Corporate Services 4.0

English Version

Combining skills and sharing knowledge for better performance

Earning the trust of our clients since 2003

fin | corp
a division of finimmo

MESSAGE FROM THE CEO

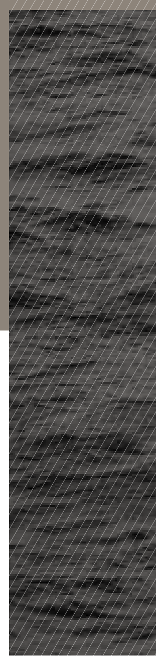
Based in Luxembourg since 2003, and a Professional of the Financial Sector (PSF) since 2009, the Finimmo group has a single objective: to develop a set of skills and services to benefit private, corporate and institutional clients.

Apart from the Grand Duchy's economic and political stability, our FSP status guarantees our clients a solid partnership.

Our various accreditations now allow us to answer any request from local or international clients seeking Luxembourg services and solutions.

It is not so much the nature of our clients that sets us apart, but what they are looking for: flexibility, dynamism and expertise so that we can understand each of their problems and back this up with the development and management of ad hoc Luxembourg resources.

Adrien Rollé
CEO



LE LUXEMBOURG

Figures (2017)

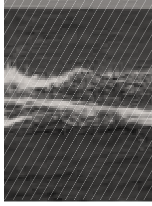
Area	2.586 km²
Population	590.667
Public debt / GDP	22,2%
Rating	AAA
Budget balance	+0,6%
Growth (2016)	+4,2%
Unemployment rate	6,0%

Luxembourg is the leading private banking centre in the eurozone and the second biggest investment hub in the world after the United States. The Luxembourg marketplace is changing in a spirit of real innovation, making it the ideal investment base for private and institutional clients across the globe.

Above all, its success is based on great political and social stability, as well as a modern regulatory framework constantly adapting to market developments through continuous dialogue between the government, legislator and private sector. In the last three years, Luxembourg has attracted numerous international banks, insurance companies, investment fund promoters and other specialised service providers.

Monitored by proactive and competent supervisory authorities, the marketplace has developed a strong culture of protecting investors and applying strict anti-money laundering rules.

SUPERVISORY AUTHORITY: COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER



www.CSSF.lu

The **Commission de Surveillance du Secteur Financier** (CSSF) is the relevant authority for prudential monitoring of credit institutions, financial sector professionals (investment undertakings, specialised FSP, support FSP), management companies, hedge fund managers, collective investment schemes, pension funds (SEPCAV and ASSEP), SICAR, licensed securitisation vehicles, regulated markets and their operators, multilateral trading facilities, payment institutions and e-money institutions. The specialised status **Professional of the Financial Sector**, which is subject to CSSF supervision, ensures that the regulated entity benefits from rigorous management, recognised human expertise, effective internal and external control and proven financial strength.

ACCREDITATIONS

The accreditation procedures and activities regulated by the CSSF are covered in the Law of 5 April 1993 on the financial sector, as amended.

Finimmo holds the following accreditations:

1. company domiciliation agent (Article 28-9)
2. company start-up and management services (Article 28-10)

Finimmo has also applied to the CSSF for additional accreditation to act as:

3. client communications agent (Article 29-1)
4. financial sector administrator (Article 29-2)
5. registrar (Article 25).

CORPORATION TAX

© Finimmo

Companies resident in Luxembourg (having their registered office or decision-making centre there) are subject to Luxembourg tax on their global earnings.

Foreign companies are only subject to Luxembourg tax on their income generated in Luxembourg: real estate income, dividends, capital gains and interest.

INCOME TAX

Effective tax rate (corporate income tax + municipal business tax): 27.08% for 2017 and 26.01% for 2018 (municipal business tax base: municipality of Luxembourg City).

WEALTH TAX

Tax rate: 0.5%.

Minimum tax: the tax authorities have set a minimum rate for wealth tax. The minimum tax payable is a flat-rate and, for example, amounts to EUR 4,815 for companies whose financial assets, transferable securities, cash holdings and debts to subsidiaries account for 90% of their balance sheet total. Depending on the balance sheet, the minimum tax varies from EUR 535 to EUR 32,100.

Tax base: Unit value (the unit value is based on the adjusted net assets on 1 January of each year).

LIQUIDATION SURPLUS

Luxembourg does not tax liquidation surpluses.

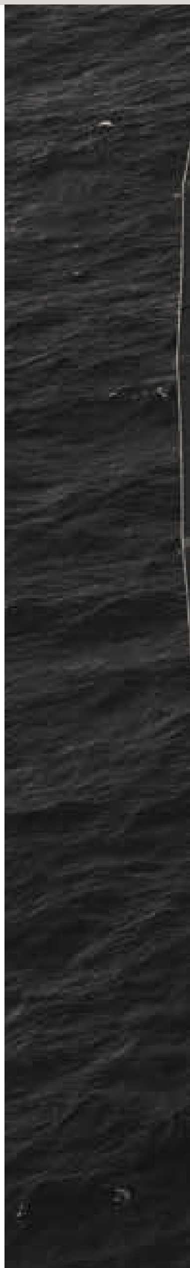
VAT

The standard rate is 17% on goods and services.

