



Information Memorandum

for

Elstree Enhanced Income Fund

Elstree Investment Management Limited
ABN (20 079 036 810)
AFS License Number 225721
Level 15, 333 Collins Street Melbourne VIC 3000
Telephone: 61 3 8689 1348
Facsimile: 61 3 9655 8492
Email: info@eiml.com.au

The Manager

Elstree Investment Management Limited
Level 15, 333 Collins Street
Melbourne VIC 3000
Telephone : 61 3 8689 1348
Facsimile : 61 3 9655 8492
AFS License Number 225721

Auditors

Moore Stephens
Level 14, 607 Bourke Street
Melbourne, Vic , 3000

Custodian

The Myer Family Office Ltd
Level 18, Exhibition Street
Melbourne VIC 3000

This Information Memorandum is **dated**
9.00 am 11 July 2008

This Information Memorandum is **numbered**
012

Please read this entire Information Memorandum carefully so that you understand the risks, which may be applicable to the Fund. The information contained in this document has been prepared without taking into consideration the objectives, financial situation or needs of any particular investor or potential investor. Before investing in the Fund, you should consider the appropriateness of the information contained in this document, having regard to your particular objectives, financial situation and needs.

An investment in the Fund is not a deposit with or liability of Elstree Investment Management Limited (the “Manager”) and is subject to investment and other risks, which could involve delays in repayment or loss of income or capital invested. Neither the Manager nor any other party guarantees the performance of the Fund or the return of capital. Applications for investment in the Fund may only be made on the application form attached to or accompanied by this Information Memorandum.

Index

Summary of the fund.....	Page 4
The Benchmark.....	Page 4
The Manager.....	Page 4
The Fund.....	Page 4
The Market.....	Page 4
Investment Approach.....	Page 5
Investment Process.....	Page 5
Risk Management	Page 6
Authorised Investments and Restrictions.....	Page 6
Security Limitations.....	Page 6
Investment Risks.....	Page 7
Administration & Custodial Processes.....	Page 8
Details of the Fund.....	Page 9
Valuation and Reporting.....	Page 12
Complaints.....	Page 12
Management Fees.....	Page 12
Taxation.....	Page 13
The Constitution.....	Page 13
Directors Interests.....	Page 14
Glossary.....	Page 15
Application Form.....	Page 16
Investor Identification Form.....	Page 18

SUMMARY OF THE FUND

- The Investment - Units in the Elstree Enhanced Income Fund ("the Fund")
- Minimum Initial Investment – \$500,000 unless otherwise determined by the Manager. The minimum additional investment is A\$100,000
- Investment Objective - The objective of the fund is to provide a high level of income while preserving investor capital
- The Manager focuses on stock selection using a combination of quantitative and qualitative methods
- Custodian – The Myer Family Office Ltd (MFO)
- Distributions - Distributions will be paid quarterly to unit holders registered at the close of business on September 30, December 31, March 31 and June 30
- Minimum Redemptions –A\$100,000
- Management Fee – maximum of 0.70 % per annum (plus GST) unless otherwise stated. The Manager may, from time to time, charge or rebate management fees individually negotiated with a particular investor (see page 12 for more details)
- Unit Pricing - unit prices are calculated monthly and weekly
- Reporting – Investor's in the Fund will receive regular reports including, income distribution, investment and taxation reports.

THE BENCHMARK

The Trust aims to outperform the UBSW Bank Bill Index by a margin of two percent (2%).

THE MANAGER

Elstree Investment Management Limited ("the Manager") is a wholesale fixed interest fund manager. Elstree Investment Management Limited is owned by interests associated with Elstree Partners Pty Ltd (ACN 103 051 001) as trustee for the Elstree Partners Unit Trust.

Mr Campbell Dawson, Mr John Abbott and Mr Norman Derham are the beneficiaries of the Elstree Partners Unit Trust.

THE FUND

The Fund is an open-ended unit trust designed for the Australian wholesale market. It is an unregistered managed investment scheme and is governed by a Constitution dated August 12, 2003.

The Fund invests primarily in fixed interest and hybrid debt / equity securities listed on the Australian Stock Exchange (ASX). Investments comprise but are not necessarily restricted to; income securities, notes, convertible notes and convertible preference shares.

THE LISTED FIXED INTEREST SECTOR

The listed fixed interest sector is comprised of higher yielding subordinate / hybrid debt securities.

The sector is expected to continue to experience strong growth brought about by a combination of:

- strong retail and institutional demand for higher yielding securities;
- An opportunity for corporate issuers to source a greater proportion of their capital from hybrid funding.

Hybrid securities take various forms including subordinated debt and preferred stock (preference shares).

The common feature of hybrid securities is that they share some characteristics with equity, such as having a lower priority (than senior debt) and some characteristics with debt, such as periodic coupon payments and principal repayments upon redemption.

ELSTREE'S INVESTMENT PHILOSOPHY AND APPROACH

The Manager's investment approach is driven by the investment opportunities arising from the transitioning of the Australian debt market. The transitioning of the Australian debt market brings with it an increased number of issuers and issues, a more diverse range of yields and different risks.

