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Asia Pacific Group Fund

May 2016

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Private and confidential

25 May 2016

Asia Pacific Group Limited
Level 10, Central Building
1 – 3 Pedder Street
Central, Hong Kong

Attention: Mr. Bruce Johnson / Stephen Donnelly

Dear Sirs,

Further to our engagement letter dated 23 February 2016, we are please to provide our tax advice in relation to the proposed funding structure of the Asia Pacific Group of entities.

Our comments in this report are limited to the conclusions specifically set forth herein and are based on the completeness and accuracy of the details we have on hand, assumptions and/or representations included. If any of the facts, details, assumptions or representations is not entirely complete or accurate, please contact us immediately, as the inaccuracy or incompleteness could have a material effect on our advice.

In the rendering of this advice, we have relied on the relevant provisions of the Singapore and Australian tax legislations, the regulations issued thereunder, and judicial and administrative interpretations thereof. There authorities may be subject to changes, retroactively and/or prospectively, and any such changes could affect the validity of our advice.

We will not be responsible to carry out any review or update to our advice for subsequent changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof.

Our report under this engagement has been supplied to your for your sole benefit and use based on your specific facts and circumstances and pursuant to the terms of this engagement. If you refer to or disclose, in whole or in part, our advice to any third party, you must notify the third party that our advice is not intended to be, and may not be, relied on by the third party. To the fullest extent permissible by law, we do not assume any responsibility and we disclaim liability for losses occasion to you or to any third parties as a result of the disclosure of our advice, in whole or in part, by you.

Yours faithfully

Simon Clark
Executive Director

Tay Hong Beng
Executive Director

Contents

Glossary

APGA
Asia Pacific Group (Aus) Limited

BVI
British Virgin Islands

DTA
Double Tax Agreement

GST
Goods and Services Tax

FTC
Foreign Tax Credit

Fund
Asia Pacific Group Fund

IM
Information Memorandum

IRAS
Inland Revenue Authority of Singapore

ITAA 1936
Australian Income Tax Assessment Act 1936

PE
Permanent Establishment

RPS
Redeemable Preference Shares

SITA
Singapore Income Tax Act

SPL
Special Purpose Loan

SPV
Special Purpose Vehicle

TP
Transfer Pricing

WHT
Withholding Tax

Facts and Assumptions

Background Facts

- APGA was incorporated in Hong Kong on 8 April 2016
- The principal activities of APGA are those of providing management services to the Asia Pacific Group Fund ("the Fund")
- The Fund is an exempted company incorporated in the Cayman Islands, established for the purpose of investing in mezzanine development loans issued by Australian property development companies ("Project Companies")
- The development loans are expected to pay double-digit coupons, targeting a 25% return on cost over a 2-year term, and will be secured against the Project Companies' development property, ranking behind any senior debt
- The Fund will establish a SPV company in the BVI, which will enter into these development loans with the Project Companies
- The Fund will enter into a custodian services agreement with a third party Singapore-incorporated entity, Perpetual (Asia) Limited ("Perpetual"). Perpetual will serve as custodian, assist in setting up the Fund, and perform ongoing management services
- The Fund will also engage non-exclusive distributors under a distribution agreement to assist with promotion of share subscriptions in the Fund to potential investors
- The Project Companies will be owned and controlled in Australia by Australian-resident Project Holding Companies

