



REAL ESTATE INVESTMENT COMPANY - PARTNERING SMEs

EXECUTIVE SUMMARY

1. Stéphane LIPP and his team of experienced professionals propose to create a **high-yielding investment company dedicated to servicing its SME client-partners' real estate requirements over the long term.**
2. Objective: To develop a portfolio of real estate assets offering an exceptional **risk/return profile** of **10/10**
3. Corporate governance:
 - ▶ **Leadership team** in charge of **operations**
 - ▶ **Investment committee** for **oversight and approval**
4. Opportunity for strategic investors:
 - Majority shareholding**
 - Total equity investment** over 5 year period
 - ▶ **€267m**
5. Exit in **Year 5**:
 - Flotation** with management taking a controlling interest
 - ▶ Prospective **IRR** in Year 5: **25.5%** (NAV €580m)

CONCEPTUAL FRAMEWORK

OBSERVATIONS

- **Focus on core business**
= exit non-strategic assets
- **Economic changes**
= new requirements
 1. Stronger balance sheets
 2. Diversify sources of finance
 3. Prioritise growth (organic/external)
- **Increasing volume of business transfers**
= sales facilitated by exit from non-core assets
- **“Non-prime” real estate shunned by institutional investors**

MARKET

- Scarcity of sources of finance
- Structural weakness of balance sheets
- Economic changes = SMEs need to adapt
- Few investors in « non-prime* »

RESULT

- Structural niche for long-term real estate partner for SMEs
- Requirement to structure the SME real estate market

CAPSTONE

SME BENEFITS

- Real estate assets off balance sheet
- Long term relationship
- Contractual flexibility
- ▲ cash ▼ debt
- ▼ RE = facilitates business transfer
- ▲ resources for core business

STRATEGIC INVESTORS BENEFITS

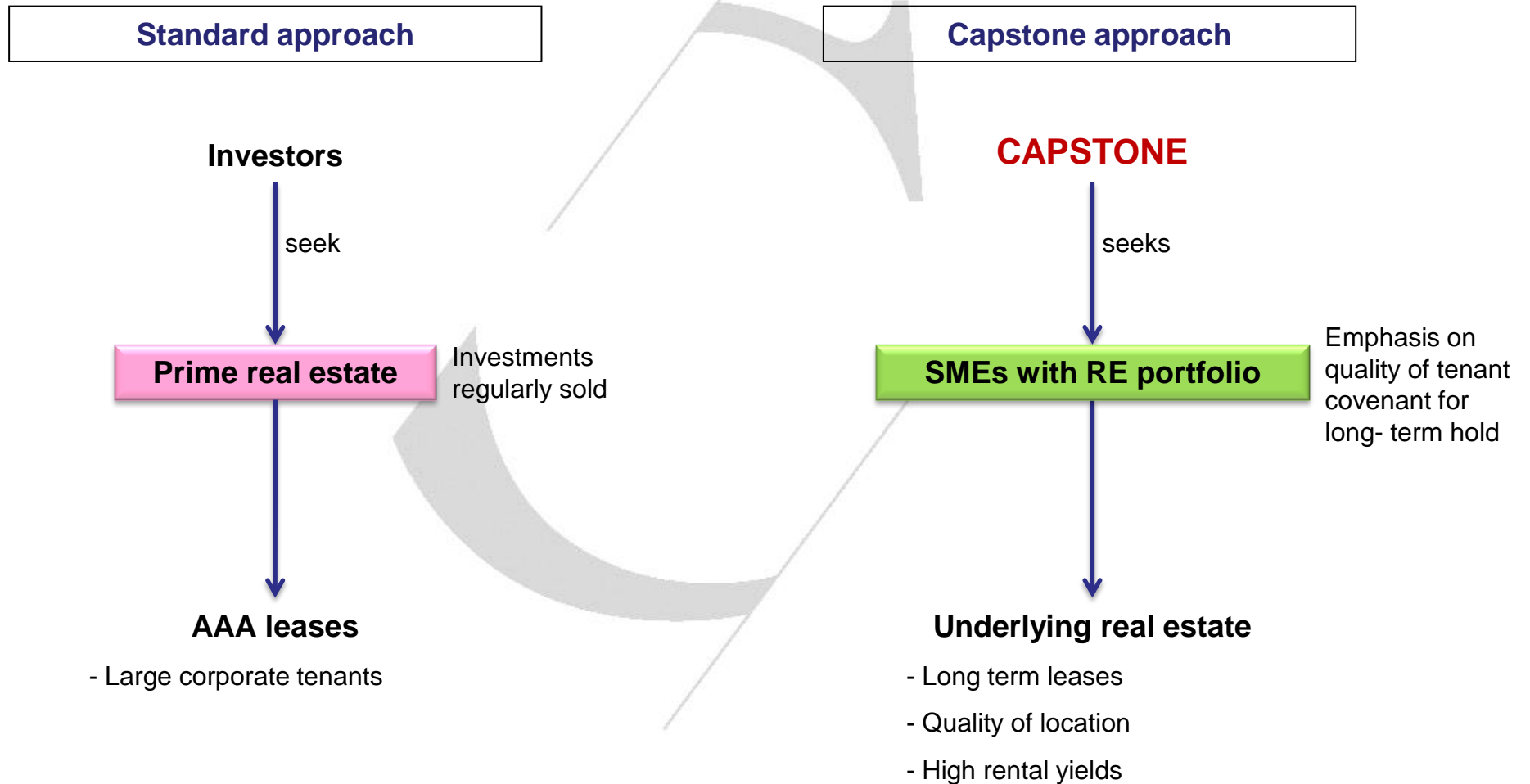
- New asset class
- Creation of Alpha
- IRR 25.5%

POST-IPO INVESTORS BENEFITS

- Alpha over underlying assets
- Risk/return profile 10/10
- Long term leases (cash flow visibility)
- High rental yields
- Long term asset hold
- Non speculative/contra-cyclical

* Prime = standard construction, excellent location, mature market, AAA lease covenant

INNOVATIVE MARKET APPROACH



SOURCES OF VALUE CREATION

Creation of Real Estate Value

- 1- **Risk reduction** by:
 - Number of investments (**dispersion**)
 - Diversification of tenants by **industry sector**
 - Diversification by **asset type** (office, retail, other...)
 - Diversification by **geographic location**
- 2- **Site conversion/development** at end of lease term : *Added value*
- 3- **Opportunistic sales** : *Capital gain*

Creation of Financial Value

- 1- Development of a **high-yield portfolio generating recurring LT revenues** (similar profile to LT bonds)
- 2- Target risk/return profile **10/10**
- 3- Construction of a diversified portfolio (**cap rate compression**)
- 4- **Flotation** (liquidity + debt reduction)

Creation of Managerial Value

- 1- **Quality of management** : **asset selection** and **active management** of the portfolio
- 2- Development of **regional teams** : local knowledge base
- 3- **Management shareholders** : interests aligned with strategic investors (vs. *asset managers*)
- 4- **Creation of alpha** : vs. underlying real estate

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

Deal Pipeline

Appendices

EXPERTISE – LEADERSHIP TEAM

Stéphane LIPP, age 37

Managing Director ► Project Promoter

CV

MD

Capstone Properties – France

Since 2009

Investor in corporate real estate

DIRECTOR OF INVESTMENT

DTZ Jean Thouard – France

2008

COUNTRY DIRECTOR

Wal*Mart – UK

2006 - 2008

Director Benelux – 2007/2008 ; Director CEE – 2006

Logistics real estate development

REAL ESTATE DIRECTOR

Financière Norbert Dentressangle – France

2004 - 2006

Creation of private equity real estate investment fund

- management of €350m asset portfolio

- development (100,000m² / pa)

CONSULTANT

CB Richard Ellis – France

1999 - 2004

PROPRIETOR

Sole trader – UK

1998 - 1999

Residential project management/renovation

EDUCATION

MBA Corporate Finance – 1995 - 1998

- European Business School, 1998, London ,UK

- Fordham University, 1995 - 1997, New York, USA

Ecole Supérieure de Commerce, 1993 - 1994

ESCRA-ISCAM

CNAM (Conservatoire National des Arts et Métiers)

- European Commercial Law, 1995

- French Commercial Law, 1993

Corbas – entrepreneurial credentials

- Ownership :

S. Lipp (100% indirectly)

Acquisition November 2008

Location :

Corbas (Lyon) - 3 junctions to A43 and Lyon East bypass at 400m

Area :

40 506 m² (11 acres) of land for conversion

Future cross dock warehouse:

11 000 m² approx

Acquisition price :

€4.3m

Personal investment :

€680k

Bank funding :

€3.9m

Total investment :

€12.5m

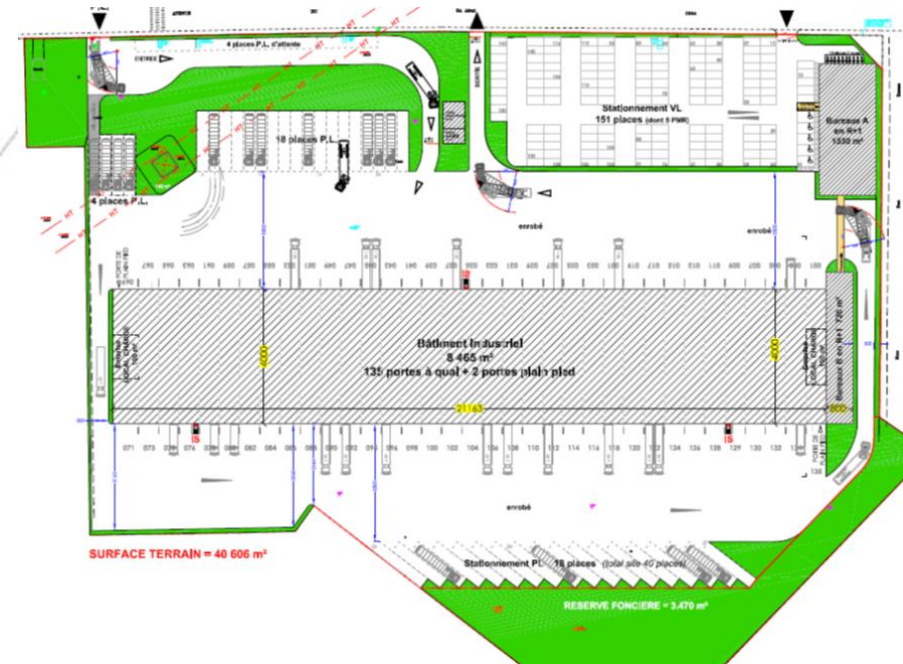
Projected annual gross rent :

€1.1m

Projected net rental yield :

8.82%

Transfer of ownership to Capstone : Q1 2011



A Leadership Team organised around the major management disciplines

Director of Finance and Tax, age 35 *

Currently FD of a major financial holding company

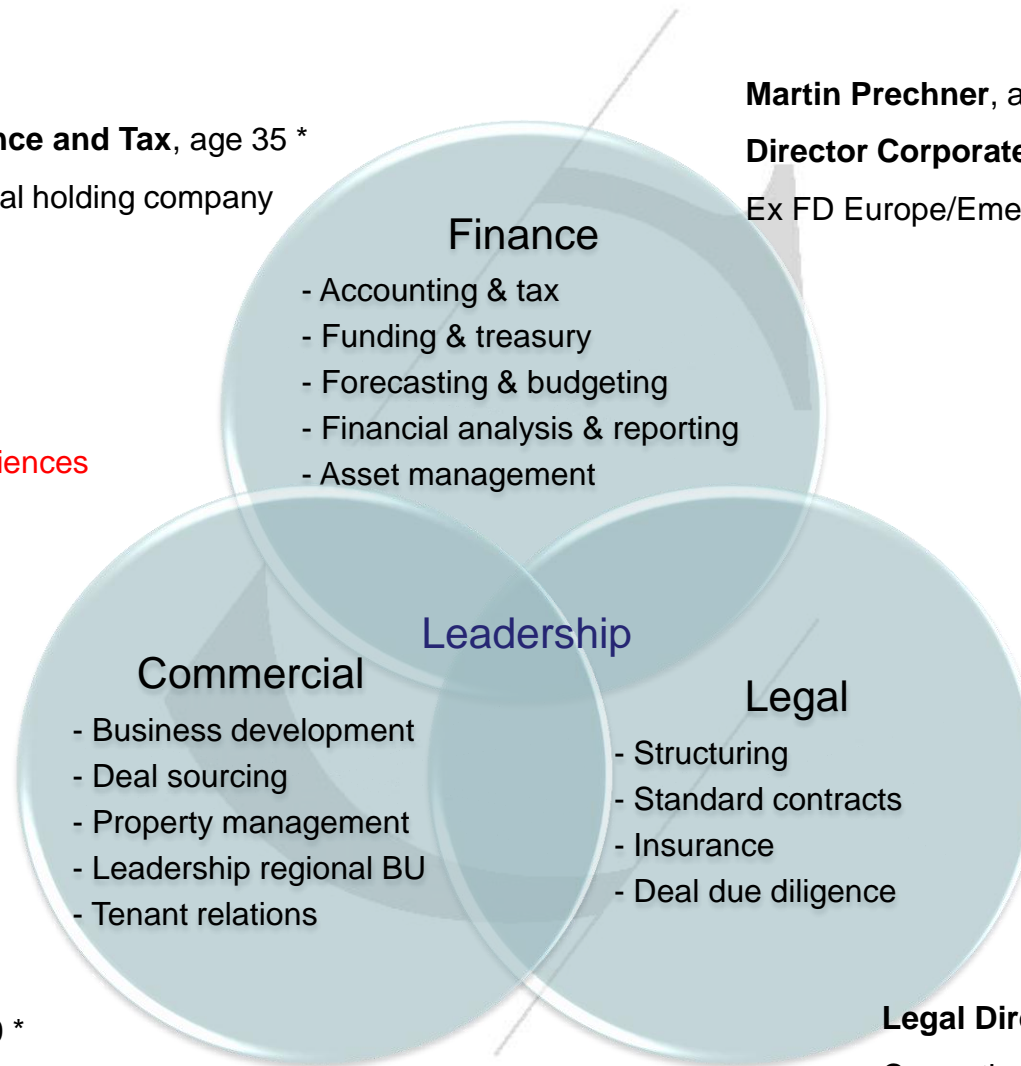
Martin Prechner, age 60 (British) - joins Capstone Jan 2011

