

C/M/S/

Law . Tax

Future facing funds

Funds

Foreword



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The world in which the international funds industry operates is changing at unprecedented speed. The economic consequences of Covid-19 present a massive challenge to some funds and an opportunity to others. Concerns about the environment, sustainability and governance are changing the way many funds work, as well as influencing their investment decisions. Technologies such as asset tokenisation, blockchain, fintech and artificial intelligence have huge disruptive potential, as do innovative alternative indirect investment vehicles and alternative asset classes. And, inevitably, the regulatory and tax environment for funds continues to evolve.

Players in the industry need to adapt to succeed. And whether you are launching, operating, lending to or investing in a fund or an alternative indirect investment vehicle, you need lawyers who have got your back, and who understand not only your business and your requirements but also the funds landscape and its markets – established and emerging, global and local.

CMS can give you direct access to cutting-edge knowledge and insights into the latest trends in fund terms, tax, regulation and markets. Whether you need strategic or transactional advice, whether you are fundraising or investing, whether you are operating domestically or internationally, we can deliver effective, bespoke solutions to meet your needs. With clear, commercial and pragmatic advice, we can help you navigate every challenge of the funds environment – old and new alike – to manage your risk and seize your opportunities.



A complete service

Every stage of the funds cycle demands a tailored strategy and structure. CMS offers expert advice at every stage of the funds lifecycle – from planning and launch through governance, restructuring and exit.

Different types of funds and asset classes also require distinct advice. We advise on all types of funds (both regulated and unregulated) and indirect structures, across the asset classes from private equity, real estate, infrastructure, hedge, venture capital, debt and exchange traded funds.

Our core funds team can leverage expert resources across CMS to ensure you have the expert advice you need, whatever your requirements, in areas from finance through regulation and taxation to technology.

Our sector focus means we can offer you seamless support from market leading specialists in, for example, energy and clean energy, life sciences & healthcare, hotels & leisure, real estate, and financial institutions. And if you are involved in a dispute or potential dispute, or simply wish to mitigate your dispute risk, we have a world class team of dispute resolution lawyers who will help you achieve the most commercial outcome possible.



Global reach

Our funds lawyers are embedded in their local markets and have extensive industry connections. But we are also well known for our specialist expertise in international fund structuring and cross-border mandates.

From our global team of over 130 professionals, we can mobilise the right people quickly to create the best team for every mandate. Our experts are based in

jurisdictions including Austria, Belgium, France, Germany, Italy, Netherlands, Poland, Singapore, Spain, South Africa, Switzerland and the UK, as well as Luxembourg, the capital of Europe's investment funds industry. Our lawyers also provide US regulatory support.

Wherever you operate and do business, we can put the experience and resources of one of the world's largest law firms to work for you.



Industry players

We are deeply immersed in the funds industry and play a leading role in conversations shaping the tax and regulatory developments that affect your business, as well as complex technical developments such as the role of tokenisation and AI in the future of fund management.

CMS partners are active members of key committees in prominent industry bodies, including IPF, AREF, INREV, BCO, BPF, LPeC, BVCA and EPRA.

Case studies

Attracting US investors to European real estate

Private equity real estate manager Tristan Capital Partners caught the interest of investors across Europe, Asia, the Middle East and the US with its fifth pan-European opportunity fund, EPISO 5.

The special opportunities fund raised over EUR 1.6bn and was almost 100% oversubscribed when it launched in early 2019. US investors in EPISO 5 – including New York Life, which acquired a minority stake in Tristan in 2017 – accounted for around 45% of the investment, reflecting a strong transatlantic appetite for opportunistic returns in European real estate.

CMS advised Tristan Capital Partners on all aspects of the launch, including complex Brexit planning and regulatory issues, co-ordinating specialist input from the UK, Luxembourg and Germany.

We have advised Tristan on the structuring and closing of five pan-European closed-ended funds, with total commitments in excess of EUR 5bn. Additionally, we advise on their Curzon Capital Partners and Long-Life fund, a pan-European core plus fund whose latest closings have increased total commitments to EUR 2bn.



Chambers & Partners



Prominent group within the investment funds community that is behind a multitude of headline fundraisings and successful closings.

Blazing the trail for fund tokenisation

As well as advising Caceis, the asset servicing banking company of Credit Agricole, on the first French fund invested in crypto assets, CMS has also been at the forefront of tokenisation.

In the first deal of this type in Europe, CMS France advised Equisafe, a French blockchain investment platform, on its real estate club-deal. This deal is part of the worldwide effort to bring real estate sales onto blockchain technology.