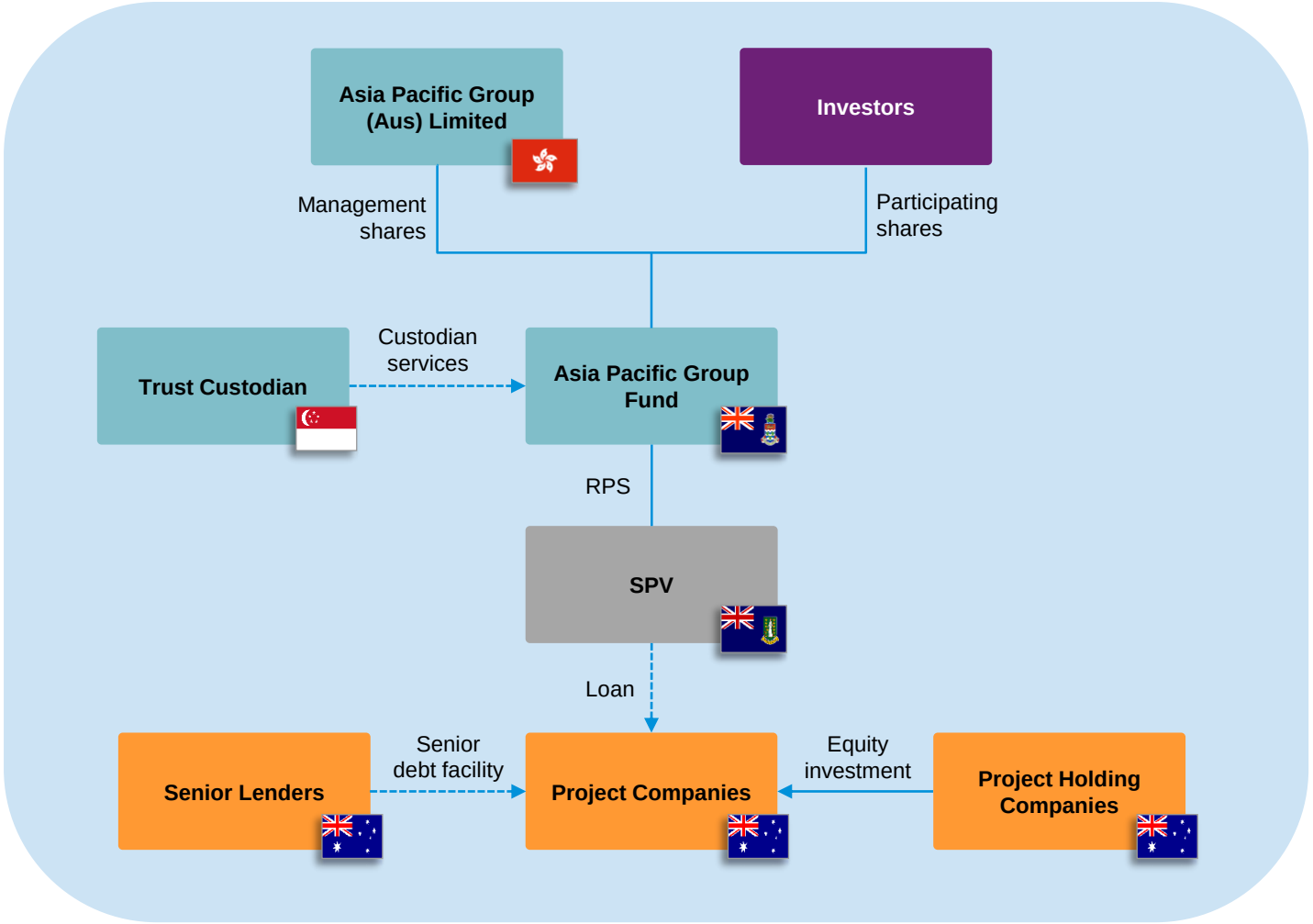
Governance

- The Fund's board consists of 3 directors, none of whom are tax residents of Australia or Singapore
- The directors are responsible for the overall management and control of the Fund, however have delegated some administrative functions to the Project Manager
- An Investment Committee, comprising of 3 members, is responsible for assessing investments and approving the associated development loans

Assumptions

- Control and management of the Fund and the SPV would not be exercised in Singapore or Australia, nor would the voting power be controlled by Australian-resident shareholders
- The board and Investment Committee's meetings take place outside of Australia or Singapore
- No employees / agents of either the Fund and SPV would be based in Australia or Singapore
- Transaction documents with respect to the development loans are executed outside of Australia and Singapore
- The Fund will not have a permanent establishment in Australia
- On the basis that the Project Companies are owned and controlled by Australian equity investors (i.e. the Project Holding Companies), the Australian thin capitalisation rules would not apply to the Project Companies
- For the purposes of the Australian debt and equity rules, the development loans are treated as debt interests

