



## **Corporate Rating Report**

Groupe Capelli SA // November 09<sup>th</sup>, 2012

Solicited Rating

## I. Rating-Notation

### Groupe Capelli SA

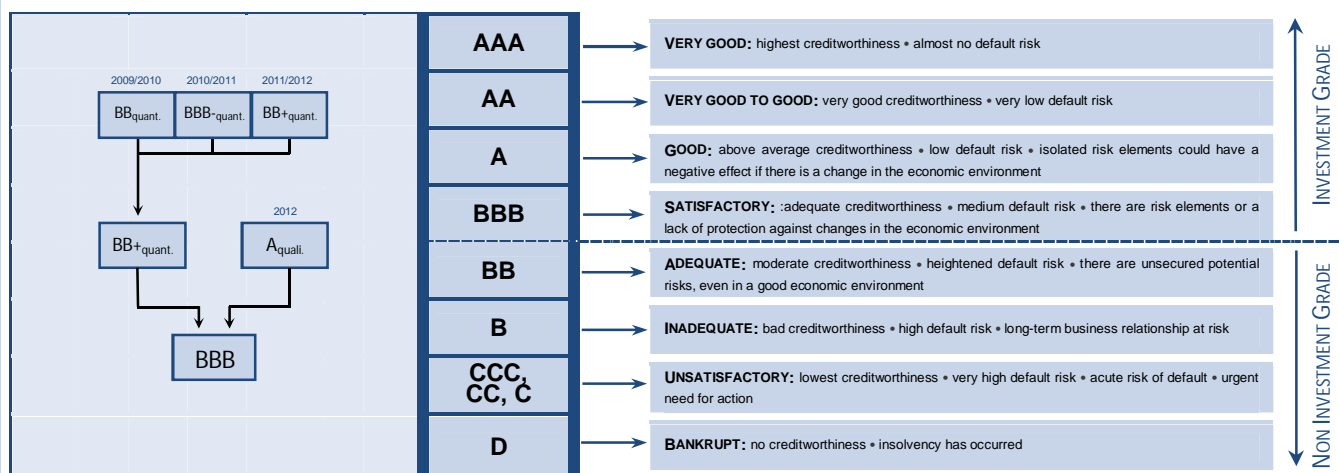
#### Corporate Rating Notation: **BBB<sup>STABLE</sup>**

Our opinion is based on the quantitative analysis of financial data for the financial years of 2009/2010 to 2011/2012, as per March 31st. Qualitative Criteria has been determined through the management interview conducted in October 2012.



Germany, November 09<sup>th</sup>, 2012

SCOPE RATINGS GMBH



The additions „+“ and „-“ to the rating score (ex. BB+ or A-) are used for fine-tuning reasons. In conclusion, the rating score of BBB would be considered a so-called “notch” better than the score of BBB-. This precise adjustment substantiates the rating result, provides a higher level of diversification and secures the comparability of rating results of miscellaneous rating objects.

#### OUTLOOK (MONITORING RATING ACTIONS SCOPE RATINGS)

RATING ACTION	DESCRIPTION
POSITIVE	Outlook: Upgrading tendency in current year
STABLE	Outlook: Stable development in the current year
NEGATIVE	Outlook: Tendency of degradation in the current year
NONE	Outlook: No tendency definable

#### OTHER RATING ACTIONS SCOPE RATINGS

RATING ACTION	DESCRIPTION
NEW	New rating
REVIEW	Revision of ratings and outlooks
CANCELLED	Rating cancelled and withdrawal of the notation
ABORTED	Rating process had been aborted
SUSPENDED	Rating has been suspended

## II. Management Summary

Scope Ratings rates the French real estate company Groupe Capelli based on a qualitative and a quantitative analysis in a full scale corporate rating with the result of a **BBB**. The relation between quantitative and qualitative weighting is 70:30.

### Management summary quantitative analysis

Our **quantitative rating analysis** for the French company Groupe Capelli SA does result in a quantitative rating score of **BB<sup>+</sup><sub>quant.</sub>**. A quantitative rating grade of category "double-B" generally indicates a reasonable financial performance and a small risk of default in the short-term. This rating assessment is based on financial statements for the years 2009/2010 to 2011/2012, as per March 31<sup>st</sup>. In the dynamic view the rating score improved from **BB<sub>quant.</sub>** in 2009/2010 by two notches to a **BBB<sub>quant.</sub>** but decreased slightly to **BB<sup>+</sup><sub>quant.</sub>** in the most recent year 2011/2012.

The ratios in **asset protection** are of mixed quality. On the one hand the equity ratio shows a positive development, which increased from 32% in 2009/2010 to 37% in the following two years, on the other hand there is the noticeable poor ratio "stocks to revenue", which is in line with the activity of the company. The group's revenue slightly drops from 43,4 to 42,2 mill. EUR in 2010/2011 but grow to 47,9 mill. EUR in the most recent year. The net income increased strongly to 2,5 mill. EUR in 2011/2012 from 0,5 mill. EUR in 2009/2010, respectively 1,4 mill. EUR in 2010/2011.

Thus the category **profitability** improved during the regarded period and is in the middle to the upper range of the evaluation scale in 2011/2012. All profitability ratios, the return on shareholder's equity (7,5%), on assets (3,1%) as well as on sales (5,1%), increased by the year 2011/2012. Only the cash flow margin drops from an exceptional value (35,1%) in 2009/2010 to a still good value (8,6%) in the latest regarded year, due to a strategic reduction of stocks.