Director Corporate Finance & Asset Management

Ex FD Europe/Emerging Markets, real estate subsidiary of Wal*Mart

Balanced team

- Key competencies
- Diversity of backgrounds and experiences
- Age mix
- Bi-cultural
- Complementary temperaments



Chief Operating Officer, age 50 *

Currently Real Estate Director of a major industrial group

Legal Director/Corporate Counsel, age 35 *

Currently Legal Director of an industrial holding co.

** 3 identities kept confidential at this stage*

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

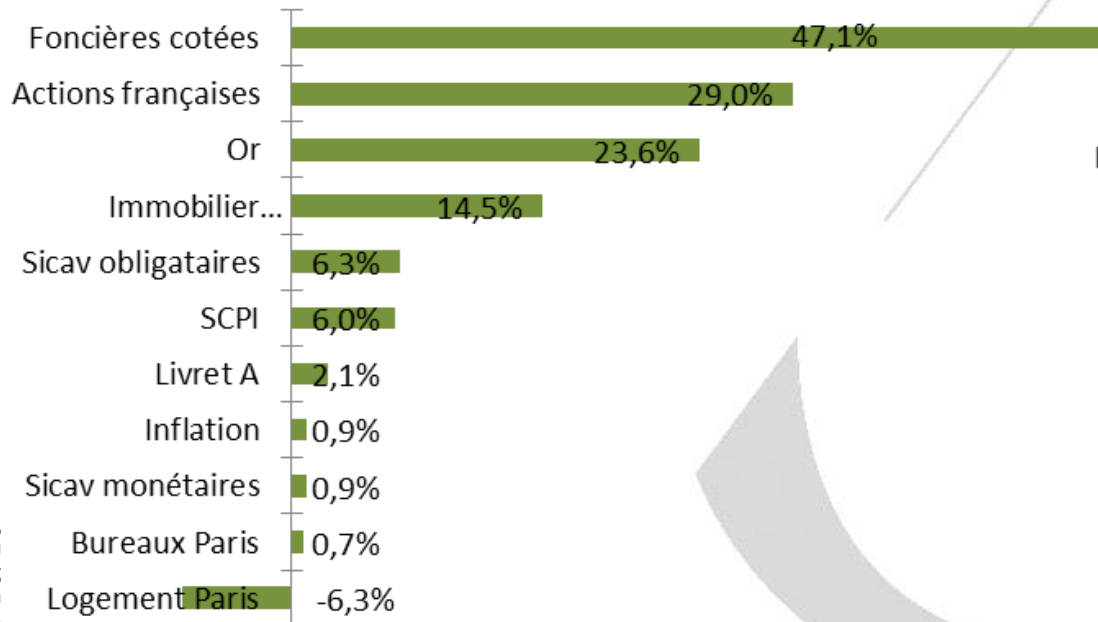
Deal Pipeline

Appendices

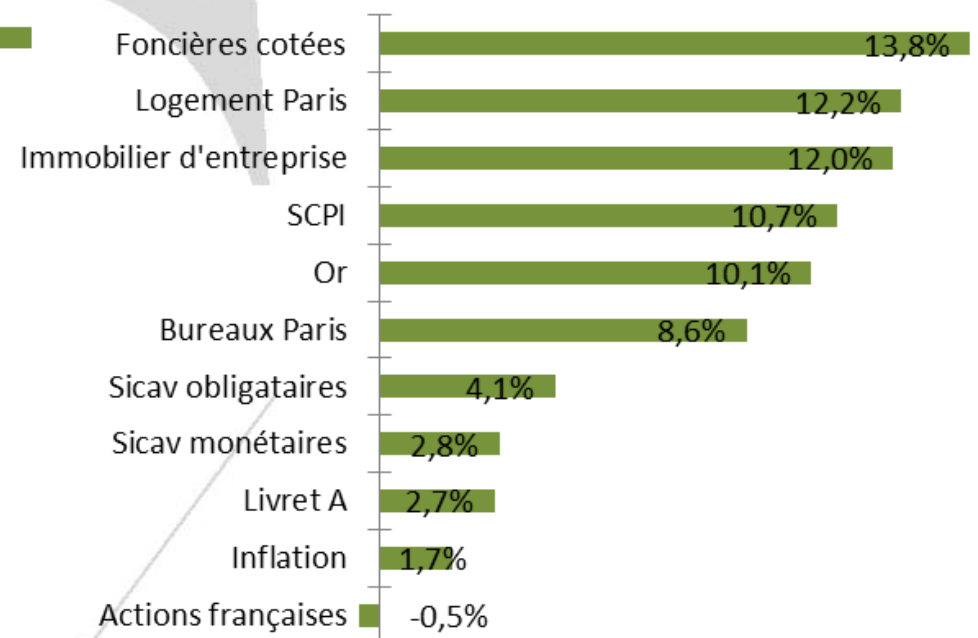
Comparison of investment returns by IRR

(Source IEIF)

1 an (2009)



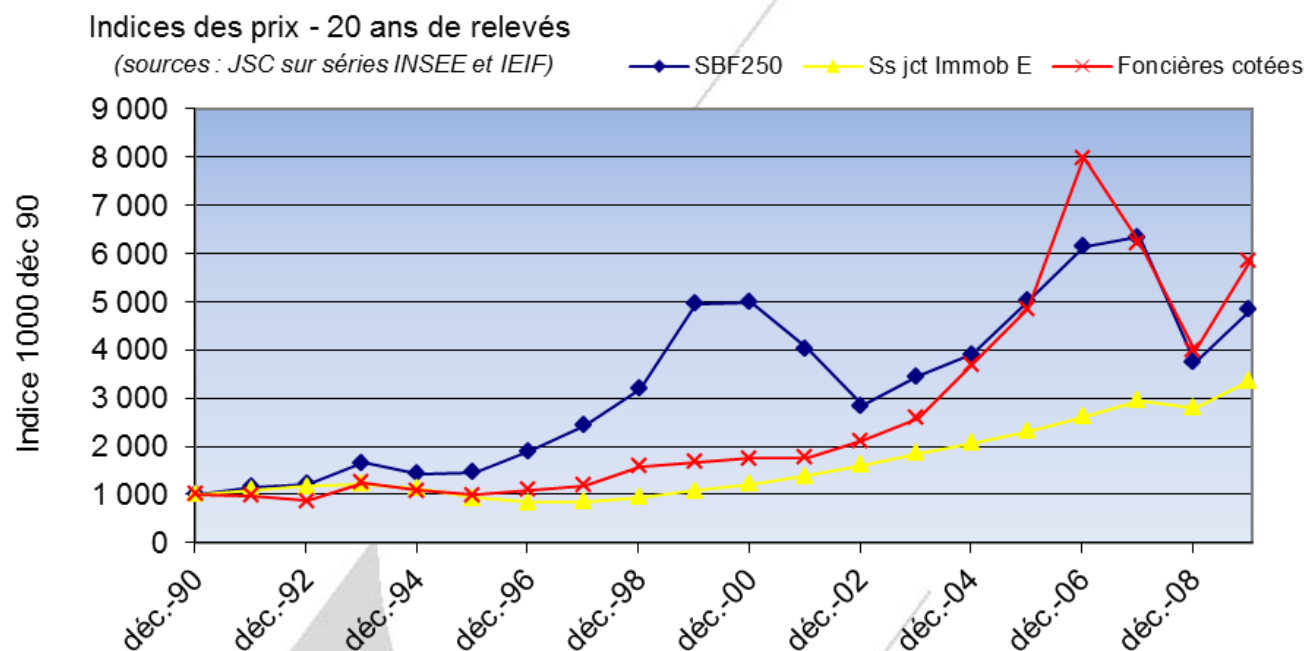
10 ans (1999-2009)



NB: Revenue structure of quoted RE funds: recurring (rental) + exceptional (sale of assets).

- ▶ Average asset holding period: 4 to 6 years
- ▶ Gross rental yield: **5% - 7%** (recurring revenues)
- ▶ Total 10 yr return = 13% ▶ recurring + leverage (average 20/80) + asset sales (cyclical = volatility)

Market prices (income reinvested)

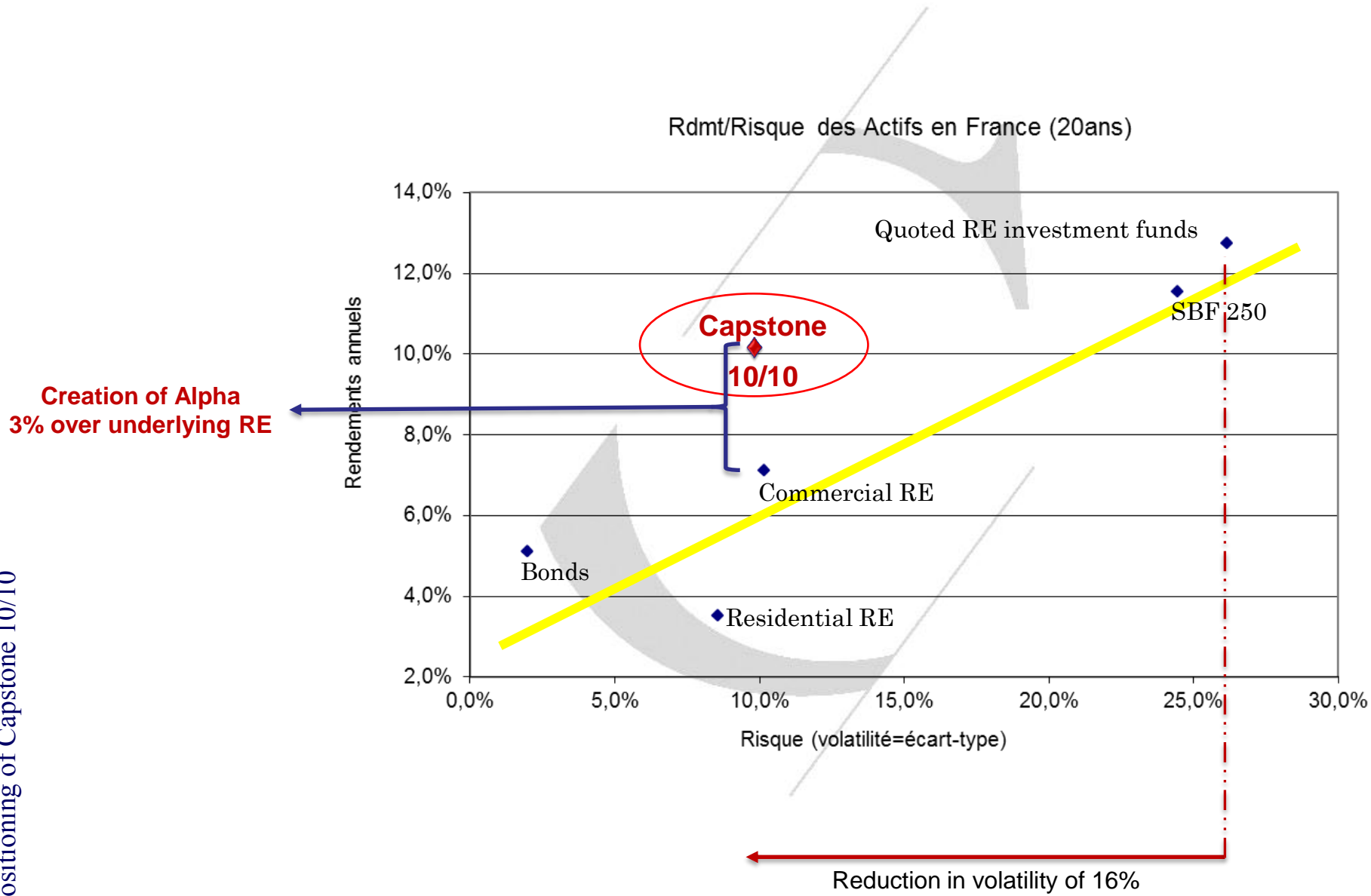


Risks/returns

Over 20 years	Bonds	Equities	Residential real estate	Corporate real estate	Quoted REITS
Annual returns	5.1%	11.5%	3.5%	7.1%	12.7%
Risk = volatility	2.0%	24.5%	8.6%	10.2%	26.2%
Sharpe ratio	1.03	0.35	0.06	0.40	0.37

