



# 2018

ANNUAL REPORT



LUXEMBOURG PRIVATE EQUITY &  
VENTURE CAPITAL ASSOCIATION

MATCHING TALENT AND MONEY

# ANNUAL REPORT 2018

LUXEMBOURG PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

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**Dear Members,**

**Dear readers,**

Another successful year went by for the LPEA as our membership count increased by 25% over 2018. This development mirrors the global rise of private equity (PE) and venture capital (VC) as an asset class. In this context, LPEA is a reliable barometer of what is going on in the PE industry at large, in Luxembourg and abroad:

Growth is the name of the game across the industry: AuM in all regions rise - independently from macro economic context - and performance continues to be strong vs public markets.

The structure of the PE ecosystem is shifting towards more diversity in terms of strategies developed.

The types of investors involved in PE are diversifying too, as it draws Family Offices and Private Wealth advisors to the asset class.

Brexit has been a bigger disruptor than expected due to heightened and prolonged uncertainty, which plays to the strength of Luxembourg = stability.

Digitalisation is now a top priority across the value chain, with many RegTech / FinTech innovations that bring innovation to smoothen KYC / AML / reporting. Even if regulatory pressure continues to increase, our committees guarantee that the information flows through our community and permanently look for new solutions.

Overall, Luxembourg has established itself as a prime hub facilitating cross-border PE-VC investments. It draws on its strength as multilingual and specialised centre for servicing fund managers. In times of political instability in Europe, Luxembourg stands out with its first-class reputation and its triple A rating for investors attracting ever greater inflows of PE funds.

Specifically, this is how this translates at the LPEA level as we count more than 210 members. The Association welcomed new types of investors as members, not only PE / VC strategies but also Debt and Infrastructure managers (on the GP side), as well Single Family Offices, Private Banks and Asset Managers who expand their PE allocation (on the LP side).

After almost 10 years of existence the Association has grown into a fully-fledged institution and pillar of the Luxembourg financial centre. It has strong ties with public authorities, hosts a yearly flagship event in Luxembourg that draws interest from international investors - LPEA INSIGHTS, continues to offer high-level domestic and international seminars and publishes technical and thought-leadership materials for the benefit of its members and interested parties.

Many London-based GPs are expanding their teams in Luxembourg, on the back of the rise of third-party AIFMs who offer safekeeping and professional investment management services, which means Brexit is forcing investors to expand their footing beyond London.

As the financial world is changing, Luxembourg is increasingly maturing into a centre for middle and front office PE-VC houses. In 2018 the Association engaged in a Strategic Review of its activities with the objective of boosting its

efficiency and accountability towards its PE/VC community. This is part of our strong will to firmly anchor LPEA as a Thought Leader in the Private Capital industry (PE, VC, Debt and Infrastructure).

Our priority at LPEA continues to be the promotion and protection of the interests of our members while promoting Luxembourg abroad, which means focusing on tailor-made offering to the different constituencies involved in LPEA, all underpinned by our motto: "Matching talent with money"... and getting more closely involved in the start-up / Tech community, which is a hotbed of innovation and job creation for the local economy, while contributing greatly to position Luxembourg as a true PE / VC hub for talented entrepreneurs and ambitious investors who can exchange and network through our facilitation platform.

**Rajaa Mekouar-Schneider, Chairwoman**

**Paul Junck, Managing Director**



# PRIVATE EQUITY & VENTURE CAPITAL IN LUXEMBOURG

LPEA Insights (25/04/2018)

# Private Equity & Venture Capital in Luxembourg

## An introduction to Private Equity & Venture Capital

### Smart money

Private equity is an asset class consisting of investments in equity securities and/ or debt instruments in operating companies that are not quoted on a stock exchange. Private equity investments span from seed stage minority investments in start-ups all the way to large majority buyout transactions. The universe of investors (Limited Partners; LPs) comprises sovereign wealth funds, pension funds, foundations, wealth managers, single family offices, to name only a few, which allocate their wealth to PE via Fund Managers (General Partners; GPs) or directly into privately held companies, based on their investment profile in terms of risk, investment horizon and liquidity requirements. They thus provide fresh capital to a target company to fund expansion, new product development, or restructure the company's operations or capital structure. Investors such as pension funds and insurers supply private equity with capital, which private equity managers invest in portfolio companies. The returns from these investments are used by the institutional investors to meet their long-term liabilities which could be an insurance claim or pension.

### Economic impact

Private equity has been outperforming public markets consistently over the past decade, especially in the US and Europe, across Buyouts and Growth Capital strategies, and most recently, for Venture Capital, cementing its position as the star long term performer in most investors' portfolios.

This can be attributed to PE investors' narrow focus on few positions at a time, higher degree of control in terms of governance and ability to deliver results that are measured after 3-7 years as opposed to quarterly result benchmarks for publicly listed companies.

Private equity investment has been gaining a significant role in the economy. It contributes to the creation of jobs and economic innovation over the long term.

### Benefits

As well as the companies that grow as a result of investments, the key beneficiaries are institutional investors and their constituencies - the local authority that invests on behalf of its pensioners, the corporate pension fund, the university endowment or the foundation that relies on returns to continue operations. Pension funds, and other institutional investors invest in private equity as a means to strengthen their investment performance over that of bonds or the public equity markets and thus secure better returns to their stakeholders. Private equity provides capital that is both committed, and long-term, to help unquoted companies succeed and deliver more growth. Private equity can help start up a company, expand an existing business, buy out an activity or division from a parent company, revive or turn around a company, or buy into a privately held company. Unlike a traditional bank loan, it represents risk financing. When private equity is invested, the return on invested capital is a direct function of the value that has been created, whether expressed in profit or topline growth or both. Private equity firms are typically seasoned investors with managers that understand the industry they invest in and provide strategic and operational support to its portfolio companies with the objective to optimize the value of the company. Their incentives are aligned to those of the company managers in adding value to reach a successful exit (typically in the form of a trade sale, secondary PE transaction or public listing of the company).

### Advantages of PE

Private equity ownership has a number of important advantages that allows it to create value and realise capital gain in a repeatable fashion.



- The universe of potential investments for private equity is huge. PE firms can invest in unlisted companies that are at the beginning of their growth journey and in private hands; they can invest in the divisions of larger corporations; they can takeover family-owned businesses with succession issues; or they can take-private listed companies that appear undervalued by public markets.

- Private equity firms are extremely selective and spend significant resources assessing the potential of companies to understand the risks and mitigate them.

- Private equity firms invest in a company to make it more valuable, over a number of years, before selling it to a buyer who appreciates that lasting value has been created.

- The management team of companies owned by private equity are accountable to an engaged professional shareholder that has the power to act decisively to protect its shareholding.

- The combination of this clear accountability between company managers and shareholders combined with the need for a realisation means that incentive structures typically directly tie value creation with the incentive received by the manager. There is no reward for failure.

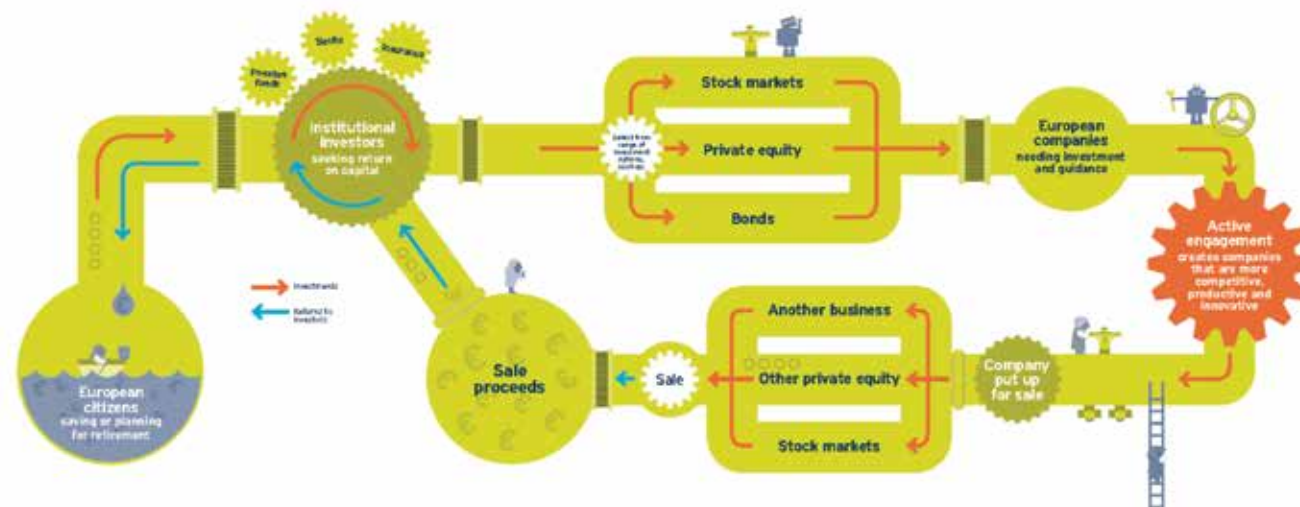
- Such clear accountability has many benefits. For instance, it gives comfort to potential lenders, allowing investments to be leveraged.

## Market figures

### Worldwide

Private Equity as an asset class together with Venture Capital has beaten another record in terms of Assets under Management (AuM) that reached \$3.41tn (as of June 2018), according to the most recent figures released by Preqin. Dry powder in PE-VC funds stands at \$1tn (\$1041bn) in 2018 up from \$978bn one year ago.

