

# *Teaming up to face today's challenges*

*Luxembourg Real Estate  
and Infrastructure Team*

*March 2011*



# The pressure's on

## **Facing the challenges in today's Real Estate Market**

*The Real Estate Industry is currently facing a multitude of challenges and transformations while being in a period of uncertainty. The industry is bracing for an avalanche of new regulations, banks' appetite to finance real estate has been decreasing, and at the same time investors are turning up the heat in terms of reporting requirements and continue to apply pressure on cost cutting... In such uncertain times, the Real Estate Industry has to adapt to several complexities.*

### **AIFMD, Solvency II, Basel III, Dodd Frank, Transfer Pricing Circular: How will these regulations affect your strategy?**

The real estate industry is facing more and more regulation – key decisions makers need to be aware of such developments and how this legislation will impact their structures as well as their long term strategies.

### **How do you address your stakeholders' needs regarding disclosure of financial information?**

There is more and more pressure to follow guidelines published by international bodies, like INREV or EPRA. According to INREV, a vast majority of funds has adopted most of the INREV reporting guidelines. Benchmarking against similar structures has become key for survival.

### **How will sustainability impact your business?**

The new European legislation and current market trends on sustainability have a growing importance in today's market and may impact your strategy and tax structuring as well as your stakeholders' expectations.

### **Are you able to obtain the necessary financing for your structures?**

Financial institutions are showing less appetite to finance real estate and capital raising is more difficult as investors have become more risk averse.

### **How do you address the constant pressure on increasing efficiency and reducing costs?**

There continues to be high pressure on minimizing structural and organisational costs and stakeholders are keen to compare costs amongst similar structures and to seek efficiencies.

### **How will the new treatment for lease accounting will impact your business?**

The IASB and FASB have proposed a new pronouncement for lease accounting which will have a considerable impact on leasing trends and other changes to lease terms.

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## ***PwC Luxembourg - a few words about us***

- We employ almost 2,000 people from 58 different nationalities;
- We are the leading professional services firm in Luxembourg, and we are recognised as a Centre of Excellence within the PwC network in Europe for Asset Management & Real Estate;
- We have been awarded “Best Financial Advisory Firm”, “Best Learning & Development Solutions”, “Best Risk Management Firm”, and “Best Audit Firm” by CFO World, a Luxembourgish network devoted to CFOs, treasurers, auditors, tax specialists, lawyers, and other professionals.



## ***Introducing the Luxembourg PwC Real Estate and Infrastructure Team***

- Our Real Estate and Infrastructure Group in Luxembourg operates with about 200 dedicated experts to service major international players in Luxembourg and includes 30 specialised Partners and Directors;
- Our teams are trained on the latest regulations, such as UCITS IV and AIFMD, and draw on their past experience of Real Estate managers, planners, developers, credit underwriters, appraisers, advisors, asset managers and tax attorneys;
- Our international network of Real Estate and Infrastructure accounting, tax and consulting professionals can quickly mobilise to form the most qualified team to respond to your specific needs;
- We are active members in numerous professional associations like ALFI, FEFSI, INREV, EPRA among others and we are involved with the Luxembourg Regulator, the Commission de Surveillance du Secteur Financier (CSSF);
- We regularly organise conferences and seminars on real estate trends or hot topics, for example our annual European Real Estate Conference which took place in London in 2010;
- On a regular basis, we publish technical notes, template documents and perform surveys in relation to the Real Estate industry (refer to section “Check out our Real Estate Publications”).

## ***Our Clients - numerous and diversified***

We serve over 1,500 real estate organisations globally, including:

- Real Estate funds, institutional investors, investment managers;
- REITs;
- Lenders;
- Developers; and
- Operators.

These clients include some of the most prestigious and forward-thinking Real Estate and Infrastructure companies whose executives have come to trust PwC to support their business needs and goals.

## ***The value you’re looking for***

What we do depends on what you need. So tell us where you’re heading, and the challenges you’ve got.

We’ll draw on our extensive experience in structuring real estate funds, doing tax and regulatory feasibility studies, tax structuring, capital market transactions, and strategic planning.

Then we share what we know and work with you on a plan, so you’ll be in the best shape to handle day-to-day operations in every stage your structure’s lifecycle.