The Manager's investment approach aims to identify those securities that are trading above or below their intrinsic value.

The Manager defines intrinsic value as the value that offers a return commensurate with the underlying credit and liquidity risk of the security and where a security trades at a price that reflects demand and supply characteristics.

This approach is based on the view that:

- While the default risk inherent in a portfolio of ASX listed fixed interest securities is greater than that of a portfolio of investment grade securities, the level of return more than compensates the investor for the increased default risk
- A combination of unsophisticated retail investors and complex security structures leads to miss-pricings.

Four Step Investment Process

Our process is designed to structure portfolios of securities that consistently display an acceptable risk adjusted return. Our investment process consists of 4 steps or filters.

In summary we;

1. Value each security based on the our assessment of the security's structure after consideration of what we think the issuer is most likely to do at the next reset or roll date

2. Consider the demand and supply factors that are most likely to impact security valuations both now and in the future
3. Ensure that the credit risk of each security is adequately reflected in the price of that security
4. Reduce overall portfolio risk by creating diversified portfolios with correlation benefits.

Option Treatment

Some of the investible securities have call options embedded in their structure. The Manager will not hold securities where there is material exposure to the equity value. This occurs when the equity value reaches the strike price embedded in the hybrid structure at which time the manager will sell the security within 3 months.

At times the Manager may use traded derivatives to hedge a securities value from falls in underlying equity prices.

Conversion Procedure

A number of the securities the Manager is permitted to purchase can be redeemed by the issuer by issuing shares at a ratio that is defined in the offer document of the security. Where possible the Manager will avoid the risks associated with conversion of the securities and consequent equity risk.

The Manager may use the following methods to minimise or eliminate such risk:

- i) Sale of the securities before maturity events;
- ii) Agreement with a third party to enable securities to be sold at a fixed price;
- iii) Short selling the underlying shares or use of derivatives to hedge the potential exposure.

RISK MANAGEMENT

Portfolio optimisation and risk management are ongoing processes and involve assessment of both market conditions and security specific events. The major risks include: sector/security specific risk, liquidity risk, default risk and interest rate risk.

Diversification is the major risk mitigation tool at the portfolio level.

Security and sector specific risks are managed and mitigated by diversification, imposing limits on security holdings and by structuring the portfolio with securities that display a low degree of correlation.

The default risk profile of the portfolio is consistent with a portfolio of lower investment grade securities.

The Manager will endeavor to ensure that the portfolio's yield to maturity is sufficient to compensate for the projected default cost. The Manager stress tests the portfolio by evaluating returns that would ensue from default rates twice the historical average. If this produces an unacceptable return, the Manager will restructure the portfolio.

The Manager imposes holding limits on individual securities to reduce default risk. The Manager notes that while it is possible to reduce default risk it is not possible to eliminate it totally.

Imposing holding limits on individual securities mitigates liquidity risk.

The Manager will also endeavor to limit holding size such that holdings may be liquidated without adversely affecting the price in the normal course of business.

Interest rate risk is moderate as many of the securities are floating rate.

AUTHORISED INVESTMENTS AND RESTRICTIONS

The Fund may invest in;

- All listed fixed interest securities listed on the Australian Stock Exchange (ASX). These are securities with fixed or determinable coupons / dividends / distributions and fixed or determinable redemption amounts. They include, but are not limited to notes, convertible notes, income securities, converting and convertible preference shares;
- Cash and near cash instruments
- Interest rate derivatives;
- Stock derivatives;
- Ordinary shares of entities that issue listed fixed interest securities;
- Other derivative agreements to enable the minimisation or elimination of conversion risk.
- Other fixed interest securities

SECURITY LIMITATIONS

The Manager will seek to ensure that:

- Each individual security holding will not exceed 5% of the issue size;
- The Fund's exposure to each security shall not be greater than its market weighting + 10% or a maximum of 15% of Fund value. The Fund may have an exposure to each security that is less than the market weighting;
- The Manager will not hold securities with material exposure to the equity value. This is defined as when the stock price exceeds the strike price of any embedded option. The security shall be sold within 3 months of this occurrence.

The Manager may hedge exposure to the ordinary equity of each listed fixed interest security issuer for the following reasons:

1. To limit the exposure of the Fund during the period in which the Fund is required to dispose of the security following the time when the security is deemed to have a material equity exposure
 2. To limit the exposure of the Fund to conversion risk. Conversion risk is defined as the risk that occurs if and when the listed fixed interest securities are converted into ordinary equity
 3. To lock in an interest rate margin when the sale of the embedded option would result in an excess credit margin.
- Hedging for 1 and 2 above will be in the nature of total return agreements with external third parties or by the short selling of the security or by the use of other appropriate derivatives
 - Hedging to lock in an interest rate margin will take the form of a traded option with a maturity of not more than 3 months longer or shorter than the reset date
 - The Manager will not be permitted to undertake hedging of equity risk for any other purpose or for any listed fixed interest security except as defined above. The Manager will not be permitted to have option exposures, which do not have a hedging effect.
 - Prices of listed fixed interest securities will fluctuate according to the level of economic growth and inflation.
 - Securities are also subject to legal and regulatory risk, if legislation or regulatory conditions change. This may result in losses of value or early redemption
 - Any change in taxation policy may impact the distributions of unit holders, as well as, the taxation treatment of those distributions.
 - The performance of the Fund depends to a large extent upon the expertise of Mr Campbell Dawson and Mr John Abbott. The departure of one or both of Mr Dawson or Mr Abbott could have an adverse effect on the performance of the Fund.

