



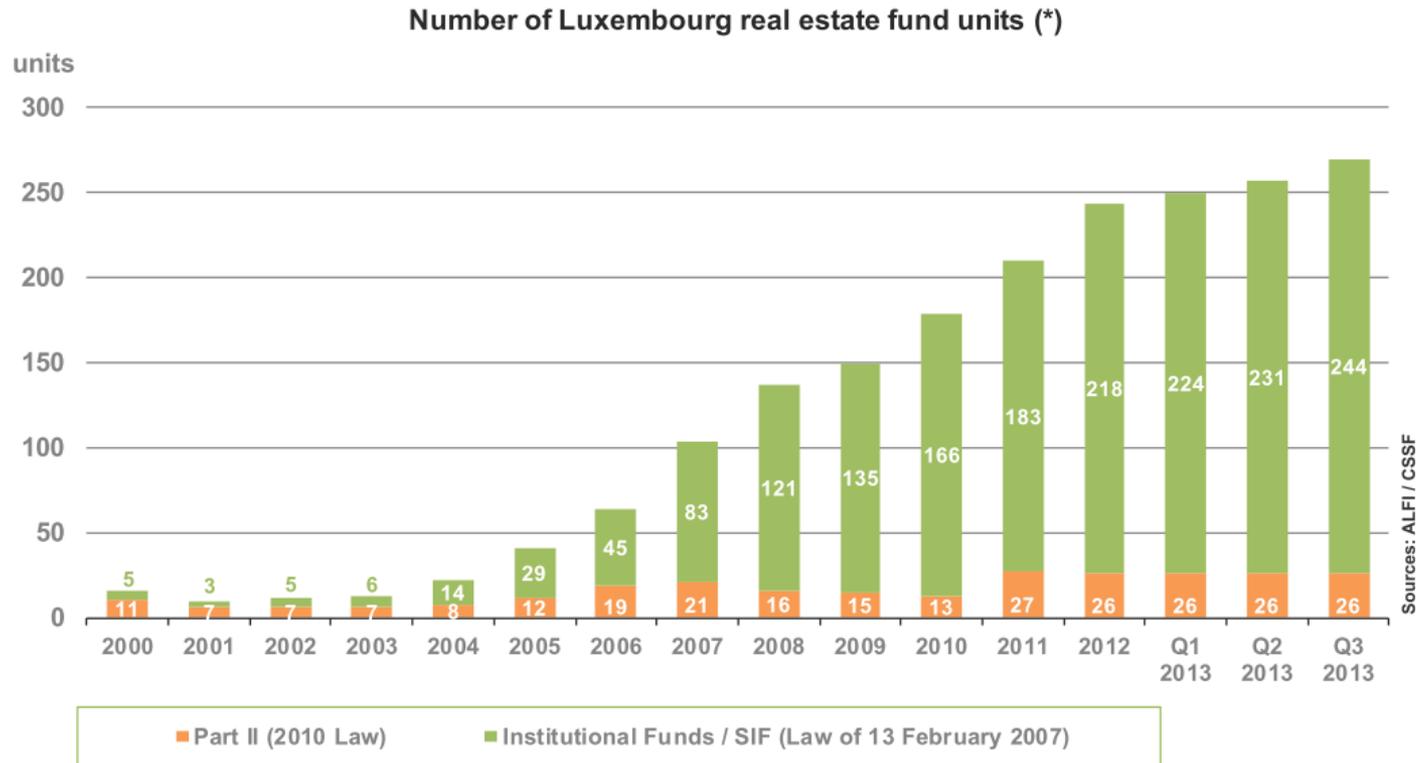
CORPORATE AND TAX EFFICIENT STRUCTURING

FIABCI 17-22 May 2014 - Luxembourg

Gerdy Roose, Tax partner

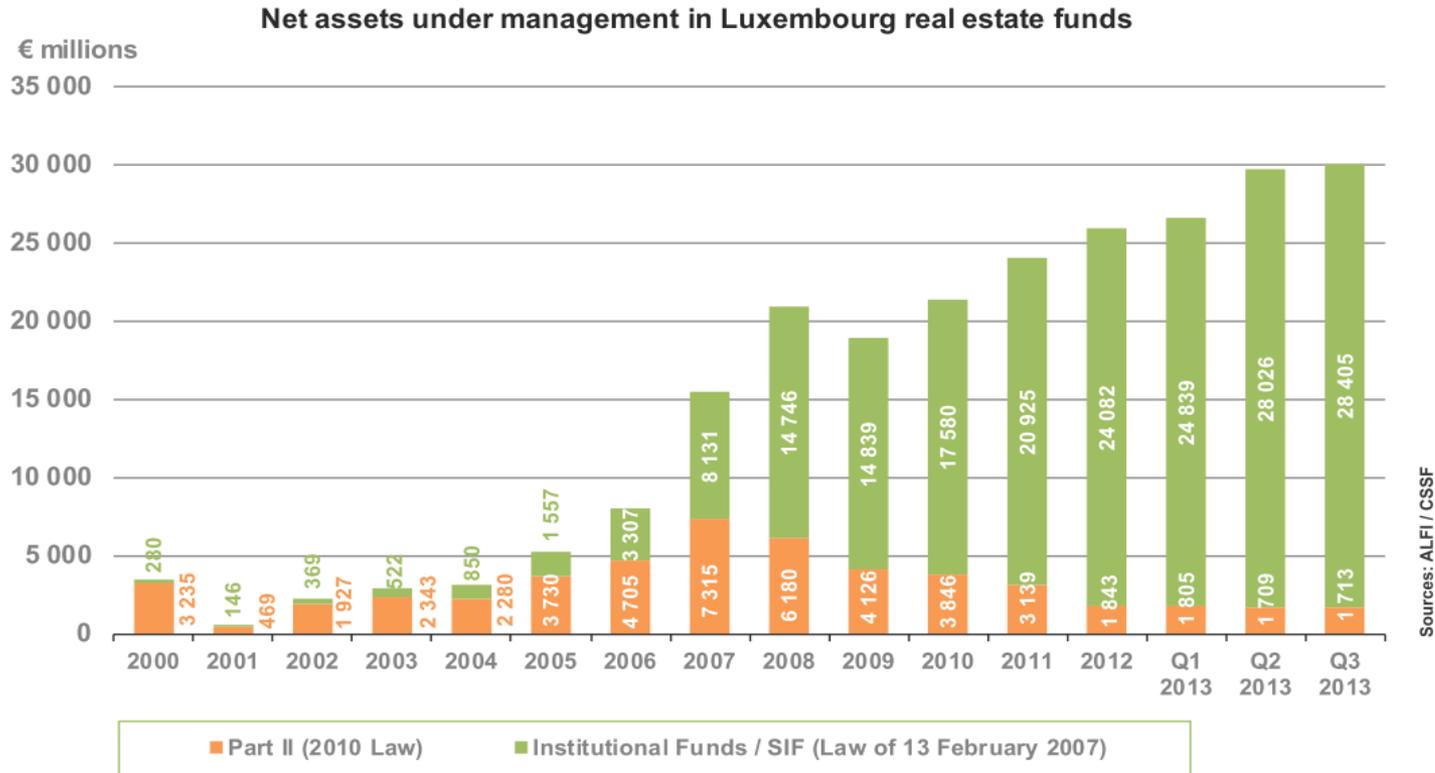
Joseph Hobscheid, Audit partner

LUXEMBOURG : THE HUB FOR REAL ESTATE FUNDS



(*) The number of single funds plus the sub-funds of umbrella structures

LUXEMBOURG : THE HUB FOR REAL ESTATE FUNDS





WHY LUXEMBOURG?