## Private equity's role in Europe's economy



Source: Invest Europe



Fundraising globally has reached new heights with \$432bn in fresh equity funding raised in 2018. The trend towards concentration of capital among fewer funds continues: 24% of total capital raised was secured by the 10 largest funds closed in 2018.

There were 5,106 private equity backed buyouts in 2018 (a record number) with an aggregate deal value of \$456bn, slightly higher than in 2016. 14,889 venture capital deals were recorded globally in 2018 for an aggregate value of \$274bn, representing a record high for aggregate annual deal value.

Preqin's latest survey found that 76% of fund managers feel that there is currently more competition for transactions. 39% and 44% of surveyed investors respectively fund managers expect a market correction in the coming year.

A record number of private equity funds are currently in market: 3,749 funds are seeking an aggregate \$972bn in capital – a 63% increase in the number of vehicles compared to January 2018. This brings challenges, particularly for first time and emerging markets managers, in competing for investor capital as well as in meeting the demands of an increasingly sophisticated investor community.

## Europe

Europe continues to be the second major market for private equity after North-America with 197 funds reaching a final close and \$95bn raised and expectations for the future remaining optimistic.

The buyout segment remains the largest and counted 1,779 deals in Europe with an aggregate deal value of \$137bn in 2018, representing 35% of volume and 30% of the value of global buyout deals.

European Venture Capital deal activity stood at 2,781 deals, with aggregate deal value at \$22bn, representing 19% of the volume and 8% of the value of global buyout deals.

*Source: 2019 Preqin Global Private Equity & Venture Capital Report*

## Private Equity in Luxembourg

### Background and historical evolution

Luxembourg has traditionally been the domicile to structure international investments via unregulated vehicles such as SOPARFIs, on the back of its state-of-the-art infrastructure, technical expertise and talent pool. This stems from Luxembourg's retail funds industry that developed over the past 30 years. The steady growth of the PE industry over the past decade has strengthened Luxembourg's position as a PE domicile hub.

Today Luxembourg is host to approximately 50,000 registered holding companies (SOPARFIs), of which a considerable number is used to structure Private Equity investments.

SICARs were developed specifically to meet the needs of private equity and venture capital investors; SICARS are lightly regulated, offering flexibilities on the structuring of its constitutive documents and operations.

In 2016 Luxembourg became even more attractive for PE and VC when a **new unregulated vehicle, the reserved alternative investment fund (RAIF)**, was added to the toolbox of structuring PEVC funds.

The Law of 10 August 2016 has **modernized Luxembourg's Company Law** and reinforced the attractiveness of Luxembourg as a domicile for corporate and investment structures. The result of the Company Law Reform is increased contractual freedom and greater legal stability, with more flexibility at all structure levels, including legal, financing (equity or debt), repatriation, management organisation, general meetings and shareholders' rights and arrangements.

For the regulated SICAR and SIF, the most recent figures published by the CSSF (Commission de Surveillance du Secteur Financier), the Luxembourg supervisory authority of the financial sector, illustrate the trends described:

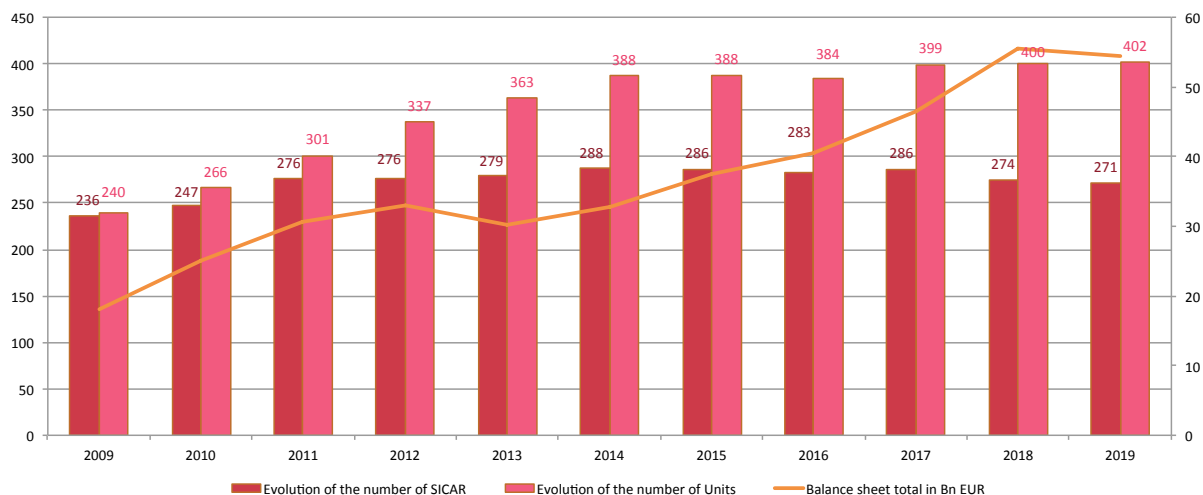
- SICARs, despite remaining relevant, are no longer the driving force of the market with their number decreasing since 2014. The balance sheet of SICARs, nevertheless, grew in size to EUR 55 billion by the end of 2018 despite a slight decline for 2019. As of February 2019, out of the 402 SICAR fund units, 301 were investing in Private Equity, 88 in Venture Capital, 10 in Mezzanine and 3 in Private to Public projects (multiple nominations possible).

- Similarly to SICARs, SIFs are also losing traction with the number of new structures decreasing since 2016. Their balance sheet continued to increase to EUR 514 billion by the end of 2018.
- The RAIF, introduced by law in July 2016, quickly became a popular option among PE funds in Luxembourg with 618 registered RAIFs to date. This new vehicle qualifies as AIF under the AIFMD and is managed by duly authorised AIFMs that

must comply with the full AIFMD requirements. But as a RAIF it is not directly supervised by the CSSF, the time-to-market is short, which partly explains its success among PE investors.

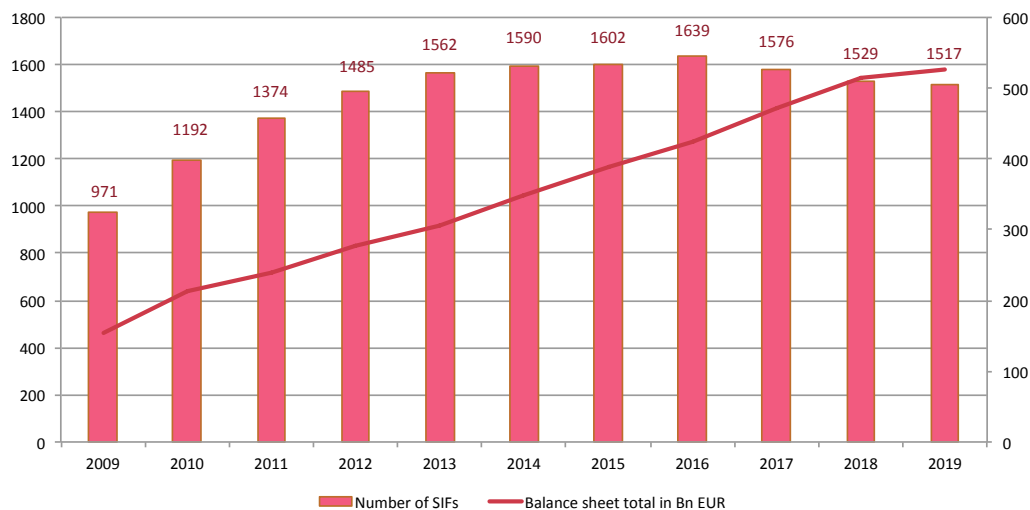
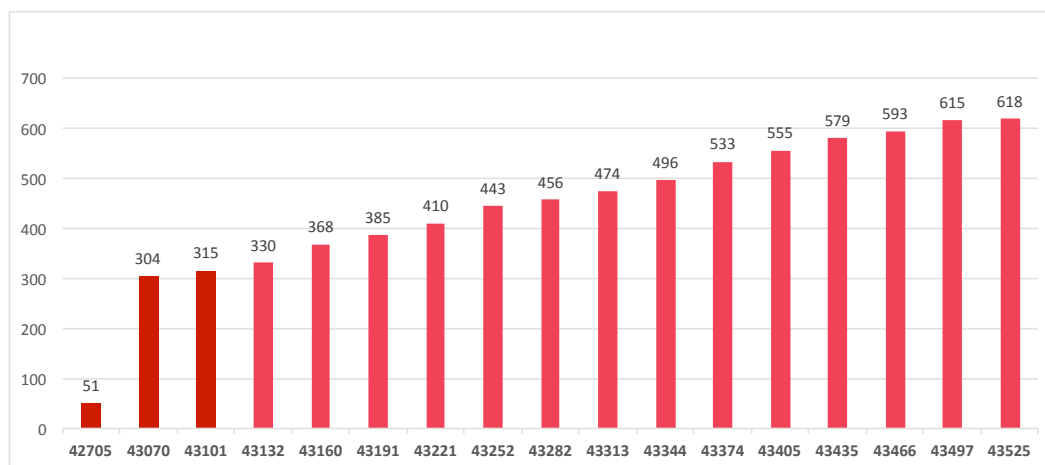
- The number of Special Limited Partnerships (SCSp) grew by 45% through 2018 to reach 2517 SCSp registered by January 2019. The SCSp, very popular among investors in the UK and in the US, was quickly adopted by the PE community.

