

LUXEMBOURG

A BLOOMING INVESTMENT HUB FOR FOOD AND AGRICULTURE INVESTMENTS

In the heart of Europe, at the center of financial innovation
and at the edge of sustainable development

MARCH - 2024

www.valoral.com



Luxembourg is an invitation to a fascinating journey through tradition and modernity, and an open-door to global possibilities.



KEY MESSAGES

- Luxembourg, a tiny and captivating country in the heart of Europe, is one of the most competitive countries in the world, built on the pillars of economic, political, and social stability.
- Over time, the country has become a leading international financial center: today, Luxembourg is the largest investment fund center in Europe and the second largest in the world after the U.S., with more than €5 Trillion AuM. The country is also a leading hub for alternative investments.
- The state-of-the-art regulatory environment for funds and companies, solid financial sector supervision, and efficient tax and service infrastructure provide the backbone of the local financial center.
- Luxembourg's financial center is also a leading international platform for sustainable finance, supporting various activities from responsible investment funds and blended finance to green bond listings and ESG fund labeling.
- Today, Luxembourg's financial center offers a one-stop solution for operating and distributing investment funds globally, as well as deploying the funds in an efficient and structured manner. All relevant service providers in the global asset management industry are present and offer services in the Grand Duchy.
- Unsurprisingly, every year, more fund managers, family offices, corporates, and startups arrive in Luxembourg, attracted by this unrivaled offering of different investment structures that cater to their different needs.
- The food and agriculture investment space is also growing in Luxembourg: Close to 30 funds specialized in the food and agriculture sector are domiciled in Luxembourg, amid several other investment vehicles related to family offices and companies.
- Valoral Advisors, based in Luxembourg since 2010, is uniquely positioned to assist fund managers, family offices, companies, and entrepreneurs in exploring, setting up, and operating their investment vehicles in the Grand Duchy.
- We invite you to contact us for a further discussion on the ample opportunities within our sector and the opportunities that the Luxembourg financial center offers.

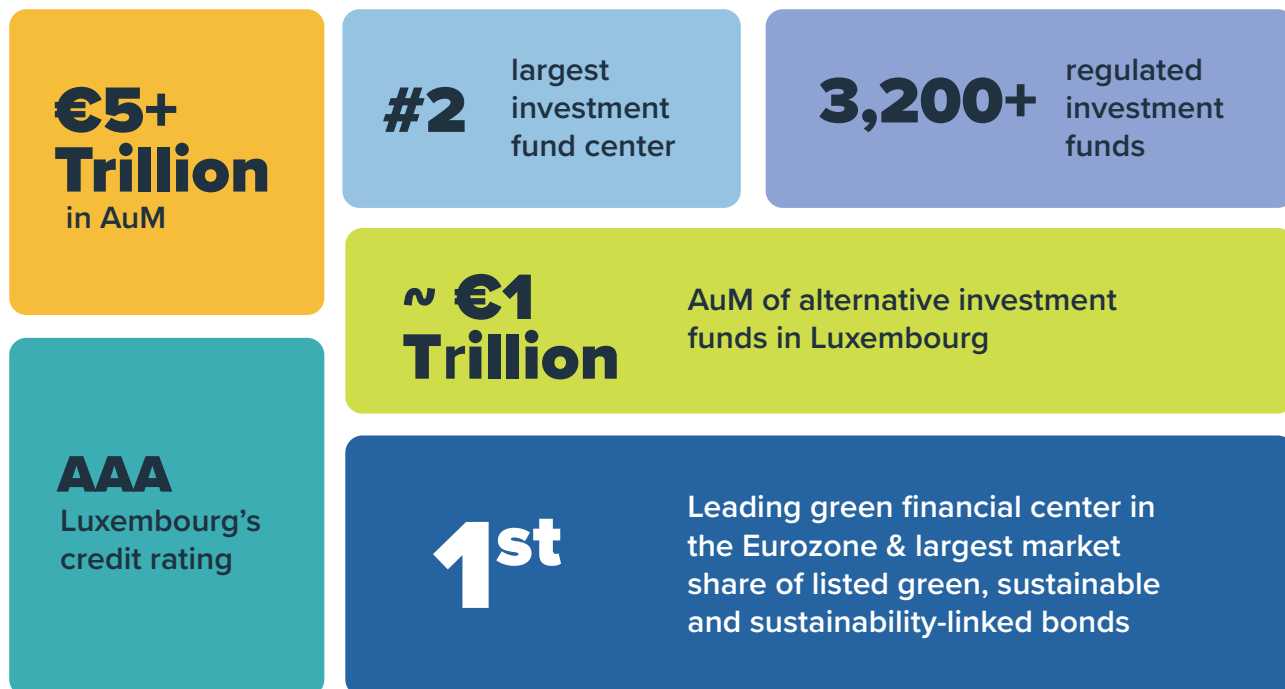
WELCOME TO THE GRAND DUCHY OF LUXEMBOURG