Positioning of Capstone

Positioning of Capstone 10/10



SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

Deal Pipeline

Appendices

➤ **Concept:**

▶ **Investment in real estate assets of SMEs**

- By sale & leaseback of assets directly from SMEs (75%)
- By acquisition of portfolios with SME tenants
- By development of pre-let bespoke solutions
- By site conversion at the end of the lease term

▶ **Create a diversified high-yielding portfolio with:**

- High cash flow visibility (long leases)
- Robust risk/return profile

▶ **Long term holding of assets**

▶ **Progressive debt reduction**

▶ **No speculative activity**

➤ **Objective:**

Generate stable, recurring, constantly increasing, long term revenues

- **Targets:**
- « Non-prime » assets ► off the radar of institutional investors
 - Initial gross rental yield : range of 8% - 13%
 - Diversification by sector/asset type
 - Diversification by geographic location
 - Freehold title
 - Absence of heavy pollution / complex planning requirements
 - Purchase existing buildings or reconfigure to optimise operating efficiency
 - France, Belgium (similar lease structures)
- **Methods :**
- Direct approach to SMEs (vs. real estate market)
 - Creation of regional Business Units:
 1. Local relationships/knowledge of local economic drivers
 2. Recruitment through banking and advisor networks
 - Partnerships (small business federations, chartered accountants, business disposal specialists...)
- **Unique positioning** (in Europe and USA)
- **Response to a structural economic need**
- **Counter-cyclical portfolio**

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

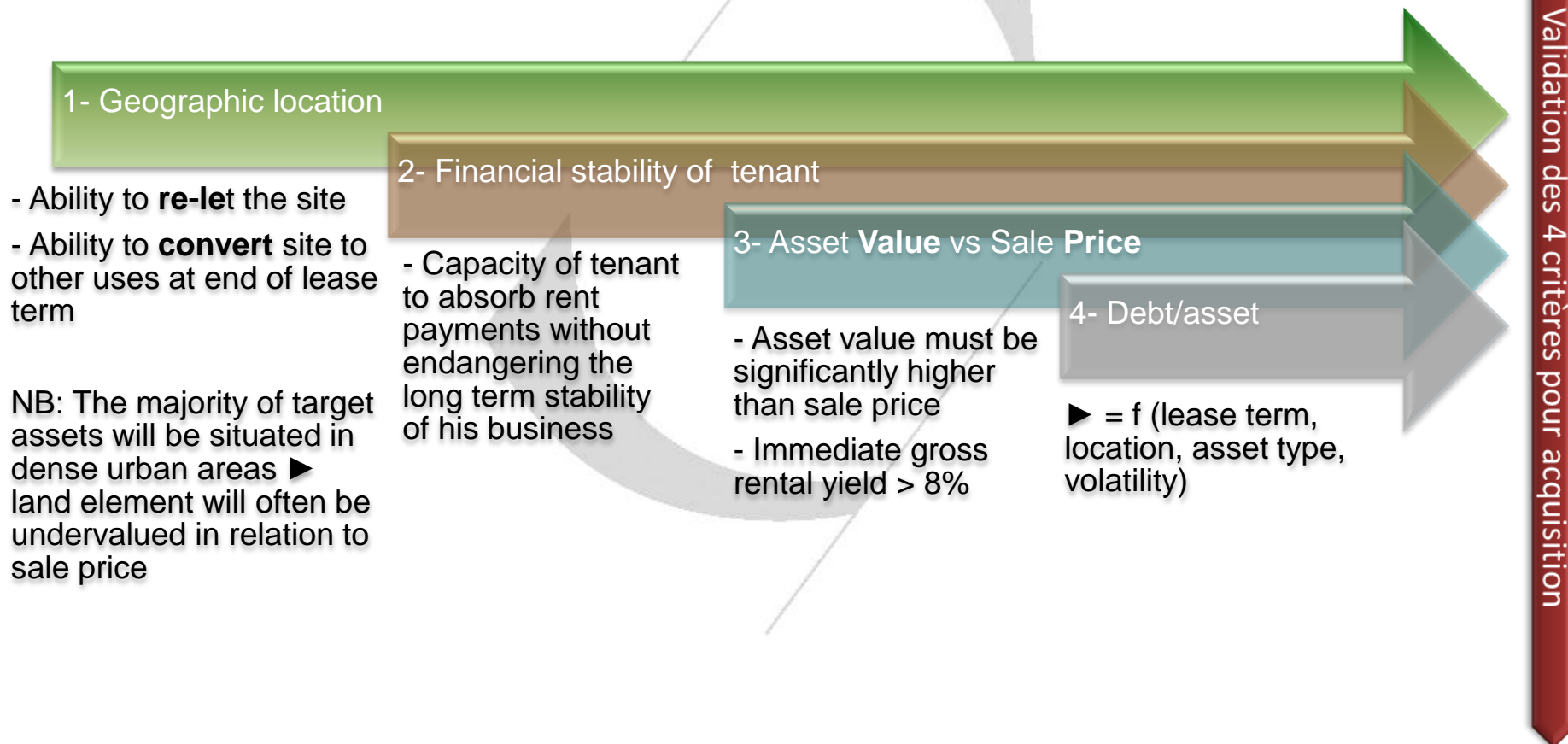
Deal Pipeline

Appendices

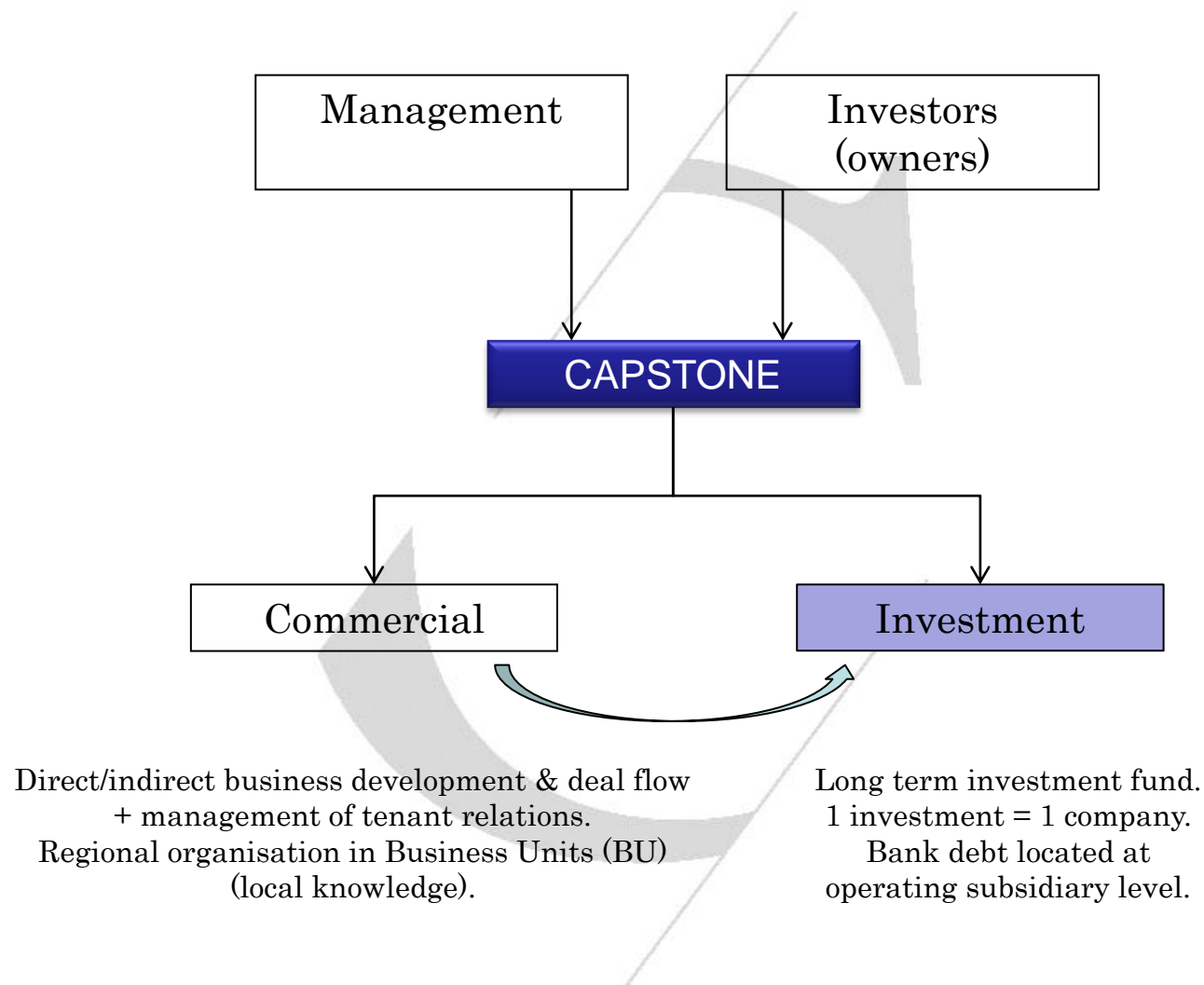
1. MANAGEMENT MODEL

A – Investment criteria

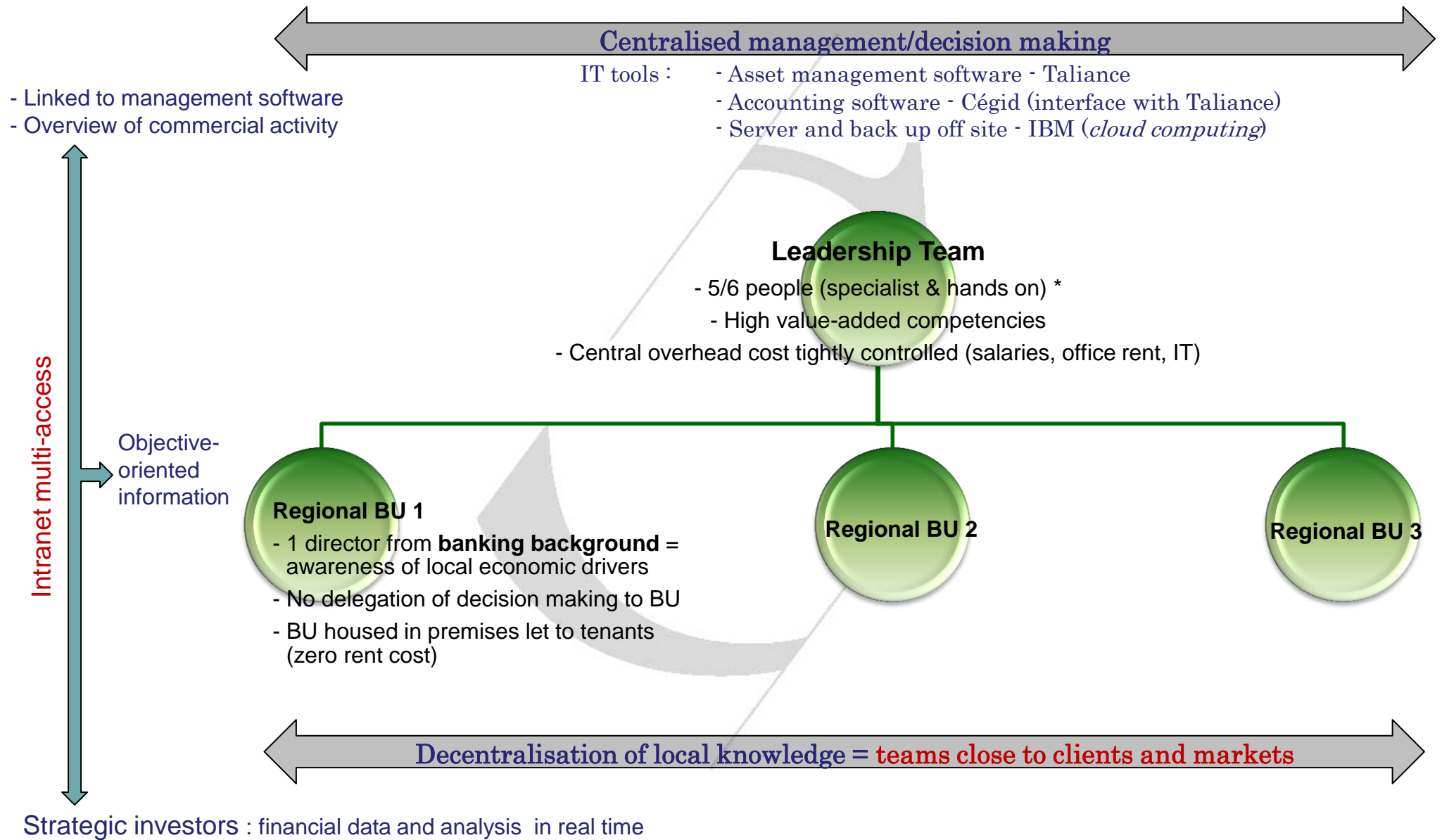
Our judgement of the **key fundamentals** for an acquisition