Proposed Structure



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Summary of Key Findings

Key Findings - Summary

Document	Jurisdiction	Key Tax Issues	Analysis / Recommendations
(1) Information Memorandum	Australia / Singapore	Tax Residency • The Fund should be considered a foreign resident for Australian and Singapore tax purposes, on the basis that: – the Fund has been incorporated outside of these jurisdictions (i.e. in the Cayman Islands); and – the central management and control of the Fund is not exercised in these jurisdictions. Permanent Establishment • With reference to the background facts and assumptions, the Fund would enter into various service agreements (e.g. custodian, management and distribution services) to perform certain asset management and promotion activities for the Fund. • The Fund will compensate the service providers, pursuant to the respective service agreements. Based on a review of the draft service agreements, the service providers do not have any authority to make a decisions or conclude contracts on behalf of the Fund. • As the Fund does not otherwise carry on business activities in Australia or Singapore, and on the assumption that no employees / agents of either the Fund and SPV would be based in Australia or Singapore, the risk of establishing a PE under the proposed arrangement in these jurisdictions is low.	We recommend that the APG entities monitor, on an on-going basis, where the strategic decision-making meetings / activities by the board are held, to ensure that tax residency is not established outside of the Cayman Islands. To manage PE risk, APG employees and service providers should also operate within strict specified parameters and be closely monitored.
	Cayman Islands	Basis of Taxation • The Fund is an exempted company under the Cayman Islands law. The Fund would not be subject to any income, corporate, capital gains or withholding tax under the Cayman Islands tax regime. Redemption of Preference Shares • A shareholder is not subject to Cayman Islands taxes with respect to any distribution received from the Fund. • As the Cayman Islands do not impose any withholding tax, both offshore on onshore investors into the Fund would not be subject to any Cayman Islands withholding taxes, with respect to receipt of dividends or exchange / redemption of their RPS.	No adverse tax implications for the APG entities or the investors.

Key Findings - Summary

Document	Jurisdiction	Key Tax Issues	Analysis / Recommendations
(2) Special Purpose Loan Agreement	Australia	Basis of Taxation • Based on the background facts and assumptions, the Fund and SPV would be non-residents for Australian tax purposes, and therefore are subject to Australian income tax only on income that has a source or a deemed source in Australia. Source • In determining whether interest income is Australian sourced, the place in which the loan contract is made and the place where the loan funds are advanced carry a material weightage, but are not necessarily determinative of the source of income. • Provisions within certain DTAs may take precedence over the domestic Australian source rules. However, as Australia does not have an applicable DTA with the Cayman Islands or BVI, this point is not relevant to the Fund and SPV respectively. • On the basis of the background facts and assumptions, interest income derived by the Fund or SPV under the special purpose loan agreement should not be considered Australian sourced. Interest Income • Interest income for which interest WHT is payable is non-assessable non-exempt income of the non-Australian tax resident, where the income is not derived through an Australian PE. • As the SPV or the Fund would not have an Australian PE, interest WHT of 10% would apply to the interest payments made by the Project Companies. • The interest WHT is a final tax, such that no lodgment of an income tax return will be required by the non-Australian resident where it does not derive any other Australian-sourced income. • We note that the draft loan agreement contains a gross-up clause (at Clause 11.2), to ensure that the lender would receive an amount equal to the payment which would have been due if no tax deduction or WHT had been required.	No adverse tax implications for the APG entities or the investors.
	British Virgin Islands / Cayman Islands	Income Tax • These jurisdictions do not impose any income, corporate or capital gains tax on resident entities. As such, the interest payments received from the Project Companies would not be subject to further taxation in these jurisdictions.	