Specific Risks

- **Market risk:** Market risk is the risk that prices on all listed fixed interest securities fall. The listed fixed interest market has tended to be cyclical with periods of excess supply leading to under valuation followed by periods of excess demand leading to over valuation.
- **Sector risk:** Sector risk is the risk that the Fund may have exposure to a particular sector that may be subject to sector wide problems or demand / supply imbalances.
- **Interest rate risk:** Interest rate risk is the risk that security prices might decline over short or long term periods due to changes in the level of interest rates. Interest rate risk is expected to be moderate, as many of the securities in the portfolio are floating rate securities..
- **Credit risk:** Credit risk is the risk that the security issuer will default on payment of interest or principal. In general, the Fund will invest in securities that are subordinated to senior debt, but

INVESTMENT RISKS

A portfolio of debt / equity hybrid securities is subject to different and potentially greater risks than that of a portfolio of investment grade securities.

A portfolio of debt / equity hybrid securities is however subject to less risk than a portfolio of equities issued by the same issuer of the same or similar name.

An investment in the Fund is subject to the following risks;

General Risks

rank higher than equity. The returns offered by the securities in this sector contain compensation for the higher credit risk. The Fund will largely contain securities that have sub investment grade or lower end of investment grade ratings, or are in fact unrated.

- **Liquidity risk:** Liquidity risk is the risk that the Manager will be unable to sell securities in a timely manner or be unable to sell securities at a reasonable price due to a lack of buyers in the market. Liquidity in the listed fixed interest market has improved, but it is still less liquid than the bond market or the large capitalisation equity market.
- **Conversion risk:** Conversion risk is the risk that the principal value is not realised during the periods when the issuer or holder has the right to convert the listed fixed interest security into ordinary equity/units of the issuer. The Manager will mitigate this risk by entering into agreements to ensure a fixed price for the sale of shares that may be issued from a conversion event, or by short selling the securities of the issuer in a manner that reduces the possibility of losses of principal.
- **Manager risk:** Manager risk is the risk that the Manager makes an error of judgment in selecting securities. The Manager has extensive experience in the management of fixed interest securities in general and in the management of listed fixed interest securities. A minimum level of diversification mitigates manager risk.

ADMINISTRATION

Custody and Administration Arrangements

The Manager has appointed The Myer Family Office Ltd (“MFO”) as its custodian.

All securities of the Fund are held in the name of MF Custodian Ltd as nominee.

The Myer Family Office Ltd has agreed to provide certain administrative arrangements including Unit Registry and Investment Accounting services.

Neither The Myer Family Office Ltd nor MF Custodians Ltd has been involved in the preparation of this Information Memorandum or authorised or caused the issue of this Information Memorandum and neither entity takes responsibility for its content.

The Myer Family Office Ltd does not guarantee the performance of the Fund.

The Manager reserves the right to appoint a new custodian during the life of this Information Memorandum.

DETAILS OF THE FUND

Eligible Investor

The Fund has been established for the Australian wholesale market. Applications may be made by investors in the form of subscriptions of at least \$A500,000 or where the investor otherwise falls within the definition of “wholesale investor” under the Corporations Act 2001.

The Manager has the right to accept or reject an application to invest in the Fund and is not obliged to give reasons for rejecting an application.

Certificates will not be issued for units in the Fund. The Manager and the Manager’s custodian The Myer Family Office Limited will keep a register of all unit holdings.

Minimum Investment

The minimum initial investment (and the minimum holding) is \$500,000. However, the Manager may accept a lower initial investment from an investor, provided the Manager is satisfied that the investor qualifies as a “wholesale investor” under the Corporations Act 2001.

The minimum additional investment is A\$100,000 unless otherwise negotiated with the Manager.

Application for Units in the Trust

To invest in the Fund, both initial and additional investments, investors must complete and sign the application form attached to this Information Memorandum or any other form of application accepted by the Manager and return it to the Manager marked to the attention of

**The Compliance Manager
Elstree Investment Management Ltd
Level 15, 333 Collins Street,
Melbourne VIC 3000**

The application form should be accompanied by cheques payable in Australian Dollars (A\$) to **Elstree Enhanced Income Fund**.

The Manager will accept applications by **facsimile** or **email in pdf format**.

Facsimile requests should be marked to the attention of **Settlements** at **MFO** and sent to **03 9207 3077**. **Email requests** should be emailed in pdf format to **settlements@mfo.com.au**

Original documentation must be received by the Manager within three (3) business days.