One of the most competitive countries in the world, built on the pillars of economic, political, and social stability.

- The Grand Duchy of Luxembourg is a parliamentary constitutional monarchy with a head of government - the prime minister - and a head of state - the Grand Duke.
- The country has been a founding member of the European Union since January 1st, 1958.
- Luxembourg hosts many European institutions, including the Court of Justice of the European Union, the European Investment Bank (EIB), and the European Investment Fund (EIF).
- It has the world's highest GDP per capita at \$140,500 (2022).
- Foreign nationals represent 47% of the total population, currently at 660,000.
- It is a genuinely multi-language country with three official languages: Luxembourgish, German, and French, with English being the standard language in the financial industry.
- The euro is the official currency, and the country has a AAA credit rating.
- Luxembourg's economy is one of the most dynamic in Europe and one of the most open in the world.
- The country's geographical location, which is within easy reach of major markets, is another advantage.

LUXEMBOURG'S FINANCIAL CENTER AT A GLANCE



Source: CSSF, ALFI, Luxembourg for finance and LPEA.

- Luxembourg is a tiny country but a financial powerhouse: With more than €5 Trillion in net AuM, the Grand Duchy is the largest investment fund center in Europe and the second largest in the world after the U.S.
- The local financial center specializes in the administration and cross-border distribution of investment funds. It has become the platform of choice for investment managers willing to market their investment funds worldwide: today, it is the largest global distribution center for investment funds, offered in more than 70 countries worldwide.
- Two crucial directives, the Undertakings for the Collective Investment in Transferable Securities (UCITS) and the Alternative Investment Fund Managers Directive (AIFMD), govern the fund industry, ensuring transparency and accountability.
- Building on the success of UCITS, Luxembourg has also become a prime location for alternative investments.
- With an attractive fiscal framework and fund managers benefiting from the extensive Luxembourg tax treaty network, it now has around €1 Trillion in regulated alternative investment funds and hosts nearly 300 authorized AIFMs. This has made the country a magnet for much of the world's expertise in legal and compliance matters relating to alternative investments.
- Today, all relevant service providers in the global asset management industry have a presence and offer services in Luxembourg.
- Looking forward, the local financial center stands poised to capitalize on the dynamic shifts in the global investment arena, leveraging its international focus and relentless commitment to innovation.

WHY LUXEMBOURG?

The country's leading financial role over the past decades has attracted a critical mass of funds and expertise in the fund industry, positioning the country in a leading position to grow in the alternative investment fund space.

