often with no interest from their off-spring to take over the "family business" there is a natural and forced exit event. As a result, there are many excellent companies that fall into this category and which the Manager believes will provide many investment opportunities for the Fund.

Limited competition for the Fund – the Australian market saw a large growth in the number of private equity funds through the late 90's and early 2000's, and many of these funds had success, going on to raise new and larger funds. The private equity market today is dominated by funds looking to invest upwards of \$25m on individual investments, with very few interested in equity investments between \$5m and \$20m. The Manager believes that there is now very little competition for deals of the size sought by the Fund.

Whilst the success of the Fund will depend very much on the execution of the Fund's investment plan, the Manager believes the macro-environment for sourcing and securing good deals is positive.

1.4 Structure and management

The Fund will be structured as a closed-ended limited partnership, to be registered as a Venture Capital Limited Partnership (VCLP).

Eligible investors will receive limited partnership interests in the limited partnership.

The Fund will be managed by OCFM which holds Australian Financial Services Licence No.297283. OCFM will be responsible for the day to day control of the Fund and will have all necessary powers with respect to the investment management of the Fund.

Investment decisions will be made by an Investment Committee comprised of:

- all three Investment Directors of the Manager;
- James Manning, a corner-stone investor in the Fund; and
- one non-executive director to be appointed.

Further detail about the Fund's structure and management is set out at Section 3.

1.5 Key features of the Fund

The key features of the Fund are set out in the table below.

Fund Manager	Odyssey Capital Funds Management Ltd
Target fund size	\$50 million
First close	\$30 million
Minimum subscription	\$2 million, subject to the discretion of the Manager. No brokerage or stamp duty is payable on the issue of limited partnership interests in the Fund.
Term of the Fund	10 years, subject to extension by consent of the Investors
Investment Period	5 years
Target investments	Privately owned Australian based companies with strong earnings growth potential. Excluded sectors are start-ups and property development.
Target portfolio size	6 – 8 investments
Management Fee	1.79% p.a. (inclusive of the net effect of GST)
Hurdle Rate	12%
Performance Fee	20% of profit after the return of capital and payment of a hurdle rate to Investors
Legal Structure	Limited partnership, to be registered as a Venture Capital Limited Partnership

1.6 How to apply

To apply to participate in the Fund, please complete the Application Form attached to this Information Memorandum at Section 8 and mail to:

Odyssey Capital Funds Management Ltd
Locked Bag 7
Australia Square
NSW Australia 1215

By completing the Application Form, you acknowledge that you have read and understood this document.

Before an application will be accepted, the Manager will first assess the eligibility of potential investors. Applicants may be required to produce evidence that they qualify as Eligible Investors.

Once the Manager has received applications for subscription equal to \$30 million, applicants will be provided with a copy of the Fund Deed and requested to:

- Sign and return the Fund Deed to the Manager; and
- Issue a cheque to the Manager (made payable to Odyssey Capital Funds Management Ltd, account Odyssey Private Equity Fund 1) in Australian dollars, for an amount equal to 5% of the total committed capital the applicant applied to invest in the Fund.

2. Investment strategy

2.1 Investment objective

The objective of the Fund is to seek capital appreciation superior to those earned on equity, or equity-related, investments of comparable risk. The targeted IRR's for individual investments will typically be in excess of 25%, with an overall total return on the life of the Fund in excess of 20% compound.

The returns to investors will be earned on a portfolio of private equity investments to be held by the Fund. Management of the total risk of the Fund portfolio will be aided by an investment policy of prudent diversification of private equity investments.

2.2 Investment strategy

The Manager's strategy is to leverage its business network to source a large number of potential investment opportunities, and then to select the best – the ones that provide exceptional potential for earnings growth. These will typically be companies that:

- Have a well balanced management team with strong leadership;
- Operate in markets that provide realistic opportunity for substantial growth;
- Are not significantly reliant on single customers, or suppliers, or operate in markets where the market structure is changing rapidly, and with no clear outcome;
- Have the potential for at least 100% growth in profitability in 3 years, and for achieving an enterprise value on the Fund's exit of between \$20m and \$100m; and
- Have a number of potential purchasers at that time, and/or will be a viable IPO prospect.

Utilising its transaction advisory experience the Manager will look to negotiate and structure investments that enhance prospects for capital gain - using structures that:

- Mitigate risk, in the event the investee company underperforms;
- Incentivise management to grow the value of the business; and
- Enable the Manager to achieve an exit that fits within the time constraints of the Fund.

The Manager will, through its board representative, participate actively in the investee company's board, seeking to provide direction to management, keep the company to its business plan and focused on the Fund's exit.

To maximise the IRR of the Fund, the Manager will be looking to have the Fund's capital of 80% invested within 3 years, and fully invested within 4, with an objective of having the Fund's investments fully exited by year 8.

2.3 Investment methodology

Individual investment time horizons are expected to be 3 to 5 years, so that the earliest realisation event could be expected in year 3, with the majority of investments achieving an exit event by year 7. Investments will typically be made with 'drag-along' rights for the Fund, such that the Manager can force an exit after an initial investment period.

To achieve an appropriate degree of diversification, the initial investment in any one investee company cannot exceed 25% of the Committed Capital of the Fund.

The Fund will typically seek to have a controlling equity stake in the investee company, to ensure significant influence over the investment. In the event that a minority equity stake is taken, the Manager will seek to ensure that adequate protection is provided within the shareholders' agreement, with the Fund having sufficient influence over key decisions made by the investee company's management and board of directors. The Manager on behalf of the Fund will usually have the right to appoint a representative to the board of each investee company.

Leverage may be used in investee businesses, with gearing in the investee company generally not exceeding 100%.

The Manager intends to target an IRR on individual investments of at least 25% per annum.

Proceeds from the disposal of an investment will not be reinvested but will be returned to Investors as soon as practicable after the disposal proceeds have been received by the Fund.

2.4 Investment criteria

The Fund's investment mandate is to invest in private or public companies (subject to VCLP rules) that provide good prospects for capital growth over a 3 to 5 year time horizon.

The Fund's investment may be achieved either through:

- A subscription of new shares (or other investment instrument) in the investee company to provide additional capital; or
- a combination of new money with a purchase of existing shares in the company (a secondary offer).

