

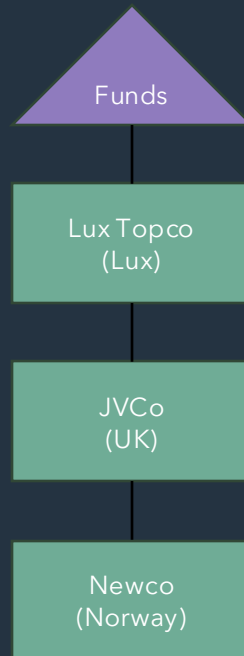


Project Delta

The joint-venture acquisition of a
Norwegian Target Group, using a
Luxembourg/UK acquisition structure

Structure | Pre-Closing steps

Establishing the acquisition structure



Steps

1. The Funds incorporate a Luxembourg incorporated and tax resident company, Lux Topco, with minimum share capital of €12k split into 10 classes of shares of €12k each. Each class of shares will carry different economic rights.
2. Lux Topco incorporates a UK incorporated and tax resident company, JVCo, limited by shares with nominal share capital.
3. JVCo incorporates a Norway incorporated and tax resident company, Newco, limited by shares with nominal share capital.

Notes

General

- Lux Topco is included in the structure as this is Client's preferred holding location and all investments of the Funds are structured through a Luxembourg holding company. Among other reasons, we understand that Luxembourg is preferred as the holding jurisdiction as Client has a team in Luxembourg with the expertise to manage each of these holding companies and the underlying investments.
- JVCo will pool the investment of the Funds (investing through Lux Topco) and the Co-Investor. A UK company has been agreed by Client and the Co-Investor for commercial and practical reasons, notably that certain senior management (including the chairman) for the investment are expected to be based in the UK and Client's investment team are also based in the UK. It is expected that these individuals will constitute the majority of the board of JVCo and using a UK company therefore makes it more straightforward to manage the company and hold board meetings in a location where these directors are easily able to travel to.

Structure | Pre-Closing steps

Establishing the acquisition structure

Luxembourg

- Newco is located in Norway for consistency with Target's location. In future, it is expected that additional Nordic investments may be held underneath Newco. As such, there is a commercial preference to incorporate a new Norwegian company to hold both the Target Group and those future investments.

Tax *UK*

- No adverse UK tax considerations should arise in respect of these steps. In particular, UK stamp duties should not arise on the incorporation of a UK company.

Luxembourg

- There is a nominal fixed registration duty of €75 payable on the incorporation of a Luxembourg company and on any subsequent changes to the articles of association.
- Lux Topco is established with €12k minimum share capital that will be split into 10 classes of shares (A to J).

- The current administrative tax practice requires that where classes of shares are created upon incorporation or cash funding of the investment, that the share capital is split into a maximum of 10 classes of shares, and that each class has its own characteristics and profit allocation (preferential dividend - with an allocation difference of at least 1% between each class). The outstanding last class of shares gives rise to the remaining profit after allocation of the preferential dividend. Based on current practice, upon implementation of the classes of shares, it should be ensured that the amount of share capital issued (relative to the proportion of share premium) is commensurate to the size of the investments performed by Lux Topco.
- We recommend that at least 10% of the total equity of Lux Topco should be share capital with the balance (i.e., a maximum of 90%) comprising share premium (as to provide flexibility from a cash repatriation perspective).
- The payment made on the repurchase and immediate cancellation of a whole class of shares, followed by a proportional reduction of share capital, should be treated as miscellaneous income (i.e., "revenu divers"). Such a repurchase should not be subject to Luxembourg WHT provided that: (i) distinct-economic rights are attributed to each class of shares; (ii) share capital always has a value substantive to the amount of the investment and sufficient to support condition (i); (iii) there are no more than 10 classes; and (iv) it is not used in an abusive context.

Structure | Pre-Closing steps

Establishing the acquisition structure

Luxembourg (continued)

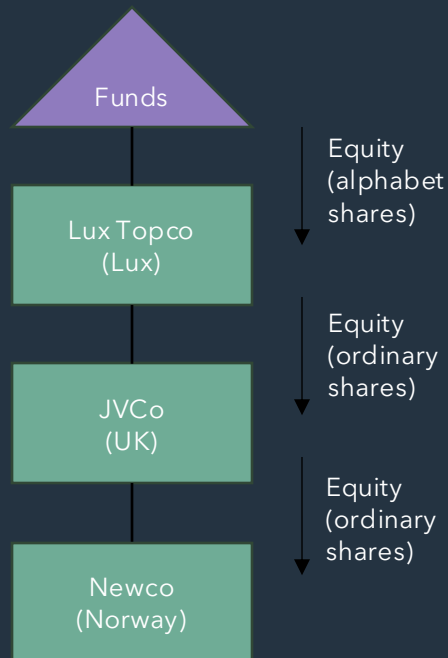
- We note that the LTA has recently had some success in challenging that the repurchase of shares in certain situations should be recharacterised as a deemed dividend, although these largely revolved around abusive arrangements. In addition, we note that a new draft bill of Luxembourg law has also recently been published, designed to help clarify the scope of what is deemed to qualify as a 'partial liquidation of a class of shares'. We recommend these developments are monitored.

Norway

- No adverse Norwegian tax implications should arise in respect of these steps. In particular, no stamp or transfer taxes should arise on the incorporation of Newco.

Structure | Closing steps

Financing the acquisition structure



Steps

4. The Funds subscribe for additional equity of €[x]m in Lux Topco, split across Lux Topco's 10 classes of shares.
5. Lux Topco uses the funds received to subscribe for ordinary shares in JVCo.
6. JVCo subscribes for €[x]m of ordinary shares in Newco.

Tax

UK

- No adverse UK tax considerations should arise in respect of these steps. In particular, UK stamp duties should not arise on the issuance of new shares.

Luxembourg

- No adverse Luxembourg tax considerations should arise in respect of these steps.
- No stamp or transfer taxes should arise on the issuance of new shares.
- As Lux Topco fully finances its shareholding via equity, it should be considered as adequately financed for its shareholding activity.
- As noted above, from a Luxembourg tax perspective, we recommend that no less than 10% of the total equity subscription should be allocated to share capital (i.e. no more than 90% should be allocated to share premium), allocated proportionally among the classes of shares in the case of Lux Topco. Legal counsel should determine the number of shares based on nominal value and amounts.

Structure | Closing steps

Financing the acquisition structure

Tax (continued)

Norway

- No adverse Norwegian tax implications should arise in respect of these steps. In particular, no stamp or transfer taxes should arise on the issuance of new shares.