B – Decentralisation of local knowledge = proximity to clients and markets



C – Lean operating structure based on technology



* Commitment of all Leadership Team members to join at launch of the company

D – Revenue breakdown

- Investment - **Recurring revenues (> 90% = intrinsic stability of turnover)**
 - Rent + indexation during 1st lease term
 - Revalued rent after conversion
 - Services to tenants

- Investment - Exceptional revenues:
 - Opportunistic sales
 - Improvement/extension works for tenants (management fee)

- Regional BU
 - Fees of 2% of investment for all acquisitions by the investment company
 - Services to SMEs
 - BU responsible for their P&L and for commissions paid to 3rd party brokers

E – Management fundamentals

- Investment criteria:
 - Gross yield = **> 8.00%** net of acq. costs (average in BP = 10.35%)
 - Lease term = **Target 10 years (no break)**
 - ▶ except multi-tenanted assets (▼ void risk)
 - Risk = **No predominant** rent revenue or asset value (5-10%)
Diversification by number of units and asset type
Geographic **dispersion**
 - Asset hold = **Very long term (> 10 ans)**
 - End of lease = **Re-letting or conversion**
- Financial criteria:
 - SPVs = 1 investment = 1 company
 - SPV shareholding = **>95%** for tax consolidation (target 100%)
 - Bank debt = Located at SPV level (non-recourse)
 - Leverage (LTC*) = Average **50% equity / 50% debt** (* Loan to cost)
 - Debt reduction = **Progressive**
 - Security = Mortgage
 - Treasury = Centralised cash pooling

F – Strategic allocation of the portfolio

Asset Classes of Corporate RE								
Retail	Shopping Centres	Office Greater Paris	Office ex Paris	Logistics warehousing	Cross dock logistics	Light industrial	Hotels	Bespoke buildings
☆☆☆ <small>R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆ <small>R C R C</small>	☆☆☆ <small>R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>
☆☆ <small>R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆ <small>R C R C</small>	☆☆☆ <small>R C R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆ <small>R C R C</small>	☆☆ <small>R C R C</small>	☆☆☆☆ <small>R C R C R C R C</small>	☆☆☆ <small>R C R C R C</small>

Characteristics:

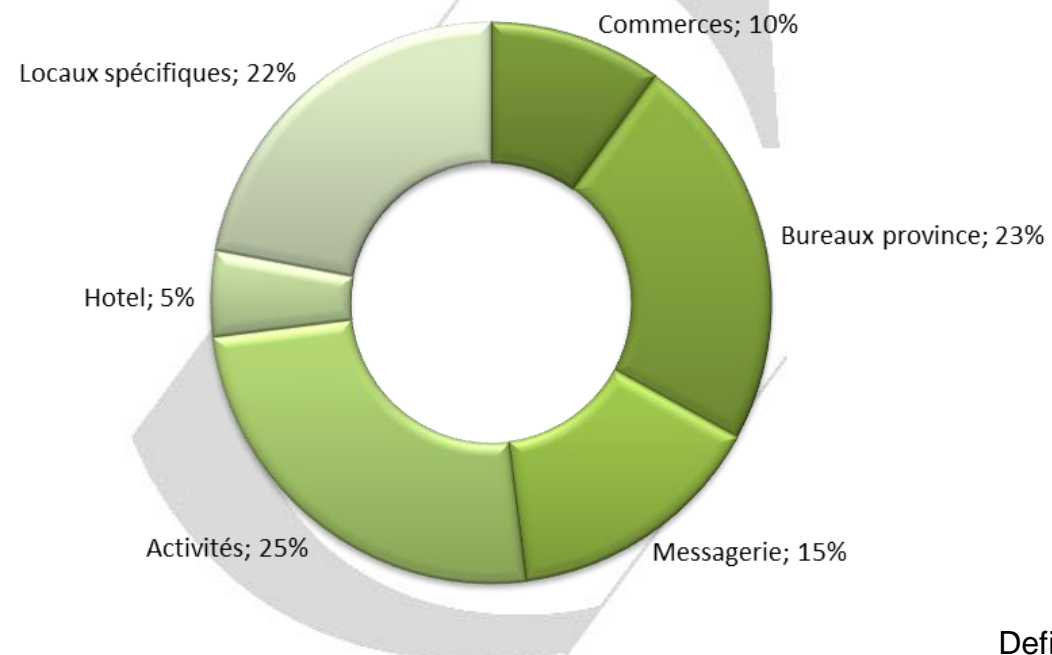
Typical tenants	Brands	Brands			Large groups	SME/large groups	SME	Chain or Luxury	SME (majority)
Yields below 8%	Yes	Yes	Yes		Yes	Yes			
Specific factors	"Boxes" in Retail parks	Customer catchment area	Multi-tenant	Multi-tenant	Location	Location	< 4 000 m ² (Business park)	Location Quality of mgt.	Customer requirements
Approvals required	Depends on size	Yes			Yes			Yes	Depends on activity
Institutional investors	Yes	Yes	Yes	Yes if prime	Yes if standard prime	Yes if standard prime	Yes if park is standard prime	Yes if prime	

CAPSTONE

	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes
Inclusion/exclusion factors	Freehold, location, capacity for conversion	Level of investment	Low yields, institutional market	Opportunistic. location, multi-tenant capability	Vulnerability to changes in approvals (ICPE)	High visibility	Flexibility (multi-use)	Location quality of mgt, capacity for conversion	Very high yields, alignment of tenant/investor requirements (tenant lock-in)
Target portfolio	10%	-	-	23%	-	15%	25%	5%	22%

NB : 2/3 of French SMEs own their real estate (vs. 1/3 in USA)

Répartition des revenus par classe d'actifs



Definition of specific buildings:

- bespoke operational buildings (e.g. automobile concessions)
- laboratories
- car parks

2. PROTECTION OF INVESTORS' INTERESTS

The **governance** of the investment company (SAS) will be **structured** around **3 cornerstones**:

➤ Leadership Team

- ▶ Manages the business, generates deal flow, proposes and executes the strategy
- ▶ Regulated by internal policies/guidelines

➤ Investment Committee

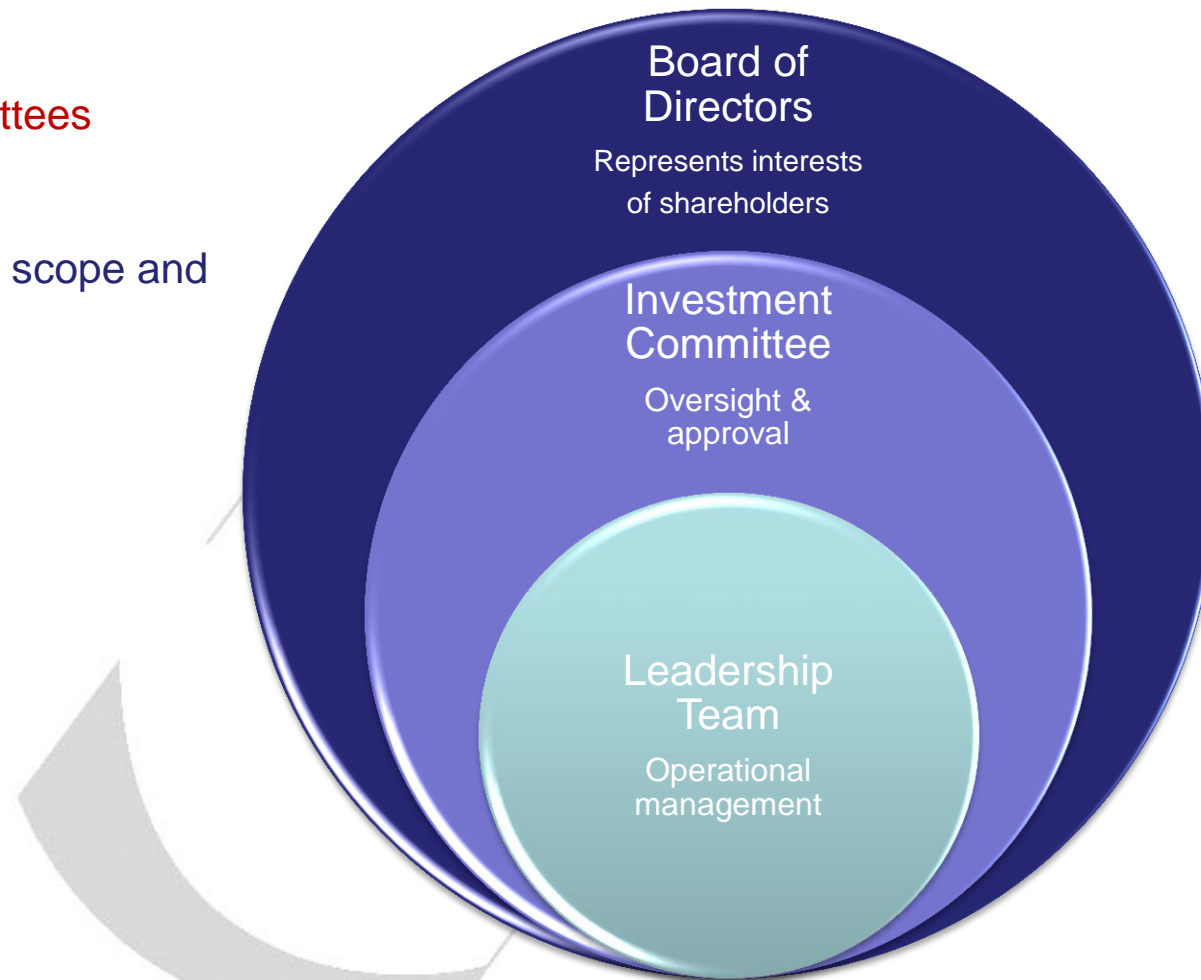
- ▶ Investment approval > €2m (process to be established)
- ▶ Ensures compliance with business strategy
- ▶ Composition : Leadership Team (2) + 3 members designated by shareholders
- ▶ Voting by simple majority

➤ Board of Directors

- ▶ Represents interests of investors (business owners)
- ▶ Voting by qualified majority (65%)

Responsibilities : shareholder pact, approves new shareholders and capital increases, nominates 3 members of investment committee, nominates auditors, manages IPO.

