



THE ODYSSEY

SEPTEMBER 2010

WWW.ODYSSEYPICTURES.CO.UK



SO FAR...

THE NAME.

The responsibility for choosing a name has not been taken lightly.

On the contrary, after much listening, (over 670 entries!) soul-searching and with the blessing of Stanley Kubrick's family, we have chosen The ODYSSEY.

It not only defers to film by honouring one of the world's greatest film makers, who lived on its doorstep, but it describes the quest, adventure and journey into the knowingly hazardous labyrinth of restoration. Its classical roots are clear, and though more ancient Greek than Roman, it bows to St Albans. Furthermore, it is unique. From what we can gather, there is no other.

So welcome to The Odyssey; you will grow to love it.

Here's to the beginning of its last journey into the past - a beautiful picture palace once more.



THE WORK & THE MONEY

The first million was raised exclusively from big and small amounts drawn from ordinary people who passionately want to see the old cinema returned to London Road.

In May we decided to give the people of St Albans a well-earned summer break from their unprecedented fundraising success to raise the £1m asking price, in just eight weeks.

We can't ask you again.

Rather, we ask you to talk to your friends, people of influence and those small investors who have perhaps waited until the building was secure before committing to the project.

In the meantime, we have continued to explore ways to raise the remaining £1.7 million. This includes a professional agency approach to



banks and research into EU funding.

As you can see, clearance work continues slowly at present, but will move faster as funding roles in. Funds needed for the main restoration work are still to be found.

To get it back to four walls, the huge amount of internal demolition and full-on clearance work would take up to three months. The way we're doing it now, I expect it to be more like six months, depending on the hard cash needed to continue. The £1.7million necessary to complete the work ready for opening in 2012 is not needed all at once. Work will progress as the money is raised.

For instance, £350,000 would see us making real progress by March 2011.

If you would like to contribute or talk to us about contributing alongside other high profile second-phase fund raising, please get in touch. (therexberkhamsted@googlemail.com is the best first point of contact for now)

In the meantime, a million thanks to everyone who has supported us so far.

James Hannaway.
September 2010



PLEASE NOTE

The following has been drawn up by qualified members of our 'think-tank'. Though the language is in as plain English as possible, when it comes to 'Preference shares, Ordinary shares and loan-stock, EIS' etc, you will have to read very carefully.

CURRENT POSITION AND NEXT STEPS

Based on the Rex model, our business plan says The Odyssey will be profitable. How profitable and in particular, how soon it becomes profitable, will depend on how the money is raised. If it is largely through shares in the business it will become profitable sooner. If most of the finance is raised in other ways, including local borrowing or through the commercial routes, the road to profitability will be longer.

HOW TO INVEST OR CONTRIBUTE?

We propose to continue to raise money within the original five categories, which are Advance Booking List (ABL), Chair (and other) sponsorships, Donations (from benefactors and patrons), Loans and Investments.

In particular this is written to acknowledge the risks involved and answer some likely questions from potential investors, ABL, sponsors, benefactors, patrons, lenders and local investors.

Route One ~ The Advanced Booking List (ABL) Membership

The ABL is being offered under the following terms:

One year ABL will begin on opening day. Cost £285.00 (850 places)

Five Year ABL will also begin on opening day but will be valid for five years without needing renewal. Cost £2,000 and will now include your sponsorship of a Chair. (150 places). An individual note explaining these changes is being sent to those who have already subscribed to the five year ABL.



Ticket kiosk



Bar

The ABL entitles you to the following benefits:

- A confirmed listing for the following month will be posted first class.
- At least one week's advanced booking, ahead of general release.
- £1.50 off your ticket.
- Up to six seats per show, including your own. (Five at usual prices).
- Up to half the House. No titles will be sold beyond half capacity (250 seats). This is to ensure that nothing sells out before general release.

Route Two ~ Sponsorship. (Chairs and any part of the restoration)

You can sponsor a Chair at the new Odyssey for £1,000. Our plan is for 500 seats.

370 chairs are still available. To remind you what you get for this: it is sponsorship at its purist. Your chosen name will displayed in the foyer/bar and on the seat itself.

It is simply a token of your trust and generosity.

Perhaps the best value is to combine this with a 5 year ABL. (see 'five year ABL' above).