Key Findings - Summary

Document	Jurisdiction	Key Tax Issues	Analysis / Recommendations
(3) Custodian Agreement	Singapore	Agency • As provided by Clause 18 of the draft custodian agreement, the services provided to the Fund by Perpetual are non-exclusive. Perpetual provides similar or other services to a large customer base in its ordinary course of business. • In this regard, Perpetual in its capacity as custodian should not be treated as a dependent agent of the Fund and the risk of creating a Singapore PE of the Fund is minimal.	No adverse tax implications for the APG entities or the investors. We recommend that the scope of services performed by service providers should be closely monitored to ensure that they are operating within specified parameters pursuant to the service agreements, and closely monitored to manage PE risk.
	Cayman Islands	Withholding Tax • The Cayman Islands does not impose any WHT. Payment made with respect to the custodian service fees to the Singapore custodian would not be subject to WHT in the Cayman Islands.	
(4) Distribution Agreement	Distributor's jurisdiction	Agency • As provided by Clause 2.2 of the draft distribution agreement, the services provided to the Fund by the Distributor are non-exclusive such that the Distributor is free to provide similar or other services to its various customers in its ordinary course of business. • Further, Clause 2.4 expressly stipulates that the Distributor does not have authority to act for or represent the Fund, and shall not be deemed an agent of the Fund. • In this regard, the Distributor should not be treated as a dependent agent of the Fund and the risk of creating a PE of the Fund in the Distributor's jurisdiction is minimal.	
	Cayman Islands	Withholding Tax • The Cayman Islands does not impose any WHT. Payment made with respect to the distribution service fees to the non-Cayman Islands resident would not be subject to WHT in the Cayman Islands.	

Key Findings - Summary

Document	Jurisdiction	Key Tax Issues	Analysis / Recommendations
(5) Project Management Agreement	Cayman Islands	Withholding Tax • The Cayman Islands does not impose any WHT. Payment made with respect to the management service fees to the Hong Kong-incorporated APGA would not be subject to WHT in the Cayman Islands.	We note that we have not performed any transfer pricing analysis to consider the appropriateness of the quantum of any fees that may or should be charged between the related parties, or any documentation requirements in relation to those fee arrangements.

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Supporting Analysis

Taxation - Singapore

Basis of Singapore Taxation

- Singapore adopts a territorial basis of taxation, whereby income tax is imposed on income accruing in or derived from Singapore (i.e. Singapore-sourced income). Under the SITA, foreign-sourced income would not be taxable in Singapore unless it is received or deemed received in Singapore

- Under Section 10(25) of the SITA, income derived from outside Singapore would be deemed to be received in Singapore (and thus taxable in Singapore) under the following circumstances:-

  a) The foreign sourced income is remitted to, transmitted, or brought into Singapore;

  b) The foreign sourced income is applied in or towards the satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; and

  c) The foreign sourced income is applied to purchase any moveable property which is brought into Singapore

- Capital gains are not subject to tax in Singapore. However, where gains are regarded as part of the normal trading activities or result from transactions containing elements of trading, they are taxable as revenue gains, unless such gains are exempted from Singapore income tax under Section 13Z of the SITA (applies to gains derived from the sale of ordinary shares derived by taxpayers, subject to conditions being met)

Tax Residency

- Section 2(1) of the SITA defines a company as being tax resident in Singapore where the control and management of its business is exercised in Singapore. Accordingly, in order for a company to be treated as a Singapore tax resident, it must be able to demonstrate that its control and management is exercised in Singapore.

- The IRAS takes the view that the control and management of a company is vested in its board of directors. Therefore, typically, the location of the company's board meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised

- In practice, the IRAS may examine the relevant documentation such as minutes of meeting to be satisfied that strategic decisions and/or decisions relating to important affairs (other than statutory matters) are made in Singapore. Proper and sufficient documentation would therefore be critical to substantiate that control and management of the company is exercised in Singapore

- As a company's tax residence status is determined by its circumstances on a year by year basis, it is possible for a company to be regarded as a Singapore tax resident in one year but not in another