- 3 complementary committees
- Precise definitions of the scope and authority of each



- ▶ Value added :
- ▶ Investor security :
- ▶ Efficiency :

Concentration of scope on areas of expertise

- Presence of **investment committee** and **board of directors**
- **No conflict of interest** : management shareholders + mgt contract

Reactivity inherent in light, decentralised structures

➤ Operating procedures:

1 - Investment < €2m : delegation of approval to LT

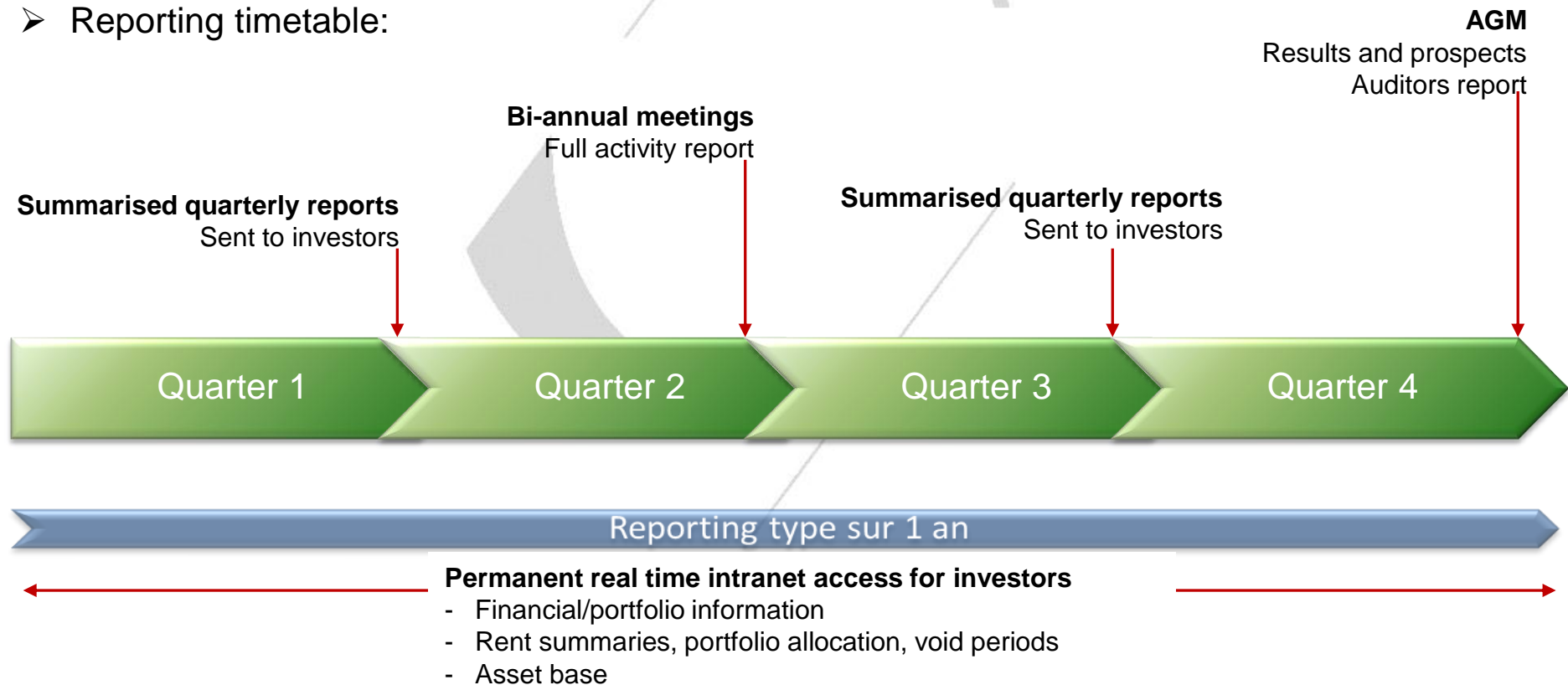
▶ Pre-established, simple and pragmatic criteria

2 - Investment > €2m : approval by Investment Committee

▶ Clear approval process (information/vote/timing)

3 - Investment > €20m : approval by Board of Directors

➤ Reporting timetable:



SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model

2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions

2. Rapid growth of revenue and cash flow

3. Prospects for investors

Deal Pipeline

Appendices

► **Objective = 10/10**



2 parameters

1. REDUCTION OF RISK to 10%

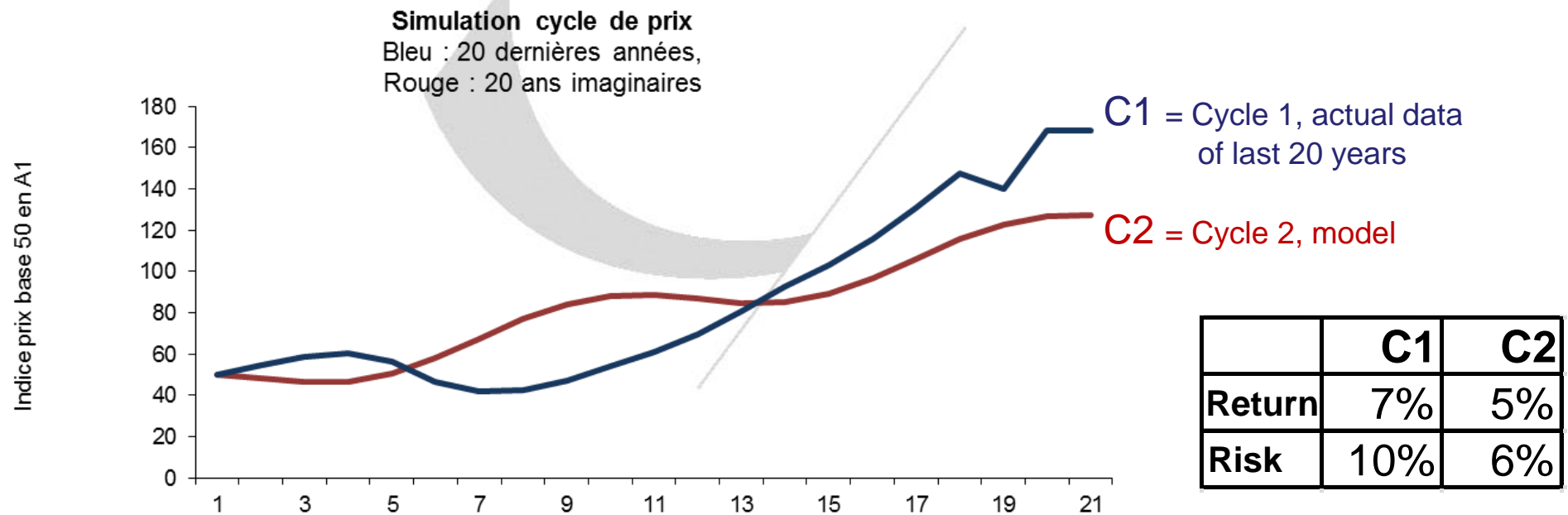
- Reduction of leverage
- Optimised diversification :
 - Above 40 lines = asymptote of risk
- Efficient allocation of the portfolio

2. CREATION OF ALPHA to target 10% return

- Stock picking
 - Territorial coverage
 - Anticipation (management) of voids
 - Quality of leadership team/experience
- Market timing
 - Long lease terms = eliminates cycles
- Negotiation
 - Lack of competition in non-prime market

A - Testing and establishment of parameters

- Parameters tested :
 - Leverage (20/80 vs. 50/50)
 - Lease terms (9 years vs. 12 years)
 - Pricing cycle of underlying assets (1990-2010 vs. counter-cyclical model)
- Parameters applied to :
 - REITS
- Results :
 - Return and risk for the investor



B - Reduction of risk by lower leverage

- Standard investment in commercial RE = average leverage 20/80
- Capstone = average leverage 50/50

Comparison of results :

Cycle 1 - last 20 years				
Leverage 80%	Underlying RE	Capstone	Quoted REITs	Equities
Annual returns	6.70%	13%	12%	11%
Volatility	10.00%	15%	26%	24%
Sharpe	0.27	0.60	0.31	0.29

Cycle 2 - model		
Leverage 80%	Underlying RE	Capstone
Annual returns	5%	13%
Volatility	6%	16%
Sharpe	0.15	0.57

Cycle 1 - last 20 years				
Leverage 50%	Underlying RE	Capstone	Quoted REITs	Equities
Annual returns	6.70%	10%	12%	11%
Volatility	10.00%	10%	26%	24%
Sharpe	0.27	0.60	0.31	0.29

Cycle 2 - model		
Leverage 50%	Underlying RE	Capstone
Annual returns	5%	10%
Volatility	6%	11%
Sharpe	0.15	0.57

C - Innovative allocation of the Capstone portfolio

	RE Funds	REITS	Capstone
Office	68%	36%	23%
Retail	17%	31%	10%
Industrial	7%	15%	62%*
Residential	7%	13%	0%
Hotels	1%	5%	5%
	100%	100%	100%

Gross yield	7%	13%	10-11%
σ (risk)	10%	26%	10-11%

* Composition of Capstone "industrial":

► light industrial, cross dock logistics, bespoke buildings...

- Our data, assumptions and calculations show that the Capstone portfolio is situated on the efficient « risk/return » frontier of the 5 sub-classes of corporate real estate

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

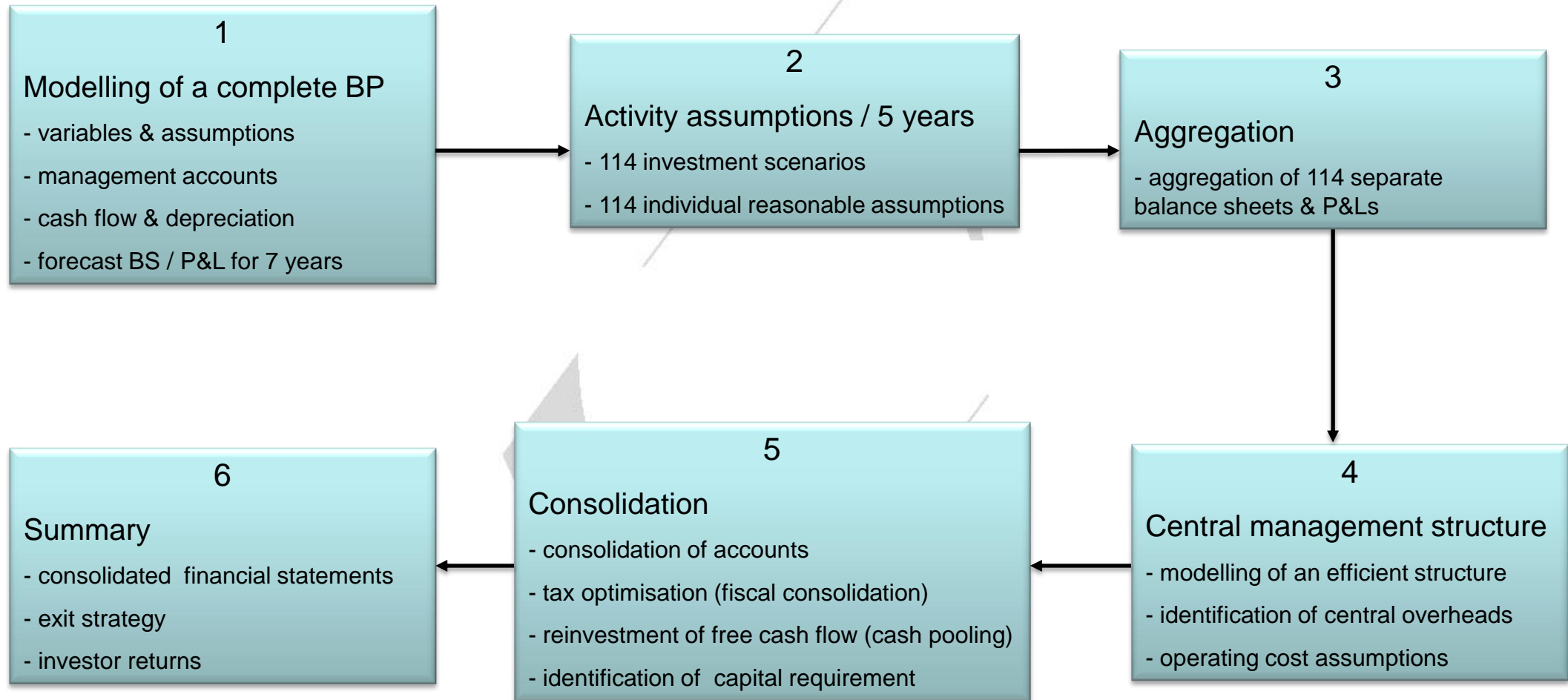
Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

