

PRIVATE EQUITY (ESG) FUND

CASTLESTONE 
MANAGEMENT

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Overview summary



**Venture Capital/
Private Equity
Return target**
10X – 20X



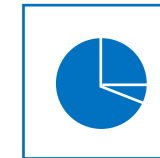
Target Company
This is an early stage private company set to own a unique, irreplaceable asset located in Central London, where it is accessible to 45 million people within 45 minutes



Planning Approval
Approval has commenced within the pre-planning advice procedures in Central London



Investment Timeframe
Initial subscription amount is expected to be returned within 18 to 24 months



Private Equity Fund Lifespan
The Fund's term is three to seven years to payout.



What is a Private Equity Fund?

Private equity (PE) typically refers to capital investment made into companies that are not publicly traded. More formally, private equity is a type of equity asset classes consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. They are closed end funds.

What is Early Stage Venture Capital?

Venture capital (VC) entails financing small businesses or startups in exchange for a stake in the company. This form of financing is done through a venture capital firm which is a pool of funds raised by limited partners and invested in promising private companies.

Early Stage: Typically, the seed-stage funding amount is small but it's enough for product development, marketing research, building a founding team, creating a customer acquisition strategy and business expansion.

vs. Later Stage: where the initial work has been completed and the company is now in need of additional capital to expand.



Target company



What is the target company?



A major new attraction in Central London reusing the Kingsway Exchange Tunnels. A complement to London Eye and Madame Tussauds

Largest inside immersion experience globally

Ideally located in Central London between the British Museum and the Tate Modern with proximity to 45 million people within 45 minutes

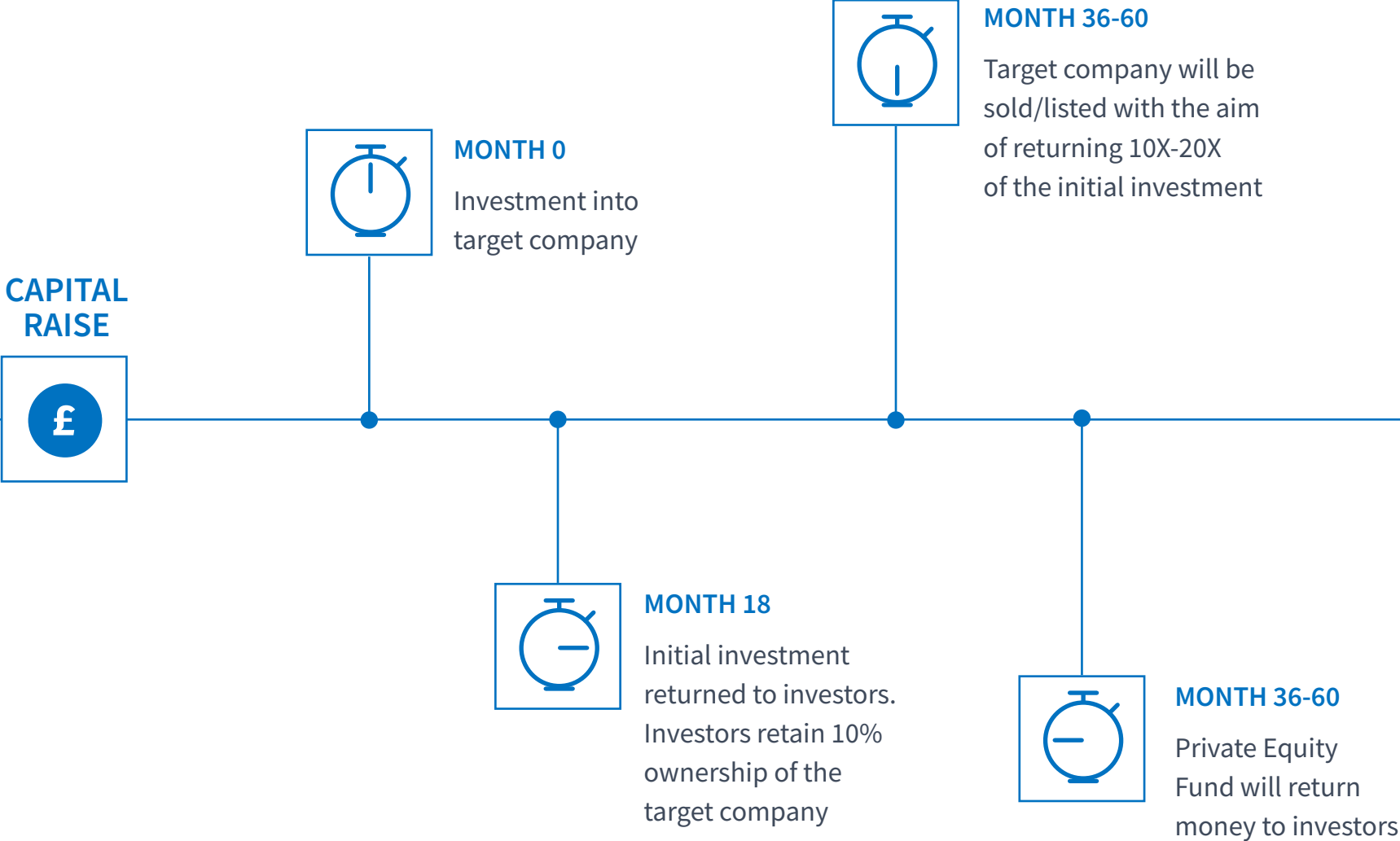
Capacity of 4 million people (forecast based on 2.25 million people)

