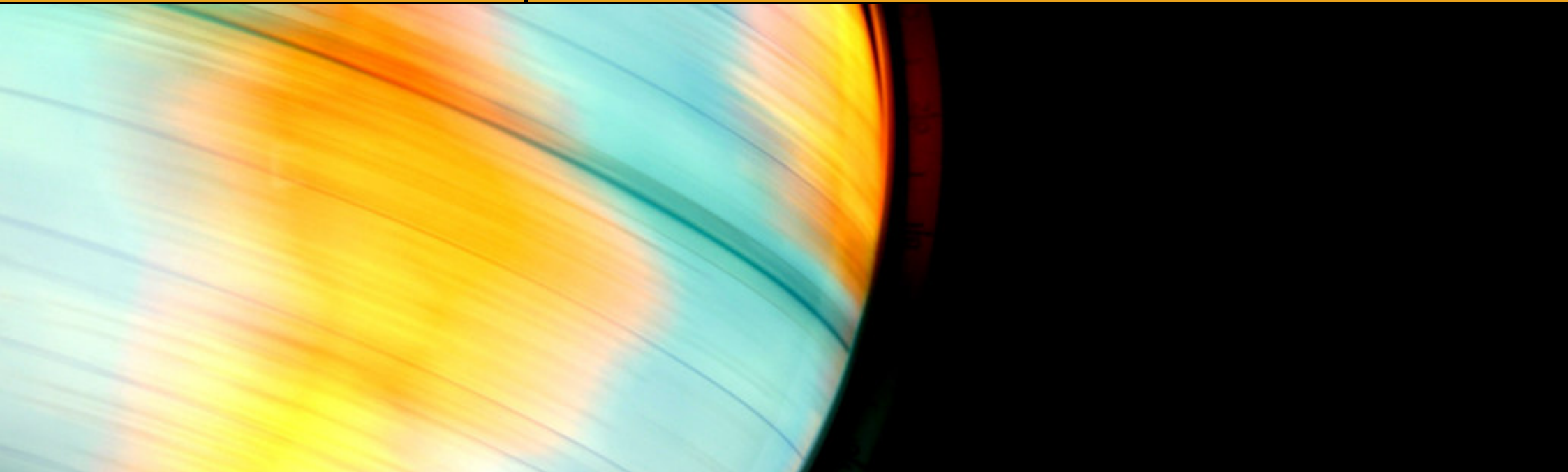


Rödl & Partner

INVESTING IN BELARUS – A GERMAN PERSPECTIVE

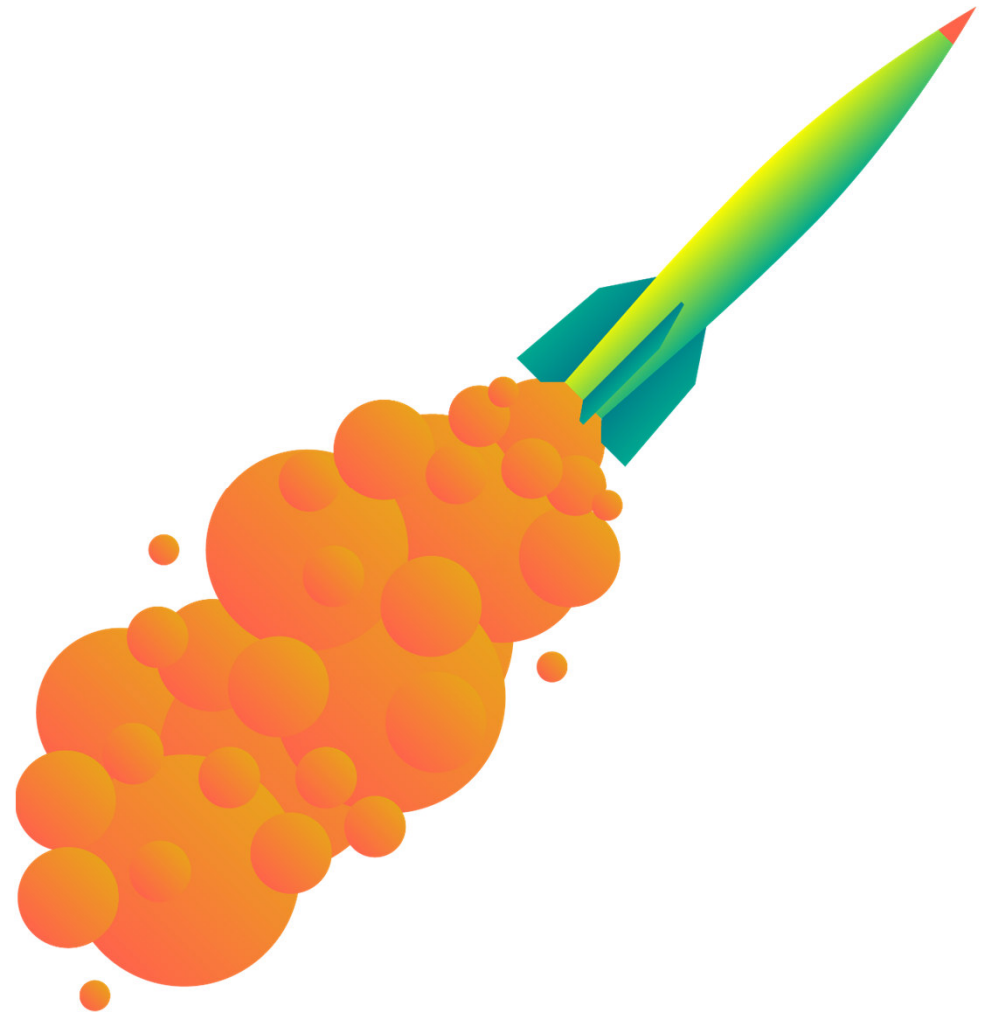
Venture Capital online event:
GERMANY MEETS THE SILICON
VALLEY OF EASTERN EUROPE

