Luxembourg vehicles,

Elements of the tool box for wealth / investments structuring in an international continuously changing environnement

EXPERTA

Experta Corporate and Fund Services S.A, Luxembourg

We strive… We aim… We aspire…

to maintain the highest standards of **EXCELLENCE**
and **CLIENT** care with the support of
our experienced professionals

Table of contents

- 1. PRESENTATION OF EXPERTA LUXEMBOURG
  - About Experta Luxembourg
  - Our methodology
  - Experta Luxembourg growth trends
- 2. OUR SERVICES AND CORE BUSINESS
- 3. GENERAL OVERVIEW OF LUXEMBOURG VEHICLES
- 4. SPECIFIC USE OF LUXEMBOURG VEHICLES
  - SOPARFI
  - SPF
  - Securitisation Vehicle
  - SCSp
  - SICAR
  - SIF
  - RAIF

1. Presentation of Experta Luxembourg

About Experta Luxembourg

Experta Luxembourg is a fully owned subsidiary of *Banque Internationale à Luxembourg S.A*. (**BIL**).
The company was created in 2002 after the Corporate Engineering business line was spun off from BIL.

Clientele: our clients are HNWIs, asset managers, private equity houses, real estate funds.

Experience: Experta Luxembourg has 50 years of understanding, assessing, designing and implementing solutions that best fit the needs of a clientele operating in highly complex fiscal, legal and financial environments.

Reputation: member of Association of the Luxembourg Fund Industry (**ALFI**), International Fiscal Association (**IFA**), Luxembourg International Management Services Association (**LIMSA**), Luxembourg Private Equity and Venture Capital Association (**LPEA**), Luxembourg Association of Family Offices (**LAFO**).

Our methodology

A succession of high value-added services …

Assessment

- Personalised and confidential analysis of the clients situation / projects by our team of experts (in collaboration with WAP if needed)
- Definition of your specific requirements (Portfolios structuring, PE/RE structuring, transfer of assets, IP issues, assets protection, etc.)
- Presentation of a suitable solution

Implementation

- Incorporation of the adequate structure after choosing the most appropriate solution based on our assessment
- Liaise with external parties in the implementation stage, i.e. lawyers, notaries, asset managers, bankers, etc. ,

Follow-up

- Day to day management of your structure and steady review of new regulatory, tax, accounting, and legal / corporate developments and their impacts on your structure

Experta Luxembourg growth trends

Growth trends

Traditional private banking and wealth management are changing, especially for Luxembourg

- Clients become more sophisticated and look for tailor-made and transparent tax solutions
- Experta Luxembourg is in a position to offer and to handle these solutions in a professional manner

Experta Luxembourg offers growth opportunities with regulated and unregulated structuring solutions

- Provide a complementary offering in key strategic banks client segments (HNWI, institutional investors, family offices, assets / investment managers,...)
- Cater to private and institutional clients and offer the vehicles to structure PE/RE investments

2. Our services and core business

Our services

Core Business (1/2)

Activities

- Structuring of the acquisition, management, transfer of any kind of assets
- Structuring of PE/RE investments
- Wealth and estate planning
- HNWI structuring

Clients

- IFA
- HNWI
- Corporate clients
- Institutional clients

Tools proposed to our clients

Luxembourg Non regulated vehicles :

- Soparfi
- SPF
- Securitization vehicles
- SCSp

Luxembourg regulated vehicles :

- SICAR
- SIF
- RAIF

Special vehicles or solutions for non-OCDE clients

EXPERTA

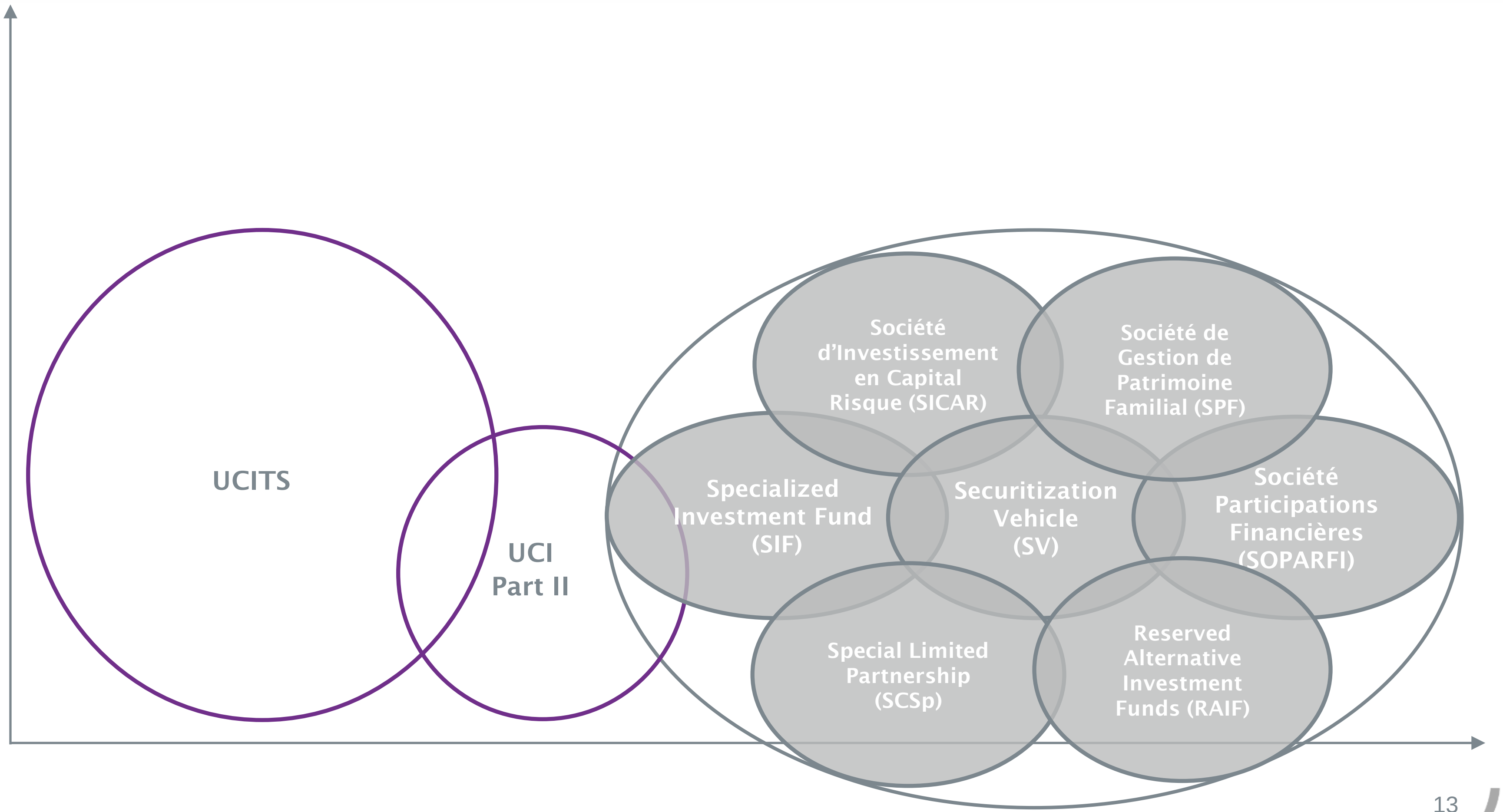
Core Business (2/2)