Where funds are transferred by electronic means they should be transferred for value on the day in which units are issued to;

**M F Cash Management Fund Acc
BSB # 083 004
Account # 035 261 665
C/- National Australia Bank
330 Collins Street, Melbourne**

Unit pricing takes place on a weekly and monthly basis. Units are valued at the close of business on each Tuesday (or where Tuesday is a public holiday the next business day) and at the close of business on the last business day of each month.

Applications for units must be received by 3.00 pm on the day on which units are valued (i.e. each Tuesday or the last business day of each month).

Applications received after this time will be processed for value the next unit pricing day.

Units will be issued the next business day following the day in which they are valued at the application unit price.

The application unit price is the net value per unit plus the transaction cost factor, which is an allowance made by the Manager to take into account stamp duty (if any) and brokerage incurred on the acquisition of assets.

There is no maximum number of units that can be applied for.

By applying for units an investor agrees to be bound by the terms of the Constitution and this Information Memorandum, both as amended from time to time, while the investor remains a unit holder in the Fund.

Unit Pricing

The net value per unit, which is calculated weekly and monthly, is the net asset value of the Fund divided by the number of units on issue.

Redemption of Units

Unless otherwise notified by the Manager, units may only be redeemed at the redemption unit price calculated at the close of business on each unit pricing day.

The redemption unit price is the net value per unit less the transaction cost factor as defined previously.

Investors may request redemption of units by giving notice in writing by transfer in any usual or common form to:

**The Compliance Manager
Elstree Investment Management Ltd,
Level 15, 333 Collins Street
Melbourne VIC 3000**

The Manager will accept redemption applications by facsimile of email.

Facsimile requests should be marked to the attention of **Settlements** at **MFO** and sent to **03 9207 3077**. Email requests should be emailed in pdf format to **settlements@mfo.com.au**

The Manager will not accept telephone requests for redemptions from the Fund.

Original documentation must be received by the Manager within three (3) business days.

Redemption requests of less than \$500,000 will be accepted up until 10.00am on the unit pricing day.

Until the fund size exceeds A\$10 million the Manager reserves the right to hold over any redemption amount > \$500,000 until the next unit pricing day.

Unless otherwise stated by the Manager units will be redeemed at the redemption unit price.

Unit holder's funds will normally be available by the 3rd business day after the unit pricing day on which the redemption unit price is calculated.

The Manager reserves the right to suspend or delay the redemption of units where it considers that market conditions are such that there is no market for the fund's investments.

The Manager may also suspend the redemption of units, where, for whatever reason it is not possible to calculate a unit price.

The Manager reserves the right to apply the redemption provisions of the Constitution.

DISTRIBUTIONS

The Fund will make distributions quarterly at September 30, December 31, March 31 and June 30 in proportion to the investor's unit holdings as at the end of the distribution period.

Investors may choose to have distributions automatically reinvested in additional units in the Fund on the next business day after the end of the distribution period.

Cash distributions will be paid in Australian Dollars (A\$) within fifteen (15) business days from the end of the distribution period.

You may elect to have your distributions paid to you by cheque or credited electronically to your bank account by completing the relevant section of the application form or by arrangement with the Manager.

Unit holders who reinvest in additional units will be notified of changes to their holdings within fifteen (15) business days of the end of the distribution period. Additional units will be issued for value on the 1st business day after the end of the distribution period.

Additional units will be issued at the net value per unit price as defined previously.

Distributions are calculated on the basis of your per unit share of distributable income and realised capital gains of the Fund for the entire distribution period and not just for the period your investment is held.

Unit prices fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income and this may, depending on your individual circumstances, give rise to a tax liability.

Therefore, you should carefully consider the timing of your investment in the Fund.

Similarly, if you withdraw your investment before the last day of the distribution period, you will receive your share of any accrued income as capital.

We recommend you seek independent advice from a financial adviser or tax adviser before purchasing units in the Fund.

A distribution statement will be despatched to all unit holders detailing the taxable income and available credits, as soon as possible after the year-end.

SWITCHING

In circumstances where a unit holder holds two or more accounts in the Fund the unit holder may switch all or part of their holding at net value per unit (i.e. without incurring any costs associated with entering and exiting the Fund).

Where a unit holder has more than one account the accounts must be either in the same name or that of an associated corporate entity.

To facilitate the transfer of units in this manner the Manager will accept signed transfer forms in any usual or common form.

VALUATION

Unit prices are calculated on each unit pricing day based on the net asset value of the Fund divided by the number of units on issue.

ENTRY AND EXIT FEES

There are no entry or exit fees other than those associated with the spread calculated between the net value per unit price and the application and redemption prices.

The spread exists to pay the transaction costs associated with entering and exiting the Fund including brokerage and administration. By apportioning costs in this way existing unit holders are not

disadvantaged when units are issued or redeemed.

REPORTING

As an investor in the Fund you will receive regular reports, including:

- Monthly investment and performance reports;
- An income distribution statement after each distribution;
- Annual taxation statement;
- Annual audited financial statements of the Fund; and
 - Transaction statement each time you make an additional investment or withdrawal.