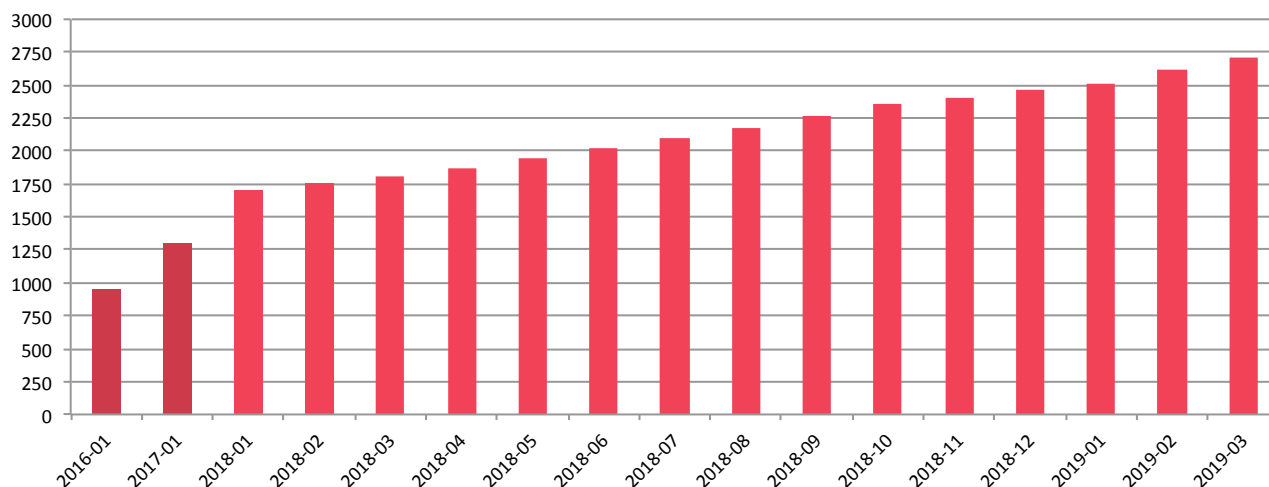
#### Number of SICARs – Sociétés d'Investissement en Capital à Risque (SICAR) (2009-2019<sup>1</sup>):



Source: CSSF

<sup>1</sup> 28/02/2019

**Evolution of SIF – Specialised Investment Funds (2009-2019<sup>1</sup>):****Number of RAIF – Reserved Alternative Investment Funds (2016 - 03/2019):**<sup>1</sup> 28/02/2019

**Number of SCSp – Special Limited Partnerships (07/2015 - 01/2019):**

Source: *Registre de Commerce et des Sociétés* via PwC Luxembourg

**Market Evolution**

The Luxembourg market continues to attract new Private Equity players. Amongst the trends identified by LPEA in 2018:

- Global appetite for PE continues to grow, thus driving up the number of advisors and service providers specialised in PE, out of Luxembourg;
- The PE-related job market is very dynamic with 780 open positions in 2018 on average;
- Overall increase of substance in response to growing and more stringent regulation, with a gradual move towards more middle- and front-office jobs;
- Growth in the number of new small funds, which is partly due to the launch of the RAIF;
- More recently developed investment strategies are on the rise, such as Private Debt and Infrastructure investments;

- Single Family Offices and Private Banks in Luxembourg join the ranks of PE investors;
- The prolonged Brexit uncertainty continues to directly and indirectly benefit Luxembourg.

19 Out of the 20 largest Private Equity fund managers are established in Luxembourg<sup>1</sup>. Most have started by leveraging the advantages that Luxembourg holding companies provide when structuring Private Equity transactions. This originally discrete business with little local presence in Luxembourg has fundamentally changed as Private Equity firms have been expanding their presence in Luxembourg by establishing or ramping up operations, some of them even centralising their middle and back office functions in Luxembourg (eg. EQT).

A clear trend toward enhanced transparency and regulation drove Luxembourg to respond by introducing the regulated private equity and venture capital vehicle SICAR in 2004 and the SIF in 2007 which, in retrospect, anticipated many of the legal requirements that were introduced in the Alternative Investment Fund Managers Directive ("AIFMD") in 2013.

The introduction of the Special Limited Partnership regime (SCSp) in 2013 and the Reserved Alternative Investment Fund (RAIF) in 2016 completed the Luxembourg "toolbox" to better respond to the needs of private equity investors.

Luxembourg's flexibility in terms of legal and tax framework, its stable macro environment and triple A rating, combined with a performant infrastructure has attracted dozens of PE players, both established and emerging, to set up shop in the Grand Duchy.

The main strength of Luxembourg is the ability to react to changes quickly, which the PE industry values highly because it is nimble and adaptable. This will continue to be a key advantage as regulatory and macro-economic challenges abound, in what is perceived to be an end of cycle.

<sup>1</sup> Top 19 largest GPs by total funds raised in the last 10 years according to Preqin (2018) with operations in Luxembourg: Advent International, Apax Partners, Apollo Global Management, Ardian, Bain Capital, Blackstone Group, Carlyle Group, Clayton Dubilier & Rice, CVC Capital Partners, Goldman Sachs, HarbourVest Partners, KKR, Lexington Partners, Neuberger Berman, Partners Group, Silver Lake, TPG, Vista Equity Partners, Warburg Pincus.



## ABOUT LPEA

*Elected Board 2018-2020 (3/07/2018)*



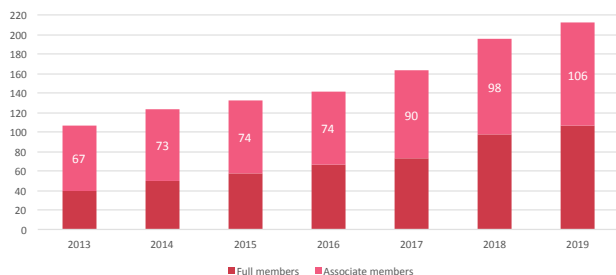
## About LPEA

The Luxembourg Private Equity and Venture Capital Association (LPEA) is the representative body of private equity and venture capital professionals in Luxembourg.

Created in 2010 by a leading group of private equity and venture capital players in Luxembourg, LPEA plays today a leading role in the discussion and development of the investment framework and actively promotes the industry beyond the country's borders.

LPEA provides a dynamic and interactive platform for its members to discuss and exchange information and organises working meetings and networking opportunities on a regular basis.

As of April 2019, LPEA represents 212 members, a number which increased by 32 members in 2018, leading to a 50/50 split between Full Members (GPs, LPs) and Associate Members (ie service providers / advisers such as law firms, accountants, depositaries etc). It is the first time that LPEA has as many investor members as advisors.



## Mission statement

The mission of LPEA is threefold:

- Towards its members: Represent and promote the interest of Private Equity and Venture Capital ("PE") players based in Luxembourg and abroad.
- Towards Luxembourg: Support government and private initiatives to enhance the attractiveness of Luxembourg as an international hub for carrying out PE business and/or servicing the PE/VC industry in all its dimensions.

This means LPEA is the go-to platform where PE practitioners can share knowledge, network and get updated on the latest trends of the industry across the value chain.

## Scope of action

As a general rule LPEA shall encompass and represent the interests of all actors that shape or serve the PE value chain in Luxembourg, which include:

- Fund managers of PE-focused investment vehicles ("General Partners" or "GPs"),
- Institutional or non-institutional investors in PE ("Limited Partners" or "LPs"),
- Service providers to the PE industry.

## Governance

### Board of Directors (May 2018 – May 2020)

The Association's Board of Directors is nominated by the General Assembly and convenes on a quarterly basis. The Board of Directors has the powers conferred to it in the Association's bylaws and otherwise serves as a key in-put provider and sounding board for the Executive committee.

The Board of Directors will be composed at all times of a majority of representatives from members qualifying as Full Members.

**Executive Committee:** The Association is managed by an Executive Committee elected by the Board of Directors. The Board elected a new President and a new Executive Committee on July 3<sup>rd</sup> 2018. This statutory body was composed as of December 31<sup>st</sup> 2018 of:



**Rajaa Mekouar-Schneider**  
Chairwoman  
KHARIS CAPITAL



**Jérôme Wittamer**  
Vice-President  
EXPON CAPITAL



**Hans Jürgen Schmitz**  
Honorary President  
MANGROVE CAPITAL PARTNERS



**Olivier Coekelbergs**  
Vice President  
EY LUXEMBOURG



**Eckart Vogler**  
Treasurer  
INVESTINDUSTRIAL S.A. (BI-INVEST ADVISORS S.A.)

### Executive Team:

**Paul Junck**  
Managing Director  
paul.junck@lpea.lu

**Luís Galveias**  
Marketing & Communication Manager  
luis.galveias@lpea.lu

**Dušan Gladović**  
Legal & Regulatory Manager  
dusan.gladovic@lpea.lu

**Kheira Mahmoudi**  
Personal Assistant to the Managing Director  
kheira.mahmoudi@lpea.lu

## BOARD MEMBERS AS OF 31/12/2018

COMPANY	REPRESENTATIVE	ASSOCIATE OR FULL MEMBER
3I LUXEMBOURG	Antoine Clauzel	Full Member
ALLEN & OVERY, S.C.S.	Patrick Mischo	Associate Member
ALTER DOMUS	Sandrine Legrand	Associate Member
ARENDT & MEDERNACH	Pierre Beissel	Associate Member
ATOZ	Olivier Remacle	Associate Member
BANQUE DE LUXEMBOURG	Lucienne Andring	Associate Member
BIP CAPITAL PARTNERS S.A.	Bruno Lambert	Full Member
CASTIK CAPITAL S.À.R.L.	Dan Arendt	Full Member
CINVEN LUXEMBOURG S.À.R.L.	Danièle Arendt	Full Member
CLIFFORD CHANCE	Katia Gauzès	Associate Member
CPP INVESTMENT BOARD EUROPE S.À.R.L.	Jean-Christophe Gladek	Full Member
CVC CAPITAL PARTNERS	Emanuela Brero	Full Member
DELOITTE S.A.	Nick Tabone	Associate Member
EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG)	Serge Weyland	Associate Member
ELVINGER HOSS PRUSSEN	Katia Panichi	Associate Member
ENCEVO S.A.	Nicolas Milerieux	Full Member
EQT FUND MANAGEMENT S.À.R.L.	Karl Heinz Horrer	Full Member
EXPON CAPITAL	Jérôme Wittamer	Full Member
EY LUXEMBOURG	Olivier Coekelbergs	Associate Member