Whilst the Fund's investments will always be structured to ensure that the Fund participates in the growth in value of the investee company, where possible, the investment will be structured to provide some preferential return to the Fund, through the use of preference capital or a convertible debt structure.

Types of private equity investments that will be considered can be categorised as:

Growth capital – companies requiring additional funding to assist their business plan. This could be funding to meet growing working capital requirements, or new capital investment in the company, including business acquisitions.

Management buy-outs – investments that involve acquiring a company where its management participate in the acquisition. The Fund may also invest in 'buy-in' situations where new management is brought in to supplement an existing management team.

Cash-out deals – Essentially transactions that provide for a partial sell-down of a major shareholder's stake to release equity value to that shareholder. Cash-out transactions will be combined with the Fund injecting additional growth capital into the company, as discussed above.

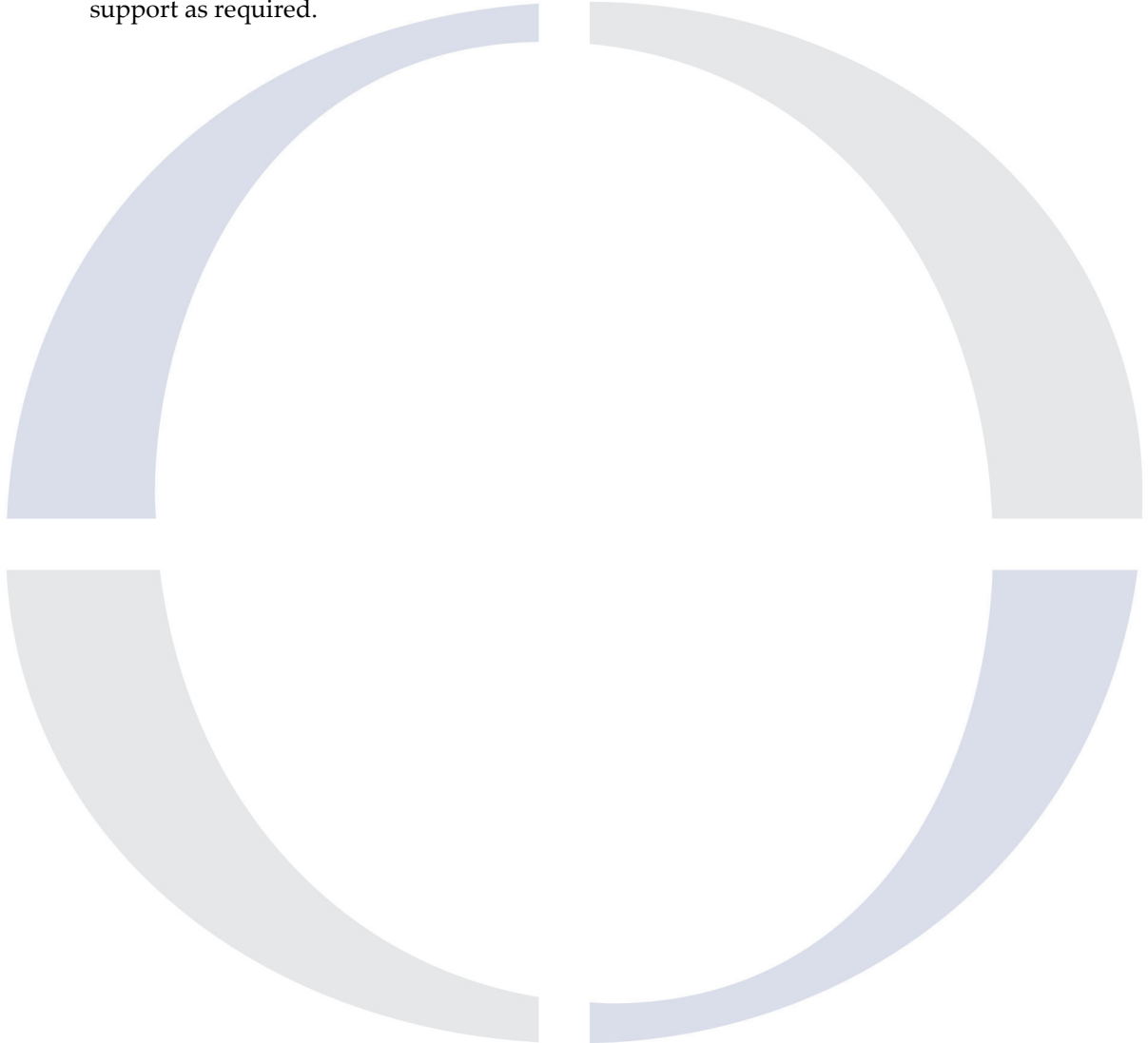
Turnaround investments – the Fund will consider turnaround opportunities where businesses have experienced a period of under-performance and where additional capital is sought to help 'fix' the Company. Typically, this is pay-down debt, where the company is over-gearred and or to fund a change in the business plan. Turnaround opportunities will only be considered where the business is stable and profitable at the EBITDA line and where there is a high level of confidence in the management's turnaround plan.

The potential for the Fund to make turnaround type investments, where the entry valuation is likely to be low, means that there is no minimum enterprise value for investee companies at the initial investment stage. Instead, the Manager will be looking to invest in companies that are capable of achieving an enterprise value on the Fund's exit of more than \$20m.

2.5 Exit strategy

The Fund's investment returns will be largely achieved through capital growth, so a key part of any new investment appraisal will be the potential for a successful realisation of value within 5 years from the date of the initial investment. With anticipated enterprise values on exit of between \$20m and \$100m, the investee companies will be expected to provide realistic trade sale or secondary sale/buy-out prospects, as well as IPO prospects for the larger companies, depending on the market environment at that time.

The Manager's team has considerable experience in the various exit alternatives and have a range of contacts at investment banks and broking firms to provide the additional advice and support as required.



3. Fund structure & management

3.1 Overview

The Fund will be structured as a limited partnership that will be registered as a Venture Capital Limited Partnership (**VCLP**) with Innovation Australia.

The VCLP program is an Australia federal government initiative designed to stimulate investment into Australia’s venture capital sector and is jointly administered by the Australian Taxation Office under the *Income Tax Assessment Act 1997 (ITAA 1997)* and Innovation Australia under the *Venture Capital Act 2002 (Cth)*.