## ***We focus on three things:***

Assurance, advisory and tax services. But we don’t think “off the shelf” products are always the way to go. How we use our knowledge and expertise depends on what you want to achieve.

With more than 161,000 professionals, we can combine our real estate experience and our global network to support you.

## Real Estate and Infrastructure contacts in Luxembourg

### Assurance



**Kees Hage** Audit Partner – Global Real Estate Leader

Tel.: +352 49 48 48-5839 email: kees.hage@lu.pwc.com

Kees has extensive experience in the broader real estate environment. As our **global** leader he is excellently positioned to manage International engagements and coordinate special assignments including **due diligence**. He is chairman of our Global **IFRS** Real Estate International Accounting Group as well as a member of the Global Asset Management Leadership Team. He is **MRICs** and the co-chair on “Emerging Trends in Real Estate” publications, released in partnership with the Urban Land Institute and PwC.



**Amaury Evrard** Audit Partner – Luxembourg Real Estate and Infrastructure Group Leader

Tel.: +352 49 48 48-5751 email: amaury.evrard@lu.pwc.com

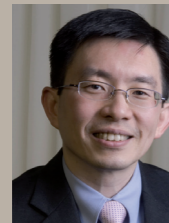
Amaury has significant experience in financial accounting for Real Estate and Infrastructure as well as in advising clients during the set-up phase on structuring, regulatory and operational issues both for closed and open ended structures. He is a member of the **SICAR** committee set up by the Luxembourg regulator and a member of the ALFI Real Estate Working Group and the chairman of the ALFI **Infrastructure** Working Group.



**Laurence Demellenne** Audit Partner

Tel.: +352 49 48 48-2525 email: laurence.demellenne@lu.pwc.com

Laurence has extensive experience in auditing and advising real estate and **infrastructure** pan-European structures, and is a specialist in **consolidation**, **IFRS** and Lux GAAP.



**Kenneth Iek** Audit Partner

Tel.: +352 49 48 48-5751 email: kenneth.iek@lu.pwc.com

Kenneth is the real estate technical partner in Luxembourg specialising in cross border real estate structures. With real estate and asset management clients, he specialises in **IFRS**, the **AIFM Directive** and **INREV NAV**. Kenneth is a member of PwC's IFRS Asset Management and Real Estate International Accounting Groups and ALFI's Real Estate Working Group.



**Marc Minet** Audit Partner - IFRS Leader

Tel.: +352 49 48 48-6113 email: marc.minet@lu.pwc.com

Marc is the IFRS leader of PwC in Luxembourg and he is an active member of several PwC Global IFRS technical groups, including Asset Management and Financial Instruments. He has extensive experience in audit and advisory services for listed **Real Estate** and Commercial companies preparing consolidated financial statements under **IFRS**.



**René Paulussen** Audit Partner

Tel.: +352 49 48 48-5839 email: rene.paulussen@lu.pwc.com

René is specialised in **Asset Management** and Real Estate structures. He holds extensive experience in structuring specialised Real Estate assignments and coordinates international projects. He also specialises in **sustainability** for Real Estate structures.



**John Ravoisin** Audit Partner

Tel.: +352 49 48 48-5717 email: john.ravoisin@lu.pwc.com

John is specialised in Real Estate and **Infrastructure** vehicles, both regulated and unregulated, for which the majority prepare consolidated accounts under **IFRS**, and **Asset Management**. He is also a member of the firm's IFRS technical team and is a member of the ALFI Infrastructure Working Group.



**Marie - Elisa Roussel - Alenda** Audit Partner

Tel.: +352 49 48 48-5738 email: marie-elisa.roussel-alenda@lu.pwc.com

Marie-Elisa is specialised in **US GAAP** and **IFRS** as well as consolidation. Her client base ranges from listed entities and asset managers to **Real Estate** funds and structures. She also has experience in delivering solutions on SAS 70 engagements and is a specialist on **Dodd – Frank**.



**Catherine Rückel** Audit Partner

Tel.: +352 49 48 48-5717 email: catherine.rueckel@lu.pwc.com

Catherine is specialised in **Asset Management** and **Real Estate funds**. She is particularly familiar with product structuring for the **German market** and represents PwC Luxembourg in various international working groups and industry associations.



