North–East

Group Tax Policy

Introduction and Objectives

The North East Group ("**North-East**", "**we**" and/or "**us**") is an international family office founded in Copenhagen in 2013 consisting mainly of North-East Group ApS ("**NEG**"), North-East Family Office Holding 2 ApS ("**NEH2**") and the companies controlled[1] by NEG and NEH2.

At North-East, we provide a wide array of highly bespoke services to a small number of high net worth individuals and their holding companies, philanthropic vehicles, trusts etc. around the globe (each a "**Client**"), including investment advice and portfolio management.

This policy applies to all elements of the global operations of North-East, including each and all investments made by North-East (including private equity, venture capital and direct investments, together "**Alternative Investments**") – whether such investments are made for our own account or for the accounts of our Clients and including all transactions between entities within North-East.

This policy has four overall objectives:

1) **Ensuring correct tax payments:** At North-East, we strive to pay the correct amount of tax – neither too much, nor too little – and to comply with applicable tax law and practice at all times.

2) **Mitigating tax risks:** At North-East, we endeavor to use robust and functional tax structures in order to reduce tax risks that can negatively influence the return on investments in the long term and to mitigate the risk of structures and transactions being challenged by the tax authorities.

3) **Providing our external fund managers, co-investors and companies with clear expectations:** At North-East, we want to make it clear what tax behavior we can accept and what we cannot, and we expect our business partners, including external fund managers, co-investors and companies in which we invest, to act accordingly.

4) **Supporting increased transparency on tax matters:** At North-East, we are in favor of increased transparency on all tax matters.

This policy applies to both direct and indirect tax payments, including VAT and other similar taxes. The overall responsibility for the tax affairs of North-East and the compliance with this policy lies with the management bodies of NEG and NEH2, while the responsibility for the tax affairs of each legal entity within North-East lies with the management bodies of those individual entities.

[1] "Control" means the power to exercise decisive influence over a subsidiary's financial and operating decisions, i.e. when a parent company owns, directly or indirectly through a subsidiary, more than half of the voting rights in a business, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

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For any questions relating to the subject matter of this policy, please reach out directly to Head of Legal of North-East, Daniel Fugmann, at DF(at)nefo.com.

For press inquiries, please reach out to our press contact, Lars Mejer, at LM(at)bright.dk.

Approach

At North-East, we have a proactive approach to handling our tax affairs.

We seek to meet our objectives by:

a) performing a tax due diligence when making new investments;

b) influencing and – if possible – simplifying the tax structures when making new investments;

c) where possible, committing our business partners and the companies and investment funds in which we invest to comply with this policy;

d) monitoring changes to rules and practice which could have a significant impact on our tax position (or that of our Clients) in relation to our/their operations and investments and

e) analysing the terms and conditions, including pricing, of our group internal transactions in order to ensure that they are arm's length terms.

Principles

While North-East seeks to achieve the highest possible investment return for our Clients and the owners of North-East, this should never be achieved by engaging in aggressive tax planning.

At North-East, we define "aggressive tax planning" as exploitation of technicalities in a tax regime or as exploitation of inconsistencies between two or more tax regimes in order to reduce tax liability contrary to the intention of the tax legislation. We also consider structures that aim to gain tax benefits and where there is a discrepancy between the substance and form of the structure as aggressive tax planning.

It is important for us that the correct amount of tax is calculated and specified in line with the international tax consensus, such as (but not limited to), the OECD's Base Erosion Profit Shifting project and the EU's initiatives made to tackle aggressive tax planning.

The following basic principles apply to all entities within North-East (including when acting on behalf of our Clients):

a) We will not engage in aggressive tax planning and will endeavor to pay taxes in accordance with both the *letter* and the *intent* of the tax law.

b) We will only engage in investments based on commercial considerations (rather than tax considerations).



c) We will be transparent vis-à-vis tax authorities and will engage in an open dialogue with local tax authorities (if possible, we will seek to enter into an early dialogue with local tax authorities if there is a significant uncertainty about how the tax rules apply to an investment or a transaction in which we participate).

d) We will ensure compliance with EU Mandatory Disclosure Requirements.

e) We will only use holding vehicles if they are formed for the purpose of obtaining intended benefits under domestic law and tax treaties that North-East or our Clients would otherwise be eligible for.

f) We will not engage in transfer pricing planning where risk and income are systematically shifted to low-tax countries.

g) We will only invest (directly or indirectly) in entities that are not domiciled in jurisdictions listed on the EU's list of non-cooperative tax jurisdictions, unless entities in non-cooperative tax jurisdictions are tax transparent in the jurisdictions of both the investment and the investor(s) and only if such investments are justified for valid business reasons.

h) We will not use financial instruments for aggressive tax planning.

i) We will not use hybrid companies or hybrid instruments for aggressive tax planning.

j) We will not use shareholdings for dividend arbitrage, e.g. by making shareholdings available to others through loans.

k) We will only use highly leveraged acquisition structures to the extent such leverage is based on commercial considerations (rather than tax considerations).

l) When determining the tax treatment of an investment or a transaction in which we participate, we will not claim a particular tax treatment, unless we deem it more likely than not that our position would be upheld in a court of law if challenged by a tax authority.

Notwithstanding the above, we are willing to engage in tax planning which aims at ensuring fair competition and avoid double taxation. Thus, we accept (the list is not exhaustive):

a) the use of available double taxation treaties (where the business substance justifies such use);

b) the use of historic tax losses to reduce taxable income;

c) the use of a reasonable level of debt financing; and

d) the use of tax depreciations on, e.g., infrastructure assets.

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Investment structures

The management of our Clients' investment portfolios is mainly carried out by our licensed asset management company in Denmark, North-East Family Office Asset Management (official name: *North-East Family Office Fondsmæglerselskab A/S*), while private equity investments in Asia are carried out for a number of Clients through a holding structure set up in Singapore managed by North-East Private Equity Management Pte. Ltd. Singapore was chosen because of its strong regulatory environment, geographical location and status as an economic/financial "hub" in South-East Asia.

In September of 2021, we launched a reserved alternative investment fund based in Luxembourg (the "**Fund**") with separate fund compartments (each a "**Sub-Fund**") investing in a number of different asset classes, including Alternative Investments. As the Fund and underlying Sub-Funds are tax transparent, each Client will pay taxes in its country of residence and/or the country of investment. This means that Clients based in Denmark generally will be taxable in Denmark on return on investments made through the Fund (whether or not the investment/asset is located in Denmark), Clients based in the USA will generally be taxable in the USA on return on their investments made through the Fund etc.

Updates

This policy will be subject to ongoing evaluations and amendments, taking into account the developments of the activities undertaken by North-East as well as changes in international tax rules and practices.

Adopted on 31 March 2022.

On behalf of North-East

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