Services

- Analysis of the wealth situation / investments of the clients
- Preparation of structuring proposals
- Domiciliation
- Substance offices
- Incorporation of any kind of companies : preparation / coordination of corporate / legal documentation
- Administrative services
- Accounting and reporting services
- Tax returns
- Central administration services for investment funds : accounting, transfer agent, registrar agent, communication agent, NAV calculation and reporting
- Directorship mandates

3. General overview of Luxembourg vehicles

Luxembourg vehicles (1/4)



Luxembourg vehicles (2/4)

SOPARFI

- The SOPARFI is globally recognized by international investors as being a flexible investment vehicle which enables a wide range of activities within an attractive tax environment.

- SOPARFI is being used for Private Equity and Real Estate (PE / RE) investments in a cross-border perspective, benefiting from international tax treaties.

SPF

- The Family Wealth Management Company, commonly known as “SPF” (*Société de Gestion de Patrimoine Familial*) is the appropriate vehicle for private individual investors (usually non EU resident), who seek to manage their financial assets and portfolio investments through a tax optimized investment vehicle established in the European Union.

SECURITISATION VEHICLES

- Securitisation vehicles enable an owner of assets to transform illiquid assets (e.g. business activities, receivables) into liquid and more tradable financial instruments.

Luxembourg vehicles (3/4)

SCSp

- The SCSp is a tax transparent entity without legal personality. With this new vehicle, Luxembourg will be able to offer a new solution for private equity funds, hedge funds and real estate funds.
- The legal and tax regimes of the SCSp come from the Anglo-Saxon Limited Partnership.
- Indeed, the main features of the Anglo-Saxon Limited Partnership are (i) its flexibility from a legal point of view and (ii) its tax transparency.

SICAR

- SICAR may be used by institutional investors and/or HNWIs as fund feeder used to develop venture capital and private equity projects benefiting from an attractive tax regime.
- SICAR is a category of investment structure lightly regulated by the CSSF.
- Like the SIF, SICAR offers to promoters a flexible and tailor-made structure but focused on risky investments.

Luxembourg vehicles (4/4)

SIF

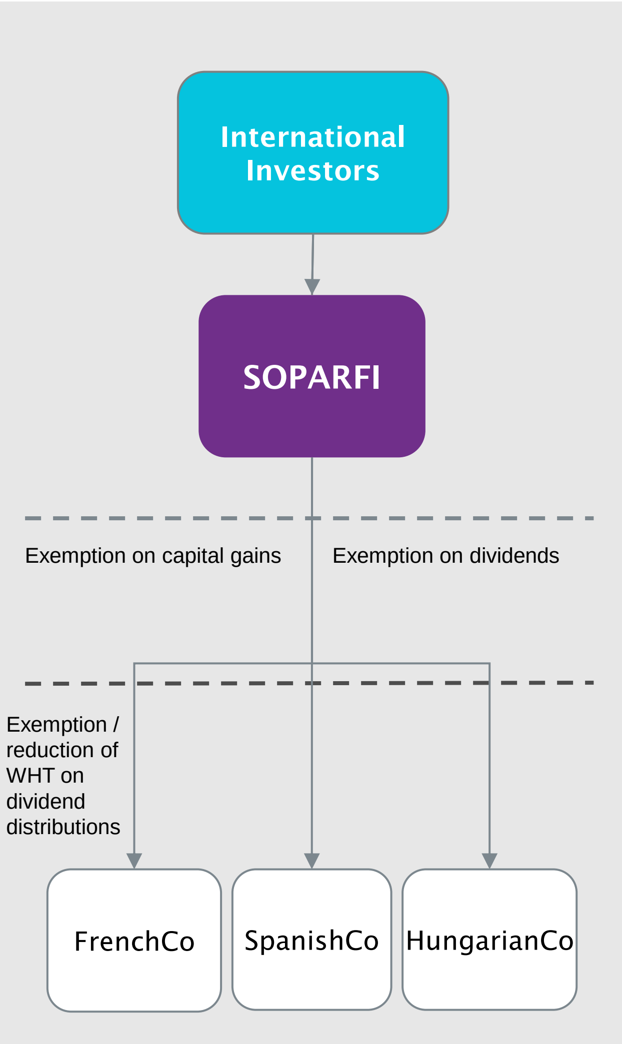
- SIF may be used by institutional investors and/or HNWIs as fund feeder to develop projects in an attractive tax regime (e.g. Real Estate, Private Equity, Asset Management, etc…).
- SIF is a category of investment fund lightly regulated by the CSSF.
- SIF offers to fund promoters a flexible and tailor-made investment structure.