3.2 VCLP legal structure

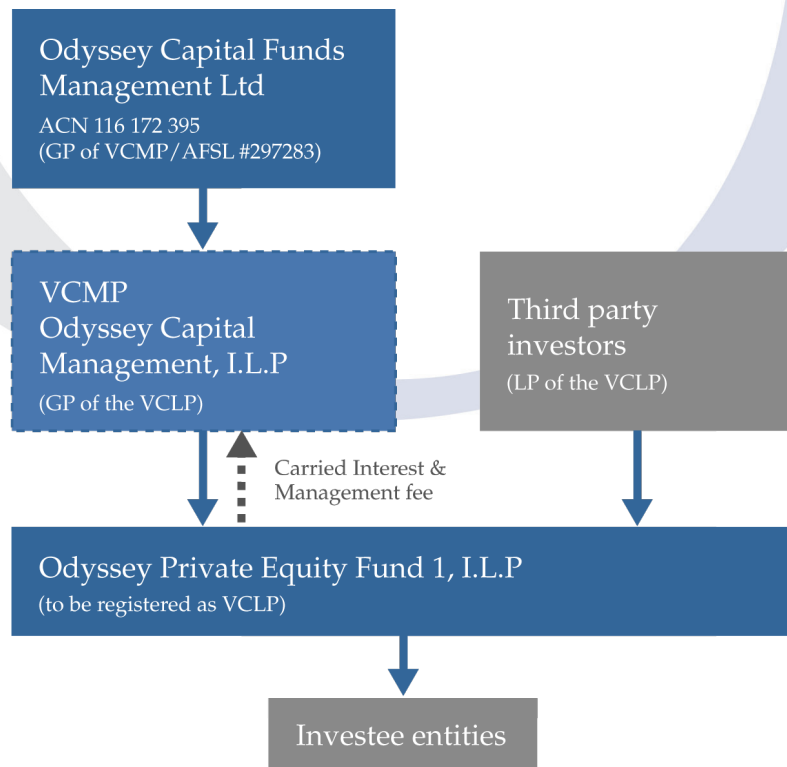
Structured as a limited partnership, the Fund will have a general partner (generally, the fund manager), a number of limited partners (generally, the investors), and be governed by a limited partnership deed (**Fund Deed**).

The liability of the limited partners in a limited partnership is limited to the value of their committed capital; however there are legislative restrictions on limited partners being involved in the management of the limited partnership. The general partner will be responsible for the management of the partnership and will have unlimited liability.

The general partner of the Fund is required to be an Australian Venture Capital Management Partnership (**VCMP**). The VCMP of the Fund will be Odyssey Private Equity Management 1, to be registered as an incorporated limited partnership.

The VCMP’s general partner (who is also the Fund Manager) is OCFM who will manage the Fund pursuant to the Fund Deed and as authorised by its Australian Financial Services License No.297283.

A diagrammatic representation of the Fund structure is as follows:



3.3 Tax implications of VCLP's

A venture capital fund registered as a VCLP will have flow-through tax treatment - that is, the VCLP will not be taxed at the partnership level.

For investors:

- On the basis that the Fund is a registered VCLP, it should be treated as a 'flow through' entity, meaning that it should not be liable to pay income tax on the income it derives from investments. Rather, the income should be able to pass directly through to its partners.
- The Australian resident limited partners of the Fund will be taxable on their share of any income derived from eligible investment of the Fund. The limited partner's share of any profits or gains arising from the disposal of eligible investments will also be taxable at their respective marginal rate of tax.
- The limited partners of the Fund may be subject to tax on gains arising from the disposal of investee companies on revenue account rather than on capital account given the recent views of the Australian Taxation Office.
- The Australian resident limited partners should be entitled to deductions for interest on funds borrowed to invest in VCLP.

3.4 VCLP registration

VCLP's must be registered with Innovation Australia and have their investment plan and partnership deed approved before they commence their investment activities.

Further details of the Fund's investment strategy have been set out in Section 2.

In order to achieve and maintain VCLP registration, the Fund must meet a number of registration requirements including:

- the Fund must be established in Australia or foreign country in respect of which a double tax agreement is in force;
- the size of the Fund must be at least \$10 million;
- under the Fund's partnership deed, the partnership must remain in existence for a period of not less than 5 and not more than 15 years; and
- investments made by the Fund must be Eligible Venture Capital Investments. Further details on what constitutes an Eligible Venture Capital Investment are set out in section 3.5.

3.5 Eligible Venture Capital Investments

A VCLP must only acquire Eligible Venture Capital Investments. The criteria for an Eligible Venture Capital Investment include:

- The investment must be in shares, options, units or convertible notes¹ in an investee;
- The investment must be held at risk;
- VCLP's must not invest in entities with total assets that exceed \$250 million;
- VCLP's may only invest in entities whose predominant activities do not include property development, land ownership, banking, providing capital to others, leasing, factoring, securitisation, insurance, construction or acquisition of infrastructure or related facilities, and making investments directed at deriving income in the nature of interest, rents, dividends, royalties or lease payments;

¹ Other than convertible notes that are debt interests.

- Generally, the investee entities must meet certain Australian nexus requirements at the time of investment, however, up to a maximum of 20% of the VCLP's committed capital may be invested directly in non-resident entities;
- If the investee is a listed company at the time an investment in it is made by a VCLP, its shares must cease to be listed within 12 months after that investment is made;
- If the investee is a company, it must have a registered auditor at the end of the financial year in which the investment occurs.

3.6 Reporting to Innovation Australia

A VCLP is required to report to Innovation Australia on its investment activities and other matters quarterly and annually.

Innovation Australia will monitor compliance through examining relevant documents including both the Fund's quarterly and annual reports. Innovation Australia may also ask for additional information it considers necessary for the purposes of administering the program. Compliance assessment is also undertaken by the Australian Taxation Office which receives copies of all reports submitted by the Fund to Innovation Australia and may undertake risk assessment activities to ensure compliance with the legislation under its administration.

4. Management

4.1 Who is Odyssey Capital?

Odyssey Capital Pty Ltd ACN 112 217 848 (OC) is based in Sydney and was established in 2004 as an investment banking business focused on providing high quality strategic M&A and capital raising advice to its clients.