15 June, 2020



AGENDA

- | | |
|---|---------------------------------|
| 1 | Rödl & Partner |
| 2 | Investment Challenges |
| 3 | Investment Structuring |
| 4 | Financing and Collateralization |
| 5 | Take Aways |



1 / RÖDL & PARTNER

OFFERING GUIDANCE



Austria • Azerbaijan • Belarus • Brazil • Bulgaria • China • Croatia • Cuba • Cyprus • Czech Republic • Denmark • Estonia • Ethiopia • Finland • France • Georgia • Germany • Hong Kong • Hungary • India • Indonesia • Italy • Kazakhstan • Kenya • Latvia • Lithuania • Malaysia • Mexico • Myanmar • Nigeria • Philippines • Poland • Portugal • Romania • Russian Federation • Serbia • Singapore • Slovakia • Slovenia • South Africa • Spain • Sweden • Switzerland • Thailand • Turkey • Ukraine • United Arab Emirates • United Kingdom • USA • Vietnam

5.120 Employees

109 Offices

49 Countries

RÖDL & PARTNER IN BELARUS

Since 2007 in Minsk

More than 30 multi-lingual experts

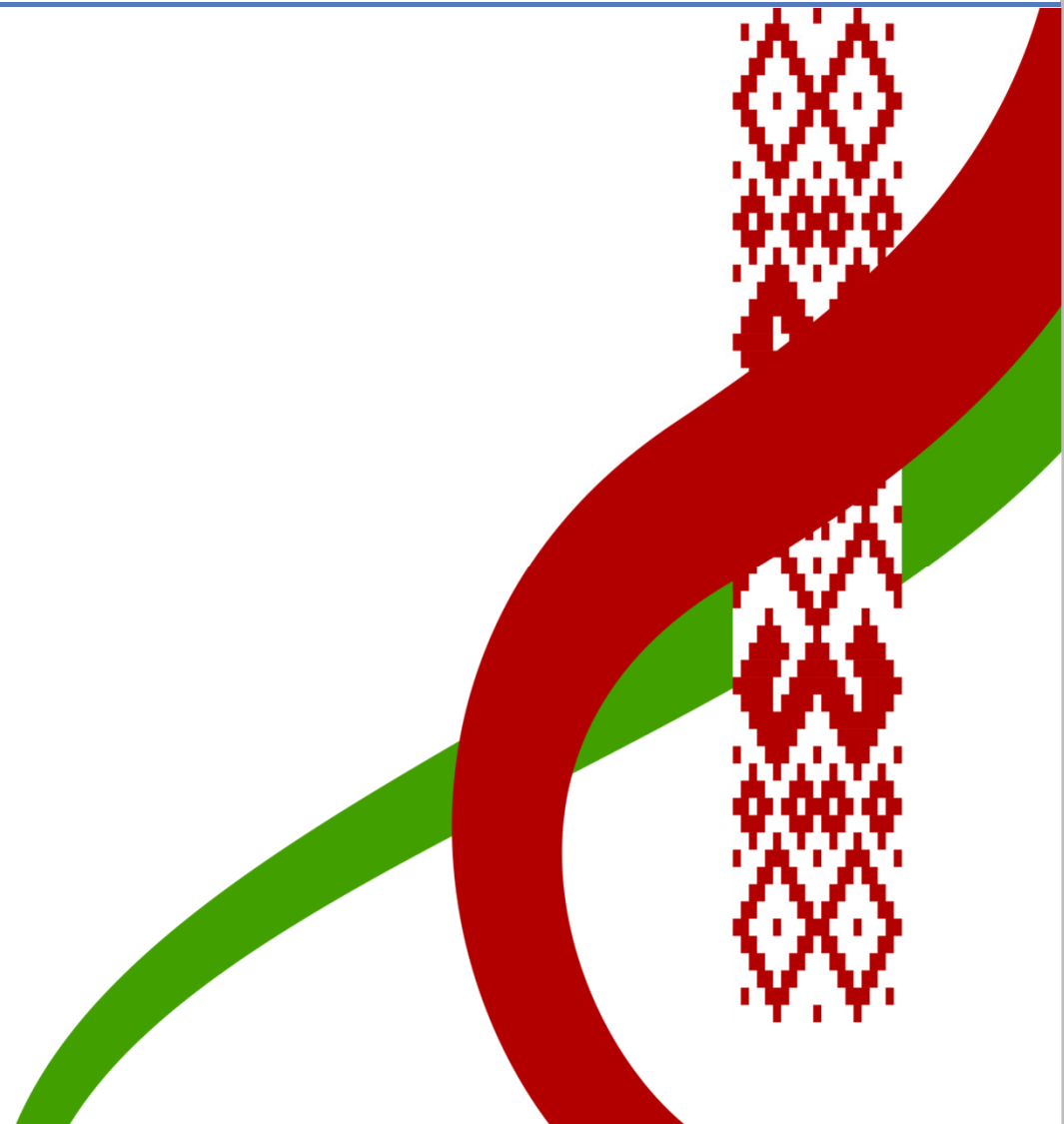
4 service lines:

Legal
Tax
BPO
Financial Advisory

Advising some of the largest international transactions in Belarus (including the largest private M&A transaction in the history of the Republic of Belarus).