RAIF

- The Reserved Alternative Investment Fund (RAIF) may be used by institutional investors and/or HNWIs as fund feeder to develop projects in an attractive tax regime (e.g. Real Estate, Private Equity, Asset Management, etc…).
- RAIF is a category of investment fund which does not need the approval of the CSSF but under the control of an AIFM.
- RAIF (is a vehicle which is very close to the SIF) offers to fund promoter a flexible (quick set-up, no formal approval of the CSSSF) and tailor-made investment structure.

4. Specific use of Luxembourg vehicles

Soparfi



Definition

Flexible investment vehicle which enables a wide range of activities within an attractive tax environment (PE/RE investments in a cross-border perspective).

Scope of investors

No restrictions as to the type of investors.

Capital requirement

EUR 30,000 (Public Limited Liability Company: SA) and EUR 12,000 (Private Limited Liability Company: S.à r.l.).

Bearer shares in a S.A. can be issued.

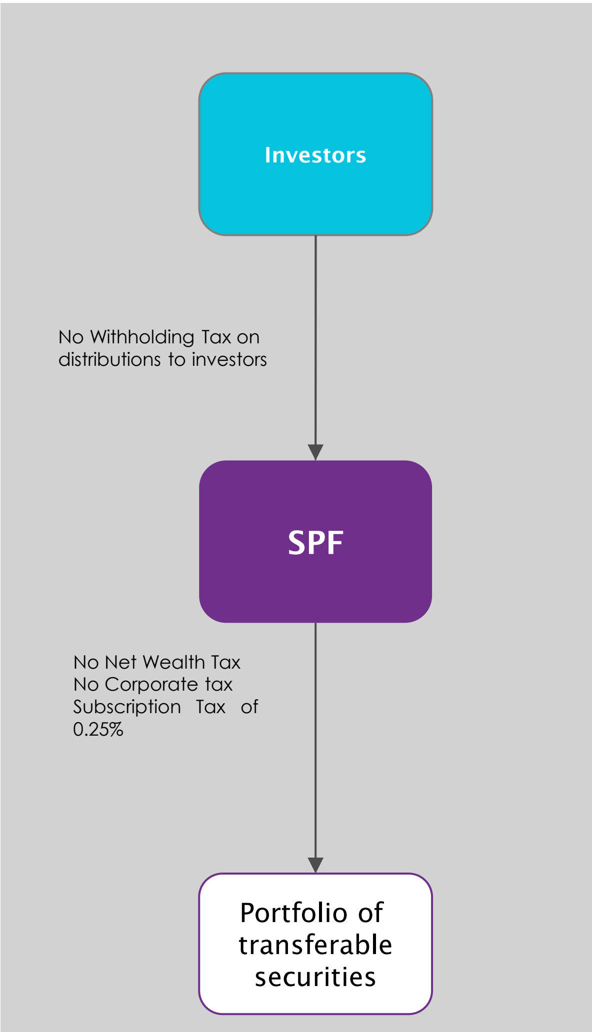
CSSF approval

No approval by CSSF required.

Tax treatment

- 2017 aggregate tax rate of 27.08% for income > EUR 30,000. This rate is set at 22.80% for companies whose annual taxable income does not exceed EUR 25,000.
- Luxembourg participation exemption regime: dividend income, liquidation proceeds and capital gains on qualifying participations are not subject to corporate taxes under certain conditions (subject to recaptures rules in case of capital gains). Threshold EUR 1.2M /6m (for dividends/capital gains) or 10%.
- Net Wealth Tax (NWT) : 0.5% of the net asset value of the SOPARFI (reduction available under certain conditions). The minimum NWT being set at EUR 4,815 for resident companies carrying out holding and/or financing activities. For all other corporations which do not fall within the scope of the EUR 4,815 minimum charge, the NWT would range from EUR 535 to EUR 32,100, depending on company's total gross assets.
- Benefits from the double tax treaties concluded by Luxembourg.
- Withholding tax: 0% on interest (unless EU savings directive applies), 0% on royalties, 0% on dividends by application of the Luxembourg participation exemption regime or 15%.
- Double tax treaty network: the SOPARFI benefits from the 70 double tax treaties concluded by Luxembourg.
- Possible combination of a SOPARFI with additional hybrid instruments.

SPF



Definition

The Luxembourg *Société de Gestion de Patrimoine Familial* (SPF) is a vehicle which is authorised to hold financial assets (e.g. shares in companies, other securities equivalent to shares/units in companies and UCITS, bonds or other form of debt instruments, cash, investment sin structures products/derivatives, put/call options on securities indexes and currencies.

The SPF can also hold participations provided the SPF is not involved in the management of the subsidiaries.

Scope of investors

Exclusively designated for investors managing their private wealth or intermediaries acting on behalf of private investors.

Not designed for corporate investors.

Capital requirement

EUR 30,000 (SA) and EUR 12,000 (S.à r.l.).

Bearer shares in a S.A. can be issued.