**Marc Voncken** Audit Partner

Tel.: +352 49 48 48-2534 email: marc.voncken@lu.pwc.com

Marc has extensive experience in auditing and advising **Insurance/Reinsurance** and Real Estate structures, both regulated and unregulated, and has experience in **IFRS** and **US GAAP** reporting. Marc follows as a dedicated specialist the development of **Solvency II**.

## Accounting and Compliance



### **Anne-Sophie Preud'homme** Tax Partner

Tel.: +352 49 48 48-5770 email: anne.sophie.preudhomme@lu.pwc.com

Anne-Sophie has extensive experience in **financial accounting** under **IFRS and Luxembourg GAAP**, and in **consolidations**. She leads a core team dealing with Real Estate related **technical questions**, as well as of the **INREV** reporting committee.



### **Pierre Donis** Tax Partner

Tel.: +352 49 48 48-5792 email: pierre.donis@lu.pwc.com

Pierre is specialised in the accounting and **tax compliance** practice where he is in charge of the coordination of **accounting, tax compliance, reporting and consolidation** processes (**IFRS** and **INREV**) for several pan-European Real Estate Funds.



### **Cécile Menner** Tax Partner

Tel.: +352 49 48 48-5791 email: cecile.menner@lu.pwc.com

Cécile specialises in international **tax planning**, real estate investment fund **structuring transactions**. She has advised and coordinated the supply of tax advisory services to many major global real estate players. She leads the **tax compliance** team focusing on Real Estate funds' entities.

## Advisory



### **François Génaux** Advisory Partner - Leader of FS Consulting Practice in Luxembourg

Tel.: +352 49 48 48-2509 email: francois.genaux@lu.pwc.com

François Génaux, has executed major financial consulting projects including strategic positioning, operational effectiveness and risk management reviews, reengineering, post deal integration, **performance improvement** solutions, and business set-up, regulatory reviews and internal audit. He has a particular focus on fund administration, custody and **transfer agency activities** for real estate funds and SICARs.



### **Xavier Balthazar** Advisory Partner

Tel.: +352 49 48 48-5838 email: xavier.balthazar@lu.pwc.com

Xavier specialises in **regulatory** matters associated with investment funds, the broader financial sector and management companies of investment funds.



### **Grégoire Huret** Advisory Partner

Tel.: +352 49 48 48-5731 email: gregoire.huret@lu.pwc.com

Grégoire is Partner in the PwC Corporate Finance practice in Luxembourg. He has experience in fund administration, trust business and Real Estate. In particular, he leads **transactions, due diligence and valuation** work in the Real Estate sector, infrastructure and renewable energies.



### **Philip Mauel** Advisory Director

Tel.: +352 49 48 48-2530 email: philip.mauel@lu.pwc.com

Philip is currently heading the **real estate advisory team** within PwC Luxembourg whose main area of business is the valuation and valuation management for real estate, **infrastructure** and **renewable energy** investment vehicles. Philip is also regularly involved in advising clients regarding their **financing structure**.

## Tax



### **David Roach** Tax Partner – Central Cluster Tax Real Estate Leader

Tel.: +352 49 48 48-5707 email: david.roach@lu.pwc.com

David is the leader of the Luxembourg Real Estate tax practice, responsible for both the tax consulting and tax compliance functions, with many years of experience in tax structuring for pan-European and Asian Real Estate funds, and other **alternative investment** structures. He is a member of the **AIFM Directive** core team, and earlier in his career was a full-time **transfer pricing** specialist for several years. Since January 2011, David has assumed the responsibility of co-ordinating PwC's Real Estate tax practices throughout Europe, the Middle East, and Africa.



### **Laurent Grençon** Tax Partner

Tel.: +352 49 48 48-5769 email: laurent.grencon@lu.pwc.com

Laurent has a strong knowledge in the field of financial services where he solves **VAT** matters for the account of international clients such as investment funds and asset managers as well as holding companies and private equity structures. In addition, he works in close **cooperation** with key players of the real estate industry and develops **structured solutions** for the management of the VAT situation of pan-European real estate funds.



### **Alexandre Jaumotte** Tax Partner

Tel.: +352 49 48 48-3330 email: alexandre.jaumotte@lu.pwc.com

Alexandre is Tax Partner in the Real Estate Group where he is in charge of a large portfolio of international Real Estate Groups. Alexandre is a specialist on **tax structuring** and has a strong expertise in **CEE** and **CIS** markets.