**Economic,
political, legal,
and social
stability**

**State-of-the-art
regulatory
environment for
funds and companies**

**Solid financial
sector supervision**

**A unique and innovative
toolkit of investment
structures available**

**Diversified asset
classes and
investment strategies**

**Strong focus on
sustainable
investing solutions**

**A favorable and
predictable tax
environment, with an
extensive double tax
treaty network**

**High investor
protection standards**

**Global recognition
with the largest
number of countries in
which Luxembourg
funds are distributed**

**Large presence of
international banks
and asset managers**

**Access to a wide
range of specialized
professional service
providers**

**An international
and multilingual
environment**

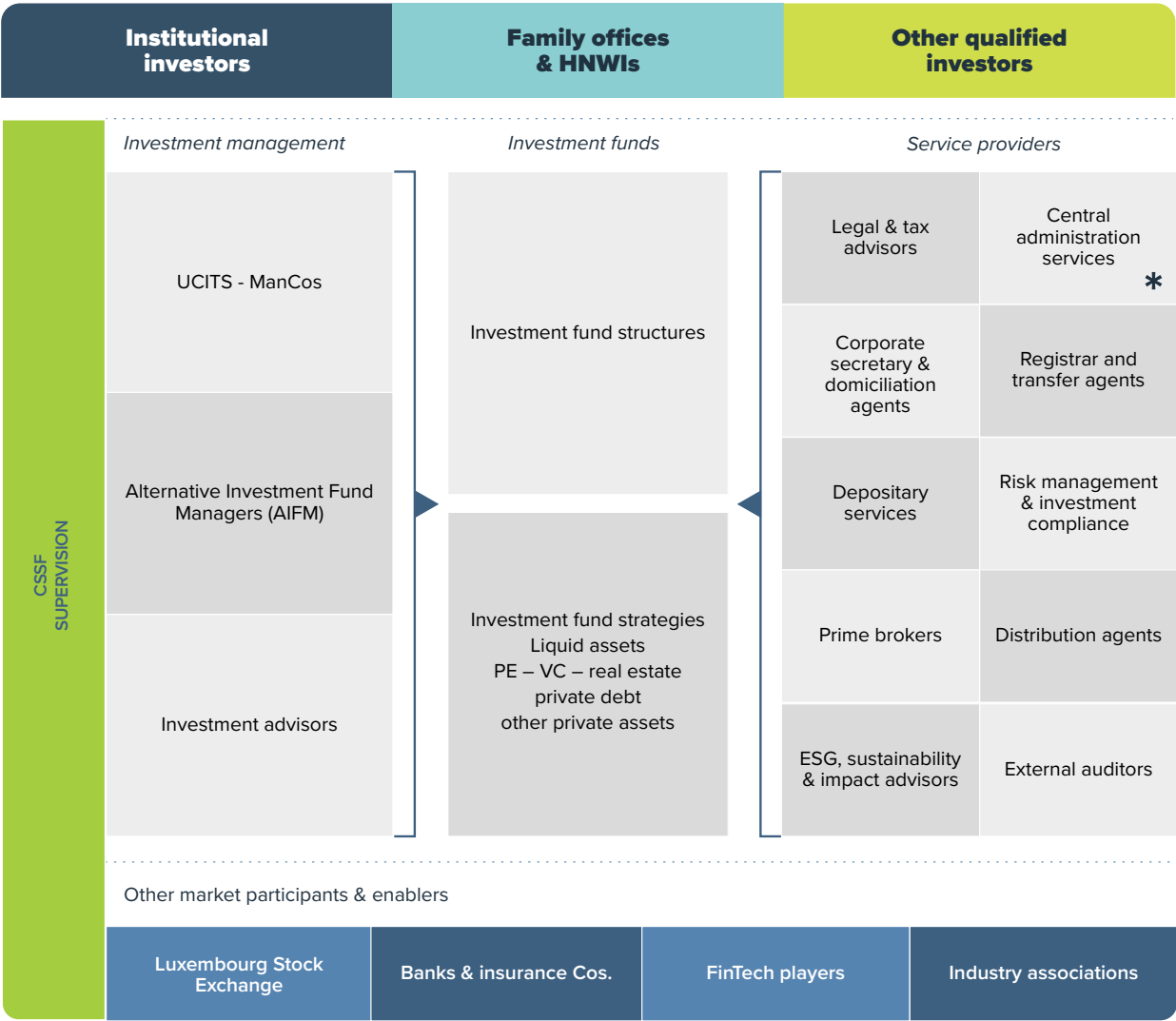
THE WORLD'S LARGEST FUND MANAGERS USE LUXEMBOURG AS THEIR DISTRIBUTION HUB FOR DISTRIBUTING THEIR INVESTMENT FUNDS ACROSS THE WORLD