You are also able to sponsor any part of the restoration or parts of the building itself – from the curtains to the drains!

Route Three ~ Donations.

(This category is included by request)

All donations are welcome, however small, we have raised over £30,000 so far from donations,

but please do not give us money you cannot afford. We are not a charity. It is a business, albeit not driven by profit. If it works it will make one. It is a limited company and a business all the same.

Route Four ~ Ordinary Loan Stock

All Loan stock is dated from the date the site was secured. Future loan stock investors will receive a proportionate interest payment for the final year, calculated on completed calendar months. Please note that the 5 year loan stock options offered previously are fully subscribed.

10 year fixed term unsecured loan stock accumulating at an equivalent rate of 5% gross per annum compounded annually and payable at redemption.

Should the project generate more cash than our initial forecast, the Loan Stock may be repaid early at the management's discretion.

The loan investment is in multiples of £1,000. You will receive a loan stock certificate and interest payments added will be subject to income tax.

Route Five (A) ~ Preference Shares

Similar to Loan Stock, fixed term Zero dividend Preference Shares offer a fixed rate of Capital Gain at Maturity and preference over Ordinary Shareholders in the event of the Company being wound up at any time. Future Preference Share investors will receive a proportionate interest payment for the final year, calculated on completed calendar months. Please note that the

5 year Preference Share Option is fully subscribed.

10 year fixed term shares at an equivalent rate of 5% gross per annum compounded annually and payable at redemption.

Should the project generate more cash than our initial forecast, the Preference Shares may be repaid early at the management's discretion.

The loan investment is in multiples of £1,000. You will receive a Share certificate. Please be aware: Capital Gains Tax rules apply and "gains" in excess of your personal CGT allowance will be taxable at the rate applicable at maturity (at the time of writing this rate is 18%, but expect it to rise).

Route Five (B) ~ Ordinary Shares

The cinema will be run as a Private Limited Company. It will oversee the initial development and the eventual running of the cinema. As it is necessary to safeguard the management structure and the essence of the philosophy behind The Rex, ordinary shareholders' opinions will be welcome and considered but these shares will carry no voting rights. Ordinary Shares are being sold in £500 increments.

Having raised over £300,000 through the sale of £500 non voting shares, we hope to be able to raise a further £1.2 million through this route, which means that up to a further 2,400 shares are available. The good news for investors in ordinary shares is that we are applying for EIS status for the ordinary share issue, which

means that investors in ordinary shares may attract some income tax relief, and exemption from Capital Gains Tax, assuming current rules survive the change of Government. Whilst nobody should be making an investment in The Odyssey purely for tax reasons, the necessary details about how to claim this relief will be issued to all ordinary shareholders.

Which investment route is right for you will depend upon a number of factors, and we recommend that any decisions you take are made with the assistance of your financial adviser. Needless to say we do not provide any advice but the summary on the final page might be helpful.

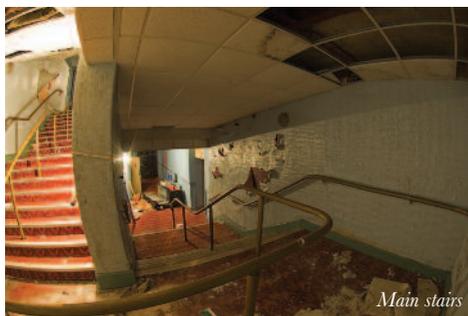
A BRIEF SUMMARY OF INVESTMENT OPTIONS

Seat Sponsorship ~ See your name (or someone else you choose) recorded on a seat in the Cinema.

Advance Booking List (Membership) ~ Essential for the film buff to ensure you are the first to know "What's On" at The Odyssey. Not many left & being snapped up fast.

5 Year Loan Stock and Zero Dividend Preference Shares ~ Sorry – SOLD OUT

10 Year Loan Stock and Zero Dividend Preference Shares ~ These issues are still available. An opportunity for your un-needed capital to benefit the community and to grow at an excellent fixed rate that is currently higher than the rates being offered by local financial institutions.



Main stairs



Projection box

Ordinary Shares ~ Give you a non-voting stake in the business, with the possibility of dividend payments in years to come. Obviously any dividends will be restricted whilst loan and preference share repayments remain outstanding.