Legal, tax and financial advisers to some of the most prominent cross-border localisation, construction and mining projects of recent years.

Supporting leading international brands to expand to the local market and using Belarus as a sales and distribution hub for the Eurasian Economic Union.



WE ARE UNIQUE – AS IS OUR SUCCESS FORMULA

INTERDISCIPLINARITY

We guarantee efficiency through a bespoke project team.

“KÜMMERER PRINCIPLE”

We have ONE responsible contact person.

INTERNATIONAL APPROACH

Worldwide, we are at home with wholly –owned offices.

CLIENT ORIENTATION

Practice- and demand-oriented advisory.



AN OVERVIEW OF OUR SERVICES

● Tax

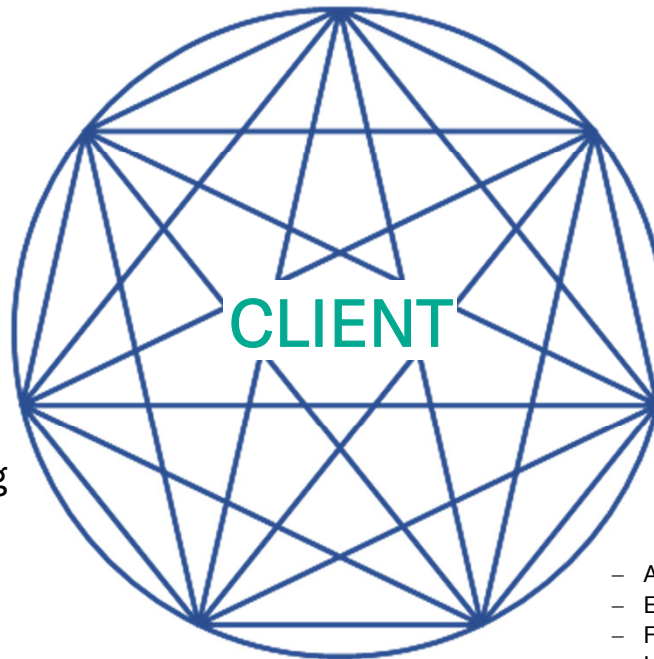
- Value added tax (VAT)
- Assertion of rights and defence
- Entrepreneurial family advisory
- High-net-worth individuals, top athletes
- International tax planning
- Transfer pricing
- Transactions
- Ongoing tax consulting

● Legal

- “Full-service“ commercial law
- Corporate law
- Employment law
- Transactions
- Company succession
- Shareholder conflicts
- Assertion of rights
- Compliance, prevention and defence
- Public law

● Management and IT consulting

- Business process consulting
- Corporate finance
- ERP solutions SAP and Microsoft Dynamics AX
- IT outsourcing and cloud computing
- CRM solution Targenio



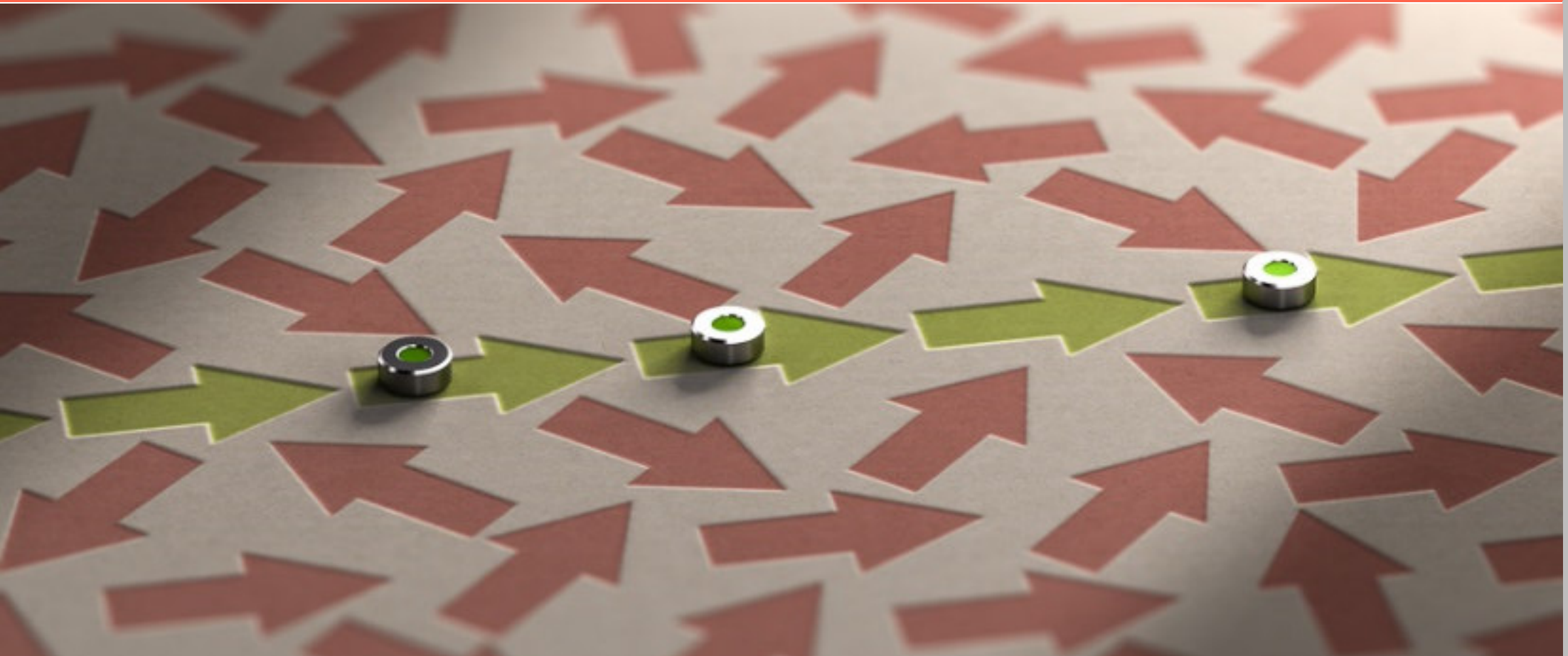
● Tax declaration and Business Process Outsourcing