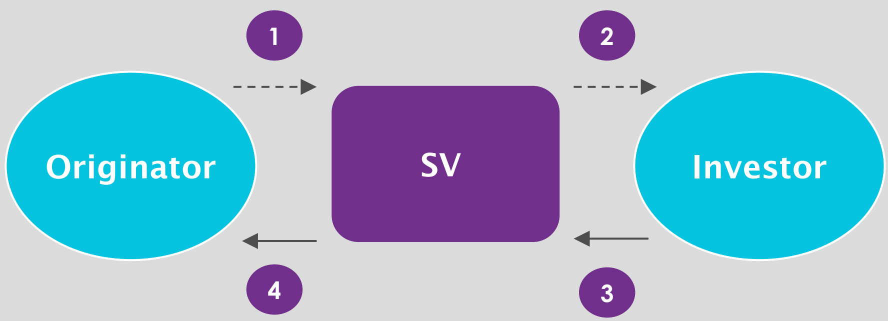
CSSF approval

No approval by CSSF required.

Tax treatment

- Not subject to the 2017 aggregate tax rate of 27.08%.
- Not subject to Net Wealth Tax.
- Not subject to Luxembourg withholding tax on distributions to investors.
- Subject to a subscription tax of 0.25% computed based on the (i) paid-up capital plus (ii) share premium plus (iii) the amount of the debts exceeding 8 times the paid-up capital and share premium (with a annual minimum amount of EUR 100 and a annual maximum of EUR 125,000).
- Does not benefit from the double tax treaties concluded by Luxembourg and Luxembourg participation exemption regime.

Securitization vehicle



1. Disposal of the asset
2. Issue on a public or private market of securities representing the asset
3. Income from the issue of securities
4. Asset's reimbursement price

Definition

Securitisation vehicle enables an owner of assets to transform non-liquid assets (e.g. business activities, receivables) into liquid and more tradable financial instruments.

Through securitisation, a securitisation vehicle (SV) may acquire debt, a business or any other asset (movable, immovable, tangible or intangible) or assume the risk related to it on behalf of a third party (originator) who finances them.

The SV issues transferable securities to represent this asset. Their value or yield will be determined by the risk incurred.

Advantages

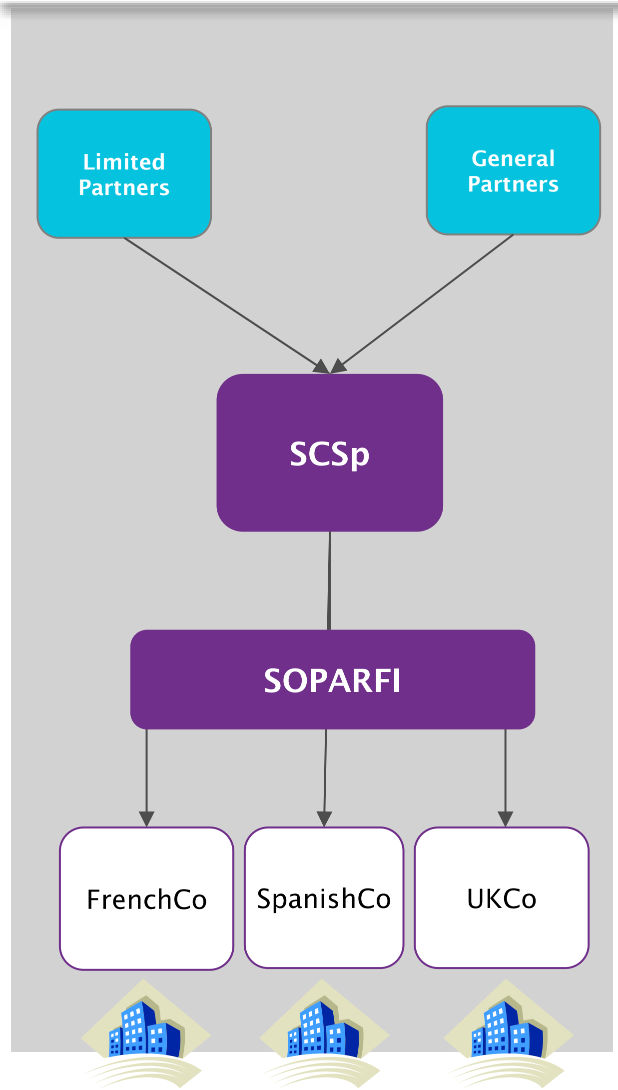
Securitisation is commonly used for credit portfolios, but the law opens it for many other areas including those connected to private or family wealth planning.

Securitisation mechanism offers interesting tax planning opportunities, beneficiating in some cases of the Luxembourg participation exemption rules, the double tax treaty network of the Grand Duchy of Luxembourg and the EU Parent-Subsidiary Directive.

Tax treatment

- Subject to Luxembourg taxation at the 2017 tax rate of 27.08% for income > EUR 30,000 but the taxable basis of a securitisation vehicle is in practice reduced to nil given that any commitments to remunerate the investors and other creditors qualifies as tax deductible interest payments for tax purposes.
- Possible access and benefit of the Luxembourg double tax treaty network and the EU directives.
- Commitment towards investors and creditors being treated as interest payments, no withholding tax is levied by the securitisation company, except where required by the EU Savings Directive.
- Net wealth tax exemption but subject to minimum net wealth tax (as depicted for SOPARFI).

SCSp



Definition

The SCSp is a tax transparent entity without legal personality. With this vehicle, Luxembourg is able to offer a new solution for private equity funds, hedge funds and real estate funds.

Scope of investors

No restrictions as to the type of investors.

Capital requirement

No restrictions.

CSSF approval

No approval by CSSF required except if the SCSp. Decides to opt for the status granted by the SIF Law.