The ratios in category **debt coverage** are spread from good to low scores. Noticeably is the very high share of short-term debts in relation to the total liabilities. Due to the reduced operative cash-flow over the regarded period, the dynamic debt ratio worsens from a good value in 2009/2010 to a poor in 2011/2012. Positive is the improvement of all liquidity ratios over the years. Also the ratio EBIT interest coverage, which is an important ratio for financing institutions, improved to a very good value (15,9).










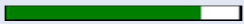
The internal forecast figures for 2012/2013 intent a stable business for the current business year.

**In summary** Scope cannot identify an alerting indication for a short-term risk of default from a quantitative perspective. Weaknesses are in the high capital commitment in stocks as well as the large amount of short term liabilities in relation to the total debts. However the company has a strong equity basis and proved its profitability.

### Management summary qualitative analysis

The **qualitative analysis** results in a rating score of **A<sub>qual.</sub>** and is at the upper end of the rating scale. All evaluated qualitative categories are of good to very good quality. The group has expanded its business model from a purely parceling developer to a property and land developer in the accounting year 2010/2011. The main product focus of this additional business model lies on the "Villa Duplex Apartment" and stands for offering properties at an attractive price-level in inner and outer suburbs of city centers. Capelli concentrated its business solely on France and is represented with five agencies located in Rhône Alpes (historical base), Languedoc Roussillon, Ile de France and Midi Pyrénées as well as a new branch in Geneva, Pays de Gex. The market for parceling-out and residential constructions is relatively scattered, hence no competitors respectively operators have market shares exceeding 10%. Over the last ten years the market for residential housing has been the most active segment in the property development industry and has shown a long-term growth in France. The company possesses a backlog with about 63 mill. EUR year-to-date July that indicates a high stability in the short term. Weaknesses can be found in criteria corporate planning and cost accounting as well as in risk management issues. Nevertheless even that categories represents in total a reasonable level.

**In summary** the qualitative analysis does not show any significant weaknesses for Groupe Capelli from qualitative side. The group has clear targets with a successful business model.

Qualitative Criteria		Valuation	Weighting
Products and Industry		91 Points	10,20 %
Market Dynamics		82 Points	7,14 %
Strategy		89 Points	8,16 %
Corporate Management		81 Points	20,41 %
Human Resources Policy		76 Points	4,08 %
Organizational Structure and Processes		84 Points	8,16 %
Procurement, Storage, Production, Sales and Marketing		82 Points	6,12 %
External Communication and Corporate Planning		76 Points	10,20 %
Cost Accounting and Risk Management		70 Points	5,10 %
Account Data / Finance Policy		83 Points	20,41 %

Note on points: "100 points = best possible valuation"

## III. Qualitative Comments to the Rating Result

### Company

The company Capelli was founded and registered with the Trade and Companies Registry of Lyon in 1976. The French company Capelli is a limited company as a société anonyme with a board directors governed by French law and subject to Articles L. 225-1 et seq. of the French Commercial Code in respect of its operations. In 1976 Jean-Claude CAPELLI founded J.C CAPELLI S.A., a company specialized in land development and parceling-out in the Rhône, Ain and Isère districts. In 1995 Christophe Capelli has joined J.C CAPELLI S.A. in the capacity of property scout and became the CEO in 1998. The company becomes the Capelli Group and went public, listed in October 2004 on the OTC market and transferred on the stock exchange NYSE Euronext Paris one year later. Jean-Charles Capelli, as brother of Christophe Capelli joined the company. In May 2006 Christophe Capelli takes over the Chairman and CEO and in 2007 his brother Jean-Charles Capelli became the deputy CEO of the group. The group has launched its activity the "Maisons de Ville" projects and starts in 2009 with the first project in low-cost housing respective the "ready-to-let-homes" and of low-cost range of plots of land. In 2010 the group introduced the "Villa Duplex" concept and structuring of an integrated property development activity. From 2011 Capelli changed its strategic focus to a property developer and land developer.

### Products and Industry

The shift from a parceling developer to property and land developer has the focus on the key products of townhouses and the "Villa Duplex apartment" concept for offering properties at affordable prices in the inner and outer suburbs of city centres as primary residences. These projects on a level of quality and attractive prices are focusing on the client base of young or less young households, which are looking for a main residence close to their workplace and to schools, linked to the public transport resources. Capelli is one of the first providers of such property types. The strategic repositioning helps the group to generate further growth. According to the group the growth was driven by the Property Development activity, which showed an 101% increase to 28,1 mill. EUR, what represents 59% of the total group's turnover. The activities land development and property developments are complementary:

- mostly intended for a client base comprised of first-time buyers,
- Intended for use as primary residences,
- Allowing buyers to step up from apartment ownership to house ownership,
- Corresponding to geographic relocations.

The business timeline for parceling developer/land developer projects consist in identifying a plot of land, acquiring and developing and afterwards reselling it to an individual client. After that the clients builds their individual house on it. The detailed timetable is illustrated in the following figure on the one hand from the Capelli's perspective, on the other hand from the clients' point of view.