COMPLAINTS HANDLING

If you have any queries or complaints please contact the Manager in writing.

The Manager will acknowledge your query or complaint in writing within 14 days.

The Manager will then give proper consideration to the complaint and advise the outcome within forty five (45) days after receipt of the complaint.

MANAGEMENT FEE

An investment management fee of zero point seven percent (0.70%) per annum is payable to the Manager. The management fee is calculated on the value of the assets of the Fund on the last business day of each calendar month. Fees are payable, by the Fund's Custodian, within fourteen (14) days of the end of each calendar month.

The Manager reserves the right to charge a lesser amount to certain clients. In particular, the Manager may charge or rebate management fees individually negotiated with investors.

The management fee includes expenses associated with administering the Fund. These expenses include but are not limited

to, costs associated with amendments made to the Constitution, custody fees, unit holders meetings, audit fees, government duties and taxes, legal and accounting costs.

Goods and Services Tax (GST) of ten percent (10%) is payable on the Management Fee.

OTHER INCOME

Any additional income, such as that paid by a financial institution in the normal course of business will be retained by the Fund. Such fees may include underwriting and sub underwriting fees, rebates and commissions ordinarily received by a dealer in securities in the normal course of business.

PRIVACY

New privacy laws applied to the private sector as from 21 December 2001 as a result of the Privacy Amendment (Private Sector) Act 2000. These laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information.

By completing the application form that is attached to this Information Memorandum, you are providing personal information to the Manager.

The Manager respects privacy and is committed to protecting information supplied by its clients.

Your personal information is provided to the Manager for the primary purpose of the Manager providing this product to you.

The Manager may use the personal information contained in the application form in connection with the administration and management of the Fund.

Administration includes monitoring, auditing, evaluation, modelling data, dealing with complaints, answering queries and providing services in relation to the Fund.

Some of the types of information we collect and the reasons for collection may vary depending on individual circumstances. The types of organisations we might disclose this information includes, but is not necessarily restricted to, the Australian Tax Office, financiers, accountants, auditors and legal advisers.

Unit holders may gain access to information the Manager holds by contacting the Manager. The Manager however reserves the right to charge reasonable fees for any costs incurred when complying with such a request.

ANTI-MONEY LAUNDERING AND COUNTER –TERRORISM FINANCING

The Manager is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006, known as the AML-CTF Act. The provision of the service associated with the Fund invokes the provisions of the AML-CTF Act.

The Manager is required to collect prescribed information from clients and various persons associated with a client for example, directors and shareholders of corporate clients and a client's agents. In addition, the Manager is required to verify certain information by reference to prescribed documents (refer Page 18 below).

The Manager is committed to protecting your privacy. Accordingly, any collection, use and disclosure that would otherwise contravene the Privacy Amendment Act 2000 will only be made to the extent of any inconsistency with the AML-CTF Act 2006.

TAXATION

The following taxation information is general in nature only and should not be relied upon as providing a definitive explanation of all taxation issues relating to an investment in the Fund. The information is current only as at the date of this information memorandum. Taxation laws are complex and subject to continual change.

As the circumstances of investors vary, you should obtain their own independent taxation advice prior to investing in the Fund. Generally, it is expected that the Manager will not incur a tax liability in its capacity as trustee of the Fund as all distributable income will be distributed to unit holders. As at the end of the distribution period, unit holders are presently entitled to all of the Fund's distributable income in respect of a distribution period which includes any net capital gains made in the relevant period. Accordingly, it is expected that the Fund will not pay Australian income tax on the income and capital gains accruing for the benefit of Australian resident investors.

The Manager may be liable for tax in respect of certain taxable income to which non-resident investors are presently entitled.

Distributions from the Fund

Unit holders in the Fund will be assessed on their proportionate share of the Fund's net income. This is the case even if unit holders choose to reinvest their entitlement to distributable income in additional units in the Fund. Unit holders' liability for tax in respect of the distributable income of the Fund is determined by reference to the financial year in respect of which the entitlement arises, even though it may not have been received in that year.

As the Fund may invest in Australian equities, unit holders may be entitled to franking credits as part of their entitlement to the Fund's income.

Disposal, or deemed disposal, of units

Unit holders may be liable to tax on gains realised on the disposal of units in the Fund. Generally, gains or losses on the disposal, or the deemed disposal, of units in the Fund would be assessed as capital gains or losses.

However, depending upon the circumstances, some investors may be required to treat such gains as income.

As the taxation treatment of an investment in the Fund will vary depending upon the circumstances of each investor, the Manager strongly urges investors to seek independent advice before investing.

TAX FILE NUMBER

An investor in the Fund is not required to quote their tax file number (TFN) but if it is not supplied the Manager is required, by law, to withhold tax from the income distributions of the Fund at the highest marginal tax rate plus the Medicare levy. The highest marginal tax rate is 45%.

BORROWINGS

The Manager will not be borrowing to gear the Fund or borrowing to cover liabilities incurred in the normal course of managing the assets of the Fund.

AUSTRALIAN FINANCIAL SERVICES LICENSE

The Manager was granted an Australian Financial Services (AFS) License by ASIC on August 6, 2003.