Tax treatment

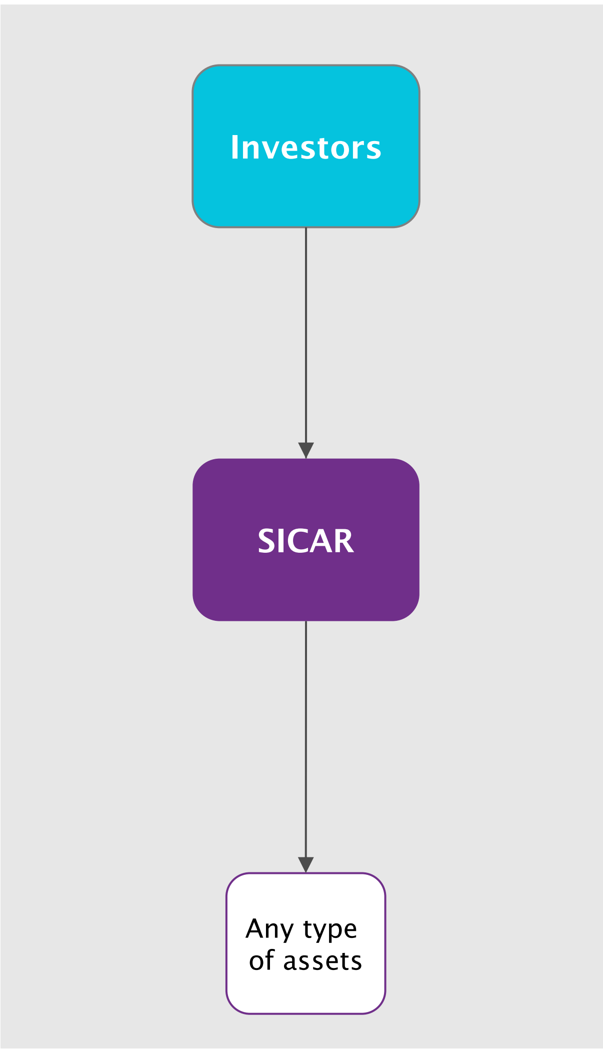
A SCSp is a tax transparent entity for the purpose of the Luxembourg corporate income tax and net wealth tax. However, the profits of the SCSp may be subject to municipal business tax (the rates varies from municipality to municipality – the applicable rate in Luxembourg city is 6.75%) if the SCSp carried out, or is deemed to carry out, business activities.

If the SCSp is treated as a business undertaking for the purpose of the municipal business tax, non-resident LPs could potentially be considered as having a permanent establishment in Luxembourg, as a result of which that would be subject to personal or corporate income tax on their share of the business profits derived through the SCSp (subject to applicable double tax treaties).

A SCSp is treated as a business undertaking for municipal business tax purposes in the following two circumstances:

- If one of the GPs is a Luxembourg joint stock company holding at least 5% of the interest in the SCSp;
- If the SCSp carries out business activities (as opposed to private wealth management activities).

SICAR



Definition

The SICAR (*Société d'Investissement en Capital A Risque*) is ideal to serve as an operational hub to hold investments in securities representing risk capital.

Scope of investors

For institutional and professional investors.

For HNWIs who adhere in writing to status of well-informed investors and

- Invest minimum EUR 125,000; or
- Positive assessment from a credit institution, or another professional of the financial sector, certifying their aptitude to appraise the investment and the risks attached thereto.

Capital requirement

EUR 1,000,000 to be reached within 12 months from its incorporation .

Possibility to set-up compartments and no debt-to-equity rules.

CSSF approval

The SICAR is subject to the permanent supervision of the CSSF and its directors must meet certain conditions. The SICAR must have an external auditor and a depositary bank in Luxembourg.

Light supervision and reporting except if the SIF falls within the scope of full AIFMD rules: ≥ EUR 100,000,000). No risk diversification.

Tax treatment

- Fully taxable entity (27.08%) but all income derived from transferable securities at risk are tax exempt.
- Net wealth tax exemption but subject to minimum net wealth tax (as depicted for SOPARFI).
- No withholding tax on dividends, interest and liquidation proceeds paid to investors, no taxation in Luxembourg on the disposal of shares by foreign investors.
- Access to tax treaties (except some countries: France and Switzerland).
- VAT exemption on management fees.
- Eligible to Luxembourg participation exemption regime.

SIF : target investments

Real Estate & Infrastructure

- Office / Residential
- Logistic
- Hospitality
- Water / Electricity
- Parking / Roads
- Railway / Airport

