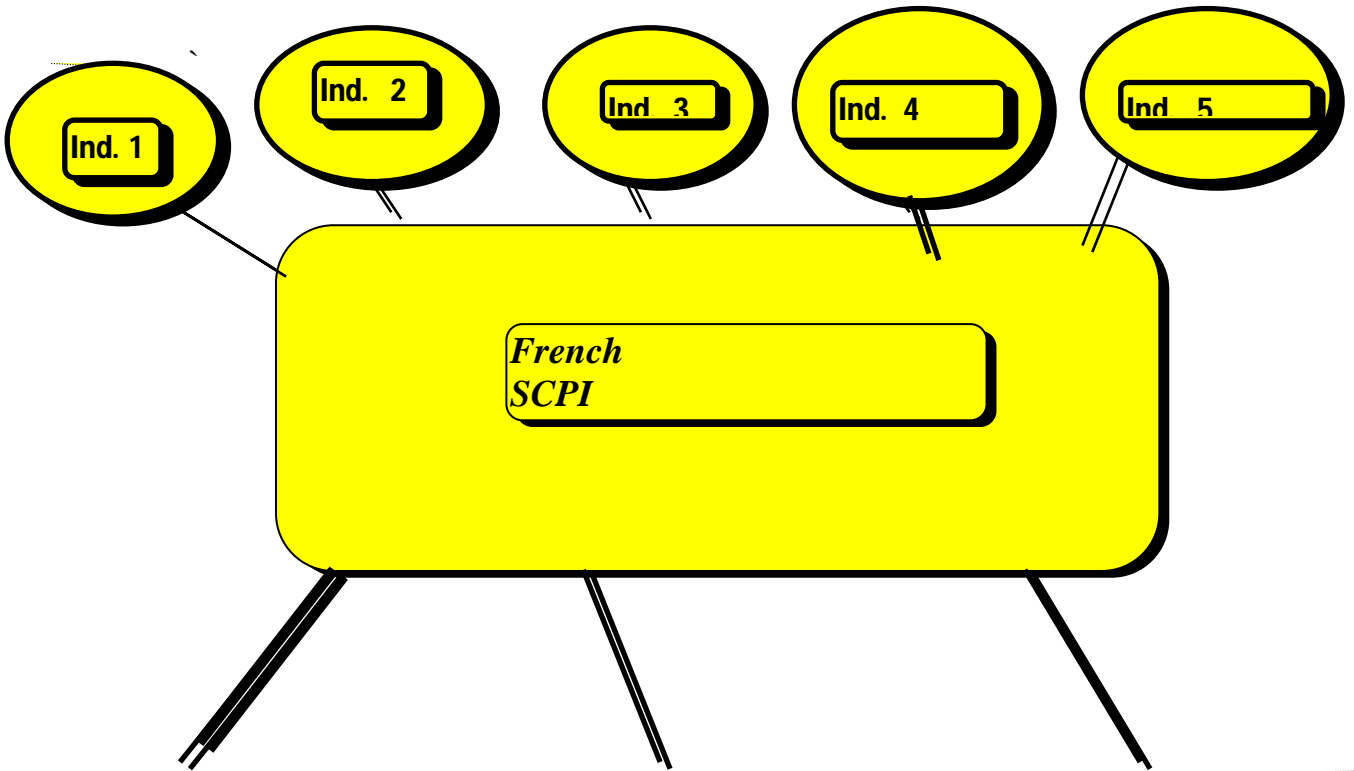


Confidential Executive Summary

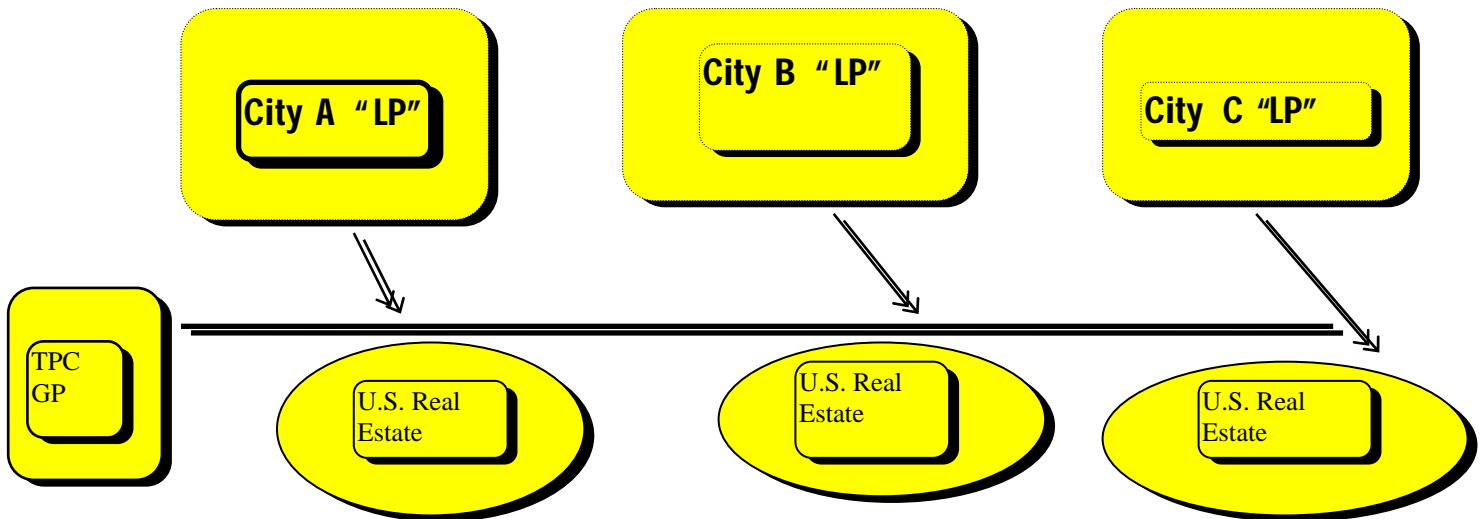
Ownership of U.S. Estate Summary

Assuming that the you “elect” to have the SCPI form separate U.S. limited partnerships for each U.S. real estate property, then the ownership chart will be as follows:

French Investors:



U.S. Entities



As shown, the U.S. limited partnerships will be the **direct owner** of the real estate. This structure is advantageous from a financial perspective because each U.S. property will be owned by separate limited partnerships, thus reducing the liability exposure of all the properties.

From a taxation perspective, each French investor will now have U.S. individual filing requirements, including making quarterly estimated payments at a **39.6% rate** (instead of the corporate **35% rate**).

The mechanism for accomplishing these filing requirements will be as follows per the tiered partnership rules of Section 1446 of the U.S. Income Tax Code and Rev. Proc. 89-31:

❑ **U.S. Limited Partnerships (Subsidiary Partnerships)**- Must make quarterly estimated installments for each foreign partner. Since the only foreign partner is the SCPI, the amount should be the SCPI's percentage of the U.S. income. An annual reconciliation is also required. In addition, Form 1065 must be filed annually for the SCPI & the U.S. General Partner (TPC).

❑ **French SCPI (Limited Partnership)**- Must also make quarterly estimates and an annual reconciliation pursuant to Section 1446. However, the SCPI will attach copies of the forms received from the U.S. L.P. to its filings, and will receive a **credit** for amounts paid by the U.S. L.P. on its behalf. The SCPI must also file Form 1065 and issue K-1's to its investors.

❑ **French Investors**- Will receive copies of estimates files on its behalf from the SCPI. Thus, these investors should **not** have to file their own individual estimates. However, they must file annually Form 1040 NR with the Internal Revenue Service. They will include as prepayments all the estimates filed on their behalf.