It is a requirement of the License that ASIC be notified in writing if either or both of Mr Campbell Dawson or Mr Norman Derham cease to be an officer of the Manager or cease to perform duties on behalf on the Manager in respect of its business.

THE CONSTITUTION

The Constitution of the Fund, dated August 12, 2003, contains the rights, duties and powers of the Manager. It contains various operational provisions such as unit pricing, management fees and expenses, investment powers, income distribution and reinvestment, applications, redemptions, unit holder meetings, amendments to the Constitution and termination of the Fund.

Unit holders are bound by the provisions of the Constitution. The Constitution and the general law regulate the operations of the

Fund and set out rights and liabilities of unit holders and the responsibilities and duties of the Manager.

The Manager may amend the Constitution. The Manager will provide a copy of the Constitution on request by a unit holder or potential investor.

Rights of Investors

A unit in the Fund confers on an investor a beneficial interest in the assets of the Fund but not an entitlement or interest in any particular part of the Fund or any asset of the Fund.

The terms and conditions of the Constitution are binding on each investor and all persons claiming through them respectively are treated as if the investor were a party to the Constitution.

Limitation of Liability of Investors

The Constitution provides that the liability of each unit holder is limited to its investment in the Fund. A unit holder is not required to indemnify the Manager or a creditor of the Manager against any liability of the Manager in respect of the Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a unit holder has not been finally determined by the courts.

Termination of the Fund

The Fund may be terminated by the Manager giving unit holders three (3) months' notice in writing.

Retirement or removal of the Manager

The Manager may retire and appoint a replacement manager by giving at least ninety (90) days written notice to unit holders.

The Manager must retire as manager of the Fund, if:

- The Manager ceases to carry on business;
- The Manager is placed in liquidation or official management, other than for the purpose of amalgamation, reconstruction or a purpose of a similar kind;
- A receiver or a receiver and manager, is appointed in relation to all of the property of the Manager and is not removed or withdrawn within thirty (30) days of the appointment;
- Any approval or licence which is required for the Manager to act as manager is revoked, suspended or withheld; or
- The Manager is required to do so by law.

DIRECTORS INTERESTS

Elstree Partners Pty Ltd is trustee for Elstree Partners Unit Trust. In its trustee capacity Elstree Partners Pty Ltd owns 100% of the Manager. Mr Campbell Dawson, Mr John Abbott and Mr Norman Derham are beneficiaries of Elstree Partners Unit Trust.

The Manager will receive management fees from its role as Manager of the Fund

Managers Interests in the Fund

The Manager has no interest in the Fund other than the fees it may receive.

Glossary

The words and expressions described in the glossary have the following meaning(s) in this Information Memorandum unless otherwise stated.

A\$	Australian Dollars
AFS	Australian Financial Services License
AML-CTF Act	Anti-Money Laundering and Counter Terrorism Financing Act 2006
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
Application Form	Application form attached to the Information Memorandum
Application Price	The price payable for units in the Fund
Cash	Australian currency which is in circulation deposited in cheque accounts and other depositing bearing accounts that is available upon short notice
Near cash	Short term investments held in lieu of cash that can be readily converted into cash at short notice
Constitution	The Trust Deed Dated August 12, 2003
Custodian	The Myer Family Office Limited (ABN: 82 006 588 727)
Convertible Notes	Securities issued by a company to an investor who has the option to convert to shares in the issuing company at a prescribed ratio at specified times
GST	Goods and Services Tax
Income Securities	Subordinated perpetual securities that pay a rate of interest above a floating rate benchmark
Listed Securities	Securities that are quoted on the ASX
The Manager	Elstree Investment Management Limited (ABN 079 036 810)
Minimum Holding	The minimum value of an investment in the Fund permitted by one Unit Holder
Minimum Reinvestment	The minimum value of additional investments in the Fund
Payment	Payment for the application of units in the Trust including cheques, bank cheques or such means that the Manager may accept
Preference Shares	Shares which rank ahead of ordinary shares of the issuing company that pays (usually) a fixed dividend
Redemption Price	The price at which units are redeemed
Fund	Elstree Enhanced Income Fund
Unit	An individual interest in the Trust as prescribed in the Constitution
Unit Holder	A person or entity that holds units in the Fund
Unit Pricing Day	The last business day of the month or Tuesdays (unless Tuesday is a holiday in which case it is the next business day after Tuesday)



Application Form for Units in the “Elstree Enhanced Income Fund”

Part A. How to apply.

Please complete this form and post it, together with your cheque to the Compliance Manager, C/- Elstree Investment Management Ltd. Cheques should be crossed and made payable to “Elstree Enhanced Income Fund”.

Part B: Investor Details

B1 Existing Accounts. Please indicate if you have an existing account Yes..... No.....

B2 Individual/Joint Investors (to be completed by new unit holders). Existing account holders should complete this section if their particulars have changed.

