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## ODEXIA CONSUMER BRAND FUND

### Key Investment points :

- Only investing in high growth, UK based businesses that are EIS qualifying
- Investing in the SME equity gap, £300K to £1 million level, which is generally too large for Business Angels and too small for Private Equity funds.
- Consumer goods, restaurants and leisure focus.
- Strong brands and products with distinctive positioning and ability to scale.
- Backing exceptional entrepreneurs and management teams

### EIS Tax benefits under current legislation:

- Income tax relief at 30%
- Tax free capital gains on investment returns made by the Fund
- 100% Inheritance Relief (after shares held for 2 years)
- Capital Gains Tax deferral relief
- Loss relief of up to 45% of net investment after income tax relief of 30%, representing total tax reliefs of up to 61.5% of the original investment. Losses of individual investments are not netted off against gains in the portfolio.

### Marechale Capital:

- FCA Authorised and regulated investment banking business
- Specialises in advising high growth companies in the retail and leisure sector and providing structuring advice for tax driven investment funds.
- Founded by Patrick Booth-Clibborn, a member of the Investment Advisory Committee, the Marechale team has a long term track record in sourcing, screening, investing and raising capital for high growth leisure businesses, recent clients funded include; Hawksmoor, Salt Yard Group, and Brewhouse & Kitchen

### Odexia :

- Founded by Carl Atkinson, an experienced former Director and CEO of fast growing consumer goods businesses with a strong track record of delivering shareholder value at ghd, Illamasqua and Neal's Yard Remedies.
- Carl's current and previous roles with private equity, family offices and direct include: Ciaté, Pukka Herbs, DECIEM, Farmacy, tReds, and BeautyMART.
- Access to a pipeline of investments which fit the Odexia Consumer Brand Fund's (the "Fund") focused criteria
- Provides investee companies with access to a network of key contacts and ongoing support for investee companies.
- Provides access to a large number of UK and US Private Equity funds and trade buyers that make natural acquirers of the Fund's investee companies.

**Background**

Odexia Consumer Brand Fund (“the Fund”) is a small cap private equity fund seeking to raise up to £5 million. The Fund operates in the ‘equity gap’ where high growth companies are looking to raise £0.3 million to £1 million of new equity funding, where the investment size is typically too large for angel investments but too small for lower/mid-market funds.

The Fund is focusing its investment exclusively on businesses operating in the consumer goods, restaurant and leisure sector with high growth potential and where there is a fit with the Fund’s focused investment criteria.

The Fund is a partnership between Marechale Capital and Odexia (Carl Atkinson). Odexia originate and actively monitoring all investments made by the Fund, which is being managed by Amersham Investment Management.

A steady deal flow means that funds raised are likely to be invested within 12 months of the close date. It should be noted, however, that in order to avoid the high risks associated with start-up and very early stage businesses the Fund will not invest in any businesses that are not yet achieving breakeven.

**The Market Opportunity**

There are a plethora of excellent businesses requiring investment that are too big for angel investments and too small for traditional Private Equity firms. Odexia invests in the £300k to £1 million range and often referred to as the SME equity gap. As a result the choice of investment opportunities is wide, and there is limited competition from angel investors and other private equity firms, which means there is the opportunity to invest at reasonable entry valuation multiples.

The exit values being achieved for young brands which have demonstrated high growth are high and provide the opportunity to deliver very attractive investment returns to ‘equity gap’ investors.

Beauty sector investments have traditionally achieved high exit multiples, the average of which is 13x EBITDA over the last five years (Source: Goldman Sachs).

There is a recent trend in the health and beauty sector of major beauty brands actively targeting and acquiring smaller businesses rather than developing their own brands from scratch. Major players including L’Oreal, Lauder and LVMH have set up internal M & A departments to support this strategy. These all represent natural exit opportunities, as well as mid-market private equity firms. Examples of recent sales in the beauty sector include the following brands:



*Examples of recent sales of brands in the beauty sector*

The market for acquisitions in the food and drink sector has also been active with over the last few years. In food, Clipper Teas, Organix, Innocent, Ella’s Kitchen, Dorset Cereals, GU and Plum Baby have all been sold at multiples ranging between 10x and 30x EBITDA.



*Examples of recent sales of brands in the food sector*

In summary Odexia and Marechale Capital believe there is a good opportunity to achieve attractive returns in the sector by focusing on equity gap opportunities. Emerging brands who are raising equity gap levels of funding are often at a time in their development cycle where they have potential to deliver the greatest inflection in investment value - the three to five year period before exit when they are looking to demonstrate their scalability through delivering a consistent record of continual high growth.