- Financial accounting
- Payroll accounting
- Financial statements and declaration
- Ongoing consulting services
- Tax accounting

● Audit

- Audits of annual and consolidated financial statements, quarterly reviews
- Expert opinions, special audits and assurance services
- Financial and performance audits
- International accounting, reporting
- IT audits

CLEARING THE WAY



SECURITY OF INVESTMENT

LEGAL FRAMEWORK FOR INVESTMENT PROTECTION

1. Domestic laws

The Law of the Republic of Belarus „On Investments“ dated 12.07.2013 No 53-Z:

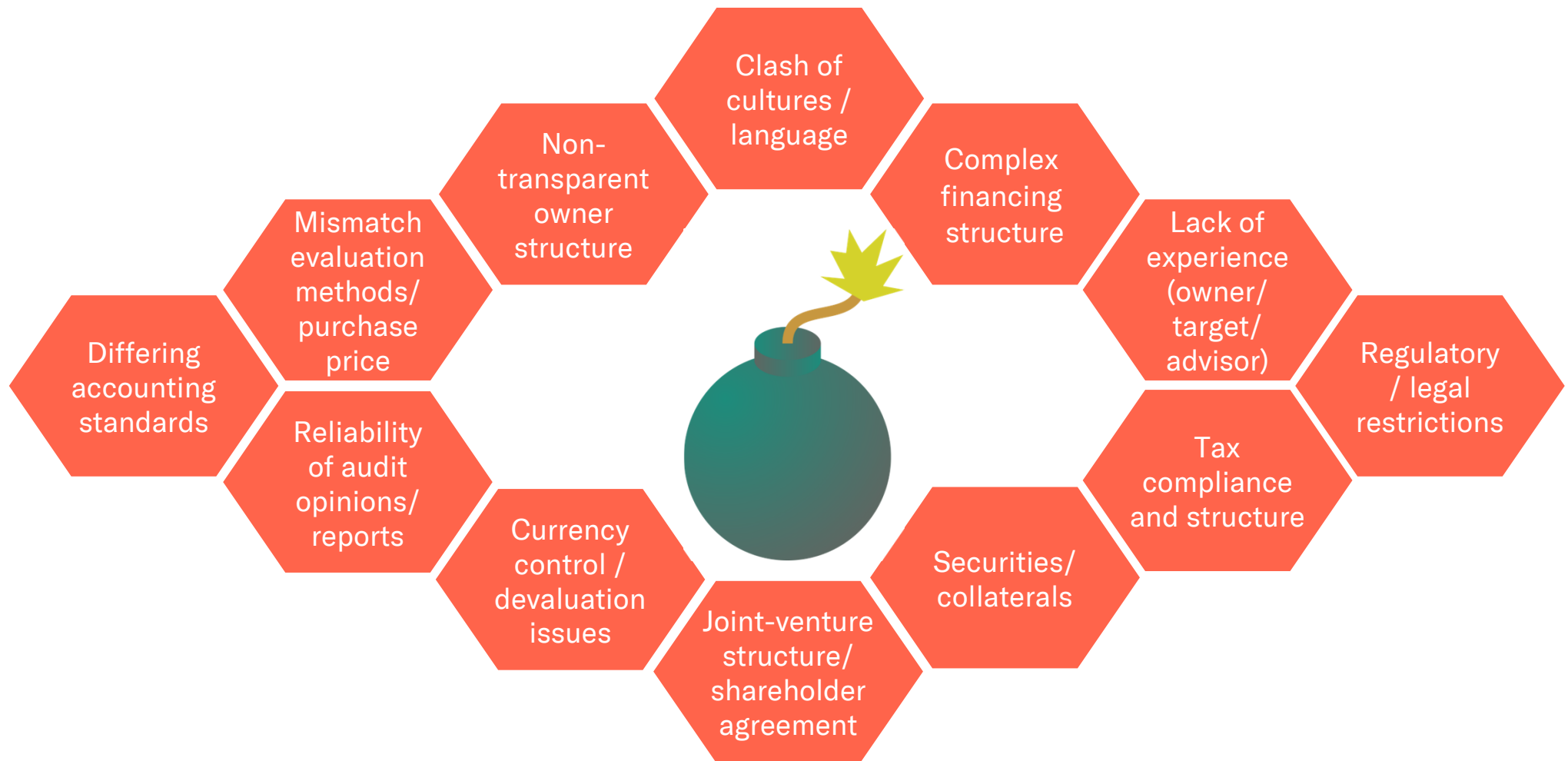
2. International treaties

- Over 60 bilateral treaties on the avoidance of double taxation (DTT)
- Over 60 bilateral investment treaties (BIT)
- Investment protection at the EAEU level

NOTE: There is no agreement or convention between Germany and Belarus which provides for a mutual enforcement of judgments rendered by state courts.