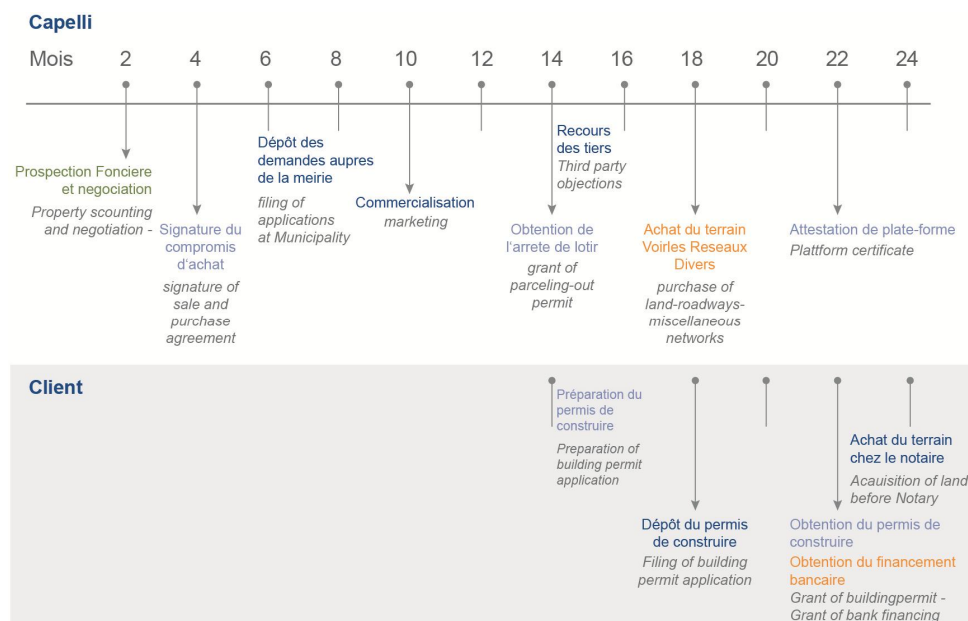


Figure 1: model timetable for a parceling-out project (Capelli / Client point of view)

The business timeline for property developing projects is generally based on the above illustrated process for parceling-out projects, and consists of five main steps. After property scouting, Capelli obtains the administrative authorizations (bilateral sale and purchase agreement, architect selection, building permission, technical supervisor, feasibility study). Afterwards the group acquires the land and starts its works as well as premarketing and sale before completion of the constructions. The detailed timeline for the property development projects are displayed in the following illustration. Furthermore the Capelli Group sales its projects by using an off-plan sales system (Vente en Etat Futur d'Achèvement - V.E.F.A.), that involves transferring ownership to the client with a bank guarantee for completion works (garantie financière d'achèvement - GFA).

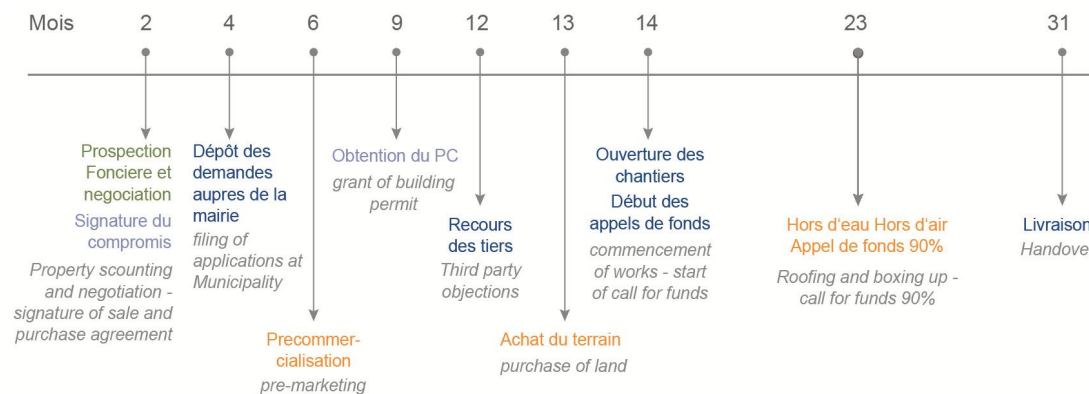


Figure 2: model timetable for a property development project

Noticeable is also that Capelli minimizes its risk by preselling of at least 50% of the properties before starting the procurement of the land for construction. The statutory scheduling of installments payable by the customer side are shown in the subsequent diagram.

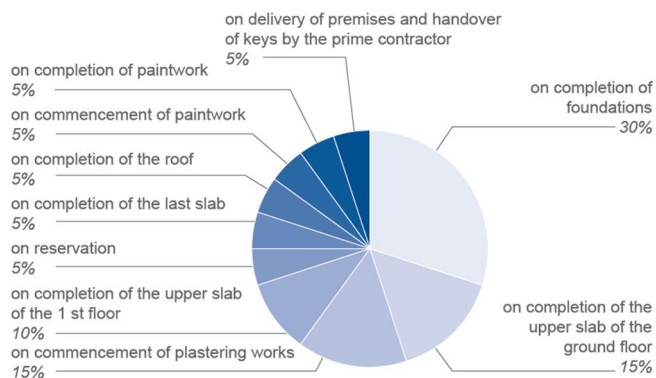


Figure 3: payments by the clients

The financing for first buyers in France is currently influenced by governmental incentive programs, e.g. the PTZ ("Prêt à Taux Zéro") respectively the zero-interest program for new housings (usually approximately 10% of total loan), which allows people to buy their own houses. The relatively low prices of Capelli's properties, especially the Villa Duplex underlines that issue. Furthermore the more efficient use of the construction land leads to improved margins. The industry's profitability varies between 20 to 25%. Also there is no existing currency exchange risk, because of no business in foreign currency region. The company provides its services only in France, also the business next to Geneva (Switzerland) is on the French side of the border.

There is no significant dependency on one main customer, thus this commercial risk is limited. The group's client base mainly consists of individual purchasers. A low share of sales has been completed with professional operators with collateral such as vendor's lien, but this does not significantly increase the risk of dependency of the group.