**Emanuela Brero**  
*Member*  
CVC CAPITAL  
PARTNERS



**Antoine Clauzel**  
*Member*  
3i LUXEMBOURG



**Claus Mansfeldt**  
*Member*  
SWANCAP INVESTMENT  
MANAGEMENT S.A.



**Serge Weyland**  
*Member*  
BANQUE PRIVÉE  
EDMOND DE  
ROTHSCHILD



**Gilles Dusemon**  
*Technical Committee  
Leader*  
ARENDT &  
MEDERNACH

**Maria Mboezome (since January 2019)**  
*Marketing Assistant*  
marina.mboezome@lpea.lu



**Peter Myners**  
*Member*  
ALLEN & OVERY S.C.S.



**Nick Tabone**  
*Member*  
DELOITTE AUDIT



**Paul Junck**  
*LPEA Managing Director*  
LPEA

COMPANY	REPRESENTATIVE	ASSOCIATE OR FULL MEMBER
GENII CAPITAL	Bertrand Manhe	Full Member
HLD ASSOCIÉS EUROPE S.A.	Anne Canel	Full Member
IDI EMERGING MARKETS	Benoît Chéron	Full Member
INTERTRUST (LUXEMBOURG) S.À.R.L.	Anja Grenner	Associate Member
INVESTINDUSTRIAL (BI-INVEST ADVISORS)	Eckart Vogler	Full Member
IQ-EQ	Christian Heinen	Associate Member
KHARIS CAPITAL	Rajaa Mekouar-Schneider	Full Member
KPMG	Yves Courtois	Associate Member
LINKLATERS	Nicolas Gauzès	Associate Member
LOYENS & LOEFF	Thibaut Partsch	Associate Member
LUXEMBOURG INVESTMENT SOLUTIONS S.A.	Pierre Weimerskirch	Associate Member
THE CARLYLE GROUP (LUXEMBOURG) S.À.R.L.	David Garcelan	Full Member
MANGROVE CAPITAL PARTNERS	Hans-Jürgen Schmitz	Full Member
PALADIN EUROPE CAPITAL MANAGEMENT	Kenneth Pentimonti	Full Member
PERMIRA LUXEMBOURG S.À.R.L.	Cédric Pedoni	Full Member
PWC	Vincent Lebrun	Associate Member
SWANCAP INVESTMENT MANAGEMENT S.A.	Claus Mansfeldt	Full Member
WILDGEN	Isabelle Charlier	Associate Member

The Association, similar to other national Private Equity associations and complying with the rules and recommendations by the European association Invest Europe, has two types of memberships:

**The Full Member status will be open exclusively to organizations or persons:**

- whose substantial activity consists in the management of equity or quasi-equity financing in privately held enterprises with significant growth potential
- whose main objective is long term capital gains
- who provide active management support to investees

**The Associate Member status will be open to organizations or persons:**

- who provide ancillary services to the private equity and venture capital industry
- who represent special interest groups that can influence the development of private equity and venture capital

Persons eligible to become associate members include – without limitation – auditors, lawyers, accountants, tax advisers, banks, development organisations and associations etc.

**Members**

LPEA membership as of April 30<sup>th</sup>, 2019 (Total:212)

**106 Full members:**

2be.lu Investments SCS  
3i Investments (Luxembourg) S.A.  
AC Nordic Investments S.à.r.l.  
AI Global Investments CY & S.C.A.  
Allegro S.à.r.l.  
Alpha Private Equity Fund & Management Cy.  
Amethis Investment Fund Manager S.A.  
AMI (Luxembourg) S.à.r.l.  
Aquasourca S.A.  
Argos Wityu Partners S.A.  
Astorg Asset Management S.à.r.l.  
Bain Capital Luxembourg S.à.r.l.  
Bamboo Finance S.A.  
BC Partners  
BIL Manage Invest S.A.  
BIP Capital Partners S.A.  
Blackstone Europe Fund Management S.à.r.l.  
Bock Capital Investors S.à.r.l.  
Bridgepoint Services S.à.r.l.  
CA Indosuez  
Canna Luxembourg S.à.r.l.  
CapMan  
Castik Capital S.à.r.l.  
Castlelake LP  
Centerbridge Partners  
Cinven Luxembourg S.à.r.l.  
Cipio Partners S.à.r.l.  
CIR International S.A.  
COFIMA S.A.  
Compagnie Financière La Luxembourgeoise S.A.  
CORDET Capital Partners LLP  
CPP Investment Board Europe S.à.r.l.  
Creon Capital S.à.r.l.  
Cube Infrastructure Managers

CVC Capital Partners  
Davy Investment Fund Services  
De Tiger Capital S.à.r.l.  
EDIFY S.A.  
Encevo  
EQT Management S.à.r.l.  
Equinox S.A.  
Ergon Capital Management S.A.  
Eurazeo Funds Management Luxembourg  
European Investment Fund  
Expon Capital  
Fexson Capital S.à.r.l.  
Field Point  
Five Arrows Managers  
Fuchs Asset Management S.A.  
GBL Verwaltung S.A.  
Genii Capital S.A.  
Halisol General Partner S.A.  
HgCapital (Luxembourg) S.à.r.l.  
HLD Associés Europe  
ICG Luxembourg S.à.r.l.  
IDI Emerging Markets  
IK Investment Partners Luxembourg S.à.r.l.  
Investindustrial (Bi-Invest Advisors S.A.)  
Kharis Capital  
L-GAM Advisers S.à.r.l.  
Lemanik Asset Management S.A.  
Lone Star Capital Investments S.à.r.l.  
Luxempart S.A.  
Mangrove Capital Partners  
Mantra Management S.à.r.l.  
Marguerite Adviser S.A.  
Mercer Private Markets (Luxembourg) S.à.r.l.  
Monitor Clipper Partners  
Montagu Luxembourg S.à.r.l.  
MPEP Luxembourg Management S.à.r.l.  
New Angle Capital  
NNS Luxembourg S.à.r.l.  
Norbert Becker  
Nordcap S.à.r.l.  
Nordea Investment Funds S.A.  
Oaktree Luxembourg CoopSA  
Odysseus Alternative Ventures  
Odyssey Impact Investments S.à.r.l.  
OneLife  
PAI Partners Sà.r.l.  
Paladin Europe Capital Management SCS  
Partners Group (Luxembourg) S.A.  
Pergam S.A.  
Permira Luxembourg S.à.r.l.  
POST Capital S.A.  
Progressio Capital Partners SLP  
Q Group S.à.r.l.  
Riverside S.à.r.l.  
Roylton Partners S.A.  
Sienna Capital S.à.r.l.  
Sofina Private Equity  
Starwood Capital Funds Services Luxembourg  
StepStone  
SwanCap Investment Management S.A.  
The Carlyle Group (Luxembourg) S.à.r.l.

TJ Capital I S.à.r.l.  
TPG Capital Luxembourg S.à.r.l.  
Trilantic Capital Partners  
Triton  
Trois I S.A.  
VEDIHOLD S.A.  
VIY Managers S.à.r.l.  
Warburg Pincus S.à.r.l.  
Wert Investment Holdings S.à.r.l.  
Winvest Conseil S.à.r.l.  
WRM Capita Asset Management S.à.r.l.

**106 Associate members:**

ABN Amro Bank (Luxembourg) S.A.  
AKD Luxembourg S.à.r.l.  
Allen & Overy, S.C.S.  
Alter Domus  
Amicorp Luxembourg S.A.  
Arendt & Medernach  
Arendt Regulatory & Consulting S.A.  
Ashurst LLP, Luxembourg Branch  
Astris S.à.r.l.  
Atoz S.A.  
Augentius (Luxembourg) S.A.  
AVEGA S.à.r.l.  
Aztec Financial Services (Luxembourg) S.A.  
Baker & McKenzie Luxembourg  
Banque de Luxembourg  
Banque et Caisse d'Épargne de l'État, Luxembourg (BCEE)  
BDO Tax and Accounting  
BGL BNP Paribas S.A.  
BIL Luxembourg  
Bonn & Schmitt  
Bonn Steichen & Partners  
Brown Brothers Harriman  
Caceis Bank Luxembourg Branch  
Carne Group  
Casa4funds  
CBP Quilvest SA  
Centralis S.A.  
Citco Fund Services (Luxembourg) S.A.  
Clément & Avocats  
Clifford Chance, S.C.S.  
Collin Marechal S.à.r.l.  
Credit Suisse Fund Services (Luxembourg) S.A.  
Crestbridge S.A.  
Dechert (Luxembourg) LLP  
Deloitte Audit S.à.r.l.  
Dentons Luxembourg (OPF Partners Luxembourg)  
DLA Piper Luxembourg S.à.r.l.  
DMS Governance  
EASE S.A.  
Edmond de Rothschild Asset Management (Luxembourg)  
Elvinger Hoss Prussen S.A.  
Equiom (Luxembourg) S.A. (Carey S.A.)  
Ernst & Young Services S.A.  
Esteria (Luxembourg) S.à.r.l.  
Etude Loesch  
European Depositary Bank S.A. (M.M. Warburg & CO Luxembourg S.A.)  
Eversheds Sutherland (Luxembourg) LLP  
Fiduciaire Jean-Marc Faber S.à.r.l.