Source: Fund managers who use Luxembourg as their primary distribution hub for distributing their investment funds across the world – ALFI and PwC.

LUXEMBOURG'S FINANCIAL CENTER OFFERS AN UNRIVALED PLATFORM FOR GLOBAL ASSET MANAGERS AND INVESTORS

Luxembourg’s emergence as a global fund jurisdiction over the past decades and its continuing pre-eminence in serving clients both in Europe and beyond is ultimately founded on the country’s ecosystem of a competent regulator and specialized service providers, from management companies and fund administrators, to lawyers, auditors and a wide range of related professional services.



- *

Central administration services

- Fund accounting
 - Portfolio valuation & NAV calculation
 - Financial statements & fund reporting
 - Regulatory and statutory reporting
 - Investor services & investor reporting
 - Tax filing & tax reporting
 - Coordination & supervision of the audit process

THE LOCAL FINANCIAL CENTER PROVIDES A FULL RANGE OF INVESTMENT VEHICLES THAT RESPOND TO THE DIFFERENT NEEDS OF ASSET MANAGERS AND INVESTORS

Luxembourg funds can be set up as regulated or unregulated vehicles. Regulated funds targeting the wider public are distinguished from funds for a restricted group of investors under private placement.



| UCITS | Alternative Investment Funds | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| UCITS | UCI Part II | SICAR | SIF | RAIF | SCS/SCSp |
| Undertakings for Collective Investment in Transferable Securities. | Undertakings for Collective Investment. | Investment Company in Risk Capital. | Specialized Investment Fund. | Reserved Alternative Investment Fund. | Special limited partnership. |
| The #1 vehicle for global distribution: a highly regulated retail fund, it has become the leading globally distributed investment fund product. | Similar to UCITS but it qualifies as an AIF and does not benefit from the UCITS passport. | The SICAR is an investment company designed for private equity and venture capital. | A more flexible investment fund available for all asset classes and investment strategies. | Structurally similar to the SIF or SICAR regime but is not subject to a direct supervision by the CSSF (its appointed AIFM itself is regulated). | A highly flexible fund structure that is not supervised and is similar to the partnership structures in Common Law jurisdictions. |

MAIN CHARACTERISTICS

| | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Supervised - Retail fund - European UCITS passport - UCITS standard recognized in other countries around the world | <ul style="list-style-type: none"> - Supervised - Retail fund - Almost all asset classes - AIFMD passport (if AIFM appointed) | <ul style="list-style-type: none"> - Supervised - For well-informed investors - Restricted to investments in risk capital - AIFMD passport | <ul style="list-style-type: none"> - Supervised - For well-informed investors - Maximum structuring flexibility - No investment restrictions - AIFMD passport | <ul style="list-style-type: none"> - Not directly supervised - For well-informed investors - Short time to market - Highly flexible - Investment in any asset class or strategy - AIFMD passport | <ul style="list-style-type: none"> - Not supervised - Quick set up - Highly flexible - No investment restrictions or limitations - AIFMD passport |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

LUXEMBOURG IS ALSO EMERGING AS A LEADER IN SUSTAINABLE FINANCE

In recent years, the country has positioned itself as a prominent player in sustainable finance, leveraging its financial infrastructure, regulatory framework, and international reputation.

Today, Luxembourg's financial center is a leading international platform for sustainable finance, supporting various activities from responsible investment funds and blended finance to green bond listings and ESG fund labeling.