Odexia experience



Founded in 2001 with £45,000 of capital, ghd was at one time the UK's fastest growing privately owned Company. It was ranked No. 1 in 'The Times Fast Track 100' and sold to LDC in 2006 for £56M. ghd has subsequently sold for £150M to Montagu then £300M to Lion Capital more recently.



Launched from start up in Selfridges to critical acclaim, the brand rolled out globally via stand-alone store and concessions in some of the world's leading retailers. Grew to over 100 points of distribution with 2 years quickly achieving 'Cool Brand' status alongside Apple, Aston Martin & Prada.



A leading health and beauty multi-channel with sales at retail of £40M and 250 staff. Responsibility for all Companies in the group. Record sales and profit growth following a thorough strategic assessment and restructuring of operations. Voted in the top 100 'The Times Best Companies to work for'.

Carl has worked as a Director and CEO at some of the UK's most respected and fast growing consumer goods businesses. His current and previous roles with private equity, family offices and direct include: Ciaté, Pukka Herbs, DECIEM, Farmacy, tReds, and BeautyMART.

Carl has assessed and met dozens of fast growing consumer brands and assessed each for fit with the Fund's focused investment criteria. Uniquely this should enable the funds to be invested within a 12 month period from the close date.

Carl has relationships with a large number of UK and US based Private Equity funds and trade buyers that make for natural acquirers of businesses in which Odexia invests.

The partnership between Marechale and Odexia allows Carl Atkinson to spend all of his time supporting companies in which the fund invests. This provides significant value add during the life of the investment. The already well-established pipeline of investment opportunities means little time is spent on sourcing deals.

Odexia provides a further clear benefit to companies in which it invests given his established network and experience of dealing with retailers across the world. The fund's first 2 investments completed in 2016 are RN Ventures and Popband.

RN Ventures owns and distributes 4 brands and has a pipeline of new products that will come to market over the coming months. The primary interest is in a brand called Magnitone and represents the majority of current revenues. Revenue YTD (Jan to Apr) is +55% on the prior year, margins are up by 5% and the board are refreshing current strategies post investment from OCBF. Popband has a range of products that can be viewed as an 'upgrade' to competitor products across categories including hair bands, headbands, laces and accessories. There is a constant pipeline of innovation both within the current categories and new related categories in which the business can trade. Revenue YTD (Jan to Apr) is +264% on the prior year and there is a strong pipeline of new business wins in 2016.

The fund has a current pipeline of £2.5M of investments that can be deployed before April 5th 2017.

Odexia provides a further clear benefit to companies in which it invests given his established network and experience of dealing with retailers across the world which include:



Marechale experience

**HAWKSMOOR**  
A BRITISH STEAKHOUSE & COCKTAIL BAR



In 2010 Hawksmoor, the premium casual dining restaurant group, was seeking to raise growth capital. Marechale introduced the funding opportunity to investors who on exit in 2013 made a 12x return and an estimated IRR of 135%.

**SALT YARD**  
CHARCUTERIE BAR & RESTAURANT




In 2013 Salt Yard Group was seeking up to £1.5 million of replacement capital with an investor capable of funding future restaurant roll outs. Marechale secured the funding from a small specialist private equity fund investor.



In 2013 Brewhouse & Kitchen was seeking £5 million of growth capital. Marechale investors invested at £1.05 per share. The business now has an estimated value per share ranging from up to £1.22 showing the 2013 investors an estimated IRR of up to 16.19%

Marechale Capital is an investment banking and corporate finance business, which specialises in advising and raising capital for high growth companies and funds in the retail and leisure sectors. Marechale provides structuring advice and access to an investor base for specialist and tax driven investment funds. The team has raised over £450m of equity for tax efficient funds and limited partnerships through their extensive intermediary and wealth manager contact base.

Patrick Booth-Clibborn the founder of Marechale is responsible for the partnership with Odexia. Patrick has more than 22 years corporate advisory and broking experience and has led projects which have raised over £800m of equity for companies and funds. Patrick started his career at James Capel & Co, subsequently working for ANZ Merchant Bank, Guinness Mahon, Noble and KBC Peel Hunt. Patrick specialises in advising companies in the leisure sector and in the last few years has advised and backed some of the leading restaurant and pub roll out brands including Loch Fyne, Capital Pub Company's, Blanc Brasserie, Hawksmoor, Salt Yard Group and Brewhouse & Kitchen all of which have or have the potential to generate high returns to investors.