The transaction was the sale of a EUR 6.5m luxury building in the city of Boulogne-Billancourt. The process involved transferring ownership of the building to a joint-stock company (SAPEB AnnA), then dividing the company into 100 tokens. Each token can be further broken down into 100,000 units, representing shares in the SPV, and transferring these tokens through the blockchain to the owners.



Legal 500



A first-class reputation, handling some of the most complex cross-border indirect investments in the market.



A world first to drive London real estate

DTZ Investors and global co-living platform The Collective jointly launched COLIV – the world’s first institutional large-scale co-living fund to meet the needs of London’s rented housing market. CMS advised on all aspects of COLIV’s structuring, marketing and launch, along with the acquisition and forward funding of The Collective, Harrow.

This ground-breaking fund has its core focus on the social impact of investments – reducing environmental impact of housing, prioritising a strong social agenda and increasing delivery and diversity of homes across London. The Fund will seek to provide investors with an attractive core-plus return, by building a portfolio of best-in-class large-scale co-living assets in Greater London over a four-year investment period. In addition to investing in operating assets, COLIV will also forward-fund developments which will be acquired with pre-agreed occupancy targets to provide stabilised cash flow to meet the Fund’s income requirements.

The Fund launched in October 2019 with GBP 70m of seed investment and aims to bring GBP 1bn of institutional capital into the co-living market in London over the next ten years. The Fund simultaneously exchanged on its first acquisition with a deal to forward-fund The Collective Harrow, a new 222 room co-living destination in the London Borough of Harrow.

The firm continues to advise as Fund counsel on further raisings, including a second close in March 2020, and the growth of the Fund’s unique asset portfolio.

A fund to promote regional dialogue

Cornerstone investors including BGK and EximBank, Poland and Romania's respective national development finance institutions, jointly launched Three Seas Initiative Investment Fund, 3SIIF, in cooperation with ten countries in Eastern Europe. The fund will contribute to economic growth and energy security, as well as boost cohesion in Europe, closing the infrastructure gap with Western European countries.

The fund targets critical investment projects in the energy, transport, and digital sectors in the region located between the Baltic, Black, and Adriatic seas where the demand for long-term commercial investment into national infrastructure is among the highest in the European Union.

Its role is to complement and strengthen the capital deployment of individual Three Seas countries and European Union financial instruments. The fund has been established on commercial term and aims at raising capital from both public and private investors.

CMS advised on all aspects of the Fund's structuring and launch in 2020, and continues to act as the Fund's legal counsel, including notably the onboarding of new investors.

The Fund held an initial close with EUR 520m in capital commitments and targets between EUR 3bn and EUR 5bn in total.



CMS Funds at a glance

9 partners listed as leading individuals by Legal 500/Chambers

» **2019** Affiliate of the Year Award 2019
AREF (Association of Real Estate Funds)



16 rankings in Legal 500 and Chambers,
including Tier 1 for Real Estate Investments
Funds (UK), Investment Funds (Scotland),
and Investment Funds (Poland).

» First French
fund invested
in crypto assets

» First real estate
club-deal through
blockchain in Europe

**GROUND-BREAKING LAUNCH OF A REAL ESTATE
FUND VIA A BLOCKCHAIN PLATFORM IN GERMANY**

1st

» corporate
venture capital
fund in Poland
to commercialise
new tech
startups

» global
gaming-
focused
VC fund in
Singapore

» Italian credit
fund
specialised in
the business
of trade
receivables

Our track record



Supporting client products

PATRIZIA

The establishment of their closed ended pan-European value add funds, including TransEuropean VII and the restructuring of their open ended pan-European fund.

Aberdeen Standard Investments

The establishment of a EUR 1bn series of pan-European value add funds, Euro Club I, II and III; the restructuring of their pan-European open-ended fund, European Property Growth Fund; and the launch of their European Long Income Real Estate Fund focused on providing long term, inflation protected income streams.

UBS

The establishment of various funds including Investment Circle UK, Long Income Fund, Participating Mortgage Real Estate Fund and Private Equity Growth Fund II. CMS is also exclusive global adviser to UBS GMM on their fund investments across real estate, infrastructure and private equity.



Sector focus

Principal Global Partners

The launch of the Principal Eurozone Durable Income Fund, a Luxembourg domiciled open-ended fund with a French AIFM focused on long term real estate income.

Aquila

Structuring and setting up renewable energy funds, including a German-Luxembourg master feeder structure, with equity of over EUR 300m.



Funds across borders

Universal Investment

The establishment of four Luxembourg umbrella funds focusing on real estate in Europe, the Nordic countries and Asia, with investment capital of more than EUR 3bn.

Three Seas Initiative Investment Fund

Setting up an SA RAIF to support the development of infrastructure sponsored by 11 eastern European Union countries' national development banks. The fund size will be between EUR 3bn and EUR 5bn.