Investors are reminded that cheques should be made payable to **THE ALPHA CINEMA ST ALBANS LTD** (for now), and that they should be sent to:-

The Rex Cinema, High St. (Three Close Lane)
Berkhamsted HP4 2FG

Alternatively, money can be transferred direct to our account at Bank Santander Sort Code 09:01:27, A/C number 45477009 (The Alpha Cinema St Albans Ltd.). Always include your name and address and instructions for the investment because unattributed receipts are treated as donations (which are also welcome!)

How to Contact us.

Call James Hannaway 01442 877999

(please be patient, the Rex box office is not briefed on every detail).

email: therexberkhamsted@googlemail.com



RISKS

Before investing through any of these routes it is important to understand the risks involved:

- You are investing in an unregulated investment. The Alpha Cinema St Albans Ltd is a private limited company formed purely to purchase, restore and then run a cinema.
- Your capital will be at risk, particularly in the early stages because it cannot be certain we will be able to raise all of the capital required to complete the project. Whether we do so or not depends on obtaining the further investment needed to complete the restoration.
- Whilst this is a commercial venture, our prime objective is to restore and operate a cinema on the same lines and under the same management as The Rex, Berkhamsted. As such we anticipate a reasonable profit. Our business plan reflects this but you should not buy shares purely for the dividends they might generate. Our business plan anticipates small dividends becoming payable once loan stock & preference shares have been repaid. This is not guaranteed.
- As economic conditions change the assumptions we have made in our business plan may also change.
- You will not have access to your capital.

WHAT IF THINGS GO WRONG?

Having purchased the site, a future failure to raise the money may result in the site being sold and money from the sale allocated in accordance with the following priorities:

- The administrative costs in selling the property and then winding the company up.
- Any secured borrowing. If the company has entered into secured borrowing arrangements then these arrangements must take precedence over other creditors.
- Payment of Creditors (including HMRC) which will include those with unfilled Advance Memberships, unfulfilled Seat Sponsorships

and Unsecured Loan Stock.

- Zero Dividend Preference Shares.
- Ordinary Shares

If the project completes but then fails for any reason, the priorities will be similar except that the ABL and chair/other sponsorships will simply lapse and there will be no return.

BRIEF QUESTIONS AND ANSWERS

Q. How is interest paid on Preference Shares and Loan Stock.

A. It is accumulated with the capital and paid out at the same time as your capital is returned at the end of the term you select.

Q. What happens if the project fails for any reason before it opens?

A. The Law governs how Companies are wound up and the priority in which investors are dealt with once the assets have been sold. Priority goes to any loans “secured” against the property, hence our wish to “avoid” secured commercial lending unless it becomes essential in order to complete the project. After this come the ordinary creditors, such as those who have bought advance memberships or seat sponsorships, and those holding unsecured loan stock and HMRC. Only if money remains once these have been settled in full will Preference Shareholders get reimbursed, and then right at the bottom of the list, the Ordinary Shareholders share out the balance.

Q. Can we provide tax advice relating to the investment options?

A. NO! You should contact your own tax advisers (if you have one) or engage one if you don't. We do not provide any advice regarding the options for investing.

Q. Can shareholders attend shareholder meetings and vote?

A. No. Both the Ordinary and Preference shares are non-voting and entitle you only to express your views at a proposed yearly meeting for ordinary and preference shareholders, the first

of which is scheduled to be held one year after the acquisition of the site.

Q. Can I expect Dividends on my Ordinary Shareholding?

A. The principal objective of The Odyssey is to provide a community facility that St Albans can be proud of. That said, the objective, after repaying the loans, is to operate at a profit and to reward shareholders with dividends, however investment should not be made solely for financial gain and the risks of investing in small private limited companies should be clearly understood. Whichever investment route you choose, you may lose all or part of your capital.

Q. How do I cash my shares (or my loan stock prior to maturity)?

A. Once the cinema is up and running, it is our intention to offer the facility to match anyone who wishes to sell an investment with prospective purchasers, but no detail is yet in place. In the meantime do not invest capital that you may need, or that you cannot afford to lose. Preference Shares will only be repayable early at the discretion of management.



How to Contact us.

Call James Hannaway 01442 877999

(please be patient, the Rex box office is not briefed on every detail).

email: therexberkhamsted@gmail.com

www.odysseypictures.co.uk