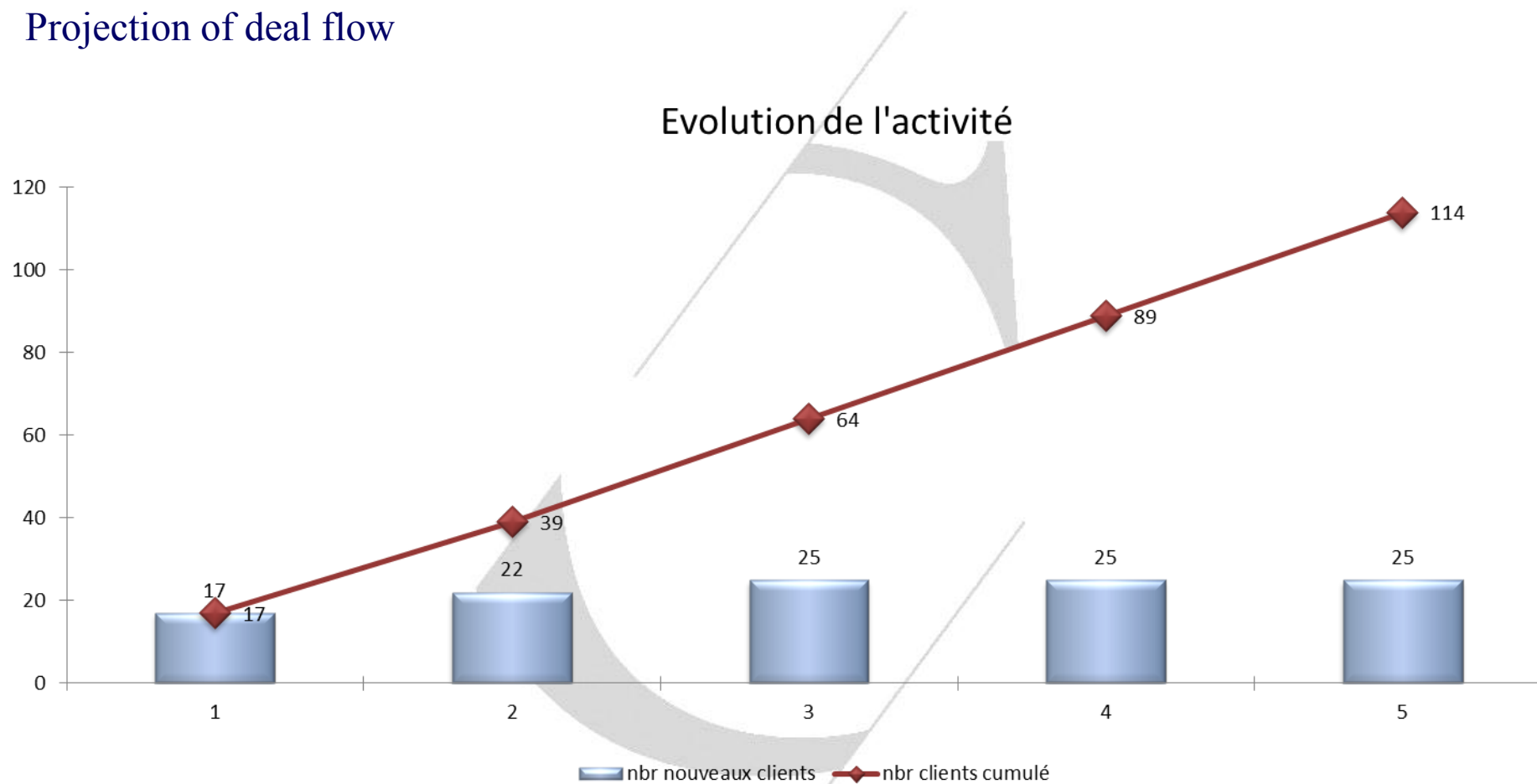
Deal Pipeline

Appendices

1. METHOD & ASSUMPTIONS



Projection of deal flow



	Y1	Y2	Y3	Y4	Y5
m² pa	109 600 m²	85 380 m²	109 300 m²	113 100 m²	117 750 m²
Cumulative m²	109 600 m²	194 980 m²	304 280 m²	417 380 m²	535 130 m²

Summary of Assumptions – Years 1 - 5

- Number of investments: 114
- Average lease length (no break): **9.5 years**
- Portfolio at cost – year 5: **€665m** ► = 535,130 m² (average investment = €5.8m)
- Portfolio at valuation - year 5: **€887m** (before debt repayment)
- Equity invested over period: €267m ► = 40.2% of total capex
- Annual free cash-flow: 100% reinvested over the period
- Average leverage: 50/50

Equity drawdown	Y1	Y2	Y3	Y4	Y5
Capital €m	66.9	52.5	54.8	48.9	44.1
% of capex	50.4%	45.1%	40.5%	35.6%	30.7%

- Average loan length: 15.8 ans
- Average gross rental yield: **10.35%**

2. RAPID GROWTH OF REVENUES AND CASH FLOWS

Profit & loss account	Y1 2011	Y2 2012	Y3 2013	Y4 2014	Y5 2015
Revenues	5.10	17.30	31.80	45.70	61.80
<i>Increase pa</i>		239%	84%	44%	35%
EBITA	1.89	13.16	26.25	38.56	53.38
<i>Operating margin</i>	37.1%	76.1%	82.5%	84.4%	86.4%
Depreciation	7.79	14.47	22.35	30.29	38.78
Operating profit	(5.90)	(1.31)	3.90	8.27	14.60
Finance costs	(1.80)	(4.88)	(8.03)	(11.14)	(14.54)
Net profit	(7.70)	(6.19)	(4.12)	(2.86)	0.06
<i>ROI (EBITA/equity)</i>	3.20%	12.48%	16.80%	19.06%	21.66%

Balance sheet	Y1 2011	Y2 2012	Y3 2013	Y4 2014	Y5 2015
Shareholders equity	59.21	10.52	156.26	202.35	246.52
Bank debt	63.90	117.68	177.52	235.71	293.15
Fixed assets	125.17	227.08	339.90	446.38	550.09
Total assets	125.47	227.38	340.20	446.68	550.39

2. RAPID GROWTH OF REVENUES AND CASH FLOWS

Cash flow	Y1 2011	Y2 2012	Y3 2013	Y4 2014	Y5 2015
Operating cash flow	0.09	8.28	18.22	27.43	38.84
OCF/equity	0.16%	7.85%	11.66%	13.55%	15.76%
Share capital	66.92	52.50	54.86	48.95	44.11
Bank debt	63.90	53.78	59.84	58.19	57.44
Tenant deposits	2.35	1.82	2.24	2.20	2.10
	133.26	116.38	135.16	136.77	142.49
Investments	(132.96)	(116.38)	(135.16)	(136.77)	(142.49)
Change in working capital	(0.30)	-	-	-	-
Free cash flow reinvested	0.02	6.12	13.20	19.69	27.36

NB : Flotation costs excluded

3. PROSPECTS FOR INVESTORS

5 year objective: **Stock market flotation**

- ▶ option to apply for REIT status (see appendix)

Benchmark valuation methods:

Method	Application	Valuation €m	IRR
NAV*	Cap rate @ 8.0% - debt	548	23.6%
DCF**	Op. cash flow/(8.2% - 3%) - debt	612	27.4%
	Range	548 to 612	
	Median	580***	25.5%

▶ **Return on equity at exit** **€313m (117%)**

*Prudent cap rate at 8.0%

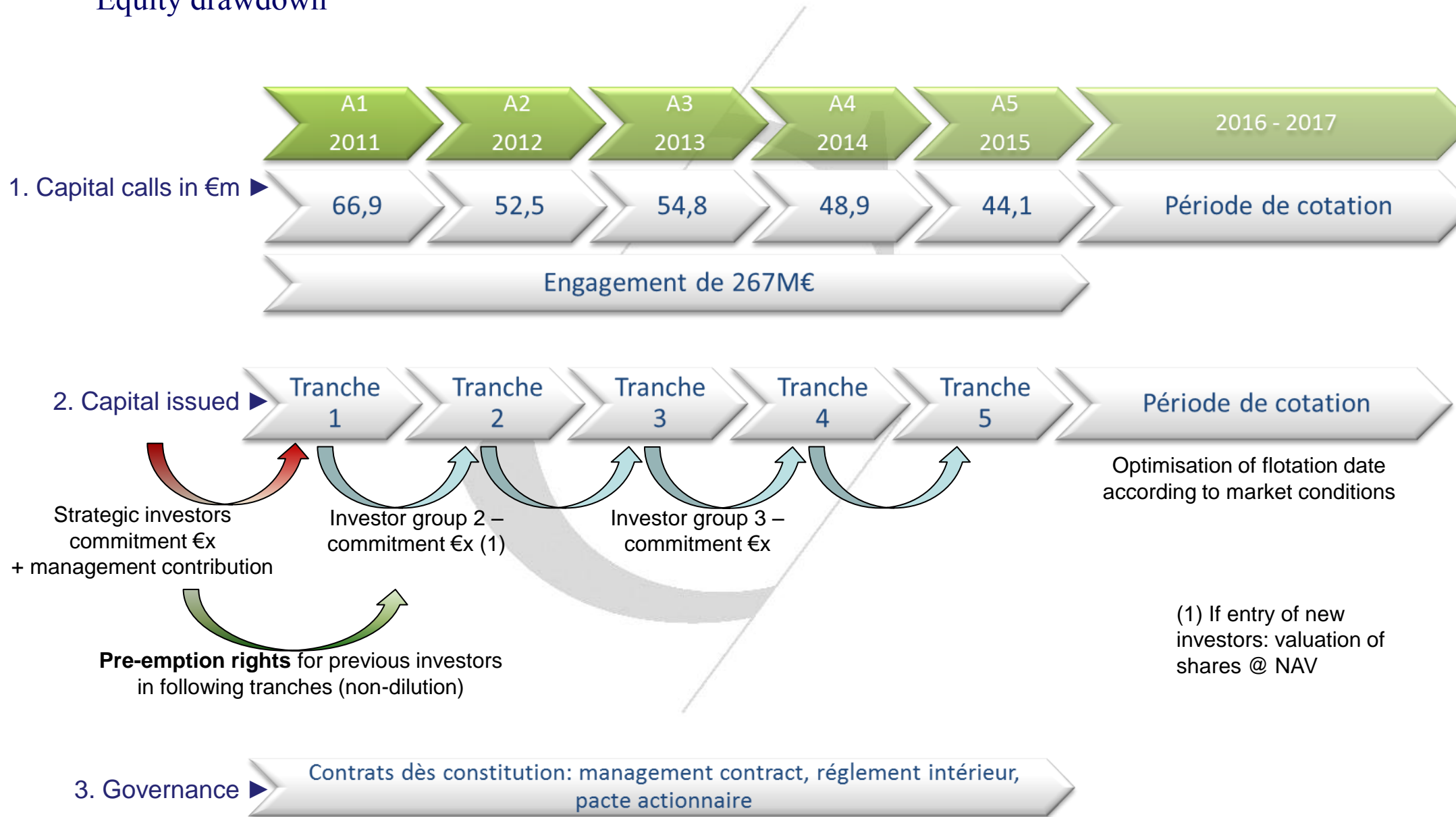
Op. cash flow in Y6 **8.2% = discount rate of RE funds ($\text{TSR} + \beta (\text{stock market return} - \text{TSR}) = 4 + 0,7 (10 - 4)$)

TSR = risk free interest rate

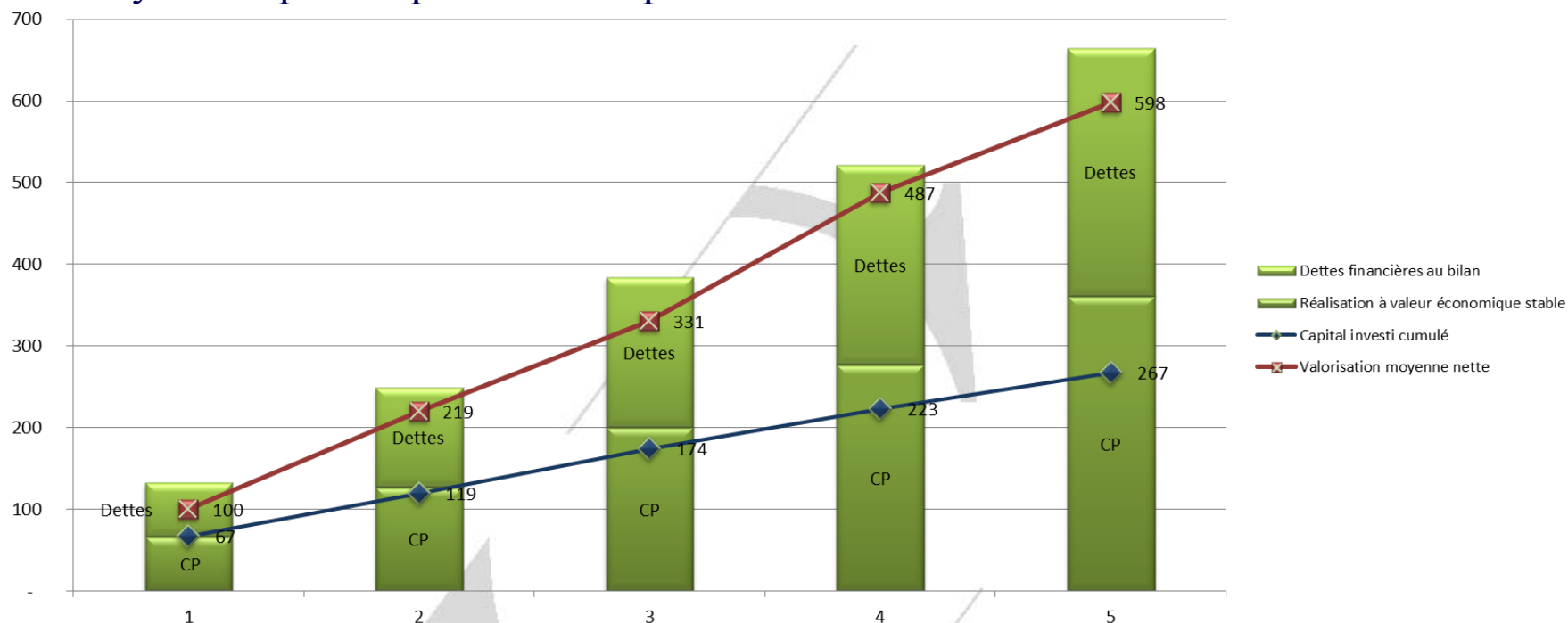
3% = long term economic growth

***Valuation of recurring revenues only = exclusion of tenant services, opportunistic sales, internal commissions to BU, optimisation of tax consolidation... **(potential upside)**