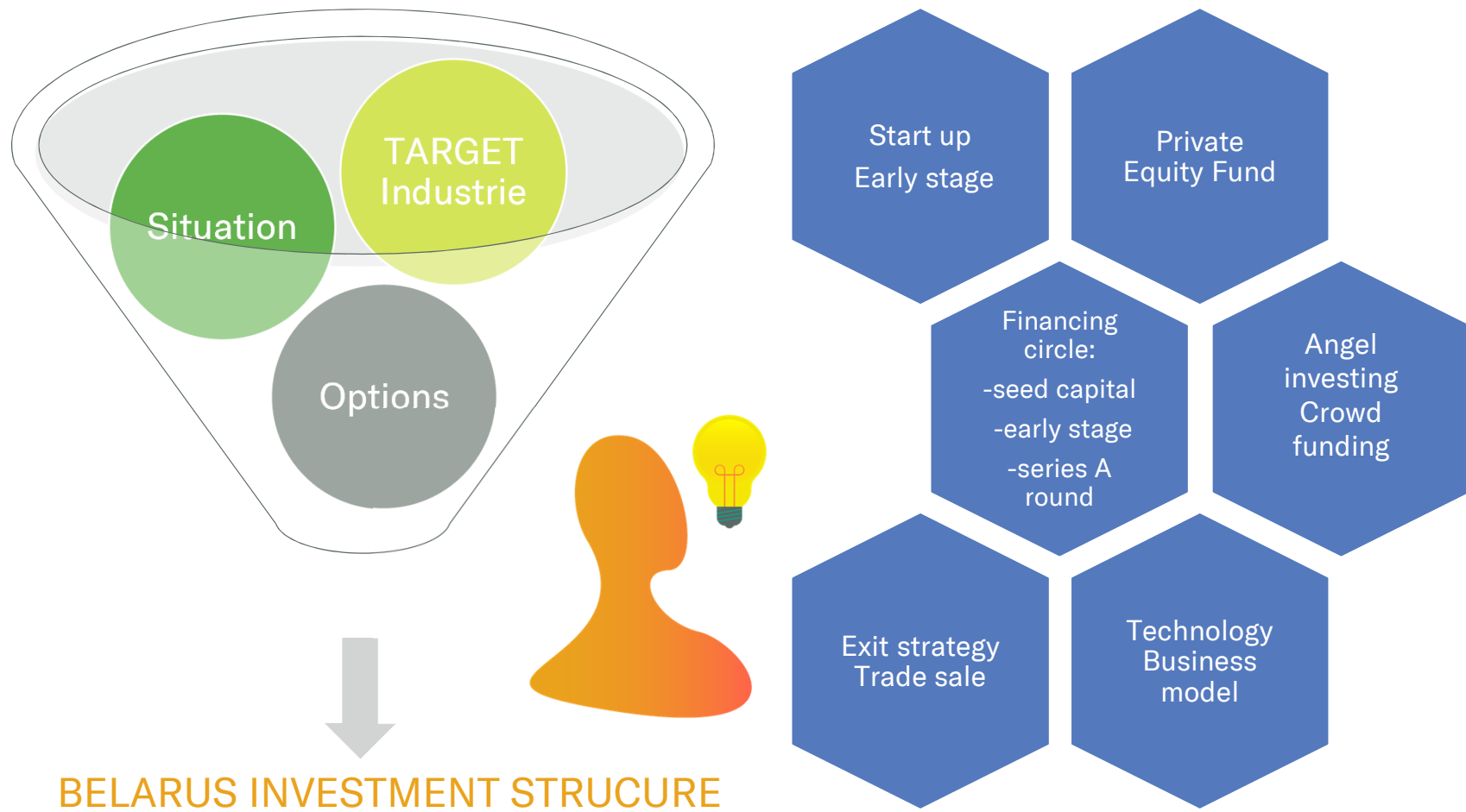
FREQUENT THREATS TO INVESTMENT PROJECTS



CROSSING BORDERS

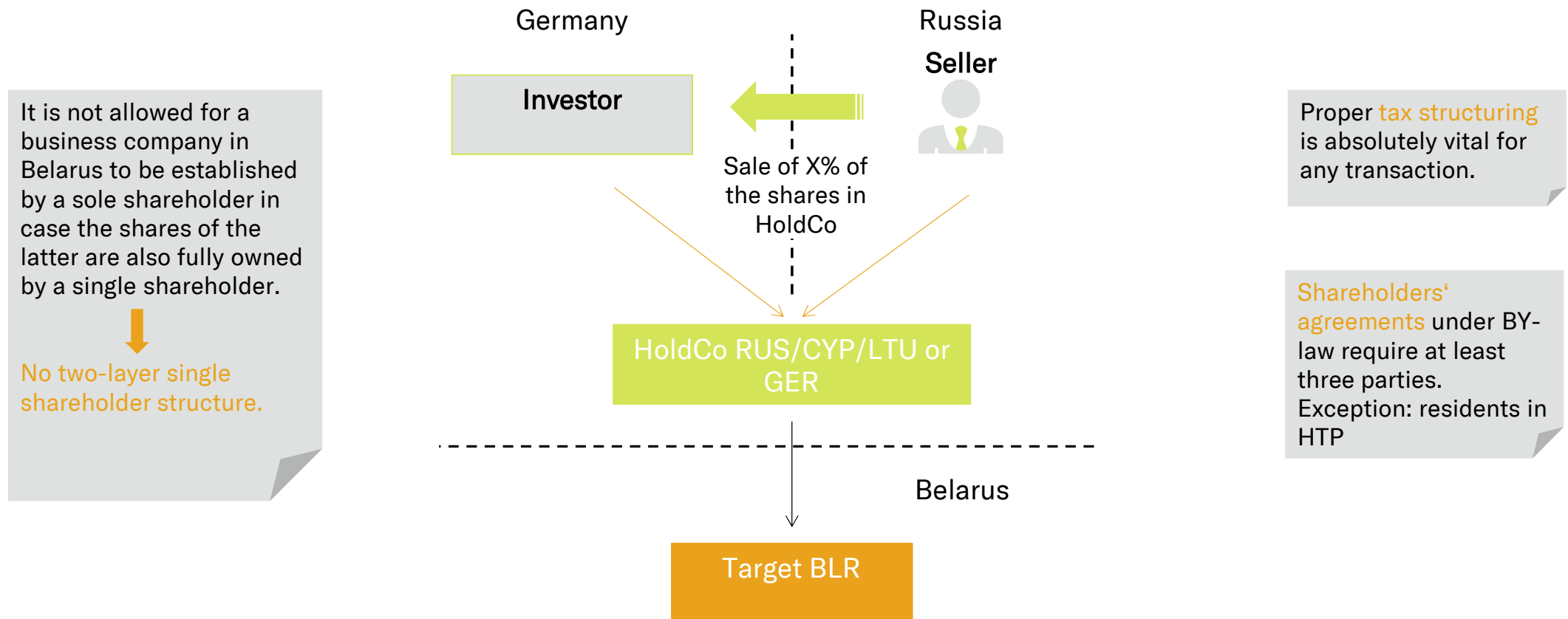


SITUATION RELATED ANALYSIS



SAMPLE TRANSACTION STRUCTURE

Establishment of a classic capital joint venture structure using a foreign HoldCo