Pre-planning Advice approval process (underway)

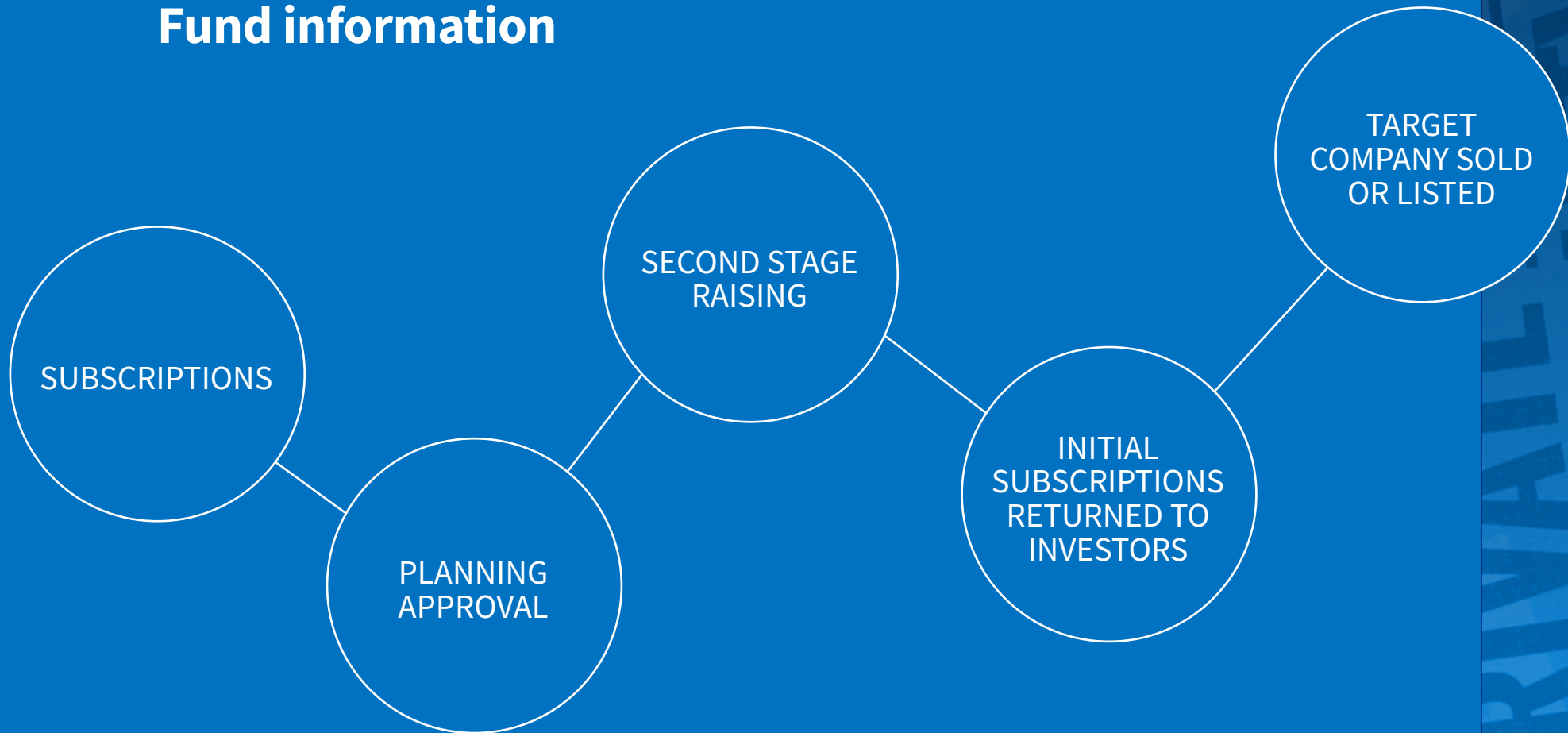
Largest “first of its kind” climate change education facility globally, meeting United Kingdom Government objectives