The business has been successful in providing a range of services to its client base covering the spectrum of capital raising, divestments, acquisitions, mergers, private equity advisory, funds management consulting, corporate turnaround, debt advisory and restructuring.

Its principals have considerable experience in advising companies across the business life cycle from start-up and early stage companies through to large business turn-around situations. Importantly they also have significant experience in both advising on and investing as principal in the type of investments that will be made by the Fund.

OCFM is a wholly owned subsidiary of OC, and was established as its funds management arm. OCFM will act as the Manager of the Fund.

The directors of OCFM are Tim Monger, Gary Dainton and Ali Razzaghipour.

4.2 Role of the Fund Manager

The role and responsibilities of the Manager will be governed by the Fund Deed.

The Manager will have responsibility for sourcing, making, managing and realising growth of the investments of the Fund. The tasks involved in performing these activities will include:

- Identifying investment opportunities;
- Evaluating key management and other personnel within the target business;
- Performing or managing the necessary financial analysis and due diligence investigations;
- Preparing investment recommendations for the Investment Committee;
- Negotiating the purchase price of the target business, terms of the sale, and purchase agreement, and shareholders' agreement;
- Structuring and negotiating required financing arrangements;
- Providing a representative on behalf of the Fund to the board of investee companies;
- Monitoring and assisting in efforts to improve the performance of investee businesses and their management teams;
- Providing ongoing strategic and financial advice to investee businesses; and
- Developing and managing the process for the realisation of the Fund's investments.

4.3 Key people

Tim Monger, Principal and Investment Director

Qualifications: BComm, AICA, Senior Fellow - FINSIA

Tim joined KPMG in Sydney in 1977 and qualified as a Chartered Accountant in 1983. After a secondment to KPMG's New York office to focus on international accounting issues, Tim returned to Sydney where he managed a number of KPMG's large client accounts and various due diligence assignments for M&A and IPO transactions.

After a 5 year spell in stockbroking, and then the Investment Banking Division of NAB, Tim returned to KPMG as a Director in the corporate finance division focusing on M&A transactions including KPMG owned businesses, private equity and on a number of corporate restructuring projects.

Tim left KPMG in 2001 to consult to The International Wine Fund, before becoming a Director at Burdett Buckeridge Young (BBY), where he led their IPO, capital raising and M&A transactions.

Tim left BBY in 2004 to establish Odyssey Capital. Tim is a Principal of Odyssey Capital Pty Ltd, and Odyssey Capital Funds Management Ltd. He is also a member of the External Investment Committee at Independent Investment Research Pty Limited with oversight of its research ratings. Tim is on the FINSIA Financial Reporting taskforce and is also a lecturer for Kaplan Professional in Corporate Finance Management and is a contributor to Kaplan Professional Corporate Financial Management – Private Equity.

Gary Dainton, Principal and Investment Director

Qualifications: BSc (Hons) Economics, Fellow - Institute of Chartered Accountants in England and Wales, Graduate Member of Australian Institute of Company Directors.

Gary worked at KPMG Corporate Finance for 15 Years on the investment banking side of KPMG's business in Australia, the United States and London. As a partner of the firm in London and Boston, Gary advised wholesale clients on all areas of M&A, private and public capital raisings, and corporate restructuring projects.

For several years Gary worked primarily on private equity transactions providing structuring and execution advice to both private equity firms and management buy-out teams. Gary moved to Australia in 2003, and in the following year founded Odyssey Capital. Gary sits on a number of company boards, including as the Australian representative non-executive director for a subsidiary of Bouygues Group, a €10billion market capitalisation listed French Group.

Ali Razzaghipour, Principal and Investment Director

Qualifications: B.Eng (Mining), B.Ec (Banking & Finance, sub-major Corporations Law), University of Newcastle.

Ali joined the NAB graduate program in 1999, and during his 6 years at NAB worked in the commercial lending and relationship management sector of the bank, servicing clients from small business to large multinational corporations. Ali also spent time within the bank's project finance team.

In 2005, Ali joined ANZ in their Corporate Business Development team, as Business Development Manager for the Southern region of Sydney, which included the Inner West to western Sydney, and southern areas including Wollongong.

From June 2006, Ali moved to HSBC, as Senior Relationship Manager for the Corporate Banking team, and then became the NSW Business Development Manager Corporate Bank for HSBC. Ali left HSBC in November 2010 to join Odyssey Capital.

Through Ali's senior roles within the Australian banking sector, Ali brings to the team banking and finance expertise, and an extensive and diverse range of business relationships that will benefit the Fund.

4.4 Investment committee

An Investment Committee will be established by the Manager to consider and approve all material investment decisions to be made by the Fund.

The Investment Committee will comprise:

- all three Investment Directors of the Manager;
- James Manning, a corner-stone investor in the Fund; and
- one non-executive director to be appointed.

James Manning, a significant seed investor in the Fund, will be one of the two external committee members. James is a qualified accountant, sits on a number of company boards, and through his controlled investment company, Phoenix Funds Group, has invested in many Australian based growth companies. James also heads the Manning Foundation, a charitable organisation focused on poverty and emergency relief in Sydney.

4.5 Advisory committee

The Manager will also establish an Advisory Committee of the Fund.

The Advisory Committee will comprise:

- a nominated director of the Manager;
- one director of OC;
- two committee members drawn from Investors of the Fund. These positions will be offered first to the Investors that have committed the most capital.

The primary responsibility of the Advisory Committee will be to make recommendations to the Manager regarding:

- conflicts of interest/proposed investment activities that are inconsistent to a material extent with the Investment Plan/any matter requested by the GP/key personnel changes/changes to valuation or accounting methodologies proposed to be used by the GP;
- calculations of fees, performance fees and the value of investments; and
- any related party aspects to any proposed transaction.

4.6 Fees

Management fee

The Manager will be paid an annual management fee of 1.79% (inclusive of the net effect of GST) of the Fund's FUM, less any capital returned to the Investors or written off in the accounts of the partnership.

The fee is payable half-yearly in advance.

Performance fees

The Manager will not be entitled to a Performance Fee until Investors have been returned their committed capital and received payment of a 12% hurdle rate. Further details about the priority of distributions of the Fund are set out in section 5.4.

Outgoings

The Manager will have the right to recover certain out-of-pocket expenses when they are incurred, which will be reimbursed by the Fund in accordance with the Fund Deed including costs associated with the establishment of the Fund.