Application to the APG Entities

- Based on the information provided, we understand that the Fund's board consists of 3 directors, none of whom are tax residents of Singapore. An Investment Committee, comprising of 3 non-Singapore residents members, is responsible for assessing investments and approving the associated development loans

- The directors are responsible for the overall management and control of the Fund, and meetings are held periodically to review the operations and investment performance of the Fund

- Some of the day-to-day administrative functions of the board have been delegated to the Project Manager company which is incorporated in Hong Kong

- Where no board or committee meetings take place in Singapore, the risk of the IRAS regarding the Fund as a Singapore tax resident is likely to be low. We recommend that proper documentation (e.g. board minutes) are maintained to demonstrate that management and control is exercised outside of Singapore.

Taxation - Singapore

Permanent Establishment

- Where there is a DTA between Singapore and the relevant jurisdiction in which the APG entities are located, the concept of PE would be defined in PE article within the applicable DTAs. The DTA definition would take precedence over the PE definition in the Singapore domestic legislation, unless the practical application under domestic law is less restrictive
- Singapore does not have a DTA in force with the BVI or Cayman Islands. As such, the Singapore domestic law would apply in determining the presence of a Singapore PE of the SPV and the Fund respectively
- Based on the assumptions made regarding the planned business activities of the APG entities and their associated employees, the risk of establishment of a Singapore PE is low
- To manage any PE risk, APG employees and service providers should also be monitored on an on-going basis to mitigate the risk of creating a PE in any foreign jurisdictions which they may temporarily operate in (e.g. marketing and promotional activities, holding meetings with potential investors, etc.).

General Transfer Pricing Considerations

- Adopting the OECD transfer pricing principles, the IRAS expects all related party transactions to be concluded in conformity with the arm's length principle and supported by appropriate transfer pricing documentation
- Where the IRAS deems that the related party transactions are not at arm's length, the IRAS may seek to make adjustments which could result in additional tax payable
- The IRAS has issued guidance for intercompany services whereby the IRAS is prepared to accept a cost plus 5% arrangement for routine types of services (with examples of routine types of services as set out in the IRAS guidelines such as human resources, accounting, legal services, tax, etc.).
- Where a different charging arrangement is adopted or where the services involved are non-routine/technical in nature, the onus for proving the reasonableness of the basis of charge adopted lies with the taxpayer
- We note that in recent years, there has been an increase in the level of scrutiny on related party transactions by the IRAS as well as foreign tax authorities

Application to APG Entities

- The Fund receives custodian services from Perpetual, a Singapore-incorporated entity. However, as Perpetual is an unrelated third party, the transaction for such services should be negotiated under normal market terms, and hence should not be subject to the IRAS scrutiny.

Taxation - Australia

Tax Residency

- The Australian tax provisions apply to income derived by Australian tax residents from all sources, whether in or out of Australia. As such, the question of source is only relevant for non-Australian residents

- A company, such as the Fund and the SPV, would be considered a resident of Australia if either:-

  a) It is incorporated in Australia; or

  b) Although not incorporated in Australia, it carries on business in Australia and has either its central management / control in Australia or its voting power controlled by Australian-resident shareholders

Application to the APG Entities

- On the basis that the Fund and the SPV have been established outside of Australia, the first test is not satisfied.

- In In regards to the second test, irrespective of whether the Fund or SPV carries on a business in Australia, it would not be considered an Australian tax resident unless it has central management and control in Australia or its voting power is controlled by Australian resident shareholders.

Central Management and Control

- This focuses on management and control decisions that guide and control the company's business activities. This level of management and control involves the high level decision making processes, including activities involving high level company matters such as general policies and strategic directions, major agreement and significant financial matters

- On the basis that board of directors are not Australian residents, board meeting of the Fund are conducted outside of Australia, and the Investment Committee meetings in which strategic decisions are made are also conducted outside of Australia, the Fund should not be considered to have central management and control in Australia

Voting Power

- We understand that the Fund and SPV are not controlled by Australian shareholders. On this basis, the limb of the second test in regards to whether voting power is controlled by shareholders in Australia should not be satisfied.