Some of the most relevant initiatives and developments include:

- The Luxembourg Green Exchange (LGX), launched in 2016 by the Luxembourg Stock Exchange, is the world's first platform exclusively dedicated to green securities and today lists half the world's green bonds. LGX also features a dedicated social and sustainable bond window.
- The Luxembourg-EIB Climate Finance Platform (LCFP) is a joint initiative between Luxembourg and the European Investment Bank (EIB) launched in 2017 to mobilize and support investment in international climate finance, focusing on climate change mitigation and adaptation. The LCFP aims to increase the impact of climate financing by mobilizing private sector investment, thereby acting as a catalyst for additional funding.
- The Forestry and Climate Change Fund, launched in 2017 by the Luxembourg Ministries of Finance and Sustainable Development and Infrastructure, together with the BCEE, BIL, and Foyer, is a pioneering impact fund aiming to demonstrate that sustainable forestry within secondary and degraded tropical forests generates economic, ecological and social value and contributes to healthy landscapes, climate change mitigation and adaptation and local economic development. The fund is focused on natural capital restoration in secondary and degraded forests in Central America and the Caribbean.
- The International Climate Finance Accelerator is a public-private partnership launched in 2018 to enhance the climate finance ecosystem by creating an attractive and supportive environment for climate finance fund managers in Luxembourg.

THE FOOD AND AGRICULTURE SECTOR ALSO PLAYS AN IMPORTANT ROLE IN LUXEMBOURG

Relevant local food and agriculture companies in Luxembourg



Before the advent of the iron and steel industry and the subsequent development of its financial sector, Luxembourg was predominantly an agricultural nation, leveraging its fertile lands and favorable climate.

The Moselle Valley, famed for its picturesque vineyards, played a significant role. Additionally, cereals and livestock farming were prominent sectors, showcasing the country's diverse agricultural output.

Today, Luxembourg has a well-established agriculture sector combining family farmers with larger food companies and with a fluid trade with neighboring countries in Europe. The country leads in sustainable practices and standards across the agriculture and food sectors.

Moreover, the local food retail market is one of the world's most sophisticated, with plenty of specialty stores and a broad multi-cultural menu.

THE FOOD AND AGRICULTURE INVESTMENT LANDSCAPE IN LUXEMBOURG IS QUICKLY EXPANDING

In the last decade, many asset managers, investors, and companies specialized in the food and agriculture sector have established a presence in Luxembourg, attracted by its local financial center's solidness, professionalism, and internationalization.

Profile



Investment funds

- Dozens of investment funds specialized in farmland, food private equity, agriculture financing, and forestry worldwide are domiciled in Luxembourg.
- Several emerging asset managers are in the process of structuring their funds in Luxembourg.

Examples

- Alternative asset managers specialized in the food and ag sector, including Ambrosia Investments, Gawa Capital Partners, Inoks Capital, INVL Asset Management, JAB Holdings, responsibility and Valiance Asset Management, among others, have funds domiciled in Luxembourg.
- In the thematic equity space, leading asset managers including Allianz, Blackrock, BNP Paribas, Lombard Odier, Pictet, Robeco Asset Management and Schrodgers have several thematic equity funds in Luxembourg.



Family offices

- Several single-family offices worldwide have established a presence in Luxembourg, with global investments in farmland and related agribusinesses.
- Several others are considering structuring investment vehicles in Luxembourg.

- Several undisclosed European, Asian, and Latin American family offices.



Companies

- Over time, several international companies in the global food and agriculture sector have opted to have their domicile in Luxembourg, usually establishing operations there.

- Some notable examples include Italian confectionery company Ferrero, leading bakery ingredients company CSM Ingredients, and South American farming company Adeco Agro.
- Beyond these examples, a growing number of smaller and medium food and agriculture companies are moving to the Grand Duchy.