INVESTMENT FUNDS - TYPES

1

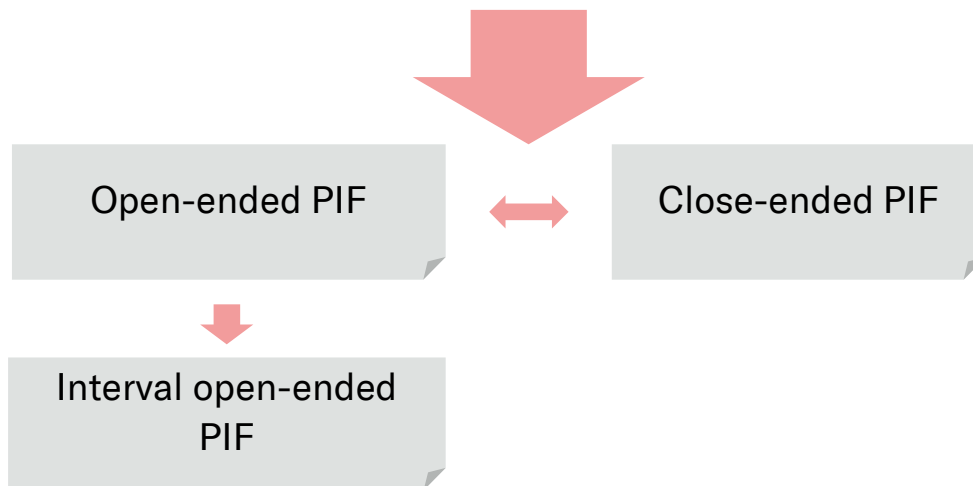
JOINT-STOCK INVESTMENT FUND (AIF)

A business entity in the form of an open joint-stock company

2

MUTUAL INVESTMENT FUND (PIF)

Is not a legal entity, but merely represents a „joint shared ownership” of shareholders