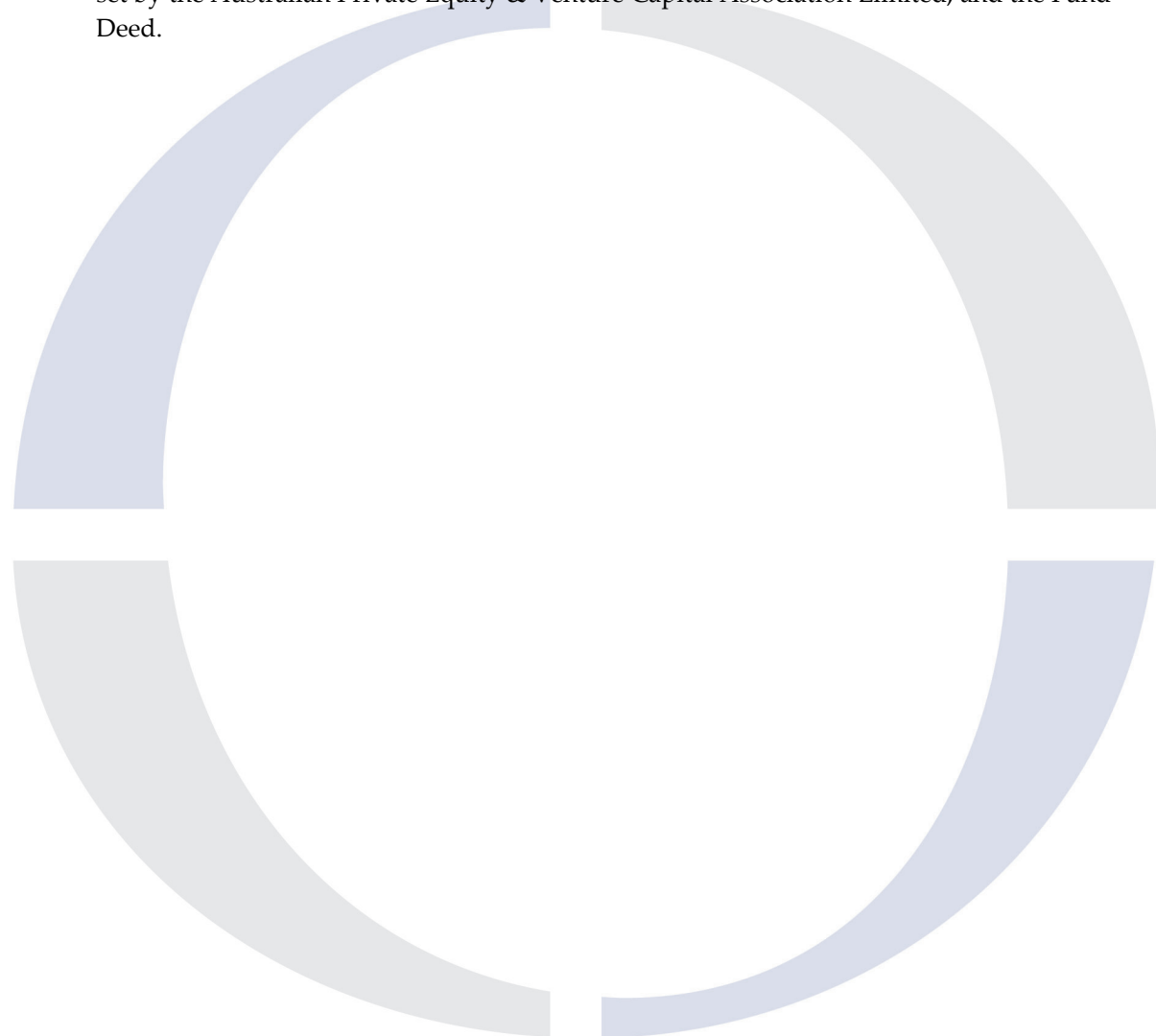
4.7 Exclusivity

Odyssey Capital Pty Ltd will not begin managing a new private equity fund having a similar investment strategy as the Fund until at least 75% of the Committed Capital has been invested; the Investment Period ends or the Fund is terminated.

4.8 Fund Manager report

The Fund Manager will report to Investors at six monthly intervals. The report will comprise of a summary of investment activity and a commentary on the performance of the Fund.

In its reporting, the Manager will value investments made in accordance with the guidelines set by the Australian Private Equity & Venture Capital Association Limited, and the Fund Deed.



5. Key terms of the Fund

5.1 Overview

The Fund, as a limited partnership, will be governed by a partnership deed (referred to in this Information Memorandum as the **Fund Deed**).

The Fund Deed binds the Manager and the Investors unitholder of the Fund. It sets out conditions under which the Fund operates and outlines the rights & responsibilities of the parties to it.

The following sections highlight the key terms of the Fund.

5.2 Fund size and closing

The Manager is seeking a Fund size of \$50 million. The Manager reserves the right in its absolute discretion to close the Fund below \$50 million, but not less than \$30 million.

The Minimum Investment by investors is \$2 million (although the Manager reserves the right to accept lesser amounts). The investment amount committed by the Investor is its Committed Capital.

Once the total of Committed Capital reaches \$30m, the Manager will be able to declare a First Closing, which means that the Fund has reached its minimum size and will proceed.

New Investors may be admitted to the Fund after the First Closing, but not after the Manager has declared a Final Closing. Investors admitted after the First Closing may be required to contribute a capital premium which is equivalent to the time cost of money between the First Close and the date of their admission. The capital premium amount will be 5%.

5.3 Capital calls

Investors are required to pay 5% of the total committed capital the Investor applied to invest in the Fund within 7 days of the First Closing as notified by the Manager, or upon application to the Fund if the application is made between the First and Final Closing.

The Manager expects to call the balance of the Committed Capital in one or more tranches, before the 5th anniversary of the Final Closing.

The Manager may make capital calls at its sole discretion whenever funding is required for the purposes of investment, or to pay fees and expenses. Capital calls must be met within 20 business days of receipt of written notice from the Manager.