Startups

- While the local Agri-FoodTech startup landscape is still limited, several local startups already operate from Luxembourg.
- Moreover, foreign startups are increasingly choosing Luxembourg as the domicile for their corporate holdings.

- Hydrosat, a climate tech that helps to accurately forecast crop yield by leveraging thermal data, has offices in Luxembourg and the US.
- JOKR, the leading German grocery and delivery platform, is domiciled in Luxembourg.
- These are just some examples of AgriFoodTech and ClimateTech companies with a presence in the Grand Duchy.



OPPORTUNITIES FOR FOOD AND AGRICULTURE FUND MANAGERS

Food and agriculture fund managers can benefit from the scale, depth, and flexibility of Luxembourg's internationally recognized financial center, finding suitable investment structures that best adapt to the specific requirements of their funds and investors.

- Luxembourg offers a unique and innovative toolkit of investment structures available, with a favorable tax regime, a state-of-the-art regulatory environment, and solid supervision.
- The Grand Duchy is the ultimate gateway to Europe and beyond. The country's varied range of onshore fund structures is ideally suited for European and international investors: they are the vehicle of choice in many parts of Asia, Latin America, and the Middle East.
- The local financial center offers a one-stop solution for fund managers, benefiting from a solid local network of service providers in multiple languages.
- Luxembourg is also a global reference for sustainable finance and is the world's leading sustainable investment fund hub.



OPPORTUNITIES FOR FAMILY OFFICES

Single family offices can benefit from the efficient legal structures available in Luxembourg to hold, manage, protect and transfer their assets, wealth and investments.


- Family offices can incorporate investment companies using SOPARFIs (Société de Participations Financières), which are ideally suited for financial and holding activities and may benefit from certain tax advantages.
- Family offices can also consider Luxembourg's Special Limited Partnership (SCS/SCSp) for asset protection and estate management, which is easily set up and managed through Luxembourg to hold assets worldwide.
- More broadly, family offices can benefit from the vast range of investment vehicles offered in this stable and trusted jurisdiction, with a favorable and predictable tax environment.
- Moreover, family offices can find major international banks that serve European and global cross-border clients from Luxembourg, including private banking and wealth management.



OPPORTUNITIES FOR FOOD AND AGRICULTURE COMPANIES

Food and agriculture companies can incorporate companies and holding structures in Luxembourg, benefiting from its favorable investment environment and the country's numerous advantages.

- Luxembourg's legal and tax system and the ease of doing business in the country attract companies worldwide.
- The country's tax-friendly system is a significant factor for companies looking to establish their presence in the country: Luxembourg has entered double taxation treaties with an impressive 86 countries worldwide.
- The range of legal structures and favorable tax conditions can help companies minimize their tax burden and optimize their financial operations through holdings, making Luxembourg an attractive jurisdiction for international businesses.
- Moreover, companies can benefit from all the services and products offered by the local financial center and banking industry and can count on the skilled and specialized workforce.
- Also, the local capital market offers the opportunity to list bonds on the Luxembourg Stock Exchange, providing businesses access to various funding opportunities.



Food and agriculture entrepreneurs can find a vibrant, dynamic, and agile environment for startups in Luxembourg, with a local financial center that offers flexible holding structures to organize international businesses, manage intellectual property (“IP”) assets, and attract more investors.

- Luxembourg’s location is an ideal launchpad for doing business in Europe and beyond.
- The country’s financial center offers attractive solutions to technological startups, with its flexible investment structures, solid jurisdiction, and high investor protection standards.
- Luxembourg’s startup landscape is quickly evolving, with a particular interest in FinTech, SpaceTech, and ClimateTech, which naturally connect with the agriculture sector. Luxembourg is also close to major European VC hubs.
- Moreover, Luxembourg has a favorable IP regime through which entrepreneurs can incorporate a vehicle to build and manage their IP rights. This is especially relevant for biological IP (including seeds and agricultural biologicals), food processing technologies, and digital technologies.
- As a testimony to Luxembourg’s “Startup Nation” vision, the government launched the Luxembourg Future Fund I in 2015. This €150 Million fund aims to stimulate the diversification and sustainable development of the local economy by attracting Venture Capital fund managers and early to later stage innovative businesses into Luxembourg. The LFF II is the successor fund, with €200 Million.