PROVIDING SECURITY



CURRENCY REGULATIONS

CURRENCY TRANSACTIONS

ONGOING TRANSACTIONS	CAPITAL TRANSACTIONS (NATURAL PERSONS)	CAPITAL TRANSACTIONS (ENTREPRENEURS)
<p>As a general rule are performed with no restrictions and comprise, inter alia:</p> <ul style="list-style-type: none">– Payments upon sale and purchase agreements/service agreements– Remittance of dividends– Payment of duties	<p>Certain operations require the clearance of the National Bank, inter alia:</p> <ul style="list-style-type: none">– acquisition of stocks/shares in foreign company;– acquisition of immovable assets abroad <p>Other capital transactions except for the ones directly defined by law are performed without restrictions</p>	<p>Without permit of the National Bank, but subject to registration of a transaction with a commercial bank – with respect to particular operations, inter alia:</p> <ul style="list-style-type: none">– receipt of loan from foreigners;– provision of loan to foreigners;– acquisition of stocks/shares in foreign company;– acquisition of immovable assets abroad. <p>Without notification or permit of the National bank of the Republic of Belarus (e.g. disposal of shares in Belarusian company to a foreign resident)</p> <p>Subject to notice of the Republic of Belarus – other capital transactions</p>

HI-TECH PARK

SPECIAL LEGAL ENVIRONMENT, UNIQUE FOR BELARUS

CONVERTIBLE LOAN AGREEMENTS

OPTION AGREEMENTS

INDEMNIFICATION AGREEMENTS

NON-COMPETE AND NON-SOLICITATION
AGREEMENTS WITH EMPLOYEES

As a general rule, such agreements, concluded by
employers other than the HTP residents in Belarus are
deemed void



HI-TECH PARK

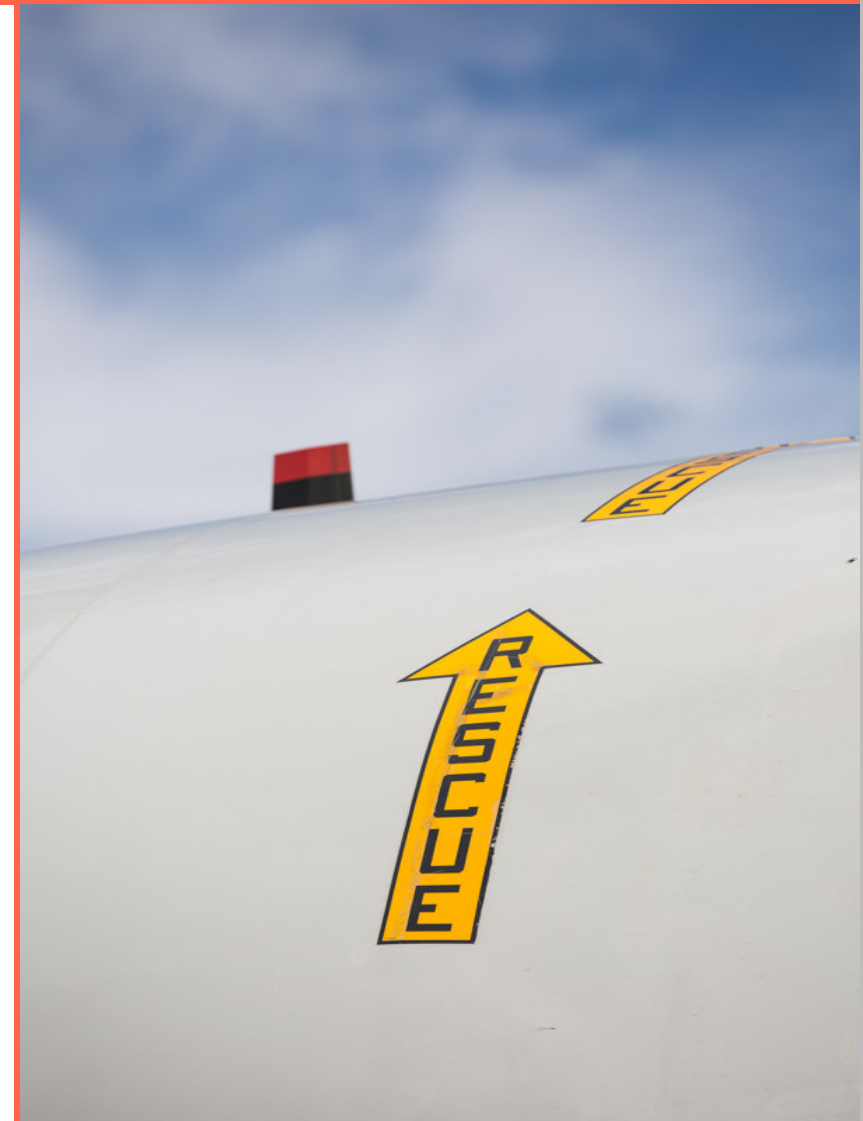
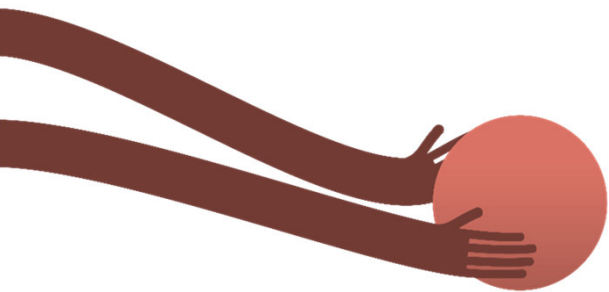
FURTHER INCENTIVES