Investor Name

...../...../.....	
Title	First Name	Surname	Date of Birth	
.....	
Number and Street		Suburb	State	Postcode
.....			
Contact Telephone Number		Facsimile Number		
.....			
Mobile telephone Number		Email Address		

Joint or Second Investor Name

...../...../.....	
Title	First Name	Surname	Date of Birth	
.....	
Number and Street		Suburb	State	Postcode
.....			
Contact Telephone Number		Facsimile Number		
.....			
Mobile Telephone Number		Email Address		

Company, association, body or partnership

.....				
Name of Company, Association body or Partnership				
.....			
ABN/ACN/ARBN		Contact Name		
.....	
Number and Street		Suburb	State	Postcode
.....			
Contact Telephone Number		Facsimile Number		
.....			
Mobile Telephone Number		Email Address		



Tax File Number(s). Please state your Tax File Number. Please note if you do not provide appropriate tax exempt information we are required (by law) to withhold tax at the highest marginal tax rate (plus Medicare Levy) from any income distributions made to you.

Tax File Number Individual/Joint Investor/Company

Part C. Distribution and Investment Details

Application amount. Unless otherwise determined by the Manager the minimum investment is A\$500,000. The minimum additional investment thereafter is A\$100,000.

Please specify the amount you wish to invest in the Fund A\$.....

Please indicate how you wish to receive distributions.

.....
Dividend Reinvestment (DRP) Cheque Direct Credit

Part D. Personal Bank Account Details.

Please provide your bank account details if you wish to receive distributions by direct credit means.

.....
Account Name Financial Institution

.....
Branch BSB Account Number

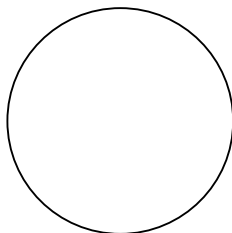
Part E. Declaration.

I/we declare that: all details in this application are true and correct
I/We have read the information Memorandum dated 15 May 2008 attached to this application and agree to the terms and conditions in it and agree to be bound by the Constitution for the Elstree Enhanced Income Fund
I/We direct the Manager to apply my/our distribution (if any) to be reinvested in additional units in the fund or credited to my bank account
I/We have legal power to invest in accordance with this application
I/we received and accepted this Information Memorandum in Australia
I/We are not using the proceeds of an eligible termination payment paid within 6 months of the date of this application from a regulated superannuation fund to apply for my/our interest in the Fund.
I/We acknowledge that the manager is under no obligation to accept this application in part or in full and does not guarantee the performance of the Fund, the return of capital invested in the Fund or whether any income will be generated by the investments of the Fund

Please Sign Here. Signatures/Company Seal

.....
Individual 1 Joint Holder Individual 2 Director/Company secretary

Please affix Company Seal here.



Investor Identification Form

Documents we require from you will depend on the account nomination. For example the information we require from an individual or individuals will differ from the information we require from an entity that is not an individual such as a company or an association.

Based on your account nomination you will be required to provide the information detailed below;

Individuals

The Manager has classified acceptable individual identification documentation into two categories; Primary and secondary forms of identification.

Acceptable primary identification documentation includes;

- Original or certified copy of government issued photo identification displaying, full name residential address or date of birth or both (i.e a driver's license, passport or national identity card),
- Original or certified government issued non photo identification such as a birth certificate, citizenship certificate or Centrelink pension card.

Acceptable secondary identification documentation includes;

- Commonwealth, State or Territory notice issued within the last 12 months,
- A notice issued by the Australian Taxation Office (ATO),
- A notice issued by a Local Government Authority (such as a rates notice),
- A notice issued by a utility (such as gas or electricity notice).

Individual joint venture arrangements

Where an investor is a joint venture arrangement between 2 individuals both individuals must have their identity verified by the Manager using the same identification documentation used for individuals. One individual must be a nominated as an Authorised Signatory.

An Authorised Signatory may be one of the two individuals named in the joint venture arrangement or an agent or representative of the joint venture arrangement (refer below).

Company

A company will need to have particular information verified in the public domain for example on the ASIC or ASX websites. Information provided in this forum should detail the company's full name, ACN or ABN and status as a public or proprietary company. If the company is an unlisted company, each shareholder with at least a 20% beneficial interest in the company must also have their identity verified.

Each company must appoint at least one Authorised Signatory. An Authorised Signatory may be an officer (director or secretary), employer or agent of the company. The identity of an Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals.

Incorporated associations

An incorporated association must provide a copy of the rules and constitution of association and a certified certificate of incorporation. The association must provide at least one Authorised Signatory. An Authorised Signatory maybe a committee member of the association or agent. Where a company has a controlling or contact committee member, that person must be nominated as an Authorised Signatory. The identity of an Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals.

Unincorporated associations

An unincorporated association must provide a copy of the rules and constitution of association. The association must appoint at least one Authorised Signatory. An Authorised Signatory maybe a committee member of the association or agent. Where a company has a controlling or contact committee member that person must be



nominated as an Authorised Signatory. The identity of an Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals.

Partnerships

Accounts in the name of a partnership (excluding joint investors) will need to supply a copy of the partnership agreement. The partnership must appoint at least one individual as an Authorised Signatory. The identity of Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals.