## Market dynamics

Also the market view for Capelli has to be differ between the market for unbuilt plots respectively for the parceling-out segment, and otherwise the residential housing or rather property-development segment. The market for unbuilt plots of land has experienced constant growth in prices due to the unavailability of plots of land and scarcity in certain urban and suburban areas, in certain regions, and in particular in the South of France and on the Atlantic coast as displayed in figure 5. The property development industry comprises six segments, the most active is the residential housing resp. property development segment, which shows a constant long-term growth in France (figure 5).

Prix de vente / selling prices

Evolution sur 1 an / Price adjustments within one year

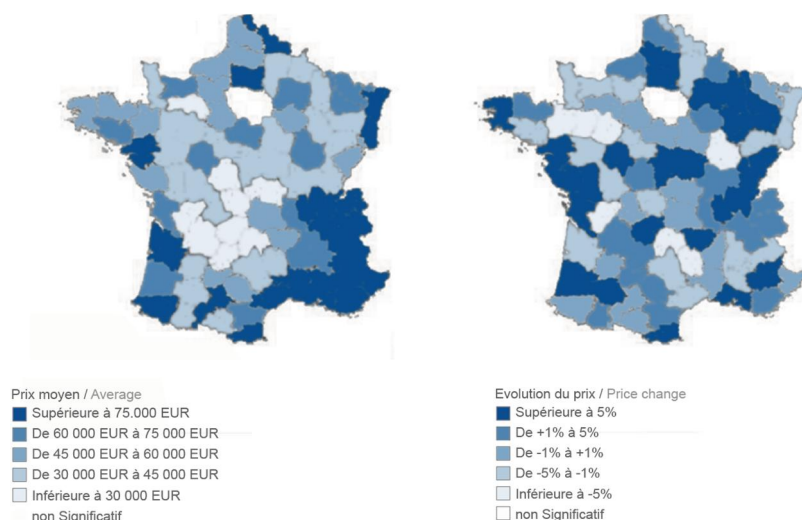


Figure 4: market for unbuilt plots

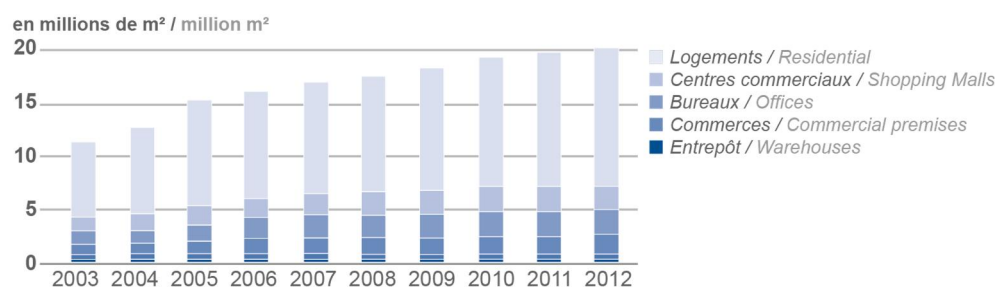


Figure 5: property development industry

Both markets the parceling out as well as the residential construction market are comparable scattered markets. No competitor of Groupe Capelli has a market share exceeding 10%. In the parceling out segment, the group's dominant competitors are Foncier Conseil (Paris), a Groupe Nexity subsidiary, Groupe France Terre (Paris), France - Lot (Paris) and Ataraxia (Nantes), a Credit Mutuel subsidiary. In the property development sector the group competes against Bouygues Immobilier, Cogedim, Vinci Immobilier (Paris), Kaufman & Broad (Paris), Les Nouveaux Constructeurs as well as Groupe Nexity (Paris). Noticeable is that often these property developers offer both collective and individual housing.

With regards to these past developments in these two French markets, the group has a stable growth in business, due to its new business models and attractive price levels. The company's backlog per July 2012 with about 62,9 mill. EUR indicates a high stability in the short-term.

## Strategy

After the strategic repositioning in 2010 of Capelli from a land developer to both, a property developer and a land developer, the company continues to pursue its new strategic direction within the next years. Capelli has detailed strategic targets for the next five years, for example in revenue growth by its segments as well as further new potential products. The company is well informed about competitor activities and market trends. All board members are informed about the strategic issues at all times. One of the main strategic risks of the company depends on the tax regime in France. Suspension of governmental programs such as the interest-free-loans (PTZ) would have a negative influence on Capelli's business. Also exploding interest rates as well as the changes in urban plans would have a negative impact on Capelli's targets.

## Corporate Management

Capelli as a French limited company (société anonyme) and with a share capital of 15,139,200 EUR has a complex structure based on its operative activities. For each new project a legal entity has to be incorporated. For property development projects the group has shareholdings in Sale Real Estate Partnerships (S.C.I., société civile immobilière), which represents construction and sale real estate partnerships. Unlimited partnerships (S.N.C., Sociétés en nom collectif) are hold for the purpose of parceling-out projects. Furthermore the Group holds shares in two joint ventures (S.E.P., société en participation) SOFIREL - CAPELLI Lozanne 2 and RIGAL - 2C AMENAGEMENT La Valla en Giers. The remainder of the share capital is generally held by other parceling developers. These two companies are created by way of declaration with the French Revenue Authorities. This entity type is not intended to be significant developed. All three types of companies are mainly for acquiring land and their activities extend across two or three years. Beside that the group has one Limited Liability Company (S.A.R.L., Société à Responsabilité Limitée) and four simplified limited companies (S.A.S., sociétés par actions simplifiée). Also the parent company is active in the business of parceling-out. Capelli provides services to its subsidiaries, which are invoiced at cost. Noticeable is also, that Capelli liable for surety bonds for loans of its subsidiaries. A consolidated view of all companies is illustrated in the subsequent organizational chart.