FIDUPAR S.A.  
Fieldfisher (Luxembourg) LLP  
FundRock Management Company S.A.  
Goodwin Procter (Luxembourg)  
Grant Thornton Tax & Accounting  
GSK Luxembourg S.A.  
Halsey Group S.à.r.l.  
Hauck & Aufhäuser Fund Services S.A. (Oppenheim Asset Management Services)  
Hogan Lovells (Luxembourg) LLP  
ING Luxembourg S.A.  
Intertrust (Luxembourg) S.à.r.l.  
Intesa Sanpaolo Bank Luxembourg S.A.  
Apex Fund Services Limited, Luxembourg Branch  
J.P. Morgan Bank Luxembourg S.A.  
JTC (Luxembourg) S.A.  
KBL European Private Bankers S.A.  
KPMG Luxembourg,  
Société coopérative  
Label R Corp  
Link Asset Services  
Linklaters LLP  
Loyens & Loeff  
LRI Invest S.A.  
LTCO – The Luxembourg Tax Compliance Office  
Luther S.A.  
LIS S.A.  
Mazars Luxembourg SA  
MDO Management Company S.A.  
Molitor Avocats à la Cour  
Nomura Bank (Luxembourg) S.A.  
Northern Trust Luxembourg Management Company S.A.  
Norton Rose Fulbright SCS  
Ober Law Firm S.à.r.l.  
Ocorian Luxembourg  
Ogier  
Pandomus  
Pricewaterhouse Coopers  
Quilvest Luxembourg Services S.A.  
RBC Investor Services S.A.  
RBS International Ltd, Luxembourg Branch  
RDT Dr. Dautel Steuerberatungsgesellschaft mbH & Co. KG  
RSM Tax & Accounting Luxembourg S.à.r.l.  
Sanne Group (Luxembourg) S.A.  
IQ-EQ (SGG S.A.)  
Simmons & Simmons Luxembourg LLP  
Société Générale Bank & Trust  
SS&C GlobeOp (Luxembourg) S.à.r.l.  
State Street Global Services (Alternative Investment Solutions)  
Stibbe Avocats  
TMF Luxembourg S.A.  
Trustmoore Luxembourg S.A.  
TS & P S.A.S.  
United International Management S.A.  
ValuePartners S.A.  
Van Campen Liem Luxembourg  
Vandenbulke  
Vistra Luxembourg S.à.r.l.  
VP Bank (Luxembourg) S.A.  
Wildgen S.A.



## 2018 A YEAR IN REVIEW

GP Workshop: CSSF Circular 18/698 (6/11/2018)



## International Promotion

One of LPEA's first priorities has been to put the Luxembourg as a PE hub on the world map, which translates into the following key messages:

- Luxembourg is a leading financial centre with a growing footprint for PE : Most worldwide leading PE firms are present and operating out of the Grand Duchy
- Luxembourg has built its PE/VC ecosystem on the back of an ever efficient and flexible legal and tax framework that responds to investors' needs across the value chain (one-stop shop)
- Luxembourg is the ideal domicile for cross-border investments, with investor-friendly structures and fund management solutions that facilitate marketing across the EU.

LPEA has identified key markets to promote Luxembourg as a PE hub and thus carries out extensive promotional activity across the EU and overseas. The initiatives implemented in the course of 2018 are listed below:

### **IPEM Cannes (January 23<sup>rd</sup>-26<sup>th</sup>)**

LPEA was present at IPEM with a booth that ensured very good visibility for Luxembourg. The conference, in its 3rd edition, counts an ever increasing international audience, mostly GPs and service providers from France and Europe. Participating at IPEM allows the LPEA team to connect with professionals exposed to Luxembourg or seeking information about PE-related solutions in Luxembourg. We plan to coordinate representation efforts between all Luxembourg-based players that take part in IPEM, thus maximising visibility for Luxembourg as a PE hub.

### **Private Equity Insights – Conferences in Amsterdam (February 9th) and Zurich (April)**

Private Equity Insights (PEI) creates networking opportunities for GPs and LPs, through quality regionally-focused events in Europe and Asia. LPEA joined PEI's Benelux and Zurich PE Conferences: each of which a one-day event that joins more than 50 speakers, a keynote and around 250 attendees within the regional Private Equity scene. Participants included Private Equity Funds, Limited Partners, Fund of Funds, Venture Capital, CEOs of PE-backed companies, start-ups and Business Angels.

### **SuperReturn International Berlin (February 26<sup>th</sup> – March 1<sup>st</sup>)**

LPEA, together with the Luxembourg Funds Industry Association (ALFI), welcomed SuperReturn participants at the Luxembourg booth with detailed information about how to setup and structure PE/VC funds in Europe's leading PE hub. LPEA also hosted its traditional Luxembourg dinner welcoming 30 members and other friends of Luxembourg.

### **LPEA Breakfast in Zurich (March 8<sup>th</sup>)**

LPEA, in collaboration with SECA, the Swiss Private Equity & Corporate Finance Association, invited Zurich-based private equity asset managers and advisers to attend a presentation of Luxembourg's fund structuring options. The breakfast session featured a panel of experts and the testimonial of SUSI Partners, fund manager specialised in financing of sustainable energy infrastructure.

### **Workshop in London (May 3<sup>rd</sup>)**

LPEA, together with ALFI and in the context of the ALFI London Conference, co-organised a Private Equity workshop, which concentrated on the latest changes to the legal framework and on the impact of Brexit on PE. It also explored how new investors are coming into private equity, the role Luxembourg plays in creating innovative products and debated the future of the sector. Among other speakers, the session welcomed Rajaa Mekouar-Schneider (Chairwoman, LPEA) and Georg Bucher (Kalrock).

### **Luxembourg PE-VC Breakfast Conference in New York (May 16<sup>th</sup>) and in Boston (May 17<sup>th</sup>)**

The LPEA returned to the US for two presentations in New York and Boston. Targeted to fund managers and private equity advisers, the session comprised an overview of the Luxembourg legal and tax framework, notably how to raise capital in Europe,

how to deploy capital and the practical aspects of a transaction. The session in Boston welcomed the testimonials of Monument Group and of Deerpath Capital and the breakfast in New York was honored by the participation of H.R.H. Crown Prince Guillaume of Luxembourg and the Deputy Prime-Minister and Minister of Economy H.E. Etienne Schneider.

### **Luxembourg VC Breakfast in Berlin (June 21<sup>st</sup>)**

The LPEA organised its first “venture”-focused event in Berlin to an audience of VCs, founders and accelerators interested in learning all about Luxembourg’s entrepreneurial and fund environment. Speaking VCs included the European Investment fund, Mangrove Capital Partners, Berlin Innovation Ventures and Creathor Ventures.

### **Roadshow in Paris (September 25<sup>th</sup>)**

The Paris event was held at the Cercle National des Armées and welcomed roughly 100 participants who could network and learn about the latest developments in PE-VC in Luxembourg. Among the guest speakers LPEA welcomed Agnès Nahum, Managing Partner of Access Capital Partners and Jean Christophe Guimard, President of Pearl (Rothschild PE platform).

### **Luxembourg Private Equity session in New York (October 10<sup>th</sup>)**

LPEA, in collaboration with ALFI, delivered the private equity panel in ALFI’s US Roadshow in New York. The session allowed to clarify the implications of the latest regulatory and tax updates regarding funds operations in Europe, while presenting the Association to newcomers.

### **Luxembourg Private Equity Workshop in London (October 17<sup>th</sup>)**

LPEA hosted its annual private equity workshop in London to explore the options available to UK fund-managers in a post-Brexit

scenario and clarify substance requirements for different forms of presence in Luxembourg. The session welcomed the testimonials of GPs already operating in Luxembourg such as Simon Holland, Director, Legal, Strategy and Operations of 3i; Jose Benedicto, Partner/Co-Founder of Shard Credit Partners Ltd; Maqbool Mohamed of Castllake and Joshua Stone from EQT Fund Management.

### **LPEA Breakfasts in Frankfurt (December 5<sup>th</sup>) and Munich (December 14<sup>th</sup>)**

The LPEA was in Munich and Frankfurt with two information sessions on the Luxembourg legal and tax framework. Together with a panel of experts, the firms Steadfast Capital (Frankfurt) and RWB Group (Munich) joined LPEA to share their experience.

## **National Initiatives**

Over the last seven years LPEA has succeeded in becoming the voice of the PEVC industry in Luxembourg, which was allowed by content-rich, knowledge sharing networking events and conferences, either on a stand-alone basis or in partnership with other leading organisations.

Find below some of the initiatives (co-)led by the LPEA:

### **New Year’s Event (January 29<sup>th</sup>)**

The traditional New Year Party was held at Melusina with 120 LPEA members joining. This gathering was the occasion to present the past years’ achievements and share the plans for the year to come. On top of celebrating the personal ties among the members of the association, the evening was the opportunity for a unique wine tasting experience.