Listed financial instruments

- Stocks
- Bonds
- Time deposits
- Funds

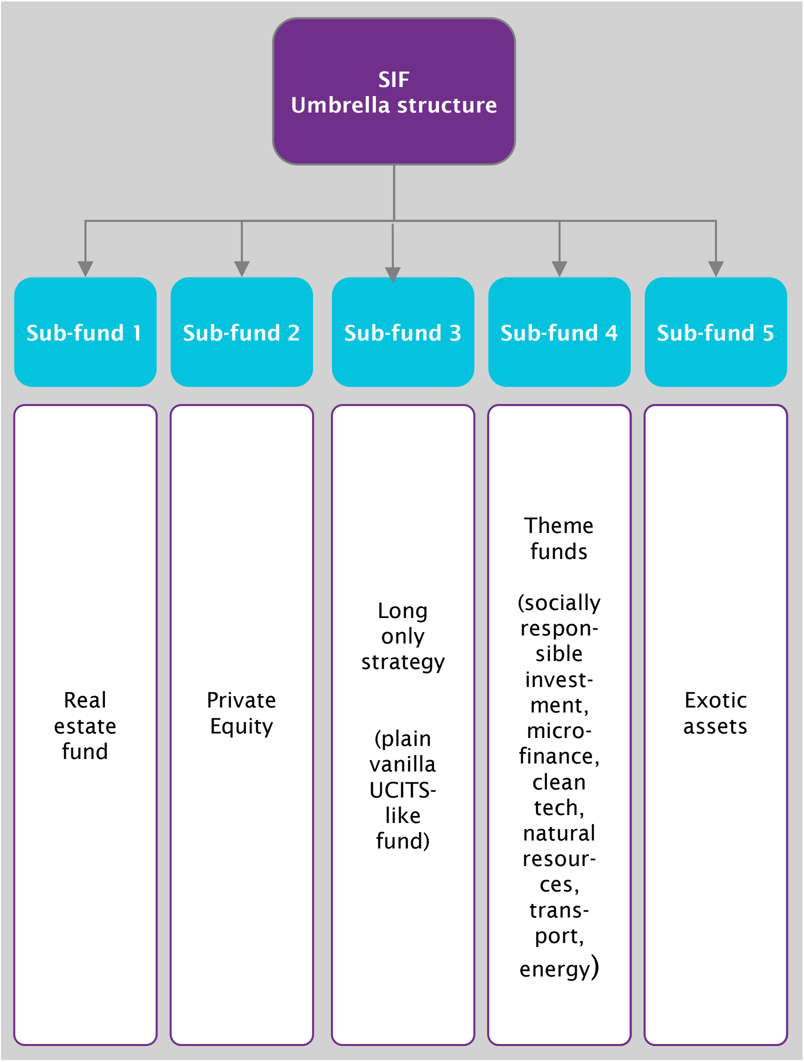
Private Equity

- Venture Capital
- Buyout
- Mezzanine

Commodities / Exotic assets

- Art
- Precious metals
- Fine wine
- Jewels (watches, diamonds)
- Forestry

SIF: umbrella structure



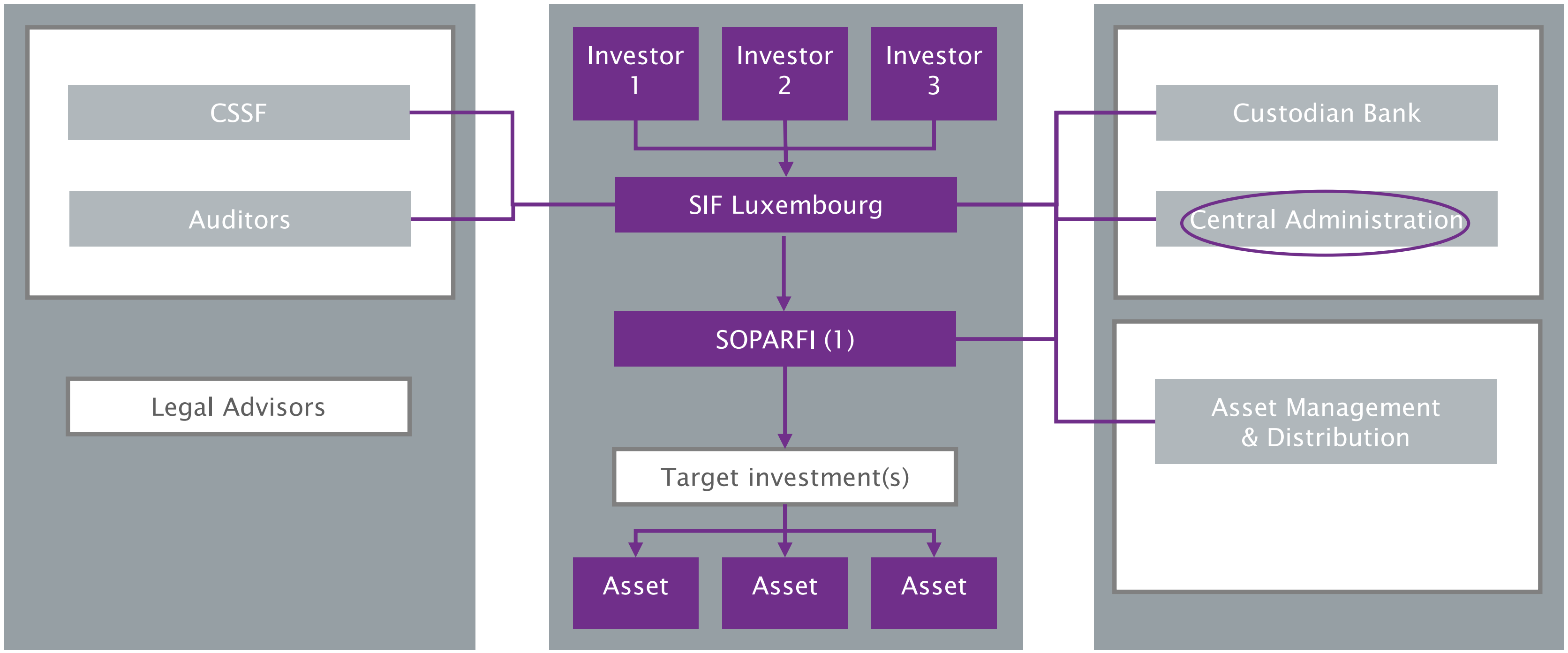
Sub-funds

- A SIF (Specialized Investment Fund) may be set up as an umbrella fund.
- Each sub-fund has its own investment policy and must comply with the risk diversification principle.
- Assets of one sub-fund are not influenced by the risks and liabilities linked to other existing sub-funds.
- Each sub-fund can be liquidated separately.
- Sub-funds of an umbrella SIF are permitted to invest in other sub-funds of the same umbrella.
- An umbrella SIF, by itself, is an individual entity. However, in contrast to the Luxembourg Civil Code, the assets and liabilities of each compartment are segregated and are only subject to the liabilities of that specific compartment, unless otherwise provided for the constitutional documents.
- Regarding Luxembourg tax residents, capital gains on the sale of a sub-fund are exempt from tax provided :
  - the sub-fund is held for more than 6 months; and
  - the shareholding represents less than 10% of the total capital of the SIF.