Trusts

Details peculiar to the trust must be provided to the Manager. Particulars of the trust include a certified copy of the Trust Deed or an extract from the Trust Deed identifying the name of the trust and the beneficiaries of the trust. Where a trustee is an individual/company the trustee's identity must be verified using the same identification documentation used for individuals/companies. The trust must appoint at least one individual as an Authorised Signatory. The identity of Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals/companies. Where a trust is an exempt trust the trust's identification must be verified by referencing the ASIC National Names Index, the Trust's ARSN or where the trust is regulated by a governing body such as APRA by the governing body.

Cooperatives

Accounts in the name of a cooperative must supply a copy of the rules or constitution of the cooperative. The cooperative must appoint at least one individual as an Authorised Signatory. The identity of Authorised Signatory must be verified by the Manager using the same identification documentation used for individuals.

Government Body (including councils, universities and other public entities)

No form of documentation or formal identification is required.

Agents and Representatives

If an Agent or Representative holds a current AFS License or equivalent from a Foreign Country no further details or verification is required. If an Agent or Representative does not hold an AFS License (or equivalent from a Foreign Country) the Agent or Representative must have their own identity verified as well as provide the identification particulars for the individuals they represent and the identification documents for investors who are not individuals that they represent.

Non Australian resident investor

Where an individual investor is a non resident the investor is required to provide the Manager with a certified copy of government issued photo identification displaying residential address or date of birth or both (i.e. a driver's license, passport or national identity card). Where an investor is a non resident and is more than one individual, both individuals must have their identity verified by the Manager using the same Primary identification documentation used for Australian resident individual investors.

Where a company is registered in a foreign country its identity must be verified by referencing the ASIC Names Index or relevant securities exchange. If the company is an unlisted company, each shareholder with at least a 20% beneficial interest in the company must also have their identity verified. The identity of a foreign registered trust must be verified by the trust deed, foreign incorporated association by certified copy of rules and regulations and copy of incorporation, foreign unincorporated association by copy of rules and regulations and partnership domiciled in a foreign country by a partnership agreement.

Where an Agent or Representative is appointed the Agent or Representative must provide the identification particulars required to be provided by an Agent or Representative (refer **Agents and Representatives**)

Investor Identification Form Summary

Type of Investor	Documents Resident	Documents Non Resident
Individual (s)	<p>Original or certified copy of government issued photo identification displaying residential address or date of birth or both (i.e. a driver's license, passport or national identity card)</p> <p style="text-align: center;">OR</p> <p>Original or certified government issued non photo identification such as a birth certificate, citizenship certificate or Centrelink pension card.</p> <p style="text-align: center;">PLUS</p> <p>Commonwealth, State or Territory notice issued within the last 12 months</p> <p style="text-align: center;">OR</p> <p>A notice issued by the Australian Taxation Office (ATO)</p> <p style="text-align: center;">OR</p> <p>A notice issued by a Local Government Authority (such as rates notice)</p> <p style="text-align: center;">OR</p> <p>A notice issued by a utility (such as gas or electricity notice).</p>	<p>Certified copy of government issued photo identification displaying residential address or date of birth or both (i.e. a driver's license, passport or national identity card).</p>
Joint venture arrangement	<p>Both individuals must have their identity verified by the Manager using the same identification documentation used for individuals. One individual must be a nominated as an Authorised Signatory.</p>	<p>Both individuals must have their identity verified by the Manager using the same identification documentation used for Australian resident individual investors. One individual must be a nominated as an Authorised Signatory.</p>
Company	<p>The company's identity must be verified in the public domain by a regulator such as ASIC or securities exchange such as the ASX detailing the company's full name, business identification number and status as a public or proprietary company.</p> <p>If the company is an unlisted company, each shareholder with at least a 20% beneficial interest in the company must also have their identity verified.</p>	<p>The company's identity must be verified by reference to the ASIC National Names Index or relevant securities exchange detailing the company's full name, business identification number and status as a public or proprietary company.</p> <p>If the company is an unlisted company, each shareholder with at least a 20% beneficial interest in the company must also have their identity verified.</p>
Incorporated Association	<p>Copy of the rules and constitution of association or a certified certificate of incorporation.</p>	<p>Copy of the rules and constitution of association and a certified certificate of incorporation.</p>
Unincorporated Association	<p>Copy of the rules and constitution of association</p>	<p>Copy of the rules and constitution of association</p>
Partnerships	<p>Copy of the partnership agreement</p>	<p>Copy of the partnership agreement</p>
Trust	<p>Copy of the trust deed and verification of individual/company trustees</p>	<p>Copy of the trust deed and verification of individual/company trustees</p>
Exempt trust	<p>Identity verified by referencing the ASIC National Names Index, the Trust's ARSN or where the trust is regulated by a governing body such as APRA by the governing body.</p>	<p>Identity verified by referencing the ASIC National Names Index, or where the trust is regulated by a governing body by the governing body.</p>
Cooperative	<p>Copy of the rules or constitution of the cooperative</p>	<p>N/A</p>
Government	<p>N/A</p>	<p>N/A</p>