Accounting issues	Currency regulations	Employment / migration	Other preferences
<ul style="list-style-type: none">– Simplified rules apply to the primary accounting documents (PAD)– PAD drafted in a foreign language are acceptable	<ul style="list-style-type: none">– Foreign-trade transactions are performed without statutory restrictions regarding the execution period, but subject to the periods contractually agreed	<ul style="list-style-type: none">– Foreign citizens can be employed with no need for work permit– Visa-free regime with a duration of stay up to 180 days in a year can be sought by employees and shareholders of HTP residents	<ul style="list-style-type: none">– Prohibition for administrative inspections without preliminary consent of the HTP administration– Subsidiary liability of CEO/shareholders of HTP residents can only be faced in case of criminal prosecution

COLLATERALS

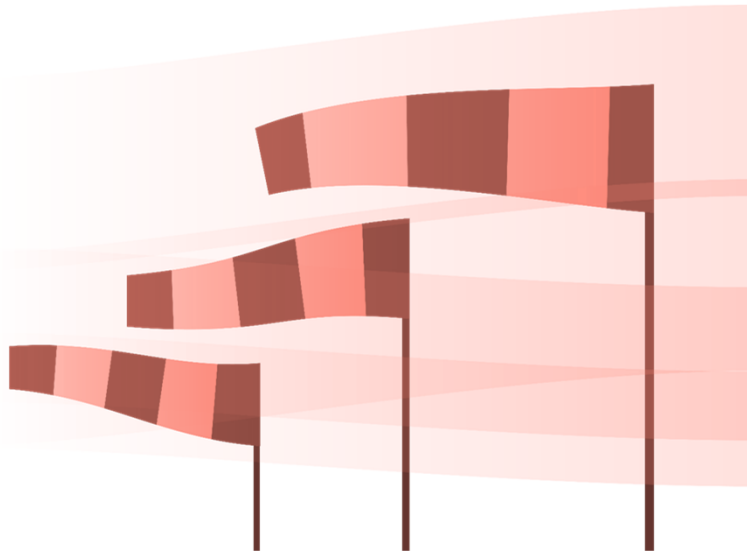
- Pledge / notary endorsed agreement on extrajudicial recovery
- Letter of credit
- Bank guaranty
- Retention of title
- Security bond (surety)
- Assignment of claims as collateral

NOTE: A “debt-equity swap” is in general not permitted by BY laws. Exception: HTP-residents



CURRENCY DEVALUATION

- German companies are often not used to high inflation, the consequences arising from such situation and the proper application of tools to avoid them.
- If payments are received in EUR capital gains from exchange rate variations are taxable.



5 / TAKE AWAYS

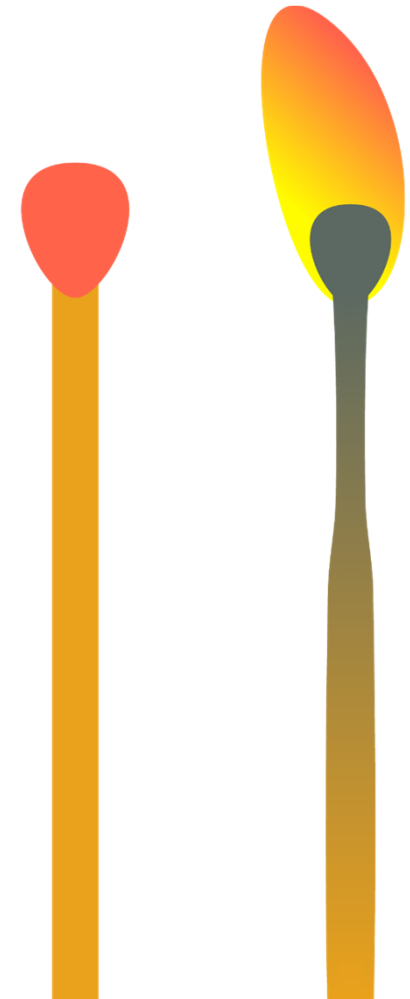
GROWING TOGETHER



KEY FACTORS FOR SUCCESSFUL BELARUS INVESTMENTS

- 1) Getting acquainted with national legal and tax compliance requirements at an early stage.
- 2) Conduct a carefully planned and professionally prepared and executed due diligence of the investment target (multi-level approach).
- 3) Choose an advisor with inter-cultural competence and experience in cross-border investment projects in Belarus, esp. regarding
 - VC participation and financing structures and contracts / negotiations with banks / investors
 - Collateral agreements and collateralization / release procedures
 - Designing multi-jurisdiction investment structures under legal, tax and financial criteria
 - Relevant target industries
 - Project management/acting as lead counsel
- 4) Insisting on carefully drafted and comprehensive documentation (LOI/SPA/other agreements)

By taking into account factors 1) - 4) plus being creative and flexible – realization of a successful investment project in BY is definitely feasible.



YOUR *KÜMMERER*



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At Rödl & Partner since: 2003

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- Foreign direct investments
- Renewable and traditional energies

Languages: German, English, Latvian

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