Basis of Australian Taxation

- Non-Australian residents are subject to Australian income tax only on income that has a source, or a deemed source, in Australia.

- Specifically, the assessable income of a foreign resident includes:-

  - Ordinary income derived, directly or indirectly, from Australian sources;

  - Statutory income from all Australian sources; and

  - Ordinary or statutory income that a provision includes in assessable income on some basis other than having an Australian source.

- On the basis that the Fund and SPV is a non-resident, any income it derives without an Australian source should not give rise to any exposure to Australian income tax.

- In regards to any income that the Fund or SPV derive that is considered Australian sourced, unless there are special provisions which provide otherwise, ordinary income tax rates (currently at 30%) would apply.

Taxation - Australia

Source of Income

- Income is defined to have an Australian source if it is "derived from a source in Australia for the purposes of the ITAA 1936". Rather unhelpfully, the ITAA 1936 does not further define the concept of source so there are two ways in which the source of income is currently determined for Australian income tax purposes:
  - Common law or judicially established principles (currently the primary method); or
  - Statutory source rules within ITAA 1936 (in regards to royalties and certain natural resource payments, neither of which are particularly relevant to the Fund or SPV)
- It is noted that the provisions of certain double tax treaties may override both statutory and common law Australian source rules. Since Australia does not have an applicable double tax treaty with the Cayman Islands or BVI, this point is not relevant to the Fund or SPV

Permanent Establishment

- The concept of 'permanent establishment' is relevant to the application of the withholding tax rules on certain types of investment income (as discussed further below). Where a non-Australian resident entity derives interest income or dividend income via an Australian PE, such income would not be subject to the withholding tax provisions and, as a result, would not be treated as non-assessable non-exempt income for Australian income tax purposes
- The definition of a PE as set out in an applicable double tax agreement ("DTA") would be relevant if the Fund or SPV were resident in a DTA country. As this is not the case, the definition under domestic Australian law should be relevant
- Pursuant to Subsection 6(1) of ITAA 1936, a PE is defined as "a place at or through which the person carried on any business...". The legislation also notes several specific exclusions whereby a PE would not be considered to exist, of which the following is relevant to Fund and SPV's scenarios:

  "A place where the person is engaged in business through an agent...who does not have, or does not habitually exercise, a general authority to negotiate and conclude contracts on behalf of the person...not being a place where the person otherwise carries on business."

- With reference to the background facts and assumptions, the Fund would enter into various service agreements (e.g. custodian, management and distribution services) to perform certain asset management and promotion activities for the Fund. The Fund will compensate the service providers, pursuant to the respective service agreements.
- Based on a review of the draft service agreements, the service providers do not have any authority to make a decisions or conclude contracts on behalf of the Fund. Such authority is reserved for the Investment Committee and board of directors.

Application to the APG Entities

- Based on the background facts and assumptions, we consider that the interest income derived by the Fund and SPV under the proposed transactions should not be considered Australian-sourced, pursuant to common law interpretation
- As the service providers would not constitute a dependent agent of the Fund or SPV and no business activities are carried on in Australia or Singapore, the risk of establishing a PE under the proposed arrangement in these jurisdictions is low.
- We recommend that the APG entities monitor, on an on-going basis, where the strategic decision-making meetings / activities by the board are held, to ensure that tax residency is not established outside of the Cayman Islands. Similarly, APG employees and service providers should operate under specified parameters and be closely monitored to manage PE risks.

Taxation - Australia

Interest Income

- Non-Australian residents are subject to Australian income tax only on income that has a source, or a deemed source, in Australia.
- Specifically, the assessable income of a foreign resident includes:-
  - Ordinary income derived, directly or indirectly, from Australian sources;
  - Statutory income from all Australian sources; and
  - Ordinary or statutory income that a provision includes in assessable income on some basis other than having an Australian source.
- Interest income, for which interest withholding tax of 10% is payable or is specifically exempt (such as interest to which Section 128F ITAA36 applies), is non-assessable, non-exempt income of the foreign resident for Australian tax purposes. In this event, an analysis of whether the interest is Australian sourced should not be required.
- However, such interest income would not be subject to the Australian interest withholding tax provisions if it is derived by a non Australian resident carrying on business at or through an Australian PE. As such, it would be relevant to consider whether interest income derived by the Fund or SPV has been derived by an Australian PE.