Marechale Capital will act as Investment Adviser to the Fund in partnership with Odexia. The Marechale team has extensive experience in advising, investing, and raising capital for high growth companies and with these complementary skills and experience is a good Investment Adviser partner for Odexia. Marechale will be responsible for raising funds for the Fund, providing assistance to Carl Atkinson in sourcing, screening and negotiating investments for the Fund, preparing investment recommendations for the Investment Advisory Committee, and preparing half yearly and annual reports on the investments. This will free up Carl's time to focus on sourcing, monitoring and assisting investee companies.

### Odexia Consumer Brand Fund

The Odexia Consumer Brand Fund is a discretionary portfolio managed service investing in consumer brand companies. The Fund is advised by the Investment Adviser, Marechale Capital in partnership with Odexia, and is managed by the Fund Manager Amersham Investment Management Limited ("AMIM").

The Fund is a 7 year life fund

All investment recommendations made by the Investment Adviser to the Fund are subject to the final approval of the Fund Manager, and unanimous approval by the Investment Advisory Committee.

The Fund Manager, AMIM, is an established business which is authorised and regulated by the Financial Conduct Authority. It specialises in providing services for structuring, establishing and operating fund investment schemes for VCT and EIS funds, and once capital has been raised for a particular fund, to undertake the investment management and operation of the fund for its duration and termination.

### Fund Investment Strategy

The Odexia Consumer Brand Fund will invest in businesses already demonstrating success and with the potential for further significant growth. It is a pre-requisite that any potential investee business will be able to underpin growth projections that can be substantiated through due diligence process.

The Fund will invest where there is alignment on exit from the outset and it is anticipated that average hold periods on investments will be 3 to 5 years. Odexia has many relationships with UK and US based mid-market private equity funds and trade buyers both of which make natural acquirers for any investee company.

The Fund will invest in businesses that fit the following criteria:

- SECTOR - focus on consumer goods, restaurants and leisure.
- BRANDS - Strong brands with clear focus, differentiated positioning or products, disruptive strategies and the opportunity to scale significantly.
- GEOGRAPHY - UK only. Avoiding currency risk, unknown/risky markets and ensuring proximity between Odexia and the investee business.
- EXPERTISE - Brands where Odexia can provide experience and contacts to accelerate growth, build brand equity and add significant value.
- INVESTMENT SIZE - £0.3 million to £1 million of Capital through a blend of ordinary shares or preference shares.
- STAGE – Businesses that have been trading for at least 12 months but not start-ups. Current average monthly

revenues of at least £50K to £500K per month in the preceding 3 months prior to investment (and achieved breakeven for that period) with no over reliance on one revenue stream or customer (no more than 40% of revenue).

- GROWTH - Businesses with substantiated revenues showing high growth (already achieving or with a potential growth rate in excess of 30% per annum). Future growth to a similar or faster rate. Future forecasts underpinned by assumptions that can be ratified in the due diligence process.
- TEAMS - Backing exceptional entrepreneurs and management teams, that value partnership.
- EXIT - Aligned with management. Hold periods of 3 to 5 years.

**Risk Factors**

Investors should be aware of the high risks associated with an investment in the Fund. They may realise less than their original investment, or sustain a total loss of their investment. The Investor Advisers believe they have recognised the opportunity for the profitable growth of the Fund.

**Fund Charges**

*Investment Fee* - The Manager will collect and administer a fee of 2% on the total Subscriptions made by Investors to the Fund on each Close.

*Launch and Establishment Fee* - The expected fee for the launch and establishment of the Fund is 1% of total subscriptions raised. The Investment Fee, and the Launch and Establishment Fee, will be recovered as transaction fees from each of the Portfolio Companies pro rata to the investment made into such Portfolio Company by the Fund.

*Administration Fee* - 2% per annum of the amount invested in the Portfolio Company, will be payable by the Portfolio Company on an annual basis, payable quarterly in advance. Of this fee, 1% will be payable to the Manager and 1% payable to the Investment Adviser.

*Performance Fee* - This will amount to a 20% performance fee on realised amounts in excess of aggregate Subscriptions made to the Fund and invested into each investee company net of expenses.

*Other Fees* - The Manager considers there may be additional costs, charged on a case by case basis to Portfolio companies. These costs will be agreed in advance of an investment, and may include documentation and arrangement fees, Fund administration, Custodian fees, due diligence, abort fees and any other reasonable fees incurred in managing the Fund.

Further details on the fees can be found in the Information Memorandum which is available on request.

**Minimum investment amount**

The minimum investment amount for an individual or joint investor in the Fund is £25,000

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**8 June 2016****IMPORTANT NOTICE - DISCLAIMER**

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