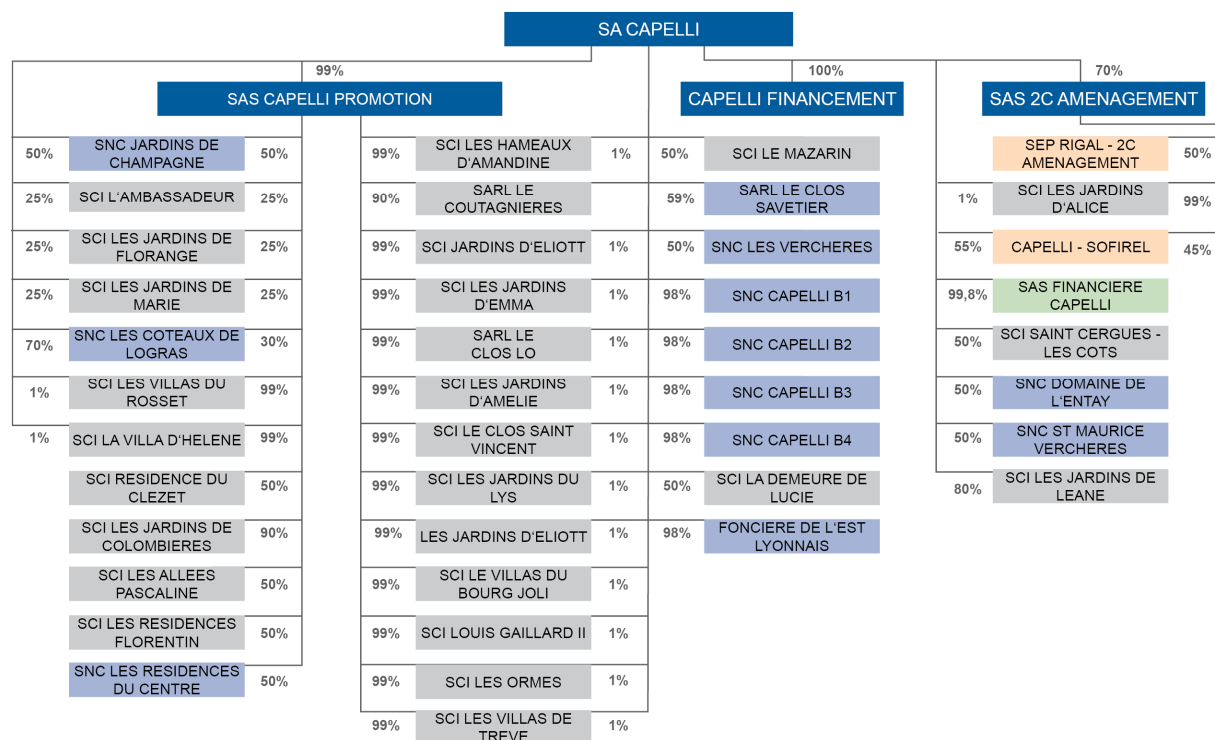


Figure 6: Organizational Chart (March 31st 2012)

Furthermore, the board of management of the group is consisting of Christophe Capelli (chairman and CEO), Jean-Charles Capelli (CEO) and Rodolphe Peiron (CFO). The dominant majority (74,03%) of the share capital is represented by the Capelli Family, the remaining share is declared as free flow. Furthermore the management structure and the proxy procedure are clear, so that in executives' absences there is no impairment of the company's operational activities. The company's board is charged with joint responsibility for managing the group.

## Human Resources Policy

The company has 55 employees (March, 31<sup>st</sup> 2012) from which 12 persons belong to the management team. The group has recognized existing difficulties in acquiring new qualified employees what represents one of the weakest criteria in the qualitative analysis of the rating. The labor market provides only a limited number of skilled professionals, especially a low amount of employees with technical qualifications. The company is recruiting temporary workers and uses headhunting and advertisements. With regards to the changing job market, the group adjusts its recruiting processes continuously and develops tools and procedures. The group has its own training processes respectively programs, which are well documented and new employees used to run through. This enables new employees to get in the job in an easy way and quickly. For example sales persons are trained by the sales divisions in accordance with modules designed by and for the group. Moreover the group's fluctuation is at a low level, especially at the management, which has been in the company since at least three to seven years. Furthermore, an existing key man risk cannot be fully denied for Capelli. But it can be relativized due to that fact that the board of management is informed about all relevant processes and issues to ensure the continuance of the group.

## Organizational structure and processes

With regards to the category Corporate Management, Capelli's organizational structure is based on and leaned at the operative activities respectively business model. For controlling that structure, the company has a very methodical and computerized communication as well as regularly meetings. All necessary and relevant information is reported to the board of management. One weakness in the information process is the missing completeness of integration, such as a balance score card. Nevertheless the group uses an ERP-system (enterprise resource planning system). Furthermore for monitoring the groups' liquid funds, a bank account monitoring software is in use. Capelli's website, as the main sales channel respective tool for the first contact to the company, is maintained and supported by external service provider and ensures the availability, e.g. based on a 24/7 support. Furthermore the group's performance and security of IT systems and data security is at a good level. A daily backup systematic is established.



## Procurement, Storage, Production, Sales and Marketing

Capelli as land developer and non-builder property developer generally favors an outsourcing to sub-contractors respectively service providers. The group differs between various types of suppliers: beside the sellers of land, which are individual persons, there are public works enterprises, construction companies, utility suppliers and other various service providers in this real estate business. In property development projects Capelli signs a contract with a prime contractor or makes separate contracts for works with each trade. A default of a contractor can lead to consequences regarding delivery times and contract amounts. The company has one main construction partner for property development projects, so that a considerable dependence exists. However the group favors for each parceling-out and property development project local service providers, which leads to a reduction in dependency on one specific service partner.