Any Investors that fail to meet the funding calls by the Manager on the remainder of their Committed Capital will be subject to the consequences to be detailed in the Fund Deed which may include, amongst other things, the sale of their limited partnership interest and the forfeit of future benefits and rights. This is an essential requirement to protect the integrity of the Fund and interests of other Investors.

5.4 Distribution of income

The income of the Fund in respect of each year ending 30 June will be fully distributed by 31st October of that year in accordance with the Fund Deed.

The proceeds of investment realisations, after deductions for fees and expenses, will be distributed in the following order of priority:

- First, to each limited partner, until each limited partner has been repaid the capital it has contributed.

- Second, to each limited partner until it has received a base rate of return on its committed capital of 12% p.a. compound.
- Finally, any remaining profit will be distributed between general partner and the limited partners in the proportion 20% to 80%.

5.5 Co-investment

Subject to the considerations of the Advisory Committee, Odyssey Capital may provide co-investment opportunities for related parties and third parties.

5.6 Term of Fund

The Fund will terminate on the tenth anniversary of the Final Closing unless Investors by Special Resolution resolve to extend the term following a request from the Manager.

5.7 Redemption

Investors will have no right of redemption and may not transfer their investment to another person except to related parties and with the consent of the Manager. This means that once your application is accepted by the Manager, you will be unable to redeem your limited partnership interest during the term of the Fund. As a result, you should not invest in the Fund if a long term and illiquid investment is not suitable for your specific circumstances. An illiquid investment means that the investment cannot easily or quickly be converted to cash.

5.8 Fund auditor

The Manager has appointed PwC as auditor to the Fund, and the Fund will be audited annually.

5.9 Complaints

The Manager takes complaints seriously, and is a member of the Financial Ombudsman Service (FOS). In the event that an Investor is dissatisfied with the Manager, in the first instance the Investor should contact the Compliance Officer on (02) 8296 1100, and outline the nature of the complaint. Alternatively, complaints can be mailed to:

Odyssey Capital Funds Management Ltd
Compliance Officer
Locked Bag 7
Australia Square
Sydney NSW 1215

Investors have the right to contact FOS directly in relation to a complaint. FOS can be contacted at:

Financial Ombudsmen Service Limited
GPO Box 3
Melbourne Victoria 3001

5.10 Privacy

The Manager values unitholder's privacy and is committed to protecting your personal information. The Manager will only collect information that is required for performing functions in respect to the operation of the Fund.

By making an investment in the Fund you agree to the collection, use and disclosure of your personal information, in a manner consistent with current Australian laws. Under no circumstances will your individual personal information be disclosed to any other third party.

5.11 Interest of Directors

As at the date of this Information Memorandum, Tim Monger, Gary Dainton and Ali Razzaghipour, the directors of Odyssey Capital Pty Ltd have a 100% beneficial interest in both, Odyssey Capital Pty Ltd and Odyssey Capital Funds Management Ltd.

5.12 Anti-money laundering

The Manager is bound by laws about the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF laws). By completing the Application Form, you agree that:

- You do not subscribe to the Fund under an assumed name;
- Any money used by you to invest in the Units in the Fund is not derived from or related to any criminal activities;
- Any proceeds of your investment will not be used in relation to any criminal activities;
- If we ask, you will be able to provide us with additional information we reasonably require for the purpose of AML/CTF laws (including information about an Investor, any beneficial interest in the Units, or the source of funds used to invest);
- We may obtain information about you or any beneficial owner of a unit from third parties if we believe this is necessary to comply with AML/CTF laws; and
- In order to comply with AML/CTF laws we may be required to take action, including the delay or refusing the processing of any application, or disclosing information that we hold about you or any beneficial owner of the Units, to the relevant regulators of AML/CTF laws.

5.13 Compulsory withdrawal

The Manager may in its absolute discretion and at any time, upon notice to an investor, compulsorily withdraw all or a portion of the Units held by that investor in its absolute discretion including where the Manager believes the;

- Units are held in breach of prohibitions contained in the Trust Deed;
- Units are held in circumstances which might result in a violation of an applicable law or regulation (including by the Fund or Manager), or subject the Fund or Manager to taxation or otherwise adversely affect them in any material respect;
- Investor made a misrepresentation in acquiring its Units; or
- Continued participation of the Investor might cause the Fund or Manager or any Investor to violate any law, or if any litigation is commenced or threatened against the Fund or Manager or any investor arising out of the participation by the investor in the Fund.

The Fund may charge an investor any legal, accounting, administrative or other amounts associated with a compulsory withdrawal.

6. Risk factors

The Fund is being established to offer Investors an opportunity for above average equity returns. The Manager intends to use experience and good practice procedures to minimise the risk associated with private equity investments, however, potential Investors should assess their appetite for such risks independently.

Before making a decision to invest, investors should consider the appropriateness of an investment in the Fund, having regard to their relevant personal circumstances, as the Manager has not taken into account the investment objectives, financial situation or particular needs of any particular investor.

These risks include, but are not limited to the following:

- The success of the Fund may be affected by many factors including changes in general economic and market conditions involving interest rates, availability of credit, inflation rates, currency movements and economic uncertainty;
- The success of the Fund will depend on the availability of investment opportunities and the ability of the Manager to identify, purchase, improve and exit those investments. No assurance is provided that the Fund will fully invest its Committed Capital;
- It is expected that individual investments by the Fund will not generally be sold until a number of years after the investment has been made, by which time the environment for liquidating the investment may have changed materially, with the corresponding risk of a lower return than expected;
- Investors should be aware that the Fund is close ended with no rights of redemption. Capital returns will be made as individual investments are exited by the Fund, but the timing of these returns is uncertain;
- The Fund does not have an investment track record as it is a first time fund. The performance of the Fund will depend on the success of the investments it makes;
- Many unlisted private equity entities have small management teams and are highly dependent on the skill and commitment of a small number of individuals. Whilst these key individuals will generally be incentivised to remain and perform throughout the time they are with the company, their leaving the Company may adversely affect the performance of the Fund's investment;
- The Fund may be competing for investments with other parties. It is possible that competition for appropriate investment opportunities may increase, which may reduce the number of opportunities available and/or adversely affect the terms upon which such investments can be made;
- The Fund may participate in a limited number of investments, as such the Fund's returns may be adversely affected by the poor performance of a relatively small number of individual investments;
- Changes in legislation and Government policy, including, but not limited to taxation changes, accounting and the environment, may impact upon the operations, earnings and performance of the Fund, and or on the returns achieved for the Investors;
- No assurance can be given that any target returns of the Fund will be achieved;
- Investors should have the financial ability, appetite, and willingness to accept the risks and lack of liquidity associated with an investment in the Fund;

- Investors will not receive any financial information issued by prospective investment companies which will be available to the Manager prior to the Fund making an investment, and will have no veto rights on investments made by the Fund; and
- Investments made by the Fund may be made through intervening holding companies or other vehicles for regulatory or similar reasons. No assurance is given that any particular structure will be suitable for all Investors, and, in certain circumstances, such structures may lead to additional costs or reporting obligations for particular investors.