Main advantages of sub-funds

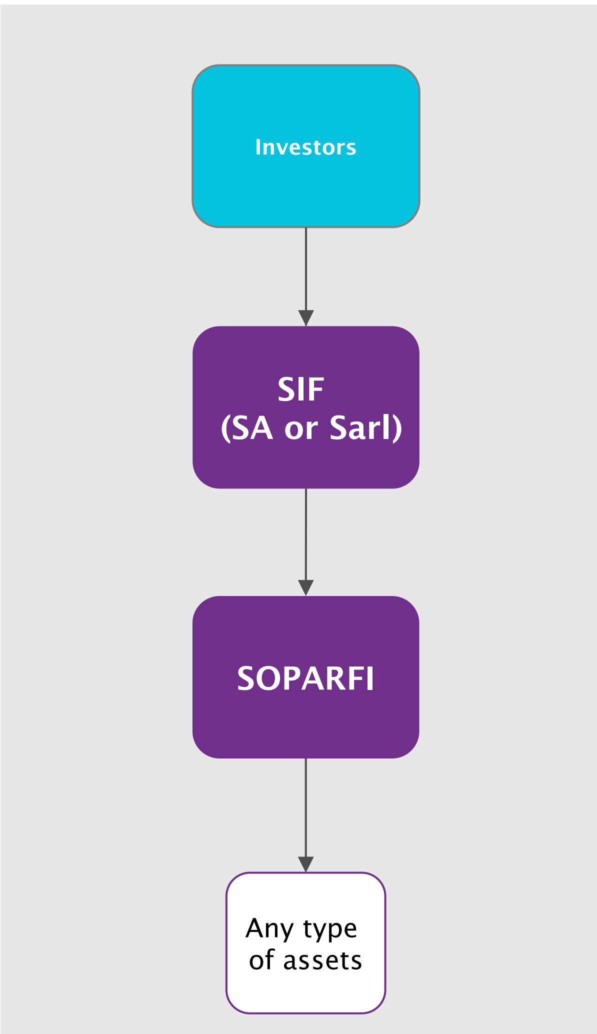
- A highly flexible investment solution.
- Sub-fund is managed by the designated Asset Manager.
- Multi-assets investment capabilities.
- When investors do not have enough resources to create their own dedicated SIF structure, the creation of a sub-fund in an existing SIF may be taken into consideration.

SIF: service providers and their roles



(1) a SOPARFI is a fully-taxable resident company.

SIF : structure with a S.A. or S.à r.l.



Definition

The SIF is a multi-purpose regulated vehicle, which can invest in any kind of assets with any type of investment strategy.

Scope of investors

Investment in a SIF is reserved for "well-informed" investors, requiring a limited level of protection and looking for investment flexibility suitable to their particular expertise and needs.

Capital requirement

EUR 30,000 (S.A.) and EUR 12,000 (S.à r.l.) at the incorporation. The net assets of EUR 1.250.000,- has to be reach within a period of twelve months.

The SIF, being a share capital company, can have a fixed share capital (SICAF) or a variable share capital (SICAV).

Possible issuance of bearer shares in a S.A. but not recommended.

CSSF approval

Simplified approval process by the CSSF.

Light supervision and light reporting (except if the SIF falls within the scope of full AIFMD rules: ≥ EUR 100,000,000).

Investment policy and investment limits are to be set out in the offering document.

Diversification requirement (no more than 30% per asset).

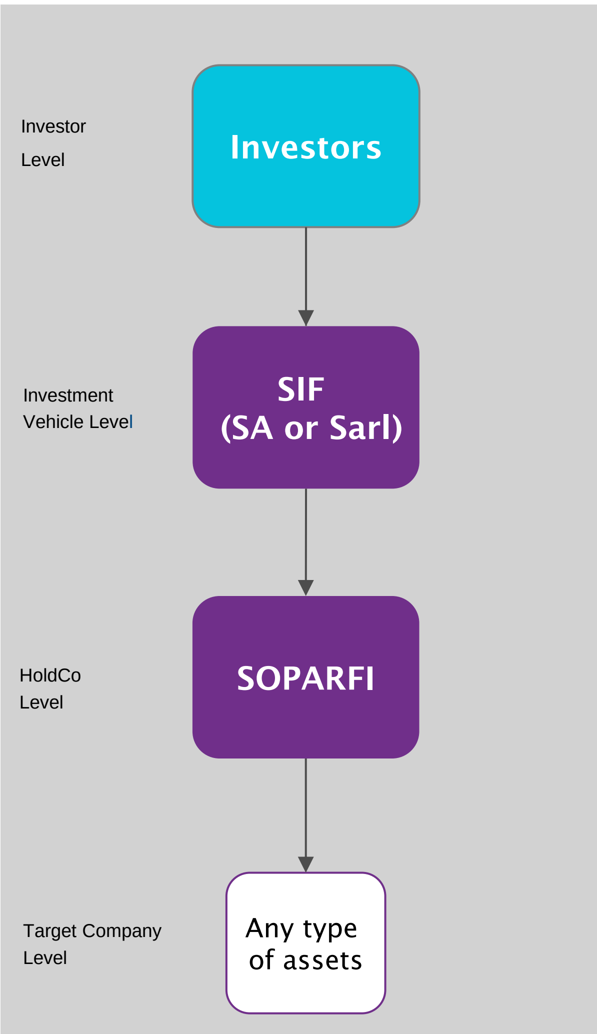
Tax treatment

- Full exemption on any income and gains.
- No Net Wealth Tax.
- Not subject to Luxembourg withholding tax on distributions to investors.
- Subject to a subscription tax of 0.01% computed based on the Net Asset Value of the SIF.
- Dividends, capital gains, interest and liquidation proceeds received by the shareholders: taxation in the hands of the shareholders based on their country of residence.
- SIF may benefit from the double tax treaties concluded by Luxembourg (need to be checked on a case-by-case basis).