LPEA booth at IPEM Cannes



LPEA pre-Insights: Impact Investment



LPEA Breakfast in Boston



LPEA Workshop in Paris



**BRICs Infrastructure Investments (January 30<sup>th</sup>)**

LPEA collaborated with the Luxembourg Brazil Business Council, the Luxembourg Russia Business Chamber, the Indian Business Chamber of Luxembourg and Chinalux to deliver a conference focused on Luxembourg as a key hub for infrastructure investments into BRIC countries.

**LPEA Insights 2018: “Building the real economy” (April 25<sup>th</sup>)**

The LPEA Insights is the flagship event of LPEA attracting not only members but many other professionals exposed to the asset class and many foreign guests discovering Luxembourg on this occasion. The event attracted 320 participants, half of which representing GPs and LPs and significant attention from the press.

The second edition of the LPEA Insights aimed to illustrate the importance of Private Equity to the real economy. Through a number of panel discussions and case studies with and by leading European private equity investors, the conference shed light into what advantages private equity and venture capital bring and how this asset class directly contributes to creating jobs, boosting innovation, thus fuelling economic growth.

The LPEA held two smaller theme-focused pre-Insights conferences ahead of the flagship event.

**LPEA pre-Insights: Initial Coin Offerings (ICOs) (February 19<sup>th</sup>)**

The first of these was on the hot topic of Initial Coin Offerings (ICOs) and gathered a number of start-ups and investors. Moderated by Nasir Zubairi, CEO of the Luxembourg House of FinTech, the session welcomed a case study from Crypto.Tickets (which raised \$2.5 million through an ICO) and a panel of speakers comprising Michael Jackson (Partner, Mangrove Capital Partners), Yannick Arbaut (Counsel, Allen & Overy), Tom Mc Nerney (True Global Ventures) and Alexander Tkachenko (2be.lu Investments).

**LPEA pre-Insights: Impact Investment (March 21<sup>st</sup>)**

LPEA's second pre-Insights conference focused on Impact Investing, a form of sustainable investment designed to generate a positive impact in environment and society. The conference welcomed the participation of Clément Chenost (The Moringa Partnership), Lionel Cormier (Demeter), Corinne Molitor (International Climate Finance Accelerator), Hedda Pahlson-Moller (Tiime) and Jérôme Wittamer (Expon Capital and then President of LPEA) who moderated the session.

Both pre-Insights conference were well attended with 60-70 participants.

**Annual General Meeting (May 8<sup>th</sup>)**

LPEA held its extraordinary statutory meeting on May 7<sup>th</sup> 2018 in the auditorium of Bank de Luxembourg.

The members received the Annual Report for 2017, approved the audited accounts of the association, discharged the auditor and the members of the Board for the year 2017 and elected a new Board of Directors.

The AGM welcomed the participation of Karin Schintgen who presented the House of Start-Ups.

*“Our aim was to bring together various initiatives for the start-up sector in a single, highly visible location, in the same way as the clusters that exist in cities such as San Francisco or New York. When innovative people from very different areas come together, there are a lot of things they can share.”*

**LPEA Young Leaders drinks (31<sup>st</sup> of May)**

The Young Leaders of LPEA got together for a networking meeting to enhance collaboration between the different Young Leaders' sub-groups.

LPEA with H.E Martine SCHOMMER,  
Ambassador of Luxembourg in Paris



GP Club 'Summer' Meeting



LPEA Breakfast in London



**Maastricht Students visit to LPEA (June 22<sup>nd</sup>)**

A group of students from the Maastricht University's Corporate Finance Law Honours Track visited LPEA in the context of a trip to discover Luxembourg's financial centre.

**0100 Conference in Luxembourg (June 27<sup>th</sup>)**

The international 0100 Conference tour had its first edition in Luxembourg. The conference brought together GPs, LPs and other professionals of the sector to discuss value creation in PE, European mid and large cap, capturing "alpha" and the view from the LPs.

**Young Leaders Annual General Meeting (July 3<sup>rd</sup>)**

The "young" members of LPEA met for their very exclusive "AGM" in which each group had the opportunity to present its respective past and future initiatives. By the time of the AGM, and having been launched only one year before, the Young Leaders had grown to over 100 participants.

**GP Club "Summer" Meeting (July 11<sup>th</sup>)**

The LPEA organised its traditional Summer meeting for general partners and limited partners in Luxembourg. Although targeted to the members of LPEA, the meeting is also a good way to welcome new players and private equity professionals to Luxembourg.

The GP Club is a series of knowledge sharing and networking events among GPs and LPs established in Luxembourg. Most of the meetings comprise a guest speaker or a dedicated training on a specific topic. The Summer meeting, however, is reserved to a pure networking meet up.

**GP Workshop: Tax Substance (September 17<sup>th</sup>)**

This GP workshop gave participants an overview of the changes in the tax landscape - such as the Anti-Tax Avoidance

Directive - that are being implemented into national legislation. The speaker from LPEA's Tax Committee, Julien Bieber (Tax Partner at KPMG), also outlined further changes in tax rules that will be impacting the PE/ VC industry in the near future.

**Meeting with RomLux VC delegation (October 2<sup>nd</sup>)**

Luxembourg-based VCs had the opportunity to showcase the two biggest VC fund managers of Romania on the occasion of their visit to Luxembourg and upon invitation of RomLux, the Romania Luxembourg Business Forum. In a private meeting held at the House of Finance, GapMinder and 3TS-Catalyst Romania were introduced to the Luxembourg start-up and VC scene and shared their investment priorities and experience in the CEE region.

**LPEA-ChinaLux Event: Fundraising for your Luxembourg Vehicle in China (October 19<sup>th</sup>)**

After a first joint event in March 2017, LPEA and Chinalux partnered again for a private equity event focused on the Chinese market. This edition explored the challenges of fundraising from Chinese investors and setting up the necessary vehicles. With six major Chinese banks established in Luxembourg, often working hand in hand with Chinese investors, this session provided clarity into the legal and tax aspects of fundraising in China and showcased first-hand testimonials from experts and fund managers dealing with Chinese investors.

**GP Workshop on CSSF Circular 18/698 (November 6<sup>th</sup>)**

LPEA's Legal Committee hosted a GP Workshop covering the CSSF Circular 18/698 (authorisation and organisation of Luxembourg investment fund managers). The seminar, held in the premises of ATOZ, was delivered by Benoît Kelecom (ATOZ) and Renaud Graas (Stibbe) and provided participants with a summary of the main changes impacting private equity that emerged from the Circular. The session covered aspects of go-

LPEA &amp; Chinalux Conference



Making of LPEA Insight/Out #12



LPEA Breakfast in Berlin



Presentation to a delegation of Master students





vernance and substance requirements, infrastructure, delegation rules, due diligence, among others.

### ALFI Private Equity Conference (November 21<sup>st</sup>)

The LPEA was present with a booth at the ALFI PE Conference in Luxembourg. This event is a popular meeting place with existing members as it brings together several experts to debate the status of PE. Governance, fundraising, private wealth allocation and the challenges of the asset class, were some of the topics featured in the agenda. Gilles Dusemon moderated a panel with Rajaa Mekouar-Schneider (LPEA current Chairwoman) and Peter Veldman (Partner, EQT) on the latest substance requirements from PE managers in Luxembourg in the context of the wider international environment.

### Cooperation with other organisations

LPEA continued its close collaboration with Luxembourg for Finance (LFF) as well as with ALFI.

In 2018, the LPEA signed reciprocal cross-membership agreements with LuxFLAG, the Luxembourg Finance Labelling Agency a.s.b.l., the Luxembourg Business Angels Association and SECA, the Swiss Private Equity & Corporate Finance Association.

The PE Insight/Out Magazine published a market update from ASCRI, the Spanish PE / VC Association.

In addition to the above-mentioned events, LPEA also partnered with multiple international events for which discounted prices were offered to LPEA's members: ICBI Events (Super Return, Super Investors, Emerging Markets), PE Conferences (Iberian, Swiss, Nordic...), 0100 Conferences, IPEM, among others.

## Public advocacy

The objectives of LPEA's advocacy and public policy are twofold:

- Facilitate ongoing dialogue with Government, lawmakers, political parties, administrations and CSSF, press...
- Promote a favourable environment for the development of the PE/VC industry, by enhancing the understanding of PE and supporting initiatives of PE players.

LPEA has regular meetings with the Ministries of Finance and Economy, tax authorities, the regulator and Luxembourg for Finance in order to get the "best" out of current law and regulation initiatives and to maintain or enhance the competitive advantages of Luxembourg, developing Luxembourg as a favourable ground for PE-VC activities.

2018 was a year of general elections in Luxembourg and LPEA met each major political party, which provided a platform for the Association to reiterate the importance of the PE/VC industry as an employer. In the context of the newly appointed Government the LPEA communicated the main priorities and requirements of the industries to the Prime Minister Xavier Bettel.

Members of LPEA represent the Association at the Haut Comité de la Place Financière as well as at the CSSF AIF Committee. They pursue a rich agenda that covers multiple subjects such as RAIF, EuVECA, ELTIFs, taxation, BEPS and third-country passport.

LPEA also provides regular support for the development of new European policies through its participation in the activities of

0100 Conference in Luxembourg



LPEA Insights 2018



LPEA AGM



Invest Europe. Through Invest Europe's Legal and Regulatory Committee and its Tax Committee, LPEA contributed to the response to EC's consultation on the main barriers to the cross-border distribution of investment funds across the EU, the ESA review, as well as to the varied work of the financial regulatory working group.

