



Luxembourg Private Equity & Venture Capital Association

LPEA Newsletter

Issue: #11

September 2013

Dear LPEA Member, Dear Reader:

After a relatively calm summer season for the PE/VC industry and a productive one for Luxembourg and LPEA, I and the LPEA team are here again to report on the most significant Association and Luxembourg related news.

As we've mentioned in the past, the state of Luxembourg has long embraced a proactive and innovative approach to its legislation and the developments of this past summer have proved that yet again. Over the last couple of months Luxembourg implemented the AIFM Directive, positioning itself as one of the leading EU states to do so. It also adopted a Limited Partnership Law (LP Law), which offers countless benefits to the Private Equity and Venture Capital market. In addition to working closely with the Luxembourg legislation, LPEA and its members are spending time to educate local and global industry players on how these developments will positively impact them. Take a closer look at the technical thought leadership materials and upcoming events listed herein and let us know if we can be of further help.

It's been a dynamic summer for the Association. With the key support of several GPs, the first, exclusive to GPs and LPs event took place. After receiving an overwhelmingly positive feedback we are certain that this initiative will continue under the flag of a LPEA endorsed "GP Club". Stay tuned for additional information. The second issue of LPEA's proprietary publication "[capital V](#)" is now also available. Special thanks to all contributors who made the time to work on it over the holidays. Last, but not least, LPEA has spent the past few weeks planning a content rich session, tailor made for the French PE/VC market: "[LUXEMBOURG: Solution europeenne pour le Capital Investissement.](#)" We hope that you and your colleagues will join us for it, September 24th in Paris.

On behalf of LPEA and its leadership, let me reiterate that we

QUICK LINKS

[capital V
Magazine #2](#)

[LPEA Book: Les
commandites en
droit
luxembourgeois](#)

[Luxembourg PE
Brochure](#)

[LPEA in the Press](#)

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FUTURE EVENTS

LPEA

September 24
2013

["LUXEMBOURG:
Solution
européenne
pour le Capital
Investissement"](#)
Paris, France

October 14 2013
LPEA Board of
Directors
Meeting
Luxembourg

are here to serve you: our members and supporters. Reach out to us with any industry related questions and comments. We look forward to staying connected and working together.

With best regards,

Hans-Jürgen Schmitz, Chairman of LPEA

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Extension of the VAT exemption to all AIFs

DeaLux: "Secure IT placing Luxembourg on the global datacenter map"

Early on this year we launched a new section in LPEA's Newsletter, called "DeaLux" (Deals in Luxembourg), featuring prominent local transactions and conversations with key players. We now introduce you to another local deal, an example of the entrepreneurial opportunities in Luxembourg...

JÉRÔME WITTAMER, HEAD OF INVESTMENT MANAGEMENT AT GENII CAPITAL, RECOUNTS HOW THE INVESTMENT FIRM'S INVOLVEMENT WITH THE DATA CENTER OPERATOR, SECURE IT EVENTUALLY TURNED A 51-FOLD PROFIT

Secure IT (<http://www.data4.lu/>) was created in December 2003 by Eric Lux, Genii Capital's founder and CEO. It was a small data centre operation in a building acquired by the group's real estate arm. Eric talked with various parties and finally agreed that Gary Kneip should run the business. Following the private equity precept of promoting entrepreneurship and profit-sharing, Kneip took a stake in Secure IT, which he developed in partnership with clients such as IBM and HP, and then a small Luxembourg-based start-up called Skype (accounting for a minimal share of its business at that time). **To find out more about this Luxembourg-based transaction, please [READ ON](#).**

Mira Ilieva Leonard, The Office of LPEA

Focus on the LPEA Accounting & Valuation Technical Committee

OTHERS

October 23 2013

ALFI Leading Edge Conference
"AIFM Directive - Implementation"
London, UK

October 26 2013

IFE Conference
"Private Equity à Luxembourg"
Novotel
Kirchberg,
Luxembourg

November 7-8
2013

EVCA Venture Capital Forum
Germany

November 12-13
2013

ACG
EuroGrowth
London, UK

November 19-20
2013

ALFI "European Alternative Investment Funds" Conference
Luxembourg

November 19-22
2013

ICBI Super Investor
Paris, France

For additional information:
[CLICK HERE](#)

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The LPEA is home to several technical groups ("Technical Committee" or "TC"): legal, tax, accounting & valuation, AIFMD, market intelligence & training, promotion.