7. Glossary

"\$"	Australian dollars
Act	Corporations Act 2001 (Cth) (Act)
Committed Capital	The amount Investors have agreed to contribute to the Fund.
Distributions	Proceeds from the disposal of investments which are received by the Fund, and will be distributed when received net of any Performance Fee, and any other outstanding Fees and Costs, including any working capital requirements of the Fund as determined by the Manager.
Drawdown	The Manager will drawdown Committed Capital in two or more tranches. The Manager may make calls at their discretion whenever funding is required for the purposes of investment or to pay fees and expenses with not less than 20 days prior written notice.
Debt financing	The Manager intends to employ leverage in the acquisition of investments to improve the return on equity, however it is envisaged that this will be done prudently taking account of the investee company's business and operating cashflows. The expected maximum leverage at the investment level will not exceed 1.0 times the equity portion of each individual investment. It is not expected that leverage will be used at the Fund level other than for short-term purposes, and will not exceed 50% of the aggregated capital contributions.
Diversification	The Fund will not invest more than 25% of the aggregate Committed Capital in a single investment.
EBITDA	A company's earnings before interest, taxes, depreciation and amortisation.
Eligible Investor	A person who qualifies as a <i>wholesale investor</i> as defined in the <i>Corporations Act 2001 (Cth)</i> .
EV	Enterprise Value is a measurement of a company's value and is calculated as the value of the company's equity plus its net indebtedness.
Excess Return	The total return on funds invested above 12% per annum compound.
Exit	The event that provides the Fund with a return of its capital and any gain on its investment. This is usually a Trade Sale, IPO, or sale to another private equity fund.
Final Closing	The date declared by the Manager when no further applications to the Fund will be accepted.
First Closing	The date declared by the Manager once the minimum fund size has been achieved though Investors' Committed Capital and notice has been provided that the Fund will proceed.
FUM	Funds under management.
Fund	Odyssey Private Equity Fund 1, to be registered as a VCLP.

Fund Deed	The limited partnership deed which governs the rights and responsibilities of the Manager and the Investors in respect of the Fund.
Fund Manager (or OCFM)	Odyssey Capital Funds Management Ltd.
Fund size	The Manager is seeking to raise \$50 million of Committed Capital. The Manager reserves the right in its absolute discretion to close the Fund below \$50 million, but not less than \$30 million.
GST	Means goods and services tax.
Illiquid Investment	Means an investment that may not be convertible into cash easily, quickly and with little or no loss of capital in the process. A liquid market is a market with enough participants to make buying and selling easy, whereas an illiquid market is the opposite of this. The Fund is an illiquid investment.
IM	This Information Memorandum.
International Private Equity and Venture Capital Guidelines	Means the guidelines adopted by the Australian Private Equity & Venture Capital Association Limited as at the date of this IM.
Investment Directors	Gary Dainton, Tim Monger, Ali Razzaghipour.
Investment Period	5 years from the date of the Final Closing unless terminated earlier.
Investors	Limited partners of the Fund.
IPO	Initial Public Offer is a sale of a company's shares through a listing on a stock exchange.
IRR	Internal Rate of Return refers to the discount rate that delivers a net present value from all cash flows of an investment equal to zero. This measures the annual rate of return to Investors taking into account the time at which they pay money to the Fund and receive distributions from the Fund.
Key risk factors	Investors should carefully consider all risks associated with private equity transactions before investing in the Fund. Certain risks are set out in Section 6.
Management fee	The management fee is to be calculated as 1.79% of the Fund's Committed Capital, less returned capital, per annum. (inclusive of the net effect of GST) This fee is payable to the Manager half yearly in advance, over the life of the Fund.
MBI	Management Buy-in is an investment by the Fund which involves the acquisition of a Company where a new management team is brought in to manage the company and participates in the equity of the investee company.
MBO	Management Buyout is an investment by the Fund which involves the acquisition of a Company or business, where the existing management team participates in the equity of the investee company.
Minimum Commitment	\$2 million (although the Manager reserves the right to accept lesser amounts).
OC	Odyssey Capital Pty Ltd ACN 112 217 848.

OCFM (or the Manager)	Odyssey Capital Funds Management Ltd ACN 116 172 395.
Performance Fee	<p>The Manager is entitled to a Performance Fee equivalent to 20% of the Excess Return achieved by the Fund over the benchmark annualised compound return for the Fund of 12% (inclusive of the net effect of GST).</p> <p>Performance Fees will only be paid out once the Investors' capital and the benchmark return for the duration of the Fund have been returned to the Investors - with 20% of all returns of the Fund from thereon being paid to the Manager as received by the Fund.</p>
Special Resolution	A resolution requiring the support of Investors in the Fund who together hold not less than 75% of the Committed Capital.
Target return	The Manager intends to target a gross internal rate of return for the Fund of 20% per annum.
Term	The Fund will terminate on the tenth anniversary of the Final Closing unless Investors by Special Resolution resolve to extend the term following a request from the Manager.
Trade Sale	A sale of a company's equity to another company, typically operating in the same sector of business as the company.
Wholesale Investor	Has the meaning ascribed to the term <i>Wholesale Client</i> in Chapter 7 of the <i>Corporations Act 2001</i> (Cth).

8. Application form

TO: Odyssey Capital Funds Management Ltd ACN 116 172 395, Australian Financial Services Licensee No.297283.

This Application Form is distributed together with the Information Memorandum dated July 2011 (**Information Memorandum**) for the Odyssey Private Equity Fund 1 (**Fund**). This Application Form is personal to the recipient of the Information Memorandum and must not be passed on to third parties.