LPEA also continued to work together with Invest Europe and a great number of national private equity and venture capital associations from Europe on the European Data Cooperative (EDC). EDC represents the most wide-reaching initiative on collecting data on the European Private Equity and Venture Capital industry. This data, such as the socio-economic impact of our industry, will be helpful in further promoting private equity in Europe.

## Communication

After eight years of continuous growth, LPEA is the voice of the PE/VC industry, with a solid base of active members that are involved across its range of initiatives. The rebranding implemented in 2015 was consolidated throughout the year 2016 and supported the visibility of the association among professionals of Luxembourg's financial centre at large.

The communication of LPEA is driven by the following principles:

### Brand awareness

Positioning LPEA as the market leader of PE/VC in Luxembourg and positioning Luxembourg as a leading international PE/VC hub. When abroad, Luxembourg as a brand is the focus of communication, where LPEA is the medium to reach new audiences and share the competences that foreign investors and managers can benefit from in the country.

### Community building

Promoting an attractive market for PE/VC practitioners on the back of a strong community that centers around knowledge building, information sharing and talent building. LPEA's Technical Committees, social activities and media platforms are the tools that enable this exercise.

### **Videos**

LPEA continued to produce and release videos, mostly related to its event LPEA Insights. As of April 2019, the LPEA Youtube

channel counted more than 11,700 views and over 14,500 minutes of watch time. LPEA plans to produce a new edition of its Promotional video in 2019.

### **Newsletter**

The newsletter continues to be a critical communication tool of LPEA, allowing it to reach out to members and new contacts acquired at events on a regular basis. It aims at updating the LPEA members' community but also to keep a regular contact with the professionals the association meets at its events, both in Luxembourg and abroad.

To meet this goal the newsletter includes: An editorial, a highlight of LPEA initiatives (upcoming/past events, new publications and other news), guest articles, the latest publications available for download, news from the members, news related to the industry and recommended third-party events.

The target audience of the newsletter continues to grow, reaching 4,900 recipients by the end of 2018, a year-on-year increase of 23.4% and is read on average by 1,400 PE/VC professionals every month.

In 2018 LPEA continued to open the newsletter for members and other guests to publish opinion articles and keeps a regular column entitled "PE: How is The Temperature", published by LPEA's Vice-President, Olivier Coeckelbergs.

Below is a list of articles published by members in the newsletter throughout the year:

- "ATAD 2 and its impact on Luxembourg-based private equity funds" by Giuliano Bidoli, Tax Partner, KPMG Luxembourg (January)
- "Embrace the social disruption before it's too late" by Alexandre Mars, Epic Foundation (February)
- "Infrastructure – Investing in changing realities" by Zeeshan Ahmed, Executive Director and Nicolas Tinant, Manager, EY Luxembourg (February)
- "Substance Requirements in a Private Equity Context: Where to draw the red line" by Oliver R. Hoor, Tax Partner, Atoz (February)



- “Luxembourg in the center of HLD Group’s European ambitions” - Interview by Arnaud Bon, Director of Deloitte (March)
  - “Cryptoassets are likely to become part of the fund landscape” by Dr. Pinar Emirdag, Senior Vice President and Head of Digital Product Development and Innovation at State Street (March)
  - “The impact of the Principal Purpose Test on the private equity sector” by Audrey Legrand, Tax Director, Deloitte (April)
  - “Cryptocurrencies: Fund structuring – issuing tokens in a fund” by Yannick Arbaut, Counsel, Allen & Overy (April)
  - “The Private Equity industry: time to reinvent itself or to disappear...” by José Aubourg and Olivier Coekelbergs, EY Luxembourg (May)
  - “The impact of the Multilateral Instrument on private equity structures in Luxembourg” by Giuliano Bidoli and Sophie Richard, KPMG (May)
  - “Private Equity substance in Luxembourg” by Christophe Diricks and David Capocci, KPMG (June)
  - “Tax Update” by Dusan Gladovic, Legal and Regulatory Manager of LPEA (June)
  - “New Double Tax Treaty between Luxembourg and France: What is the Impact for Private Equity investments?” by Vincent Lebrun and Nicolas Sansonnet, PwC Luxembourg (July)
  - “Transfer pricing in Luxembourg 2.0 – The new reporting obligations on controlled transactions” by Oliver R. Hoor, Atoz (July)
  - “We need both start-ups and research-based spin-offs but they need different support measures to be successful” by Andreea Monnat, Head of Innovation at the FNR - Luxembourg National Research Fund (July)
  - “Silver tech, the \$10+ trillion opportunity nobody is talking about” by Yannick Oswald, Mangrove Capital Partners (September)
  - “Private Equity in Luxembourg today: three questions to Ra-jaa Mekouar-Schneider, Chairwoman of LPEA (October)
  - “Opportunities offered by the Luxembourg VAT group regime for the private equity (PE) and other alternative investment sectors” by Joachim Bailly (Partner), Michel Lambion (Managing Director) and Cédric Tussiot (Director), Deloitte Tax & Consulting (October)
  - “Moringa: Sustainable Agroforestry in Emerging Markets” - Interview with Clément Chenost, Director and co-Founder of Moringa (October)
  - “Transition Management: Planning for the next generation” by Carmen von Nell-Breuning, EY Luxembourg (October)
  - “How technology revolution is impacting the Real Assets space” by Enda Fahy, Director Alternatives, Fundrock (October)
  - “How young people can lead the way towards sustainable finance in private equity” by Valeria Merkel and Laetitia Hamon, KPMG (November)
  - “Added substance supports third party AIFM model” by Daniela Klasén-Martin, Crestbridge (November)
  - “Q&A: The Impact of big data and robot automation in Private Equity” by Olivier Coekelbergs, Private Equity Leader, EY Luxembourg (November)
  - “Sustainability in African Private Equity: Myth or reality?” by Aïssata Coulibaly, EY Luxembourg (December)
  - “The New Luxembourg LPs” by Arnaud Bon and Philippe Theissen, Deloitte Luxembourg (December)
  - “Investment Funds and ‘Picnic’ Law” by David Mapley, Intel Suisse (December)
- The subscription to the newsletter is free of charge and open to all (members and non-members).

### Private Equity Insight/ Out

The bi-annual magazine was rebranded in 2018 and replaced its former name “Capital V” by “Private Equity Insight/ Out” (PE I/O as a short version). The new format was developed following an internal review of the Promotion Committee, which appointed an Editorial team which now partially rotates every year.

The magazine changed the format, the design and the printed look and feel but remains focused on addressing the PE / VC community with a particular focus on local and international stories, which put forward GPs and LPs operating in Luxembourg.

The circulation of the magazine increased by 20%, from 1,000 to 1,200 copies in 2018. It is distributed at all LPEA events, as well as at international conferences with which LPEA partners.





### Private equity brochure

The PE in Luxembourg brochure is LPEA's flagship technical publication. It provides an overview and update of the PE/VC sector in terms of tax and legal framework.

The publication, which comprises a foreword by the Ministry of Finance of Luxembourg, H.E. Pierre Gramegna, continues to be a reference for new comers to Luxembourg's PE sector and an important guide to all those considering to set up their funds in Luxembourg.

A review of the existing edition started in 2018 and will be concluded in 2019.

### Social networks

By the end of 2018, LPEA significantly increased its Twitter followers from 780 to 1,054, its LinkedIn followers almost doubled from 1,334 to 2,464 and recorded +3,000 SlideShare views of all its publications.

LPEA is followed in social media by many of its members, partner organisations (e.g. LFF, ALFI, ABBL, Invest Europe, BVCA, AFIC, NVP, SVCA, LAVCA, etc.), leading institutions (e.g. CSSF) and leading politicians (e.g. Pierre Gramegna).

### Website

The LPEA website is the knowledge centre regarding the activities of the association. It also supports our efforts to enhance the private equity community in Luxembourg with multiple illustrations of interaction between members and networking opportunities with other professionals in Luxembourg and abroad. Responsive to multiple platforms and constantly updated by the LPEA staff with articles, news and events, the LPEA website is where you get a feeling of the fast-evolving Luxembourg private equity and venture capital scene.

Visitors to the website increased by 45% to 51,640 and page views by 28% to 110,800. Such significant increase of visitors demonstrates the importance of the website as a key media that must be interactive and dynamic, and a key support tool of LPEA all events and initiatives.

### Career Interest

In June 2018, LPEA launched "Career Interest", a new platform to increase the visibility of private equity and venture capital jobs in Luxembourg, thus reflecting Luxembourg's dynamic PE job market. Visitors can follow the latest open positions and access content related to working in PE/VC in Luxembourg. Members of LPEA can submit their job positions free of charge.

### Media coverage

LPEA was featured in the digital and paper media several times in publications such as AGEFI Luxembourg, AGEFI, ANDY, Chronicle.lu, DUKE, Delano, Flydoscope, Leaders League, Les Echos, Lëtzeburger Journal, Paperjam, Private Funds Management, Real Deals, Silicon Luxembourg, The Drawdown and Wort.

## Technical Committees' activities

Subject matter working groups are core to the value added of an association to its member base.

The Executive Committee thanks all the members for their commitment and the excellent work performed in 2018. This is a great recognition of LPEA's vibrant community and the goodwill it enjoys amongst its members.

The Technical Committees review the environment in Luxembourg and abroad in respect of PE/VC investment vehicles and management activity.