Furthermore, a continuous improvement process is in place and processes are optimized. Therefore Christophe Janus, the secretary general, is responsible for the enforcement of the strategy in operative processes as well as for the optimizing of processes in general. Capelli's sales processes are straightforward and optimally tailored to the market requirements and the communications are good and sales activities are based on profitability. Most of the first contacts between clients and the company are generated by the website and telephone contact. The sales team acts through marketing campaigns and ongoing commercial dynamics. Capelli has an multi-channel marketing strategy to strengthen its positioning as land and property developer by using marketing campaigns, e.g. with displays on buses, radio campaigns, digital marketing, direct marketing, benchmarking, press adverts, events, press relationships, etc. The most popular was the sponsoring campaign of the TV show NCIS. Beside these marketing campaigns there are ongoing commercial dynamic, so the website registered 2.200 visits per day at the beginning of the current financial year. The marketing budget in the latest business year 2011/2012 amounts 900 TEUR after 700 TEUR in 2010/2012 and 800 TEUR in 2009/2010.

## External Communication

Due to the legal form of the Groupe Capelli S.A. as a French limited company (société anonyme) the financial statements are regularly available at the end of the first quarter of each year. The preparation of the half-year and full-year financial statements is centralized within the Capelli's administrative and financial division, with the assistance of chartered accountancy. The accounts are kept internally on CEGID software used for all of the Group's companies. The company informs its banks on a monthly basis about current developments. Furthermore, the cash management software (KIRIBA) is deployed in 2012 for monitoring all bank accounts as well as to increase the reliability of the cash management process. The company's planning process contents comprehensive planning reports on regularly basis.

## Cost Accounting

The company's organizational structure with its individual legal entities for each project allows the company a profit center view on each project. In general the plan/actual - variances within the last three to five years have been small according to the company, for both turnover and profit but, due to the project business type of the company, variations are possible. The latest large discrepancy between plan and actual figures has been caused by the financial crisis in year 2008.

## Risk management

The company does know all its major risks and are well documented. Capelli covers its risks through:

- civil and professional liability policy covering all of its activities,
- the insurance policies required in its capacity as parceling-developer and property-developer,
- a multirisk office policy (head office and local offices and branches) including loss of business,
- a "key-persons" and "corporate officers" insurance policy.

## Account Data / Finance Policy

The group's financial liabilities amounts to 19,97 mill. EUR and are spread into 1,6 mill. EUR non-current financial liabilities and 18,3 mill. EUR current financial liabilities, on the balance sheet date of March, 31<sup>st</sup> 2012. The financial liabilities has been reduced from 26,5 mill. EUR (1,8 Mio. EUR non-current financial liabilities, 24,8 current financial liabilities) in the previous year. With regards to the increased liquid funds from 17,9 Mill. EUR to 20,1 Mill. EUR in 2011/2012, the cash exceeds the financial liabilities, on March 31<sup>st</sup> 2012.

## IV. Analysis

### Ratio Compendium 2009/2010

RATING 2009/2010: BB<sub>quant.</sub>

I Asset Protection	
I.1 Tangible fixed assets vs. turnover	0,0612
I.2 Stocks vs. turnover	0,8954
I.3 Trade debtors vs. turnover	0,5583
I.4 Equity ratio	0,3223
I.5 Trade creditors vs. cost of material	0,6160
I.6 Revenue reserves + retained earnings vs. equity	0,4037

Evaluation									
A	A	A	B	B	B	C	C	C	
A	A		B	B		C	C		
A			B			C			

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,243	0,169	0,128
0,147	0,156	0,111
0,107	0,106	0,067
0,100	0,245	0,299
0,190	0,125	0,081

II Profitability	
II.1 Extraordinary income vs. ordinary income	0,0000
II.2 Return on shareholder's equity (post tax)	0,0171
II.3 Return on assets	0,0097
II.4 Return on sales (after tax)	0,0114
II.5 Operating cash flow return on turnover	0,3514

Evaluation									
A	A	A	B	B	B	C	C	C	
A	A		B	B		C	C		
A			B			C			

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,429	0,173	0,136
0,078	0,066	0,058
0,028	0,025	0,032

III Liquidity	
III.1 Fixed assets coverage rate A (equity)	9,1393
III.2 Fixed assets coverage rate B (long term)	9,4245
III.3 Cash ratio (liquidity ratio 1 <sup>st</sup> grade)	0,2301
III.4 Quick ratio (liquidity ratio 2 <sup>nd</sup> grade)	0,7944
III.5 Current ratio (liquidity ratio 3 <sup>rd</sup> grade)	1,4444
III.6 Dynamic debt ratio	3,9780
III.7 EBIT interest coverage	2,1330
III.8 Short term debt intensity	67,2655
III.9 Operating cash flow	15.256 Thsd. EUR

Evaluation									
A	A	A	B	B	B	C	C	C	
A	A		B	B		C	C		
A			B			C			

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,265	0,763	0,714
1,324	1,480	1,202
0,176	0,157	0,132
0,884	0,928	1,197
1,393	1,522	1,583
2,637	3,511	4,095
1,238	2,503	5,378

**Column AAA, AA, A:** The ratio's result can be classified as very good to good, no apparent risk for the company in regards to this ratio

**Column BBB, BB:** the ratio's result is classified as sufficient to satisfactory. Evidence suggests fractional risk potentials in the ratio

**Column B:** The result of the ratio is unsatisfactory but still acceptable, provided that other ratios are producing better results. Risk potentials are clearly recognizable, and improvements are necessary