Application to the APG Entities

- Based on the background facts and assumptions, we consider that the interest income derived by the Fund and SPV under the proposed transactions should not be considered Australian-sourced, pursuant to common law interpretation
- As discussed above, the Fund or SPV should not be considered to have an Australian PE. As such, interest income derived by the Fund or SPV should not be subject to Australian income tax, although interest withholding tax of 10% would apply.
- The interest WHT is a final tax, such that no lodgment of an income tax return will be required by the non-Australian resident where it does not derive any other Australian-sourced income.
- The draft loan document contains a gross-up clause (Clause 11.2), to ensure that the lender (SPV) will receive an amount equal to the payment which would have been due if no tax deduction or WHT had been required.

Mortgage Duty

- Mortgage duty will be abolished in New South Wales, effective from 1 July 2016, and would not affect the transaction which is estimated to occur after this time.

Taxation - Australia

General Transfer Pricing Considerations

Following the release of the OECD's Final Report on Base Erosion and Profit Shifting ("BEPS") Action Plan, Australia has taken steps to implement strong tax integrity rules in countering tax avoidance. Recent measures include the Multinational Anti-Avoidance Law ("MAAL") and the Diverted Profits Tax ("DPT").

Multinational Anti-Avoidance Law

- The MAAL was enacted to counter the erosion of the Australian tax base by multinational companies operating in Australia, through their use of artificial and contrived arrangements to avoid attribution of profits to an Australian PE.
- For the MAAL to apply:-
  - it must be reasonable to conclude that the diversion of activities is designed to ensure that the taxpayer is not deriving income from making supplies that would be otherwise attributable to a PE in Australia;
  - the relevant taxpayer must have entered into / carried out the scheme for the principal purpose of obtaining a tax benefit or reducing other tax liabilities under Australian or a foreign law; and
  - the non-resident entity or its related entities are subject to no corporate tax / a low corporate tax rate, either under a foreign law or through preferential regimes.
- Where a scheme is captured by the MAAL, the Commissioner of Taxation ("CoT") has the power to look through the scheme and apply the tax rules as if the non-resident entity had been making a supply through an Australian PE. Any tax benefits the foreign entity and its related parties obtained from the scheme would hence be effectively cancelled.
- The MAAL applies to tax benefits arising on or after 1 January 2016 and is targeted at significant global entities which are:-
  - a global parent entity with an annual global income exceeding AUD 1 billion; or
  - a member of an accounting consolidated group, and the global parent entity of the group has an annual global income exceeding AUD 1 billion.
- Significant global entities are also subject to increased penalties for tax shortfalls arising from the application of this law.

Diverted Profits Tax

- As part of the recent 2016 / 2017 Federal Budget, the government has also announced the introduction of a Diverted Profits Tax ("DPT") to strengthen the MAAL legislated in the prior year.
- Similar to the MAAL, the DPT is targeted at multinationals with global revenue of AUD 1 billion or more, where their arrangements:-
  - result in less than 80% tax being paid overseas than would otherwise have been paid in Australia;
  - are reasonably viewed as being designed to secure a tax benefit; and
  - do not have sufficient economic substance.
- Where such arrangements are entered into, the DPT will confer the CoT with greater power to deal with multinationals who transfer profits, assets or risks to offshore related parties for the purpose of tax avoidance, which include:-

Taxation - Australia

- the option to reconstruct the alternative arrangement on which to assess the diverted profits;
- imposition of a 40% penalty rate of tax on the diverted profits;
- requirement of an upfront payment on any provisions DPT liability which can only be adjusted following a successful assessment review; and
- places the onus on taxpayers to provide relevant and timely information on offshore related-party transactions to demonstrate why the DPT should not apply.