The Technical Committees consider any regulatory, legal and tax developments affecting the prospects of the PE/VC sector in Luxembourg. When necessary, they contribute to LPEA responses and comment on these developments.

The Technical Committees develop recommendations to improve the attractiveness of Luxembourg as a centre to domicile, administer and/or manage regulated and non-regulated private equity and venture capital investment, acquisition or financing vehicles or funds.

The Technical Committees participate in the design and implementation of promotional activities in this sector in Luxembourg and abroad.

### Legal committee

The Legal Committee continued examining and addressing legal and regulatory issues to improve the Luxembourg framework for the implementation of investment structures as well as management and advisory functions.

Topics addressed by the Legal Committee were:

- New RAIF working group: review and suggestions for improvement of the RAIF regime
- New WG on Anti Money Laundering Directive 4 – private equity related aspects
- AIFMD working group: GP workshop on new CSSF Circular (6 November 2018)

- WG on Company Law Reform working on suggestions for improvement of legal framework
- Technical paper "Legal Aspects of ICOs" prepared by Young PE Leaders Legal working group
- Work on draft Charter of Governance for LPEA technical committees

### Tax committees

The Tax Committee's focus during 2018 was to monitor the competitiveness of the Luxembourg tax environment for Private Equity, both from a direct tax and VAT perspective.

Topics covered in dedicated working groups were as follows:

- White paper regarding taxation of start-ups and entrepreneurs
- VAT working group: response paper to EU Commission VAT committee working paper n° 936 (scope of the exemption for the management of special investment funds)
- LPEA letter regarding the option on CFC rules to be taken in advance of the transposition in Luxembourg of the Anti-Tax Avoidance Directive (ATAD 1)
- GP workshop on tax substance (ATAD, DAC 6, MLI) - 17 September 2018
- Contribution to Invest Europe 2018 Tax Benchmark Study – chapter on Luxembourg
- Contribution to Invest Europe ATAD questionnaire

An ongoing monitoring process of issues regarding tax agreement procedures has been put in place as well as an ongoing collaboration with Invest Europe regarding BEPS.

### Accounting & Valuation Committee

The primary goal of this committee is to provide our members with a forum for exchanging ideas on practical accounting and valuation matters that are relevant to the Private Equity community in Luxembourg.

Some of the topics prepared by this committee include:

- Monitoring Brexit
- Monitoring BEPS/substance requirements

- Input on Solvency II rules
- Review of LPEA Brochure on Limited Partnerships
- Response to the call for comments on the new draft IPEV guidelines
- Recent Lux GAAP developments impacting PE
- Responsibilities of independent directors at PE funds

### Promotion Committee

The Promotion Committee has developed recommendations to improve the attractiveness of Luxembourg as a hub to domicile, administer and/or manage regulated and non-regulated PE/VC vehicles at large.

The committee led a number of marketing and promotional activities, supporting the association in respect of all LPEA communication efforts such as workshops abroad, breakfast conferences, newsletters, magazines, technical materials etc.

The committee plays a key role in identifying the key subjects and best speakers to showcase Luxembourg abroad and in identifying the trends, hot topics and key players to be covered by PE Insight / Out.

### Market Intelligence - Training Committee

The Market Intelligence / Training Committee carried out the GP survey in 2018, which takes place every 2 years.

Given the importance of data collection and analysis, LPEA and Invest Europe continue to explore how Luxembourg can contribute to the annual gathering of statistics under the helm of Invest Europe. LPEA joined the EDC – the European Data Cooperative, a data collection initiative launched by Invest Europe which sets out to have the most representative and accurate set of data on the PE/VC industry in Europe.

The Market Intelligence-Training Committee also maintains a competitive watch list which is submitted on a regular basis to the Executive Committee.

Upon request of the House of Training, LPEA recommended 3 PE/VC investors to deliver a half-day trainings on PE/VC.

### Environment, Sustainability and Governance (ESG) Committee

The Environmental, Social and Governance (ESG) Committee was created in order to develop a nuanced understanding of these issues. This is imperative for industry practitioners and stakeholders as investor attention to ESG matters increases. The growing importance of ESG in the private equity industry is evident in the proliferation of guidelines, available resources, content on the subject and the rise of ESG adoption.

### Young PE Leaders Initiative

Launched in June 2017 the Young Private Equity Leaders initiative gained momentum in 2018 and counts nearly 100 members – young talents working in the PE-VC industry and forming tomorrow's leaders of the PE-VC industry. The "Young Leaders" are organised in several working groups. Here are some of the topics they have dealt with:

- Legal: questions arising in relation to ICOs; charter of governance for technical committees
- Venture Capital: comprehensive study on Luxembourg start-up attractiveness
- Best practices: service provider roles & responsibilities guide
- Promotion: cooperation on PE recruitment initiative
- Tax: informational articles for LPEA newsletter regarding ATAD transpositions in EU & CRS
- Digital/Tech: digital GP survey
- International PE: cross-border marketing guide & international contact book; LPEA-ChinaLux conference organisation – 19 October 2018.

The mission of the young leaders is to come up with new ideas to advance the industry. The initiative is also meant to be a forum for networking of a younger generation of private equity professionals.

### New SFO Platform

The Single Family Office Platform was established in November 2018 with the goal of allowing this type of investors to exchange best practices, knowledge and to facilitate connections between those members that are keen to share deal flow for co-investments. By creating this platform LPEA commits to support and foster the growing community of family offices operating from Luxembourg.





# STRATEGY REVIEW: LPEA 2020+

*New Year's Party (29/01/2018)*



# Priorities for the Future

The LPEA carried out a Strategy Review over November 2018 - April 2019. This consisted in reviewing all LPEA's organisation and activities, using a 360° view from members and the wider PE/VC and financial community. The goal of the Strategy Review was to identify what needed to be maintained versus what required change and to come up with an actionable strategy for the upcoming 4-5 years: LPEA "Strategy 2020+".

The outcome of the strategy review covered 3 big areas:

## What shall we keep

- Focus on PE / VC and bringing value to the eco-system
- GP-driven community / strong connections to GPs
- Agility, nimbleness, being active in promotion and communication
- Steady growth
- Culture of entrepreneurship

## What shall we add

- More systematic collaboration with our partners
- Enlarging the Public Affairs team

## – Stronger education and training offer

- PE Certificate with PE training providers
- Leading role in "Future Trends", e.g. ESG
- Higher quality materials
- Vocational trainings in leadership and other key management areas of PE

## – Enhanced membership benefits, thought leadership & service offering

## What shall we change

- Certain aspects in the Governance
- The way we collaborate with other associations of the financial centre
- Strengthening our efforts to improve the public image of PE Industry since at large it is still misunderstood
- Image of Luxembourg amongst some investors / entrepreneurs
- Public image of Private Equity
- Customisation of content and format for events



# FINANCIALS

*LPEA Breakfast in New York with Jeanne Crauser (Consul General of Luxembourg in New York), Jérôme Wittamer (Former President of LPEA), H.R.H. Crown Prince Guillaume of Luxembourg, Paul Junck (Managing Director of LPEA) and H.E. Étienne Schneider, Minister of the Economy. (16/05/2018)*

## Accounts as of 31st December 2018

ASSETS			INCOME		
	2018/EUR	2017/EUR		2018/EUR	2017/EUR
<b>FIXED ASSETS</b>			<b>NET TURNOVER</b>	<b>689.277,84</b>	<b>614.825,25</b>
Intangible assets	0,00	0,00	Membership fees	522.750,00	465.187,50
Tangible assets	7.993,52	14.779,94	Sponsoring income	166.350,00	149.470,00
			Copyrights	177,84	167,75
<b>CURRENT ASSETS</b>					
Other debtors becoming due and payable after less than one year	7.620,03	9.078,57	<b>OTHER OPERATING INCOME</b>	<b>38.359,90</b>	<b>43.656,47</b>
Cash at bank and in hand	316.562,45	319.926,38			
Prepayments	13.072,81	12.368,74			
			<b>Other external expenses</b>	<b>(352.523,95)</b>	<b>(346.105,49)</b>
<b>TOTAL ASSETS</b>	<b>345.248,81</b>	<b>356.153,63</b>	<b>Wages and Salaries</b>	<b>(391.292,01)</b>	<b>(311.912,28)</b>
			<b>Value adjustments</b>	<b>(6.786,42)</b>	<b>(6.786,42)</b>
			<b>Profit/ (loss) after taxation</b>	<b>(22.964,64)</b>	<b>(6.322,47)</b>
LIABILITIES					
	2018/EUR	2017/EUR			
<b>CAPITAL AND RESERVES</b>					
Profit brought forward	290.326,67	296.649,14			
Profit for the financial year	(22.964,64)	6.322,47			
	267.362,03	290.326,67			
<b>PROVISIONS</b>					
Other provisions	26.114,10	13.057,46			
<b>CREDITORS</b>					
Social Security	17.185,93	14.260,99			
Other Creditors becoming due and payable within one year	34.586,75	38.508,50			
<b>DEFERRED INCOME</b>	<b>0,00</b>	<b>0,00</b>			
<b>TOTAL LIABILITIES</b>	<b>345.248,81</b>	<b>356.153,63</b>			



**Luxembourg Private Equity & Venture Capital Association**  
12, rue Erasme | L-1468 Luxembourg | T. (+352) 28 68 19 602 | [lpea-office@lpea.lu](mailto:lpea-office@lpea.lu) | [www.lpea.lu](http://www.lpea.lu)

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