Unless the context expressly requires a meaning to the contrary, all capitalised words or terms in this Application Form have the meaning given in the Information Memorandum. For items A to J, refer to attached guide. Please use BLOCK LETTERS.

A. Complete Full Name Details

Individual, Trustee Name (state also name of trust) or Company Name (including Australian Business Number ("ABN"), if applicable or Australian Company Number ("ACN"))

(the "Applicant")

B. Enter Tax File Number ("TFN") or Exemption Code

I / We authorise Odyssey Capital Funds Management Ltd to apply this TFN or exemption to all my / our investments in the Fund.

C. Investment

Total Capital Commitment

A\$

Minimum of \$2,000,000

D. Address

Complete Address

Level, Number and Street:

Suburb, City or Town:

State:

Postcode:

E. Contact

Contact Name:

Direct: ()

Mobile:

Email:

F. Privacy Acknowledgement

By completing the Application Form attached you agree to us collecting, holding and using information about you to process your application, and to administer and manage our obligations to you. You need not give us any personal information requested in the Application Form or in any other document or communication relating to the Fund. However, without this information, we may not be able to process your application or properly carry out our obligations to you under the Fund Deed.

We may disclose your personal information if:

- (a) acting in good faith, we believe that the law requires or permits us to do so; or
- (b) if you consent.

We may use your personal information to offer other investment opportunities that may be of interest to you unless you request us not to.

Under the Privacy Act 1988 (Cth), you may request access to your personal information that we hold. You can contact us to make such a request or for any other reason relating to the privacy of your personal information by telephoning us at (02) 82961100 or writing to us at Locked Bag 7, Australia Square NSW Australia 1215..

Please tick the box to acknowledge that you have read and understood the privacy statement above and agree to the information about you being collected, used and disclosed in accordance with the privacy statement.

G. Distributions

Please credit all distributions on the holdings as registered in the above name(s) to the following financial institution account. This instruction is only applicable to banks, building societies and credit unions within Australia. If no account details are provided, amounts will be sent by cheque to the above address.

Account Details	
Name of Financial Institution:	
Branch (full address):	
BSB Number:	
Account Number:	
Name(s) in which the Account is held:	
The account may only be in the name(s) of the investor(s).	
Type of Account:	

H. Declaration

The / Each Applicant acknowledges that investments in the Fund pursuant to the Information Memorandum are not deposits with or other liabilities of the Fund and are subject to investment risk including, but not limited to those set out in the Information Memorandum.

I. Execution

For execution by an individual:

SIGNED by the Applicant in the presence of:

Signature of Witness

Signature of Applicant

Name of Witness

Name of Applicant

For execution by a corporate entity:

SIGNED by the Applicant by two directors or a director and a secretary in accordance with section 127 of the Corporations Act:

Signature of Director

Signature of Director/Secretary*

Print name

Print name

** Delete whichever does not apply*

J. Accountant’s Certificate

If your total capital commitment is less than \$500,000 and you are not otherwise a Wholesale Investor, you must have a qualified accountant* complete the accountant’s certificate below. The definition of qualified accountant is provided on the certificate:

I, _____ Of _____
being a qualified accountant* certify that _____
(the Applicant)

- (a) has net assets in excess of \$2.5 million; or
- (b) had a gross income in excess of \$250,000 per annum for each of the last two financial years.

Dated: _____

Signed: _____

Accountant’s Qualification(s): _____

*qualified accountant means:

- any member of the CPA Australia (“CPA”) who is entitled to use the post-nominals “CPA” or “ASA” and is subject to and complies with the CPA’s continuing professional development requirements;
- any member of The Institute of Chartered Accountants in Australia (“ICAA”) who is entitled to use the post-nominals “CA” or “FCA” and is subject to and complies with the ICAA’s continuing professional education requirements; and
- any member of the National Institute of Accountants (“NIA”) who is entitled to use the post-nominals “MNIA” or “FNIA” and is subject to and complies with the NIA’s continuing professional education requirements.

OFFICE USE ONLY

Investor No.	Account No.	Reference No.	Opening Date
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Application Form Guide

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

If you have any queries concerning the completion of the Application Form, please call:

Phone: (02) 82961110

Email: info@odysseycapital.com.au

- A** Write the full name you wish to appear in the partnership register of the Fund.
- B** Enter your TFN or exemption codes. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and failure to do so will not affect your application.
- C** Write the amount you wish to invest. Your first capital call will be 5% of the committed amount.
- D** Please enter your postal address for all correspondence. All communication to you from the Fund will be directed to the contact person in Section E at the address in Section D of the Application Form.
- E** Please enter the phone number(s), email address and the name of the person responsible for day-to-day contact with the Manager.
- F** Please tick the box acknowledging that you have read the Privacy Statement at the end of this Application Form.
- G** Please provide details of the financial institution account in Australia into which your distributions will be directly credited.
- H** You must read the declaration before signing the Application Form. If you do not understand the declaration, seek legal advice before signing the Application Form.
- I** The Application Form is not validly completed unless signed by the Applicant(s) and witnessed if the Applicant is an individual. All parties must sign joint applications.
- J** The purpose of the accountant's certificate is to ensure an investor is eligible to participate in the offer to acquire an interest in the Fund which is an offer that does not require a prospectus or disclosure document under the Corporations Act.

Please return the completed Application Form to:

Odyssey Capital Funds Management Ltd
Locked Bag 7
Australia Square
NSW Australia 1215

9. Directory

Fund Manager

Odyssey Capital Funds Management Ltd

Registered office:

Level 10

50 Pitt Street

Sydney NSW 2000

Australia

Telephone (612) 8296 1110

Facsimile (612) 9252 8449

Email info@odysseycapital.com.au

Directors of the Manager

Tim Monger tim.monger@odysseycapital.com.au

Gary Dainton gary.dainton@odysseycapital.com.au

Ali Razzaghipour ali.razzaghipour@odysseycapital.com.au

Solicitors

PwC Legal

Darling Park Tower 2

201 Sussex Street

Sydney NSW 2000

Australia

Telephone (612) 8266 0000

Facsimile (612) 8266 9999

Auditor

PwC

Darling Park Tower 2

201 Sussex Street

Sydney NSW 2000

Australia

Telephone (612) 8266 0000

Facsimile (612) 8266 9999