Sequoia

Setting up a debt infrastructure fund targeting investors in Europe and the US. The fund is targeting commitments aggregating USD 500m.



Fund creation

Play Ventures

The structuring, launch and closing of Play Ventures I, a gaming-focused VC fund, and the establishment and licensing of Play Ventures Pte Ltd., licensed as a venture capital fund manager by Singapore's MAS.

Aviva Investors

Establishing a new sub fund focusing on real estate finance, infrastructure debt, private corporate debt and structured finance. The total targeted fund size is EUR 300m.



Embracing change, anticipating disruption

The funds industry is fertile ground for disruptive technologies and innovative working practices.



Preparing for transformational tech

For the funds sector, the new decade promises transformation through digitalisation, artificial intelligence, blockchain and fintech. New technologies offer the promise of digitalisation or “tokenisation” for both traditional and new asset classes, the streamlining of processes, and significant reductions in costs.

We are helping a wide variety of clients navigate this digital revolution, ranging from fund managers through technology specialists to the owners of assets.



Future-proofing through sustainable investment

Sustainable investment issues are among the key drivers of change in the world today. Devising and implementing a responsible investment strategy is now a vital part in protecting and enhancing the reputation of fund houses and ensuring their continued success. We are actively advising on funds with sustainability at their heart.

Our sustainable investment experts help clients with a wide range of Sustainable investment issues. From strategy to implementation, we advise on how a robust sustainable investment strategy can help future-proof your business.

Embracing new opportunities

Our lawyers have been at the forefront of industry developments in many countries and have advised on four of the first 10 UK REITS; acted on a number of IPOs; advised on ‘private REITS’; and numerous secondary fund raisings.

Market intelligence

Keeping up with market developments and trends is vital in the fast-moving world of funds and investment management. As well as sharing our knowledge and experience with clients, we publish a range of material offering practical guidance on regulatory regimes along with insights into current industry topics.

Rules on Marketing Undertakings for Collective Investment in Transferable Securities in Europe



The UCITS Directive was established to harmonise retail collective investment schemes in the EU through the introduction of a common investment vehicle known as a UCITS. Our guide helps UCITS managers understand the process and regulatory costs involved in exercising passporting rights throughout Europe.

Private Placement of Funds: Accessing European Investors post-AIFMD



When implementing the AIFMD, some EU member states have tightened or severely restricted their private placement regimes – an important consideration for non-EU managers and funds looking to access EU investors. Our guide summarises the latest developments in national private placement regimes in the EU, and in some non-EU European jurisdictions.

Rules on Marketing Alternative Investment Funds in Europe



The EU Commission promoted passporting rights as one of the key benefits for hedge, private equity, real estate and other alternative investment fund managers authorised under the Alternative Investment Fund Managers Directive (AIFMD). This CMS guide provides a road map for managers, outlining the costs and requirements under AIFMD, other EU directives and domestic regulations.

Online insights



Law-Now – our market-leading electronic information service provides regular updates on key legal issues. This tailored service enables you to keep up to date with the legal developments that matter to you. Register at [cms-lawnow.com](https://www.cms-lawnow.com)



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CMS

Staff

> **8,000**

Lawyers

> **4,800**

Partners

> **1,100**

49 NEW PARTNERS IN 2019, TAKING THE TOTAL TO OVER 1,100

Operating in

70 cities

Across

43 countries

**EUR
1.426bn**
turnover for 2019

19 PRACTICE AND SECTOR GROUPS WORKING ACROSS OFFICES

» **#1 CEE, DACH, Germany** *(Mergermarket)*

» **#1 Germany, UK** *(Thomson Reuters)*

» **Top rankings in 2019 M&A League Tables** *(by deal count)*

#1 by Bloomberg in Europe, Germany and UK

#1 by Mergermarket in CEE, DACH and Germany

#1 by Thomson Reuters in Benelux and Germany

» **#1 Europe, Germany, UK** *(Bloomberg)*

The Americas

Bogotá
Lima
Mexico City
Rio de Janeiro
Santiago de Chile

Europe

Aberdeen	Edinburgh	Lyon	Sarajevo
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Antwerp	Funchal	Manchester	Sheffield
Barcelona	Geneva	Milan	Skopje
Belgrade	Glasgow	Monaco	Sofia
Berlin	Hamburg	Moscow	Strasbourg
Bratislava	Istanbul	Munich	Stuttgart
Bristol	Kyiv	Paris	Tirana
Brussels	Leipzig	Podgorica	Utrecht
Bucharest	Lisbon	Poznan	Vienna
Budapest	Ljubljana	Prague	Warsaw
Cologne	London	Reading	Zagreb
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Asia-Pacific

Your international experts



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