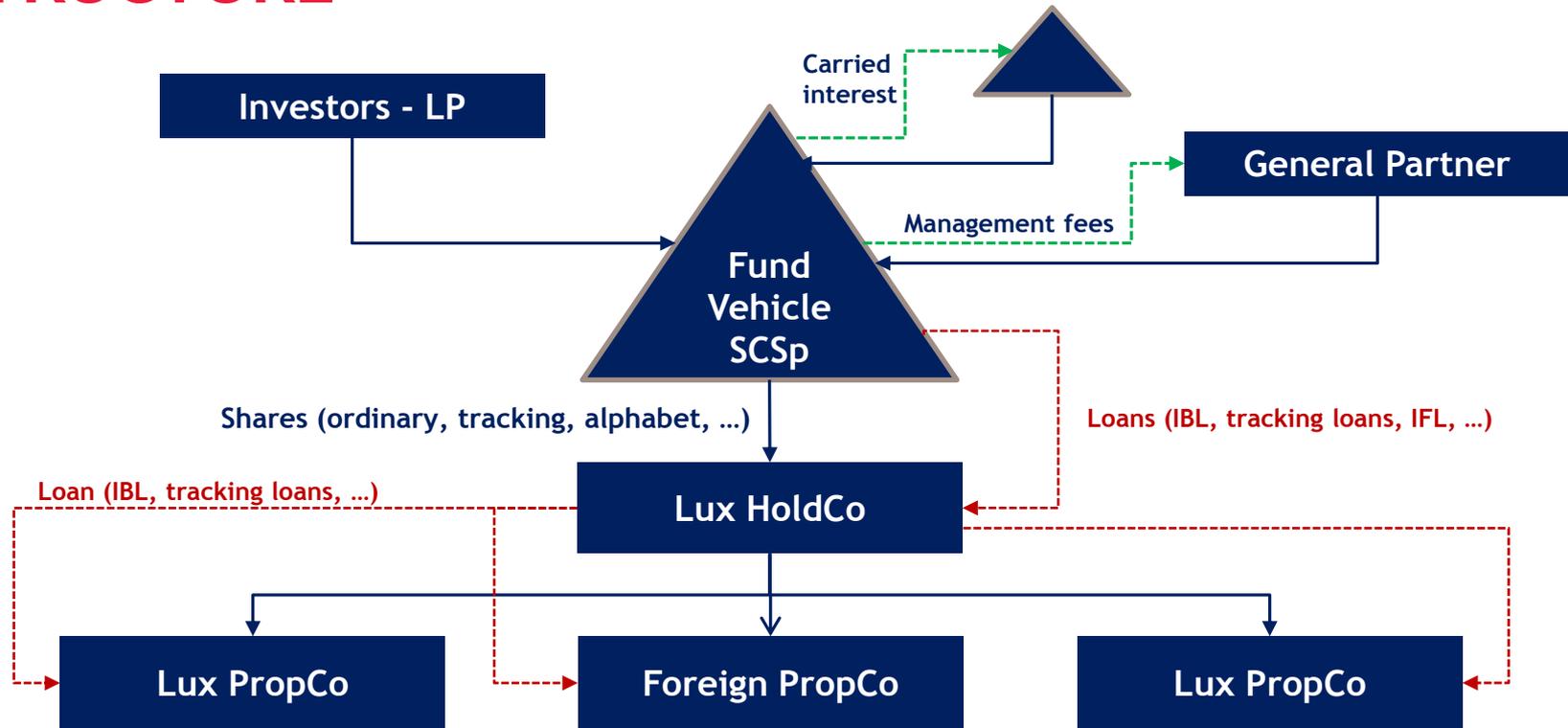
- Political and economical stability (AAA rating)
- Government support for the investment fund industry
- Sophisticated fund servicing infrastructure
- International and multilingual workforce
- Exceptional tool box (variety of legal forms, regulatory regimes and financing instruments)
- Tax attractiveness : different types of tax efficient entities and instruments
- Pragmatic regulatory, financial and tax authorities
- Experience / track record