Equity drawdown



Growth analysis – capital requirement vs. portfolio valuation



€m	Y1	Y2	Y3	Y4	Y5	Average
Investment portfolio at cost	133	249	384	522	665	
Bank debt	66	122	184	244	304	
Net proceeds at stable economic value	66	127	200	277	361	
Equity invested	67	119	174	223	267	
Safety margin / equity invested	-1%	6%	15%	24%	35%	
Increase in equity invested		78%	46%	28%	20%	43%
Portfolio valuation (median)	100	219	331	487	598	
Increase in portfolio valuation		119%	51%	47%	23%	60%
€1 invested = €x value created	1.50	1.84	1.90	2.18	2.24	1.93

Timeline - implementation of pipeline investments and leadership team recruitment

► Implementation of pipeline investments (Rives de Paris, St Priest)

Timeline	Rives de Paris	2010				2011								Invest
		Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Equity
Exclusivity agreement														€ 25m
Due diligence														
LOI / Offer														
Price adjustments														
Exchange of contracts														
Legal/financial structuring														
Completion														

- Park of 12 buildings
- Greater Paris
- 50 tenants
- €4.3m rent pa
- 11.7% rental yield

Timeline	Saint-Priest	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	CP
PUV (ex parte contract)														€ 0.6m
Due diligence														
Completion														

- 55,000m² site
- Greater Lyon
- Commercial dev. project + SME park

► Leadership team recruitment

	2010				2011									Payroll cost pa	Monthly cost	Gross salary pa
Joining date	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	€k	€k	€k
S. Lipp	Operational Capstone													315	26.25	210
M. Prechner	Operational Capstone													270	22.5	180
Legal Director					Notice period									270	22.5	180
Finance Director					Notice period									270	22.5	180
Property Director / COO					Notice period									270	22,5	180

Working capital requirement

Start up period	2010		2011												
€k	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Payroll			48.8	48.8	48.8	71.3	93.8	116.3	116.3	116.3	116.3	116.3	116.3	116.3	1,125.0
Office rent										7.5	7.5	7.5	7.5	7.5	37.5
Server/back up (cloud)									0.7	0.7	0.7	0.7	0.7	0.7	4.2
Structural overheads	0	0	48.8	48.8	48.8	71.3	93.8	116.3	117.0	124.5	124.5	124.5	124.5	124.5	1,166.7
Telecommunications			0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.6
Legal fees (structuring)			10.0												10.0
Bookkeeping/payroll.			0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.4
Office consumables			0.2			0.3			0.2			0.3			1.0
Postage and printing			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Travel and subsistence			0.7	0.5	0.7	0.5	0.7	0.5	0.7	0.5	0.7	0.5	0.7	0.5	7.2
Operating overheads	0	0	11.5	1.1	1.3	1.4	1.3	1.1	1.5	1.1	1.3	1.4	1.3	1.1	25.2
IT hardware/software		2.0		2.0	2.0		2.0								8.0
Portfolio mgt. system					10.0		15.0			30.0			25.0		80.0
Websites: internet+intranet								15.0							15.0
Fixed assets	0	2.0	0	2.0	12.0	0	17.0	15.0	0	30.0	0	0	25.0	0	103.0
Grand total	0	2.0	60.2	51.8	62.0	72.6	112.0	132.3	118.4	155.5	125.7	125.8	150.7	125.5	1,294.9
Cash requirement pre-revenue generation		493.1							Rental revenue Rives de Paris Structure becomes self-financing						

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

Deal Pipeline

Appendices

1- Rives de Paris – Enterprise Park of 12 tenanted buildings – Paris périphérique

- **Exclusive negotiation of acquisition ongoing**
- **Signature of sale agreement for 47% of capital : 7/1/2011**
- **Commitment for 60% of capital projected : mid February 2011**

Location :	Close to the Paris périphérique ring road, excellent access
Closed enterprise park :	12 buildings, total 43 000 m ² built area
Tenants :	55 approx, none predominant
Rental void :	0%
Form of acquisition :	Majority control of an SA company
Price of 100% acquisition:	€45m approx
Initial gross rental yield:	≈ 10%
Projected completion :	July 2011
Condition:	Very good, construction 2002-2006 (80%)



2- Development of an SME Enterprise Park – Saint-Priest (Lyon)

- **Ex parte contract (PUV) signed in December 2010**
- **Completion: Q1 2011**

Location : Saint-Priest (Lyon), 500m from new Lyon East bypass

Area : 55 000 m² (13 acres) land for construction

Future enterprise park: 24 230 m²

Projected tenants: 40

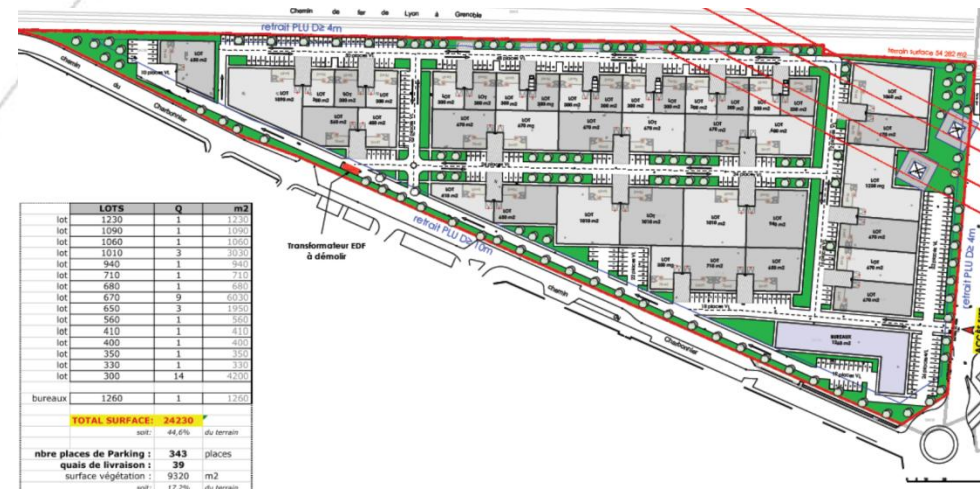
Initial investment : € 1.5m (March 2011)

Total investment : € 20.4m

Projected annual gross rent : € 2.1m

Projected net rental yield : 10.21%

Vendor : 4 corporate shareholders (SCI)



3 – Land for construction of a bespoke pre-let warehouse – Corbas (Lyon)

► Detail shown in Slide 8 (credentials)

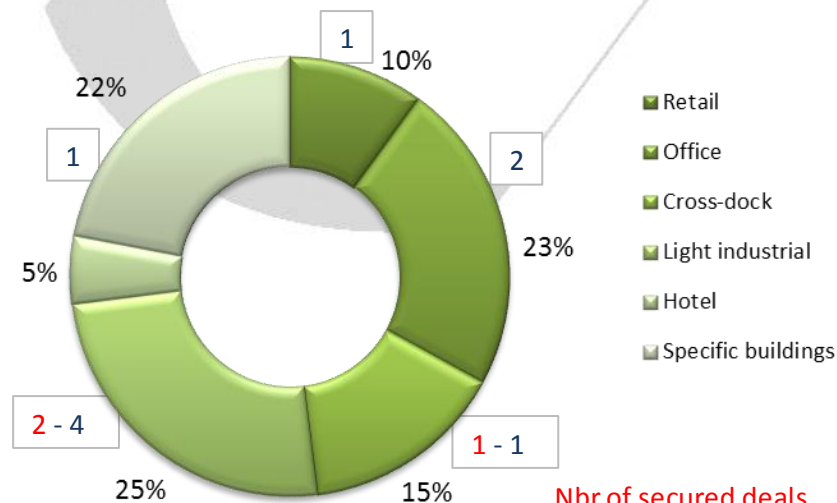
- **Transfer of ownership from S. Lipp**

- Location : Corbas (3 junctions to A43 and Lyon East bypass at 400m)
- Area : 40 506 m² land for construction
- Future cross-dock warehouse: 11 000 m² approx
- Acquisition price: €300k
- Bank finance: €3.9m
- Transfer of ownership : Q1 2011
- Marketing : Negotiations ongoing with two potential tenants

Further deals under consideration and/or negotiation

Name/location	Use	Status	Form of the deal	Portfolio allocation	Tenants	Built area	Immediate revenues	Forecast revenues (dev.)	Lease first term	Total investment	Net income yield yr1
Le Ravel, Levallois (Paris)	Fully let office bldg	Buy from an institutional	Asset deal	Office	IBM	6 366 m ²	2,4 M€		12 yrs	27,2 M€	8,80%
Pantin (Paris)	Fully let office bldg	Buy from an investor	Asset deal	Office	6 tenants (1 governt. body)	2 834 m ²	0,5 M€		Multi-ten.	4,7 M€	10,50%
Nancy	Specific	Sale & lease-back	Share deal	Specific	GNT	2 969 m ²	Study		9 yrs		10,00%
Vannes (Brittany)	SME hub (conversion)	3 party nego: vendor, council, Capstone	Asset deal	Light indust.	Forecast of 10 tenants	20 000 m ²		Study	Multi-ten.		
St-Exupéry airport (Lyon)	Specific + office	Sale & lease-back	Asset deal	Light indust.	Fatton	1 400 m ²	0,21 M€		9 yrs	2,3 M€	9,00%
Valence	Cross-dock	Sale & lease-back	Asset deal	Light indust.	Fatton	6 000 m ²	0,10 M€		9 yrs	1,0 M€	10,50%
Roanne (Lyon region)	Specific	Sale & lease-back	Asset deal	Light indust.	Fatton	5 390 m ²	0,14 M€		9 yrs	1,2 M€	11,50%
UK	Retail (dev/leaseback)	Negotiation of exclusive partnership	Asset deal	Retail	EasyGym			Study	Multi-sites		
France	Multi cross-dock	Discussions of multi sale & lease-back	Asset deals	Cross-dock	Ducros Express				Multi-sites		
Nbr of deals :				9		44 959 m²	3,3 M€	0,0 M€		36,4 M€	9,17%