**Column CCC, CC, C:** The result of the ratio is classified to be insufficient. The ratio states a high level of risk potential and corrective measures must be taken immediately



**Grey-shaded rows:** These ratios are purely informative and have no bearing on the calculation of the final rating score

## Ratio Compendium 2010/2011

RATING 2010/2011: BBB<sub>quant.</sub>

I Asset Protection		Evaluation										Benchmarks of business sector by turnover classes (in Mio.)		
		A	A	A	B	B	B	C	C	C		<2,5	2,5-50	>50
I.1 Tangible fixed assets vs. turnover	0,0487	A	A	A	B	B	B	C	C	C		0,243	0,169	0,128
I.2 Stocks vs. turnover	0,7027											0,147	0,156	0,111
I.3 Trade debtors vs. turnover	0,5501											0,107	0,106	0,067
I.4 Equity ratio	0,3677											0,100	0,245	0,299
I.5 Trade creditors vs. cost of material	0,6177											0,190	0,125	0,081
I.6 Revenue reserves + retained earnings vs. equity	0,4243													

II Profitability		Evaluation										Benchmarks of business sector by turnover classes (in Mio.)		
		A	A	A	B	B	B	C	C	C		<2,5	2,5-50	>50
II.1 Extraordinary income vs. ordinary income	0,0000													
II.2 Return on shareholder's equity (post tax)	0,0453											0,429	0,173	0,136
II.3 Return on assets	0,0209											0,078	0,066	0,058
II.4 Return on sales (after tax)	0,0325											0,028	0,025	0,032
II.5 Operating cash flow return on turnover	0,2719													

III Liquidity		Evaluation										Benchmarks of business sector by turnover classes (in Mio.)		
		A	A	A	B	B	B	C	C	C		<2,5	2,5-50	>50
III.1 Fixed assets coverage rate A (equity)	12,1827											0,265	0,763	0,714
III.2 Fixed assets coverage rate B (long term)	13,2557											1,324	1,480	1,202
III.3 Cash ratio (liquidity ratio 1 <sup>st</sup> grade)	0,3640											0,176	0,157	0,132
III.4 Quick ratio (liquidity ratio 2 <sup>nd</sup> grade)	1,0146											0,884	0,928	1,197
III.5 Current ratio (liquidity ratio 3 <sup>rd</sup> grade)	1,6159											1,393	1,522	1,583
III.6 Dynamic debt ratio	4,5069													
III.7 EBIT interest coverage	7,0343											2,637	3,511	4,095
III.8 Short term debt intensity	20,5856											1,238	2,503	5,378
III.9 Operating cash flow	11.466 Thsd. EUR													

**Column AAA, AA, A:** The ratio's result can be classified as very good to good, no apparent risk for the company in regards to this ratio

**Column BBB, BB:** the ratio's result is classified as sufficient to satisfactory. Evidence suggests fractional risk potentials in the ratio

**Column B:** The result of the ratio is unsatisfactory but still acceptable, provided that other ratios are producing better results. Risk potentials are clearly recognizable, and improvements are necessary

**Column CCC, CC, C:** The result of the ratio is classified to be insufficient. The ratio states a high level of risk potential and corrective measures must be taken immediately



**Grey-shaded rows:** These ratios are purely informative and have no bearing on the calculation of the final rating score

## Ratio Compendium 2011/2012

RATING 2011/2012: BB+quant.

I Asset Protection	
I.1 Tangible fixed assets vs. turnover	0,0455
I.2 Stocks vs. turnover	0,6746
I.3 Trade debtors vs. turnover	0,4825
I.4 Equity ratio	0,3737
I.5 Trade creditors vs. cost of material	0,7251
I.6 Revenue reserves + retained earnings vs. equity	0,4652

[illegible]

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,243	0,169	0,128
0,147	0,156	0,111
0,107	0,106	0,067
0,100	0,245	0,299
0,190	0,125	0,081

II Profitability	
II.1 Extraordinary income vs. ordinary income	0,0000
II.2 Return on shareholder's equity (post tax)	0,0755
II.3 Return on assets	0,0311
II.4 Return on sales (after tax)	0,0515
II.5 Operating cash flow return on turnover	0,0863

[illegible]

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,429	0,173	0,136
0,078	0,066	0,058
0,028	0,025	0,032

III Liquidity	
III.1 Fixed assets coverage rate A (equity)	12,6803
III.2 Fixed assets coverage rate B (long term)	14,0012
III.3 Cash ratio (liquidity ratio 1 <sup>st</sup> grade)	0,3943
III.4 Quick ratio (liquidity ratio 2 <sup>nd</sup> grade)	1,0293
III.5 Current ratio (liquidity ratio 3 <sup>rd</sup> grade)	1,6631
III.6 Dynamic debt ratio	13,1489
III.7 EBIT interest coverage	15,9333
III.8 Short term debt intensity	15,1238
III.9 Operating cash flow	4.130 Thsd. EUR

[illegible]

Benchmarks of business sector by turnover classes (in Mio.)		
<2,5	2,5-50	>50
0,265	0,763	0,714
1,324	1,480	1,202
0,176	0,157	0,132
0,884	0,928	1,197
1,393	1,522	1,583
2,637	3,511	4,095
1,238	2,503	5,378

**Column AAA, AA, A:** The ratio's result can be classified as very good to good, no apparent risk for the company in regards to this ratio

**Column BBB, BB:** the ratio's result is classified as sufficient to satisfactory. Evidence suggests fractional risk potentials in the ratio

**Column B:** The result of the ratio is unsatisfactory but still acceptable, provided that other ratios are producing better results. Risk potentials are clearly recognizable, and improvements are necessary