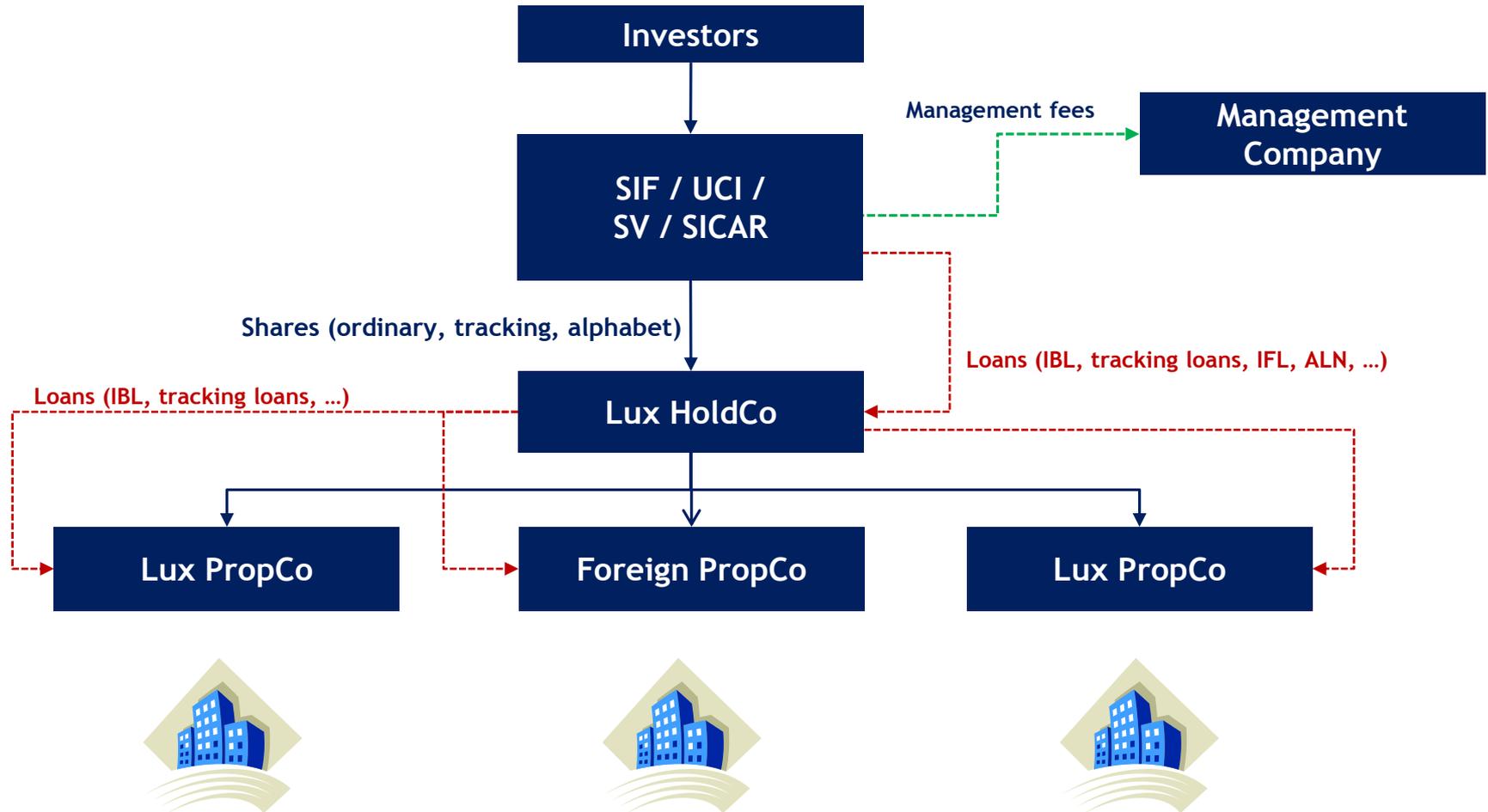
KEY CRITERIA IN SELECTING APPROPRIATE STRUCTURE

- Regulated vs unregulated structure
- Location of real estate
- Nature of the investors
- Location of the investors
- Flexibility in terms of investment strategy
- Need to create sub-funds
- Promoter's level of control
- ...

