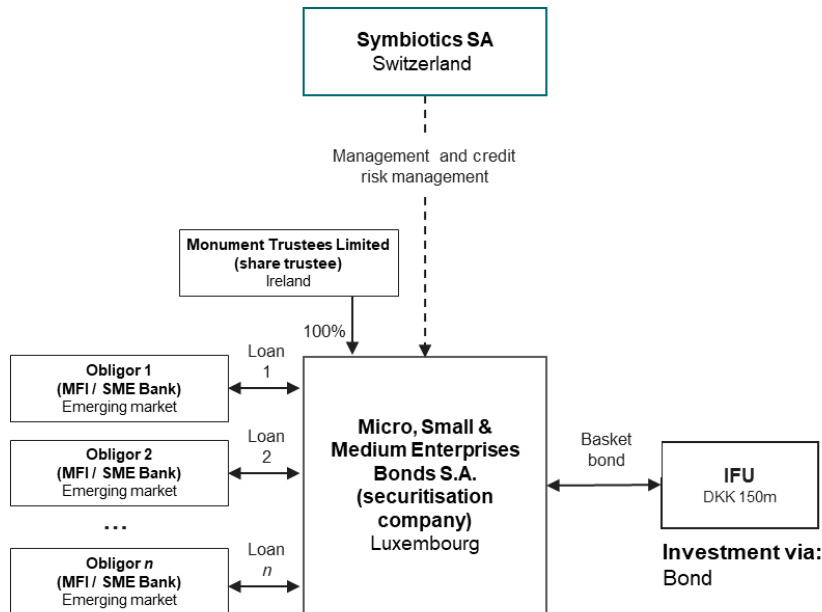


## Tax policy compliance statement for Symbiotics, Africa

### 1. The contemplated investment structure



IFU will be providing finance for African micro, small & medium enterprise banks in the form of a bond investment issued by a Luxembourg securitization company managed by Symbiotics in Switzerland being the leading platform for making such finance impact investments. The securitization company will be lending to pre-identified well-functioning African micro finance institutions suffering liquidity due to the COVID-19 crisis.

### 2. Compliance with IFU's tax policy

The investment structure has been subject to due diligence and based on the facts and circumstances made available, TaxRoom is of the opinion that the investment structure complies with IFU's tax policy for the following main reasons:

- The investment structure is a standard securitization set-up. In this case the loans to African tax resident micro finance institutions are bundled and sold to the investors by way of the securitisation company's issuing of a basket bond to the investors (IFU).
- A securitisation company with external investors like in this case must not be polluted by bankruptcy risk from its owners, which explains the Irish trust ownership. No profit is however left to the trust owners as interest earned on the loans are used to pay interest to the bond owners (IFU) and management fee to Symbiotics for managing the loan portfolio. The Irish trustee is not earning any income and Ireland is used as holding jurisdiction because it has a legal well-established and functioning trust regime.

- The management company Symbiotics S.A. primary operates out of two offices in Switzerland and is subject to corporate income tax of the management fee earned.
- Symbiotics S.A. has preferred to establish the securitization company in Luxembourg over Switzerland because the legal framework for securitization companies is better in Luxembourg and because the majority of the investors are in Luxembourg.
- The securitization company has no office or employees as all asset and credit risk management is carried out by Symbiotics. The securitization company is a tax resident of Luxembourg and is subject to Luxembourg corporate income tax on the net profit, if any and the company has been granted a Luxembourg tax resident certificate.
- Symbiotics has informed that the securitization company normally is viewed as a tax treaty eligible investor with respect to the Luxembourg tax treaty network. Such position for securitization companies is generally supported by the OECD BEPS guidelines when the establishment of the securitization company in Luxembourg is not driven by any particular tax treaty or the tax position of the investors. cf. BEPS Action 6, Discussion draft on non-CIV examples 6 January – 3 February 2017. Given the fact that most of the bond investors are Luxembourg funds, Luxembourg is viewed to be the natural jurisdiction of the securitization company.
- As a precaution for the securitization company not automatically claiming tax treaty benefits it has been agreed with Symbiotic that local tax advice in the withholding tax suffering jurisdictions should be rendered confirming that tax treaty benefits should be available to the securitization company also from a local tax perspective.
- The transactions with the African tax resident entities are arm's length and being local financing entities, they are assumed not to have net financing expenses exceeding 30% EBITDA.
- Neither Switzerland, Ireland or Luxembourg is listed on EU's blacklist for non-cooperative jurisdictions and are all as per 17 November 2020 viewed to be either compliant or largely compliant by OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes.

### **3. Disclosure, cf. EU Directive 2018/822/EU (DAC 6)**

The bond investment in the Luxembourg securitization company is a cross border transaction and it could be argued that the set-up is a kind of standardized structure (hallmark A3), but because the main benefit test in terms of obtaining a tax benefit is not met in this case a DAC 6 disclosure is not required for this investment.

TaxRoom P/S, 17 November 2020



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