- The government is currently seeking submissions with respect to the DPT consultation paper. The DPT is expected to apply from 1 July 2017.

Application to the APG Entities

- We understand that at this time of writing, the APG entities have not commenced trading or entered into any commercial transactions to date. Until such time, we are unable to comment on the application of the MAAL and DPT to the APG entities, and recommend that the issue is revisited upon the commencement of trading activities.
- It is not likely that the APG entities would meet the annual global income threshold of AUD 1 billion stipulated under both tax anti-avoidance measures. However, we will continue to monitor the progress of the DPT consultation discussions and provide you with updates, as applicable.

Taxation - Other

Cayman Islands

- The Cayman Islands does not impose any income, corporate, and capital gains taxes on resident entities.
- As such, the Fund which is incorporated under Cayman Islands law would not be taxed on income derived, regardless of the source of the income
- Further, as the Cayman Islands does not impose any withholding tax, investors into the Fund would not be subject to any Cayman Islands withholding taxes with respect to receipt of dividends or exchange / redemption of their RPS
- Under the project management agreement, the Fund is required to compensate the project manager entity, APGA, for its services and expenses incurred in providing such management services. Similarly, Clause 11 of the custodian agreement stipulates the fees due in respect of custodian services provided to the Fund
- The Cayman Island does not impose any withholding tax, and as such, the service fees paid by the Fund to APGA or the custodian will not be subject to withholding taxes

British Virgin Islands

- The BVI does not impose any income, corporate, capital gains, or withholding taxes on resident entities.
- As such, any interest income received by the SPV from the Australian Project Companies would not be subject to BVI income tax.

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Appendices

Scope of analysis & Information provided

Appendix A

Scope of Analysis

Tax Due Diligence

- For the purpose of this tax due diligence review exercise, we have conducted a review of the proposed fund structure, based on information and documents made available to us.
- Specifically, our scope of work would be to: -
  - review the constituent documents of the Fund and any other documents setting out the governance protocols;
  - review of the draft service agreements contemplated by the Fund;
  - review of a template of the development loans that are to be executed between the Project Companies (as Borrower) and the SPV of the Fund (as Lender); and
  - inquire with Management on any tax planning or material transactions entered into by the Fund to date.
- Based on our analysis of the above reviews, we will deliver a high-level slide deck summarizing the material misstatements and significant tax issues in relation to the proposed fund structure, more specifically in relation to tax residency and permanent establishment risk, where applicable and possible.

Exclusions

In terms of TP issues, our scope of work will be limited to highlighting the related party transactions which may come to our attention during the course of our due diligence review and include general comments regarding how Singapore and Australian TP rules may apply, where applicable. Please note that we will not perform a detailed review of the underlying pricing methodology, comment on whether the transactions are arm's length, or quantify the potential TP exposure.

Additionally, our scope does not include an analysis of legal and regulatory issues, tax structuring issues, property tax, stamp duty, overseas tax issues, Singapore GST and employment tax issues.

Information Provided and Reviewed

For the purpose of this high-level due diligence exercise, we have read the following information made available to us: -

- Investor presentation;
- Special Purpose Loan documentation template;
- Project management agreement between the Fund and APGL;
- Custodian agreement between the Fund and Perpetual;
- Distribution agreement between the Fund and distributor; and
- Private placement memorandum and the subscription agreement for the RPS by the offshore investors into the Fund.

Disclaimer

Our comments in this report are limited to the conclusions specifically set forth herein and are based on the completeness and accuracy of the stated facts, assumptions and/or representations included. If any of the facts, assumptions or representations is not entirely complete or accurate, please contact us immediately because the inaccuracy or incompleteness could have a material effect on our report. In the rendering of this report, we have relied on the relevant provisions of the Singapore and Australian income tax legislations, the regulations issued thereunder, and judicial and administrative interpretations thereof. These authorities are subject to changes, retroactively and/or prospectively, and any such changes could affect the validity of our advice. We will not be responsible to carry out any review or update our report for subsequent changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof.

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