

Hedge Funds

Private Equity

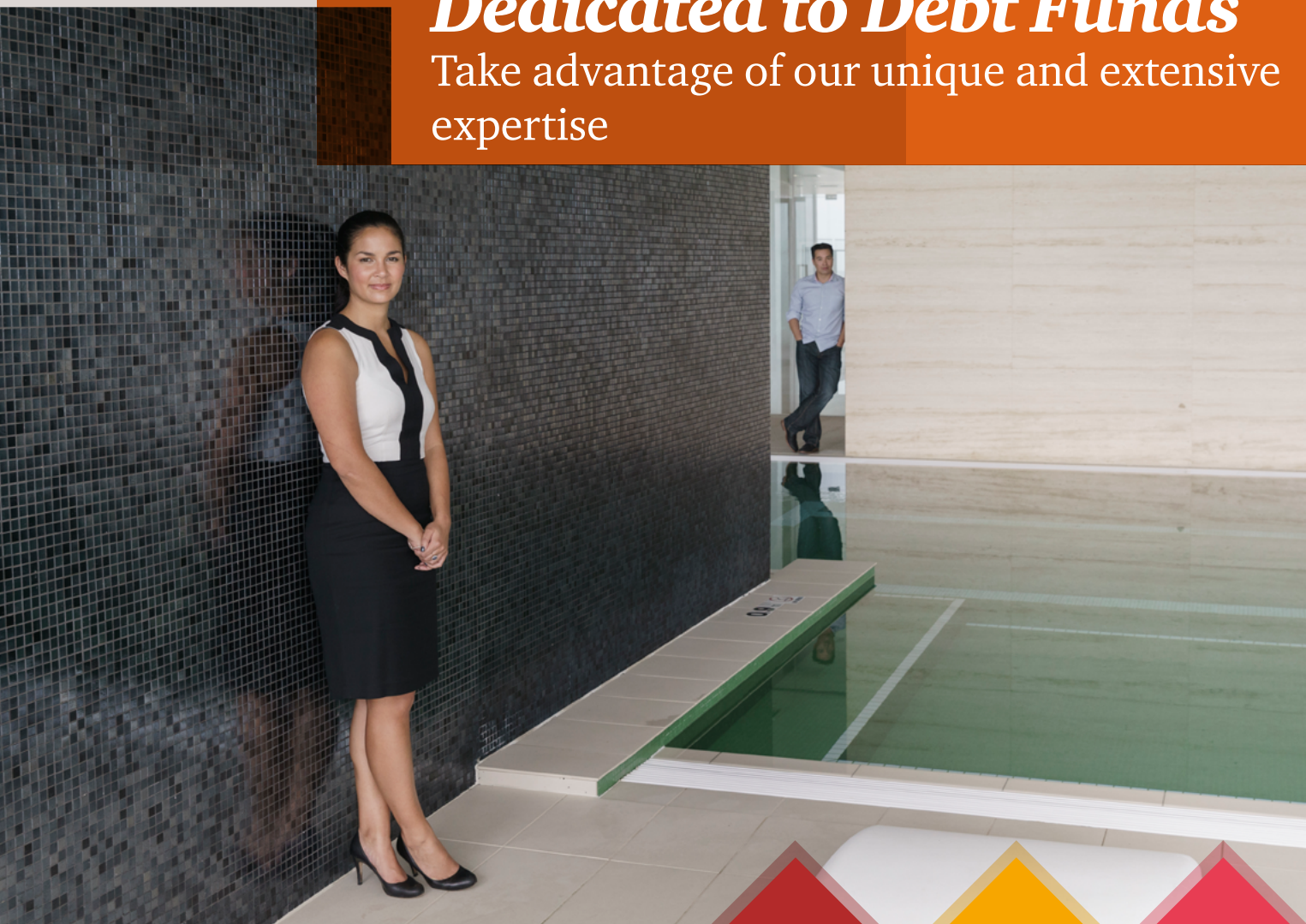
Real Estate

Debt is clearly an attractive class of assets on the radar screen of many investors. Over the past years, we have set up a dedicated team from various horizons. This team is as diversified as the debt funds we are servicing during their entire life through a wide range of audit, tax and advisory services.



Dedicated to Debt Funds

Take advantage of our unique and extensive expertise



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Your challenges

To set up a structure investing in debt, you'll need to:

- be aware of the wide range of regulated and unregulated vehicles considering the different level of regulation and associated requirements;
- get the most efficient structure to take advantage of the tax environment;
- choose the appropriate accounting principles;
- find the most suitable valuation model;
- find the most appropriate financing instruments;
- set up compliance processes in line with tax, accounting and financial reporting obligations.

