

# Enterprise

## Sky's the limit as IPO looms

**Mark Fenton-Jones**

A private equity fund that made its first investment just four years ago in a Mexican-themed restaurant chain plans to list on the Australian Stock Exchange with more than \$180 million in assets under management.

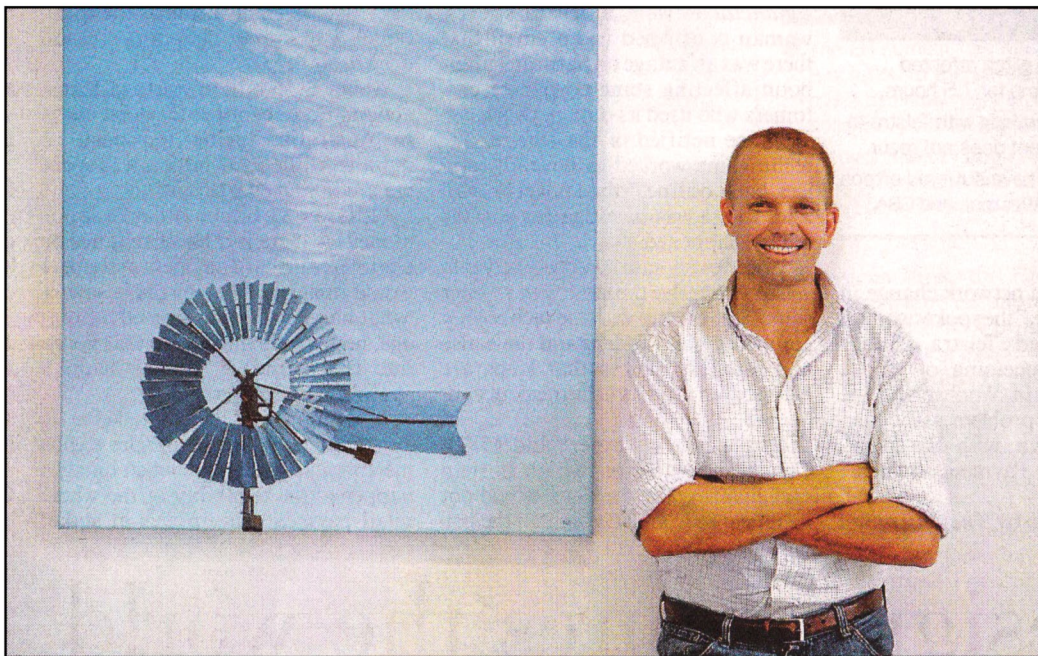
Blue Sky Private Equity paid \$500,000 for half of the Beach Burrito Company — which planned to become a chain of licensed cafes serving Mexican food, beer and margaritas — as the first of a number of investments in small to medium enterprises such as Lenard's Chicken and Viking Rentals.

Since then the fund manager has been renamed Blue Sky Alternative Investments with assets under management mostly in private equity and real estate as well as hedge funds and commodities and infrastructure.

Blue Sky would like to raise \$7.5 million at \$1 a share for 22.3 per cent of issued capital, capitalising the company at \$33.5 million, with a listing planned for December 16.

Managing director Mark Sowerby said the additional capital will strengthen the balance sheet by providing more regulatory capital and also enable Blue Sky to expand to New York.

"The prime reason is to provide investors with access to a fund



**Mark Sowerby says additional capital will allow Blue Sky to expand to New York.**

Photo: GLENN HUNT

manager that is listed and transparent," he said.

Investment returns from private equity continue to outperform other asset classes such as listed equities as shown in a recent report released by Cambridge Associates and industry body AVCAL. "We've got a track record of no losses," Mr Sowerby said. "Our philosophy is to preserve

capital first and then make money." He said two private equity deals involving expansion capital of \$3 million to \$5 million are close to finalisation.

The decision to list followed the appointment of former Investec investment bank director Tim Wilson as managing director of Blue Sky Private Equity in late 2009, a move designed to allow

Mr Sowerby to oversee the strategic direction of all businesses in the group.

Mr Sowerby said the IPO was the next logical step.

"This is an entry, not an exit. No existing shareholder will sell any shares as part of the IPO and our directors and managers will retain more than 65 per cent of the shares on issue post-listing."