CAPITAL DUTY

Fixed duty: EUR 75.

LUXEMBOURG INVESTMENT VEHICLES



Luxembourg provides investors with a wide range of investment vehicles, the legal forms and statuses of which vary considerably

THE MAIN LEGAL FORMS OF CAPITAL COMPANIES

	SA	SARL	SCA (or SECA)
Minimum capital (EUR)	30.000	12.000	30.000
Amount paid up	25 %	100 %	25 %
Shareholding	Minimum 1	Maximum 100	Minimum 2 (1 general partner and 1 limited partner)
Directors	3 (1 if single shareholder)	Minimum 1	Minimum 1 (shareholder whether partner or not)
Audit (*)	Yes	If more than 60 associates	Yes

(*) The audit can be carried out by a statutory or a company auditor, depending on the company's size and/or business activities.

THE MAIN INVESTMENT VEHICLES

Société de Participation Financière (SOPARFI) (Law of 1915 on commercial companies, as amended)

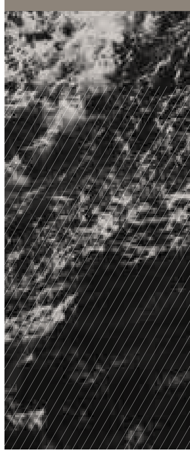
A SOPARFI is a Luxembourg company whose purpose is to acquire interests in one or more Luxembourg or foreign companies. It can also carry out its own trading activities as well as hold interests.

When the interest is in a taxable (> 10.5%) company having its registered office in an EU or EEA member state, or in a country that has signed a tax treaty with Luxembourg, SOPARFI status exempts the company from tax on capital gains and dividends received under certain holding conditions, placing them under the regime applied to the parent company/subsidiaries (no withholding tax on interest and dividends paid/received).

Exemption criteria	Holding period	% or value
Capital gain	12 months	10% EUR 6 million
Dividends	12 months	10% EUR 1.2 million

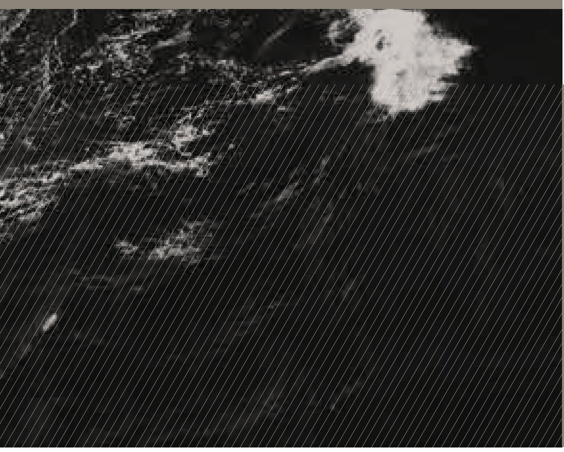
Interests benefiting from the above exemptions are also exempt from wealth tax.

SOPARFIs that only hold interests are not required to register for VAT.



Remark

Anecdotally, the securitisation principle was not responsible for the US sub-prime crisis, but rather its unscrupulous use by financiers which made it a toxic product.



Société de gestion de Patrimoine Familial (SPF) (Law of 11 May 2007, as amended)

The SPF is a simple vehicle used mainly for passive management of individuals' private wealth. Its shareholder structure is mostly limited to natural persons acting within this management framework.

From a tax perspective, the SPF is exempt from Luxembourg income and wealth taxes. However, it is subject to an annual subscription tax of 0.25% on the paid-up capital, issuance premiums and the amount of debt over and above 8 times the amount of paid-up capital and issuance premiums. As a result of these exemptions, an SPF does not benefit from the provisions of double taxation agreements concluded with Luxembourg. It therefore does not qualify for the parent-subsidiary tax regime. It cannot register for VAT.