Our solutions

From the set-up of the structure and throughout its life cycle, we're by your side at each stage, helping you with the choice of the most appropriate vehicle (regulated or unregulated), the prospectus related matters for regulated structures, the tax and regulatory structuring, the selection of accounting principles and the valuation models. Our unique knowledge is just a phone call away.

We make sure you choose the appropriate vehicle - Regulatory and legal considerations

Unregulated vehicles

- Origination of debt;
- Legal documentation;
- Incorporation of the Luxembourg entity;
- Advice on consolidation requirements when/if applicable.

Regulated vehicles

Besides the above-mentioned conditions for unregulated vehicles, we'll also take you through:

- Banking license requirements;
- Finding a custodian;
- Regulatory aspects of the investment structure (including Solvency II aspects);
- Prospectus matters;
- Filing with the local regulator (CSSF).

We offer AIFMD services - complete front-to-end support

- Definition of AIFM strategy and target operating model;
- Drafting of AIFM license application, including strategy extensions;
- Design and documentation of key AIFM processes (portfolio management, risk management, valuation and outsourcing controlling);
- Drafting of required AIFM procedures;
- Perform AIFM Health Check;
- Ongoing AIFM risk management support;
- Ongoing AIFM valuation support;
- Ongoing AIFM compliance support;
- Preparation and filing of AIFM Reporting.

We help you put in place the right investment structure

- Tax structuring advice according to the targeted portfolio (e.g. withholding tax and beneficial ownership);
- Tax advice on the choice of a Luxembourg regulated investment vehicle, i.e. SICAR, SIF, Securitisation vehicle, or unregulated investment vehicle, i.e. SOPARFI;
- Tax advice for the choice of the financing instrument(s);
- Tax structuring advice regarding the origination of loans;
- Tax assistance with respect to the tax section of the prospectus for regulated vehicles;
- Strong communication channels with tax structuring teams in the various investment/investor countries.

We help you value loans

- Review of the plausibility of discount rates (pricing/spreads) and pricing methodology for loan valuation;
- Valuation for different debt risk profiles (e.g. Preferred Equity, Senior, Mezzanine, Distressed Debt) at fair value or at amortised cost;
- Review of internal debt valuation model or set-up of a new valuation model;
- Review of quality of collateralised underlying assets;
- Identification of market comparables to support discount rates;
- Identification of challenges and opportunities of collateral generating cash flows;
- Assessment of the recoverability of the debt;
- Assistance in assessment of repayment and/or exit scenarios based on seniority of debt;
- Review of agreements.

We assist you in all audit and accounting matters

Unregulated vehicles

- Assistance in the choice of the reporting GAAP (IFRS vs. Lux GAAP) - pros and cons of each alternative;
- Review of consolidation requirements;
- Assistance in the selection of the valuation model of loans (fair value vs. amortised cost);
- Assistance in setting up the fees structure;
- Accounting for financing instruments;
- Advice on accounting of arrangement fees/up-front fees;
- Assistance in the accounting treatment of the discount;
- Implementation of an efficient performance/carried interest repatriation mechanism;
- Technical support on GAAP and/or consolidation matters.

Regulated vehicles

In addition to the services we offer for unregulated vehicles, we also:

- review the prospectus from an accounting and operational perspective;
- assist you in drafting the description of the trading NAV.

We support your tax and accounting compliance

- Assistance throughout the compliance process:
 - Evaluation of the need for VAT registration;
 - Direct tax and VAT compliance;
 - Accounting and reporting;
 - Financial statements preparation;
- Timely filing of deliverables (e.g. financial statements, accounting reports, direct tax returns, VAT returns).

We assist you in fulfilling your reporting obligations

- Daily booking, preparation of the annual accounts, consolidation under various GAAP (IFRS, Lux GAAP, US GAAP);
- Assistance in the set-up phase of consolidation process;
- Accounting advice perform GAAP conversions.

Other areas of assistance

- Due diligence services;
- Risk management services.

Why PwC Luxembourg?

extensive experience in helping these clients succeed at each stage in the life of debt structures. Let us help bring your debt project to the next level.

We have already worked with many top players in the market on both regulated and unregulated debt funds with all types of investment strategies, ranging from investments in Preferred Equity, Senior, Mezzanine, or Distressed Debt. We have

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firm in Luxembourg with 2,600 people employed from 58 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

The PwC global network is the largest provider of professional services in the audit, tax and management consultancy sectors. We are a network of independent firms based in 157 countries and employing over 208,000 people. Talk to us about your concerns and find out more by visiting us at www.pwc.com and www.pwc.lu.

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