Targeted allocation of revenues by asset class



Nbr of secured deals

Nbr of advanced discussions

SUMMARY

Expertise – Leadership Team

Positioning of Capstone 10/10

Strategic Approach

Corporate Governance

1. Management model
2. Protection of investors' interests

Demonstration of risk/return profile 10/10

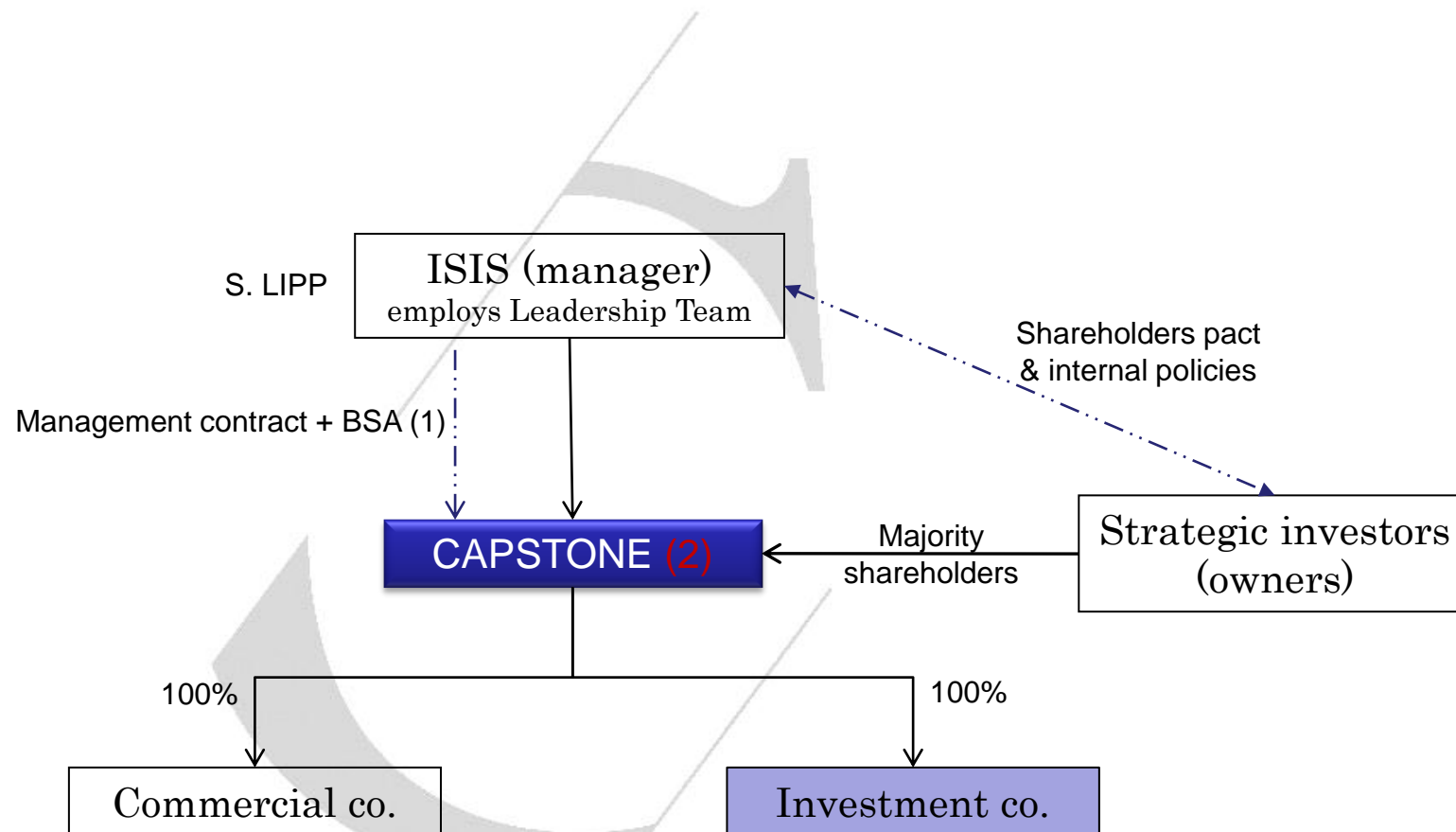
Business Plan

1. Method & assumptions
2. Rapid growth of revenue and cash flow
3. Prospects for investors

Deal Pipeline

Appendices

CORPORATE STRUCTURE AND MANAGEMENT CONTRACT - 1



(1) Bons de souscription d'actions (share warrants)

(2) Company to float in Year 5

CORPORATE STRUCTURE AND MANAGEMENT CONTRACT - 2

Companies

ISIS SAS

Holding co. owned by management-shareholder

- ▶ Object : Control after flotation (pre-IPO = optimisation of valuation)

CAPSTONE SAS

- ▶ Investment holding co. to float in year 5

Majority owned by strategic investors

Tax consolidator

Capital contribution / Stéphane LIPP

- ▶ Initial valuation of Capstone shares

Total €15.1m – strong capital commitment (see next page)

Contracts

Management contract :

Carried interest based on strategic investors' exit IRR

- ▶ Objective : Alignment of interests - strategic investors/management
- ▶ Security: Management intention to take controlling interest on exit
- ▶ Carry : Share warrants issued to ISIS

VALUATION OF STEPHANE LIPP CAPITAL CONTRIBUTION

Proj.	Land							Construction		Market value of finished product						Valuation contribution SL				
	Acquisition status	Land area m²	Purchase price / m² of land	Acq. cost ex stamp duty	Market value/m²	Market value of land	Latent profit on land cost	Cost (constr. + prof. fees)	Total investment (land + constr.)	Use	Gross annual rent	Gross rental yield	Market cap. Rate (for info only)	Market value	Potential profit on cost	Cap rate used for acq. by investment co.	Valuation for acq. by investment co.	Investment co. profit on valuation	Weighting applied to profit	Value of capital contribution
1	Freehold ownership SL	40,506 m²	103.69 €/m²	4.200 M€				8.300 M€	12.500 M€	Cross dock logistics	1.100 M€	8.80%	7.20%	15.278 M€	22.2%	8.00%	13.750 M€	1.250 M€	85.00%	1.062 M€
2	Under ex-parte contract	55,000 m²	27.27 €/m²	1.500 M€	85.00 €/m²	4.675 M€	3.175 M€	18.917 M€	20.417 M€	Mixed : retail / light ind.	2.085 M€	10.21%	7.50%	27.800 M€	36.2%	8.00%	26.063 M€	5.646 M€	85.00%	4.799 M€
3	Exclusive negotiation	77,217 m²		43.000 M€	135.00 €/m²			N/A	45.400 M€	Light industrial park	4.500 M€	9.91%	7.20%	62.500 M€	37.7%	8.00%	56.250 M€	10.850 M€	85.00%	9.223 M€

Total investment **78.317 M€**
LTV 50%
Equity **39.158 M€**

7.685 M€

Potential gain **27.261 M€**

Valuation contribution SL **15.084 M€**

Ref	Location		Use	Condition	Acquisition status	Method of acq. by investment co	Acquisition cost ex stamp duty	Construction	Acquisition by investment co.		
									Land cost	Existing debt	Net transaction cost ex stamp duty
1	Corbas	Lyon East	Cross dock logistics	To be developed	Freehold ownership SL	Transfer at agreed value	4.2M€ - price paid by SL 12/11/2008	≈ 12 000m²	4.200 M€	3.900 M€	0.300 M€
2	Saint Priest	Lyon East	Mixed retail/light ind.	To be developed	Under ex parte contract	Assignment of contract	1.5M€ - price agreed after 2 years negotiation	≈ 20 000m²	1.500 M€		1.500 M€
3	Rives de Paris *	Périphérique Paris	Park of 12 light ind. buildir	Fully let	Exclusive negotiation	Assignment of exclusivity	43.0M€ - projected transaction price	43 000m²	10.424 M€		45.400 M€

* Transaction price (sale of shares) under negotiation with vendors

47.200 M€

SENSITIVITY ANALYSIS – EXIT VALUATION

Sensitivity IRR / DCF

		Economic growth		
		2.50%	3.00%	3.50%
Discount rate	β			
	0.75	19.8 %	24.5%	29.5%
	0.70	22.6%	27.4%	32.6%
	0.65	25.4%	30.5%	36.0%

Sensitivity IRR / ANR

Capitalisation rate		
7.50%	8.00%	8.50%
27.0%	23.6%	20.3%

RECRUITMENT PLAN

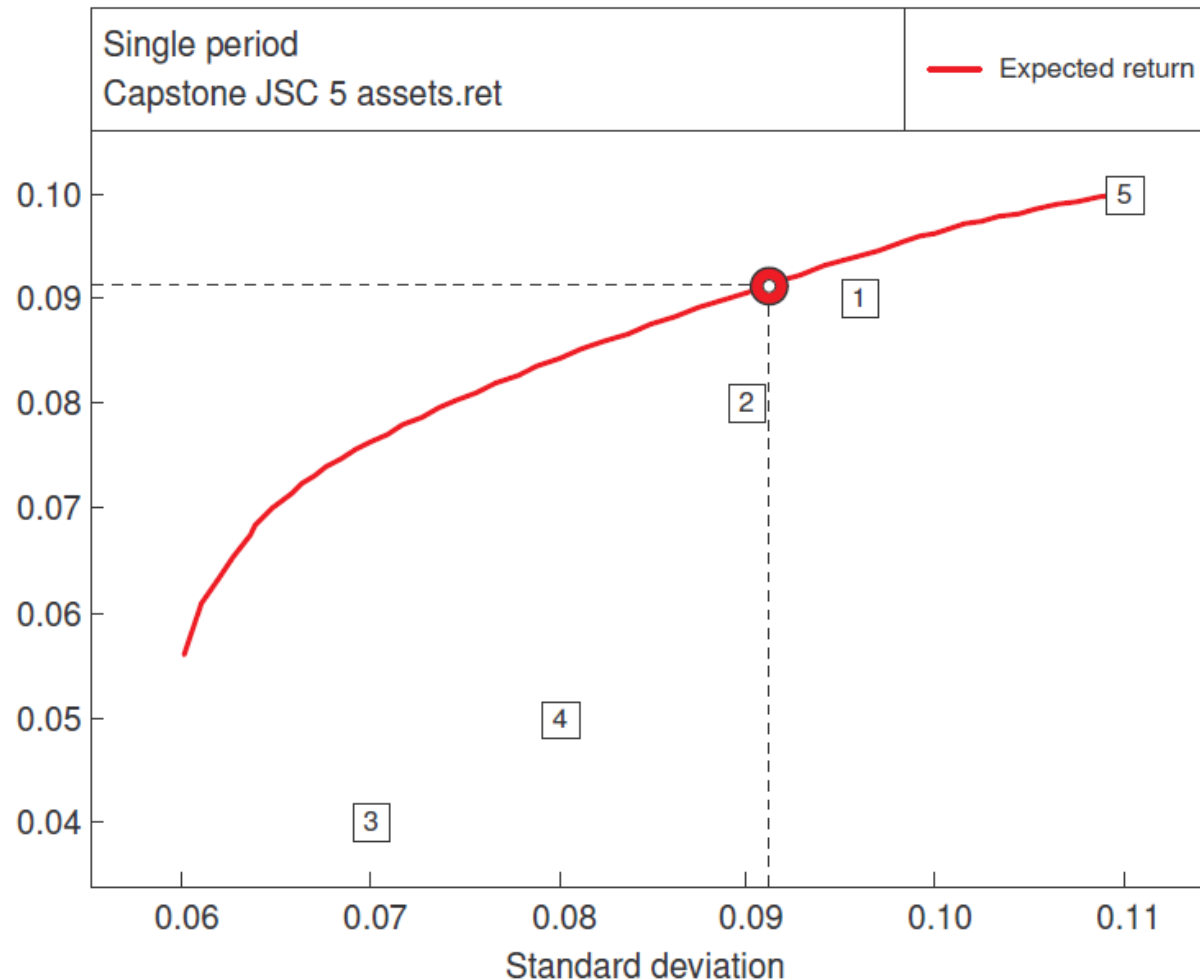
		Y1	Y2	Y3	Y4	Y5
Leadership Team	5	5				
Regional BU openings		Paris South Lyon	Lille Paris West	Marseille	N/A	N/A
Regional Directors	5	1	2	2		
Business Developers	10	2	2	2	2	2
Total	20					

OVERHEAD COSTS

Central costs of holding company

€m	Y1	Y2	Y3	Y4	Y5
Structural overheads					
Salaries and related costs	1.65	2.06	2.40	2.69	2.89
IT & telecommunications	0.07	0.04	0.04	0.04	0.04
Office rent	0.09	0.09	0.10	0.10	0.10
Total	1.81	2.19	2.54	2.83	3.03
Operating overheads					
Professional fees.	0.06	0.04	0.03	0.04	0.05
Utilities	0.03	0.04	0.05	0.06	0.07
Other office costs.	0.17	0.18	0.19	0.19	0.19
Travel & subsistence	0.11	0.16	0.20	0.24	0.27
Total	0.37	0.42	0.47	0.53	0.58
Depreciation	0.61	1.04	1.45	1.81	2.17
Total central costs	2.79	3.65	4.46	5.17	5.78

PORTFOLIO ALLOCATION



Expected return = 0.0913	
1 BUREAUX	0.3589
2 COMMERCES	0.0758
3 RESIDENTIEL	
4 HOTELS	0.0717
5 ACTIVITES	0.4936
Standard deviation	0.0912
Expected return	0.0913

COMPETITION – CAPSTONE vs. LEASING

	CAPSTONE	FINANCE LEASING
FINANCIAL FACTORS		
- Status	Tenancy	Ownership in fine
- Price	Negotiation	Independent valuation
- Tax deductibility of rent payments	Yes	Yes
- Lease term	Negotiation	Length of contract = amortisation period
- End of lease term	Possible extension	Ownership after balancing payment
- Balance sheet (consolidation)	No	Off BS, but adjusted on consolidation
- Third party sale	Yes, at any time	No
- Investment by owner in property holding company	Yes	No
- Debt reduction, increased borrowing capacity, cash injection	Yes	No
- Facilitates sale/transfer of business by owner	Yes	No
OPERATIONAL FACTORS		
- Flexibility to carry out improvements during lease term	Yes	No
- Flexibility to extend site during lease term	Yes	No
- Flexibility to transfer operations to a new site (break contract)	Yes	No
- Property management	Yes	No
- Possibility to provide other services	Yes	No
- Possibility to carry out energy saving improvements	Yes	No

NB: Capstone = faster decision process

QUOTED INVESTMENT COMPANIES – REIT STATUS (SIIC)

Conditions :

- Asset base : > €15m
- Payment of exit tax in Y1 : = NAV x 20%
- Majority holding : < 60%

Consequences:

- Exemption from corporate tax : Income and capital gains
- Compulsory distribution :
 - 85% of net income
 - 50% of capital gains
 - 100% of dividends from subs
- Tax on vendors : CT on capital gain ≈ 19% for sale of buildings to a SIIC



THANK YOU FOR YOUR ATTENTION