SIF : miscellaneous

Legal form	Corporate form (SICAV) / Contractual form (FCP)
Supervision	CSSF
Management	Experience and honour
Capital	Variable / fixed; with /without commitments; partly/fully paid
Duration	Upon choice, limited or unlimited. The Fund can be unlimited with limited compartments.
Valuation	Fair value but specific rules may apply
Diversification	30% limit, possible exception for the first 4 years for Real Estate Funds
Investors	Well-Informed Investors, minimum investment EUR 125,000 (except in the case of a bank assessment)
Tax	Subscription tax of 0.01% on Net Asset Value, Double Tax Treaty applicable in certain cases, tax transparency in case of FCP
Custody	In Luxembourg
Administration	In Luxembourg
Listing	Not Possible
Transferability	Free or with consent of the management
Audit	Yes, auditor established and required in Luxembourg
Reporting	Yes (annual report + minimum annual NAV calculation)

SIF : case study



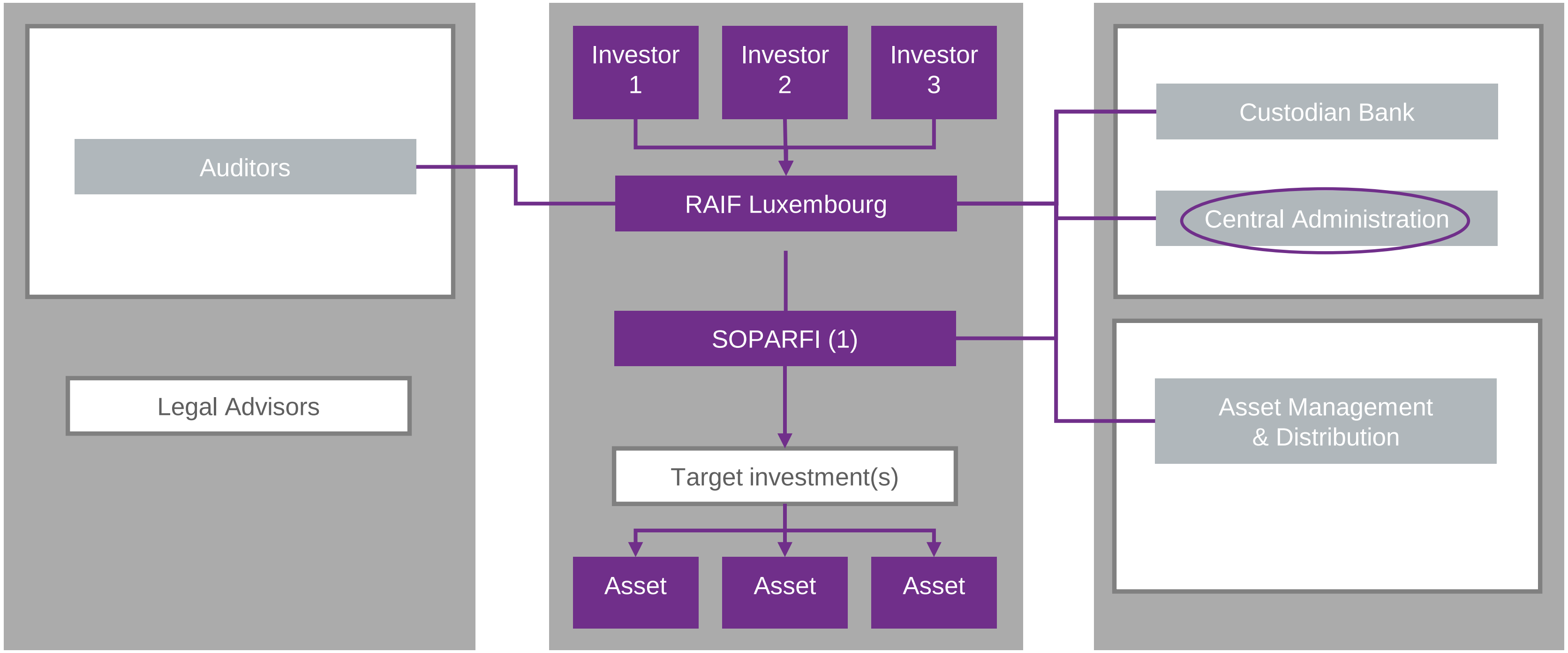
- The investors are protected as well as possible against unfavourable regulations in their country of residence (e.g. untimely income recognition on the basis of CFC rules).

- Profit tax on the SIF is minimised.
- Withholding tax on payments it makes in the jurisdiction where the vehicle is resident is minimised.

- The investment structure should provide a sufficiently flexible flow-through of funds on investment holding and disposal.
- The structure should allow for the tax efficient payment of dividends, interest and other means of providing returns for investors (e.g. participation exemption, exit strategy outbound to the investment fund vehicle.

- WHT in the source country where investments are located should be minimised.
- Any local taxation of gains (on shares or assets) and dividends should be planned in a tax efficient way.

RAIF: service providers and their roles



(1) a SOPARFI is a fully-taxable resident company.

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