OPPORTUNITIES FOR AGRIFOODTECH AND CLIMATE TECH ENTREPRENEURS

VALORAL ADVISORS: BORN AND RAISED IN LUXEMBOURG, WITH A GLOBAL REACH

Valoral Advisors is an internationally recognized advisory Firm specializing in the global food and agriculture investment space. We work with fund managers, private and institutional investors, and business owners to help them invest profitably while fostering a better agriculture - more productive, efficient, and sustainable -.

Since 2010, we have supported clients in a wide range of food and agriculture investment opportunities in over 40 countries.

Founded in
Luxembourg
in 2010

70+ clients
from 25 countries

Leading source
for food & ag
investment
intelligence

Network of 20,000+
professionals in the food
& ag sector

Tracking of 960+ food
and agriculture funds
with \$150b+ AuM

1.0+ Million hectares
of farmland assets
assessed worldwide

Support in food &
ag PE transactions

Mapping of 10,000+
AgriFoodTech startups
worldwide

WITHIN THE BROAD FOOD AND AGRICULTURE SECTOR, VALORAL ADVISORS SUPPORTS FUND MANAGERS, FAMILY OFFICES, COMPANIES, AND ENTREPRENEURS INTERESTED IN THE LUXEMBOURG FINANCIAL CENTER

Services offered



Explore Luxembourg

- Offers a comprehensive overview of the Luxembourg financial center.
- Provides introductions to local service providers.
- Brings networking opportunities with other relevant fund managers, investors, and companies in the broad food and agriculture sector.



Set up in Luxembourg

- Provides support in the selection and onboarding of local service providers.
- Liaises with all relevant parties and local service providers.
- Prepares relevant food and agriculture-related information and materials to support the setup process in Luxembourg.
- Supports with recruitment of food and agriculture-related job positions.



Operate in Luxembourg

- Offers independent non-executive directorship for food and agriculture investment and corporate entities.
- Provides strategic advisory services for existing and new food and agriculture investments.
- Assists and coordinates due diligence processes for new investments.

RELEVANT GOVERNMENT AGENCIES, ORGANIZATIONS, AND INDUSTRY ASSOCIATIONS IN LUXEMBOURG

- Association of the Luxembourg Fund Industry (ALFI)
<https://www.alfi.lu/>
- Commission de Surveillance du Secteur Financier (CSSF)
<https://www.cssf.lu>
- International Climate Finance Accelerator (ICFA)
<https://www.icfa.lu>
- Luxembourg Association of Family Offices (LAFO)
<https://www.lafo.lu>
- Luxembourg Banker's Association (ABBL)
<https://www.abbl.lu>
- Luxembourg Business Angels Network (LBAN)
<https://www.lban.lu>
- Luxembourg Capital Markets Association (LuxCMA)
<https://www.luxcma.com>
- Luxembourg Chamber of Commerce
<https://www.cc.lu>
- Luxembourg for Finance (LFF)
<https://www.luxembourgforfinance.com>
- Luxembourg House of Financial Technology (LHoFT)
<https://www.lhoft.com>
- Luxembourg Private Equity and Venture Capital Association (LPEA)
<https://www.lpea.lu>
- Luxembourg Stock Exchange (LSE)
<https://www.luxse.com>
- Luxembourg Sustainable Finance Initiative (LSFI)
<https://www.lsfi.lu>
- Luxinnovation
<https://www.luxinnovation.lu>
- Startup Luxembourg
<https://www.startupluxembourg.com>

**We invite you to contact
us to speak further
about the opportunities
to invest in our sector.**



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