### **Wim Piot** Tax Partner – Luxembourg Tax Leader

Tel.: +352 49 48 48-5773 email: wim.piot@lu.pwc.com

Wim specialises in international **tax planning**, real estate investment fund **structuring** and transactions. He has advised and coordinated the supply of tax advisory services to many major global real estate players. He has structured sharia compliant funds and has a **sharia qualification** at the Security and Investment Institute and had intensive sharia trainings at Redmoney.



### **Oliver Weber** Tax Partner

Tel.: +352 49 48 48-5712 email: oliver.weber@lu.pwc.com

Oliver was involved in the establishment of the **German fund tax reporting** team. His professional focus is now tax reporting for investment funds under the German Investment Tax Act and **general tax consulting** for Real Estate structures.

## Check out our Real Estate Publications

PwC's real estate professionals take great pride in being recognised as thought leaders in the industry, and as major contributors to national real estate organisations such as the Urban Land Institute, NCREIF, PREA, INREV and BPF, as well as to key rulemaking bodies such as the FASB, SEC and IASB. Other recent noteworthy industry-related publications include:

### **Emerging Trends in Real Estate Europe**

February 2011

Emerging Trends in Real Estate® is an annual survey which is published in collaboration with the Urban Land Institute. The report highlights European and international economic trends in capital markets, the best opportunities are for investment and development, which property markets to avoid and gives detailed analyses and prospects for office, retail industrial, hotel and residential property sectors.

### **Emerging Trends 2011 for Americas**

February 2011

Emerging Trends in Real Estate® is a trends and forecast publication now in its 32<sup>nd</sup> edition, and is one of the most highly regarded and widely read forecast reports in the real estate industry. Emerging Trends in Real Estate® 2011, undertaken jointly by the Urban Land Institute and PwC, provides an outlook on real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues throughout the United States, Canada, and Latin America.

### **Emerging Trends 2011 for Asia**

February 2011

A joint undertaking of the Urban Land Institute (ULI) and , Emerging Trends in Real Estate® Asia Pacific is a trends and forecast publication now in its fifth year. The report provides an outlook on Asia Pacific real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues.

### **Worldwide Tax summaries - Corporate Taxes**

2010 - 2011

This brochure, also accessible via website, provides a summary of tax rates for over 135 countries. Written by local PwC tax specialists in each country, it covers the latest changes in legislation, residency, gross income, deductions, tax credits, tax administration, other taxes and tax rates, up to date (unless otherwise stated) through 28 May 2010.

### **The overhaul of IFRS lease accounting: Catalyst for change in corporate real estate**

July 2010

This PwC report contains a detailed summary of the key provisions of the Exposure Draft stage of an ambitious IASB and FASB joint proposal that would radically transform lease accounting from the existing model which has existed for over 30 years. These changes would impact almost every company but are especially relevant to those that are significant users of real estate.

### **Illustrative IFRS consolidated financial statements 2009 - Investment property**

This publication provides an illustrative set of financial consolidated statements, prepared in accordance with International Financial Reporting Standards (IFRS), for a fictional investment property group.

### **Illustrative IFRS financial statements 2009 - Investment funds**

This publication provides an illustrative set of financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), for a fictional open ended investment fund.

### **IFRS and US GAAP - similarities and differences**

September 2009

This publication provides an overview of the essential similarities and differences between IFRS and US GAAP concerning investment funds.

### **Luxembourg Real Estate Vehicles**

March 2010

The second edition of our brochure "Luxembourg Real Estate Vehicles" describes the real estate industry in Luxembourg and exposes the reasons/factors for its success.

The brochure gives an overview of the legal and fiscal framework and the advantages of regulated and non regulated real estate structures in Luxembourg.

### **IFRS news**

IFRS news is PwC's monthly newsletter highlighting developments at the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC). We provide practical guidance on how new standards or changes to existing IFRS/IFRIC will affect your company.

These brochures, amongst others, can be downloaded in PDF format from our homepage ([www.pwc.com/lu/publications](http://www.pwc.com/lu/publications)). Hard copies of these publications can be provided on request.