The Technical Committees are the driving force of the association and have dealt with issues of relevance to its members. TC leaders report to the association's Executive Committee on a quarterly basis on their activities.

In this issue, as a co-chair of the Accounting and Valuation TC, I cover the goals and activities of that TC and encourage interest in its future activities. **For the objectives and evolution of the TC as well as past and future activities, please [CLICK HERE](#).**

Yves Courtois, LPEA Accounting & Valuation Technical Committee Co-Chair

Distributions to partners of the LP (société en commandite simple) revisited by the law dated 12 July 2013 on Alternative Investment Funds Managers

The law regarding alternative investment funds managers (the "AIFM Act"), dated 12 July 2013, provides for very flexible structuring tools, in the form of the revisited limited partnership (société en commandite simple - "SCS") and the new special limited partnership (société en commandite special - "SCSp"). This note focuses on distributions to partners of a SCS, and is also relevant for SCSp, since the AIFM Act establishes identical rules with respect to distributions to partners of these two entities. **To access the full article, please [CLICK HERE](#).**

Raphaël Collin and Nicolas Ronzel, LPEA Associate Members

FATCA Update

LPEA is following closely FATCA on both local and global scale. Below please find a brief update, highlighting the most relevant developments, as reported by the LPEA Tax Committee.

LPEA roundtable on FATCA

On Wednesday, 17 July 2013, LPEA sponsored a roundtable on the topic "FATCA in practice". The event took place at the ATOZ's premises in Sennigerberg. Presenters included: Mr. Alphonse Berns, Director of the Fiscal Policy at the Luxembourg Ministry of Finance, Thierry Lesage (Arendt & Medernach), Christopher Berry (PwC UK), Pascal Noel and Amandine Horn

(Deloitte Luxembourg), and Philip Martin (Alvarez & Marsal Taxand LLP UK). The slides of the presentation can be found [HERE](#). To access the full article, please [CLICK HERE](#).

Marianne Spanos and Patrick Mischo, LPEA Tax Committee Co-Chairs

With the special contribution by Andrea Santini, Senior Associate, Corporate Taxation at CVC Capital Partners

New Luxembourg limited partnerships: defining an optimal tax environment for the PE industry

A private equity fund structure should ensure a parity of tax treatment between investors investing directly and investors investing through a private equity fund in equivalent assets (so called "tax neutrality"). A lack of tax neutrality could discourage flows of venture, growth or turnaround capital that is necessary for the development or restructuring of portfolio companies.

The fiscal rules applicable to the common limited partnership (SCS) and the special limited partnership (SCSp) (i.e. a SCS, but without legal personality) recently modernized by the Alternative Investment Fund Law dated 12 July 2013 (AIFM Law) efficiently address several tax items so as to achieve an optimal tax neutral environment for private equity fund structuring. To access the full article, please [CLICK HERE](#).

Raymond Krawczykowski and Dany Teillan, LPEA Associate Members

Extension of the VAT exemption to all AIFs

The AIFM law has modified Luxembourg's VAT law in order to ensure that all AIFs will be eligible to receive VAT exempt management services, in the same manner as UCITs. The Luxembourg VAT law does not define the concept of AIF and refers to the AIFM law. The exemption will thus be available for regulated and unregulated AIFs. As a consequence, determining whether a service should or should not qualify for the VAT exemption will imply to ascertain the legal status of its beneficiary. Due to the broad scope of the AIFM law, this could lead to complex structures that several entities might qualify for this VAT exemption, including some previously excluded. In any case, the situation of the "traditional" Luxembourg private equity vehicles such as the SIFs and SICARs remains unchanged: they were and are eligible to receive VAT exempt services. To access the full article, please [CLICK HERE](#).

Michel Lambion, LPEA Associate Member

Sincerely,

Paul Junck, Managing Director of LPEA

About LPEA

LPEA is a non-profit organization serving a threefold mission:

- Towards its members, represent and promote the interests of Private Equity and Venture Capital players based in Luxembourg;
- Towards Luxembourg, support government and private initiatives to enhance the attractiveness, competitiveness and efficiency of the Luxembourg economic, legal, regulatory and operational framework as an international hub for carrying out Private Equity and Venture Capital business and / or servicing the industry in all its dimensions.
- Towards the European Venture Capital and Private Equity Association (EVCA) and other relevant international industry bodies, represent the interests of the members of the LPEA and the industry as well as Luxembourg as a place for doing Private Equity and Venture Capital business.

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