**Column CCC, CC, C:** The result of the ratio is classified to be insufficient. The ratio states a high level of risk potential and corrective measures must be taken immediately



**Grey-shaded rows:** These ratios are purely informative and have no bearing on the calculation of the final rating score

## V. Financial data

### Financial data in Euro (local currency)

#### Balance Sheet: Assets (excerpt)

	09/10 Thsd. EUR	10/11 Thsd. EUR	11/12 Thsd. EUR
<b>Fixed assets</b>	<b>3.159</b>	<b>2.479</b>	<b>2.574</b>
thereof: Tangible fixed assets	2.659	2.053	2.176
<b>Current assets (total)</b>	<b>86.376</b>	<b>79.634</b>	<b>84.715</b>
thereof: Stocks	38.874	29.631	32.287
thereof: Receivables and other assets	32.719	31.040	32.344
thereof: Trade debtors	24.236	23.196	23.090
thereof: Securities – short term	1.024	1.024	0
thereof: Liquid funds	13.759	17.939	20.084
<b>Total assets</b>	<b>89.577</b>	<b>82.143</b>	<b>87.349</b>

#### Balance sheet: Liabilities (excerpt)

	09/10 Thsd. EUR	10/11 Thsd. EUR	11/12 Thsd. EUR
<b>Equity</b>	<b>28.871</b>	<b>30.201</b>	<b>32.639</b>
thereof: Revenue reserves and retained earnings	11.654	12.815	15.183
Special reserves	0	0	0
<b>Total Liabilities</b>	<b>60.688</b>	<b>51.676</b>	<b>54.305</b>
thereof: Liabilities due within 1 year	59.799	49.282	50.937
thereof: Trade creditors	22.005	20.545	25.771
<b>Provisions</b>	<b>18</b>	<b>266</b>	<b>405</b>
thereof: Provisions due after 1 year	12	266	32

#### Profit & Loss account (excerpt)

	09/10 Thsd. EUR	10/11 Thsd. EUR	11/12 Thsd. EUR
<b>Turnover</b>	<b>43.414</b>	<b>42.170</b>	<b>47.858</b>
Cost of material	35.724	33.258	35.542
Interest expenses of the current year	376	350	255
Depreciation & amortisation in current year	471	387	261
<b>Operating profit</b>	<b>426</b>	<b>2.112</b>	<b>3.808</b>
Extraordinary result	0	0	0
Profit before tax	426	2.112	3.808
<b>Net Income (loss)</b>	<b>495</b>	<b>1.369</b>	<b>2.464</b>

## VI. Disclaimer

<b>Rating Object:</b>	Groupe Capelli SA - France	<b>Turnover:</b>	47,9 Mio. Euro (2011/2012)
<b>Address:</b>	2, bis chemin du Coulouvrier 69 410 CHAMPAGNE AU MONT D'OR France	<b>Employees:</b>	55 (as at March 31st, 2012)
<b>Rating Responsible:</b>	Christophe Capelli, Chairman and CEO Jean-Charles Capelli, CEO Rodolphe Peiron, CFO	<b>Industry:</b>	Real Estate

<b>Responsibility</b> <b>Company</b> Scope Ratings GmbH Potsdamer Platz 1 D – 10785 Berlin  Phone +49 (0) 30 – 27 89 1-0 Fax +49 (0) 30 – 27 89 1-100  info@scope.de www.scope-group.com  Managing Director: Thomas Morgenstern Charlottenburg District Court HRB 145472 B  VAT ID Number DE 222618588	<b>Analysts</b>  <b>Primary Analysts</b> Thomas Morgenstern (Lead Analyst) Matthias Koch (Corporate Analyst)  <b>Support</b> Sophie van Straelen (Senior Support) Melanie Geiger (Support)  <b>Committee</b> Frank Neumann (Director)
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<b>Execution</b> <ul style="list-style-type: none"> <li>■ Publication rights are exclusive to Scope Ratings GmbH.</li> <li>■ The analysis was prepared by Scope Ratings GmbH independently and was solicited.</li> <li>■ In implementing the rating the rating methodology for corporate ratings of Scope Ratings GmbH as current and valid at the time of the analysis was applied. The credit rating methodology can be examined at <a href="http://www.scope-group.com">www.scope-group.com</a>.</li> <li>■ This report uses the European syntax of numbers (1.000,00 = thousand)</li> </ul>
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<b>Engagement and Implementation</b> <p>The management of the Groupe Capelli SA with its head office in Champagne au Mont d'or in France assigned Scope Ratings GmbH to conduct an external rating report. The Groupe Capelli SA was defined as rating object. The assignment implies the determination of a rating score based on financial data including the fiscal years 2009/2010, 2010/2011 and 2011/2012.</p> <p>The acquisition of qualitative data took place on October 4th and 5th, 2012 in Champagne au Mont d'or. The members of the management, Mr. Christophe Capelli (CEO) and Mr. Rodolphe Peiron (CFO), but also members of the extended management were interviewed to the eleven qualitative rating criteria and they provided answers, explanations and information.</p>
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<b>Evaluation</b> <p>Our evaluations are based on statements, documents and information, either provided by the company or publicly available data. The exploitation of the documents and information was made to the best knowledge and with the contribution of the professional expertise and experience of our analysts. As far as possible and necessary, main details were reviewed regarding plausibility and consistency. However Scope Ratings GmbH cannot assume any liability for the accuracy of these information and for the results deduced from it. The determination of the rating notation based on the entered quantitative and qualitative data has been conducted by using the methodology for corporate ratings of Scope.</p>
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