Timeframe summary



Fund information



Fund information

Asset Class	Private Equity
Structure	Private Fund
Regulation	Cayman Islands Monetary Authority
Domicile	Cayman
Launch Date	Estimated 30.09.2022
Fund Base Currency	GBP
Share Class Currencies	USD/GBP/EUR
Dealing frequency	Closed Ended
Legal advisor	BGA Law (Cayman) Limited
Investment Advisor	Castlestone Management LLC
Administrator	Bolder Fund Services (Netherlands) B.V.
Auditor	Baker Tilly (Cayman) Ltd
Bank	Northern Trust
Leverage	No
Management Fee	1.75%
Participation Fee	20%



Company valuation | EV / EBITDA analysis

		YEAR 3 £	YEAR 4 £	YEAR 5 £
MULTIPLE	INDUSTRIALS = 25.12	1,128M	1,344M	1,447M
	REAL ESTATE = 25.27	1,135M	1,352M	1,456M
	UTILITIES = 13.59	610M	727M	783M

Enterprise multiple, also known as the EV multiple, is a ratio used to determine the value of a company. The enterprise multiple, which is enterprise value EV (Current Market Cap + Debt + Minority Interest + preferred shares – cash) divided by EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), looks at a company the way a potential acquirer would by considering the company’s debt. EV/EBITDA ratios vary based on the type of business. So, this multiple should be compared only among similar businesses or should be compared to the average business generally.

Average EV/EBITDA: **£1,109M**



Discounted cash flow | Valuation sensitivity

		LONG TERM GROWTH RATE				
		4%	5%	6%	8%	10%
WACC	5%	761,508,066	768,830,259	776,152,452	790,796,838	805,441,224
	6%	634,590,055	640,691,883	646,793,710	658,997,365	671,201,020
	8%	475,942,541	480,518,912	485,095,283	494,248,024	503,400,765
	10%	380,754,033	384,415,130	388,076,226	395,398,419	402,720,612
	12%	317,295,028	320,345,941	323,396,855	329,498,682	335,600,510

Discounted Cash Flow (DCF) is a valuation method used to estimate the value of an investment based on its expected future cash flows. DCF analysis attempts to figure out the value of an investment today, based on projections of how much money it will generate in the future.

Average WACC 5%: **£780M**



Why is the target company issuing a zero-coupon convertible bond?

The target company can use all the capital it raises for startup without worrying about interest payments. The company also knows the exact amount it owes at maturity (the target date of the bond) and no equity shares are issued until the bond is converted.

What is a zero-coupon convertible bond?

A zero-coupon convertible is a fixed income instrument that combines the features of a zero-coupon bond with that of a convertible bond. Due to the zero-coupon feature, the bond pays no interest and is therefore issued at a discount to par value, while the convertible feature means that bondholders have the option to convert bonds into common stock of the issuer at a certain conversion price.

What is the advantage to the private equity fund?

A zero-coupon convertible bond allows the Private Equity Fund to be repaid the initial investment amount plus interest (getting back quickly its initial investment), while retaining the common stock or equity in the target company. It may take longer to exit the common stock or equity.

Risks

Target company does not acquire tunnels

Target company acquires tunnels but not
granted planning approval by Camden
Council & City of London

Second fund raising causes greater dilution



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