UNREGULATED INVESTMENT VEHICLE - TYPICAL STRUCTURE



REGULATED INVESTMENT FUND - TYPICAL STRUCTURE



ACCOUNTING RULES - VALUATION OF REAL ESTATE ASSETS

- Regulated entities
 - Valuation of real estate at fair value
- Non regulated entities
 - Choice between Lux Gaap and IFRS
 - Lux Gaap: real estate either at historic cost less amortization (impairment if durable value losses) or at fair value (unrealized results through P&L or equity)
 - NB: distribution restrictions of unrealised gains in case of fair value option or IFRS



POINTS OF ATTENTION

- Tax residency, place of effective management, substance
- Beneficial ownership
- Tax treatment of hybrid instruments (BEPS)
- Debt - equity ratio, thin capitalization rules
- Minimum equity at risk
- Reporting and audit requirements
- Valuation method of assets
- Registration duties / stamp duties and other indirect taxes
- VAT

BDO WORLDWIDE

as at 30 September 2013

Fee income: €4.9 billion / \$6.5 billion

Partners and staff: 56.389

Offices: 1.264

Countries: 144

Member firms: 104



OUR SERVICES

Audit & Accounting

- Audits of Financial Statements
- Non-audit Assurance services
- Internal audits
- Accounting advisory or outsourcing
- Regulatory filing services

Tools:

- BDO Audit Manual
- Audit Process Tool (APT)
- APT Shared Facility
‘one network - one tool’
- Global IFRS advisory



OUR SERVICES

Tax

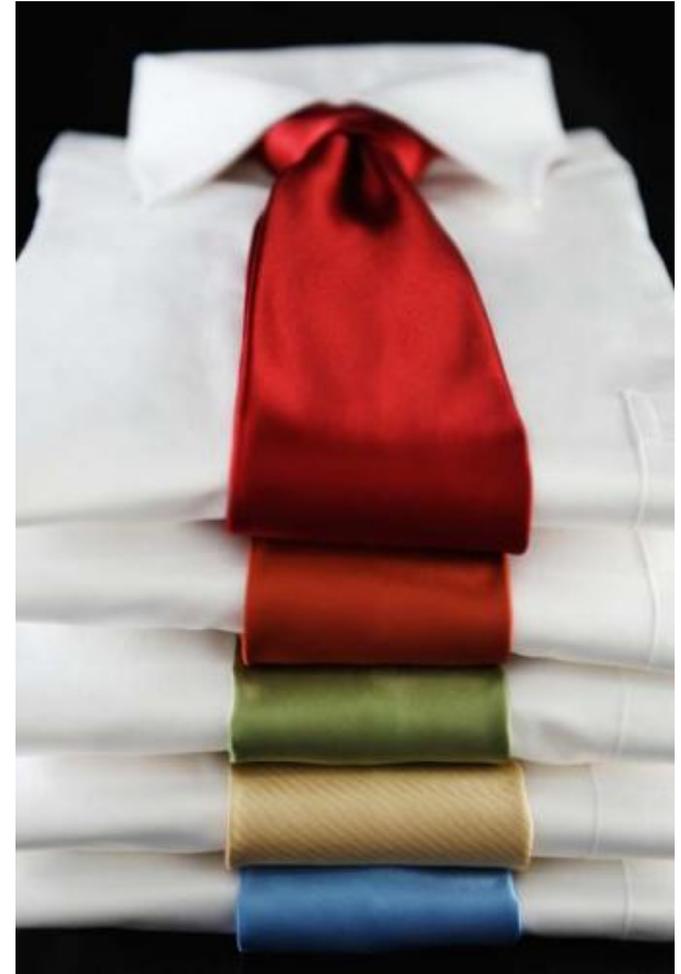
- International tax
- Indirect tax
- Corporate and business tax
- Transfer pricing
- Tax effective value chain management
- Expatriate tax
- Private client tax services
- Tax dispute resolution



OUR SERVICES

Advisory

- Corporate finance
 - Mergers & acquisitions
 - Transaction services
 - Valuations
- Forensic & risk management advisory
- Outsourcing
- Technology advisory
- Other



OUR SERVICES

Corporate Structuring

- Advice and implementation of regulated and unregulated vehicles
- Provision of registered office or renting of dedicated office space
- Provision of directors and company secretary
- Accounting, reporting and NAV calculations
- Board and Shareholders and meetings
- Registrar and transfer agent
- Tax compliance