Securitisation vehicle (Law of 22 March 2004, as amended)

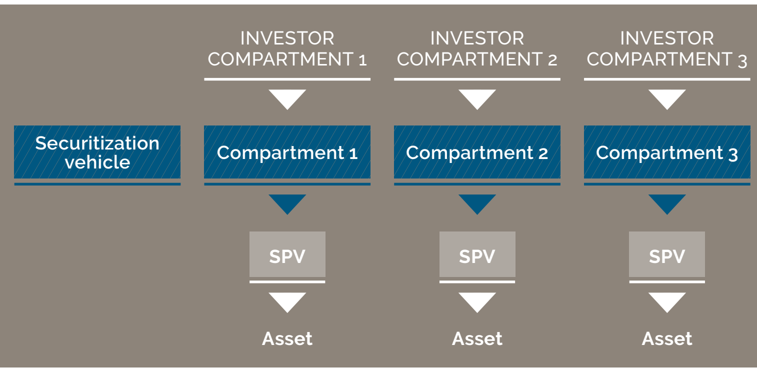
In practical terms, a securitisation transaction consists of converting assets into registered or bearer securities (equities, bonds or other financial instruments), the value of and return on which depend on these assets.

The Law of 22 March 2004 on securitisation established a specific legal framework in Luxembourg for the securitisation of risks in the broader sense. With this legislation, Luxembourg is becoming a major centre for securitisation across Europe.

The law contains very few restrictions on the nature of eligible assets: securities, debts, moveable and immovable property, tangible and intangible assets.

Different sub-funds may co-exist in a securitisation vehicle in order to segregate risks. One sub-fund may be liquidated without any impact on the other sub-funds.

Each sub-fund is also taxed independently at the standard corporation tax rate, though only on the income that it does not pay out or does not commit to paying out to its investors. No withholding tax is applied at this point in Luxembourg on income that a sub-fund pays to non-resident investors. Being taxable at the normal rate, the securitisation vehicle benefits from tax treaties, the parent-subsidiary regime, and the directive on interest and royalties.



Alternative funds (SICAR, SIF and RAIF)

Alternative funds (SICAR, SIF and RAIF) are intended for informed investors, namely:

- Institutional investors;
- Professional investors;
- Any other investors who declare in writing that they qualify for “informed investor” status and invest a minimum of EUR 125,000.

Whichever legal format is chosen (mainly SA, Sàrl and SCA/SECA) the SICAR, SIF or RAIF may be created as a standalone structure or an umbrella structure made up of several individual sub-funds, each one having its own investment policy.

Like each of their sub-funds, the SICAR, SIF or RAIF can issue shares, bonds or other financial instruments according to investors' needs.

SICAR (Law of 15 June 2004, as amended in October 2008 and by the Law of 12 July 2013)

A SICAR is a venture capital or private equity investment structure.

The SICAR is subject to CSSF supervision and its net assets must be at least EUR 1,250,000.

Income from venture capital and private equity investments is not taxed. Income from financial investments is taxed at the normal corporate rate. There is no withholding tax or capital tax. The SICAR is exempt from wealth tax but is specifically subject to the minimum wealth tax payment following the abolition of the minimum corporation tax amount.

The SICAR may only invest directly or indirectly in transferable securities that represent venture capital and private equity. These are risky investments made with a view to starting up, developing or floating companies. The SICAR may occasionally hold a small amount of derivatives.

SIF (Law of 13 February 2007 and Law of 12 July 2013, as amended respectively)

A SIF is a specialised investment fund subject to CSSF supervision and its net assets must be at least EUR 1,250,000.

The only tax is a withholding tax of 0.01% of the net asset value on the last day of the calendar month; the SIF is exempt from wealth tax.

There are no restrictions on the assets eligible for a SIF.

NOTA BENE

The Luxembourg investment vehicles listed previously do not form an exhaustive list of the investments possibilities available under Luxembourg law. Indeed, Luxembourg has other attractive investment vehicles such as limited partnerships, which are set up in the form of a société en commandite simple (SCS) and work in a very similar way to the partnerships seen in the English-speaking world. Then there are sociétés en commandite spéciale (SCSp), which are different in that they have no legal personality and have more flexible rules of operation. These structures carry the advantage of distinguishing between two types of partners, which are jointly and severally liable either for the company's total commitments, or up to the amount of their investment. They may or may not have legal personality, allowing them to be transparent for tax purposes if necessary. As these structures are not supervised by the CSSF, they can be set up more quickly. There is also an alternative to the SIF in the form of an undertaking for collective investment in transferable securities (UCITS), which is not reserved for informed investors and which has specific management rules aimed at guaranteeing the liquidity of its assets.

RAIF (Law of 23 July 2016)

A RAIF is an alternative investment structure.

The RAIF is not subject to CSSF supervision or a prior accreditation process but all RAIFs must designate an authorised AIFM, which may be located in Luxembourg or in another member state (in which case the AIFM must have passported its management services in Luxembourg).

This authorised AIFM is subject to the AIFM Directive and must ensure that the RAIF also complies.

The provisions applicable to SIFs are largely applicable to RAIFs regarding form, diversification and taxation.

Feel free to get in touch whenever you like

FINIMMO LUXEMBOURG
18, rue Robert Stümper
L-2557 Luxembourg
Tél : +352 26 38 92 40
Adrien Rollé
ar@finimmo.com

fin | corp
a division of finimmo