



**ATLANTIS CAPITAL**

INVESTMENT GROUP

MECHANISM  
OF REAL ESTATE  
SALE

# SUMMARY

Our company is happy to offer for your attention a brief overview of the advantages of using the model of "Special purpose bonds plus Joint Investment Institutions" (SPB plus JII) when selling real estate under construction.

The model completely meets the norms of the Law of Ukraine "On investment activity", according to which the investing and financing of residential housing construction can be carried out "exclusively through the funds of financing of construction, funds of real estate operations, Joint Investment Institutions, as well as by issuing special purpose bonds of enterprises" (Article 4 of the Law).

Proposed model assumes a convergence of the capabilities of the named two ways of real estate sale:

- ✓ issue of SPB – prompt sale of securities, deferred payment of VAT for Constructor (tax liabilities arise after the securities redemption to the final buyer and the transfer of the title of the built property), VAT is paid from selling price of SPB to JII;
- ✓ JII – current tax relief for income tax for all JII in Ukraine (JII is not a payer of income tax) and absence of duty for JII to pay advance payments of future income tax when paying dividends.

More detailed information is contained in this presentation, or we will be glad to answer your questions by phone or at personal meeting.

## CONTACTS

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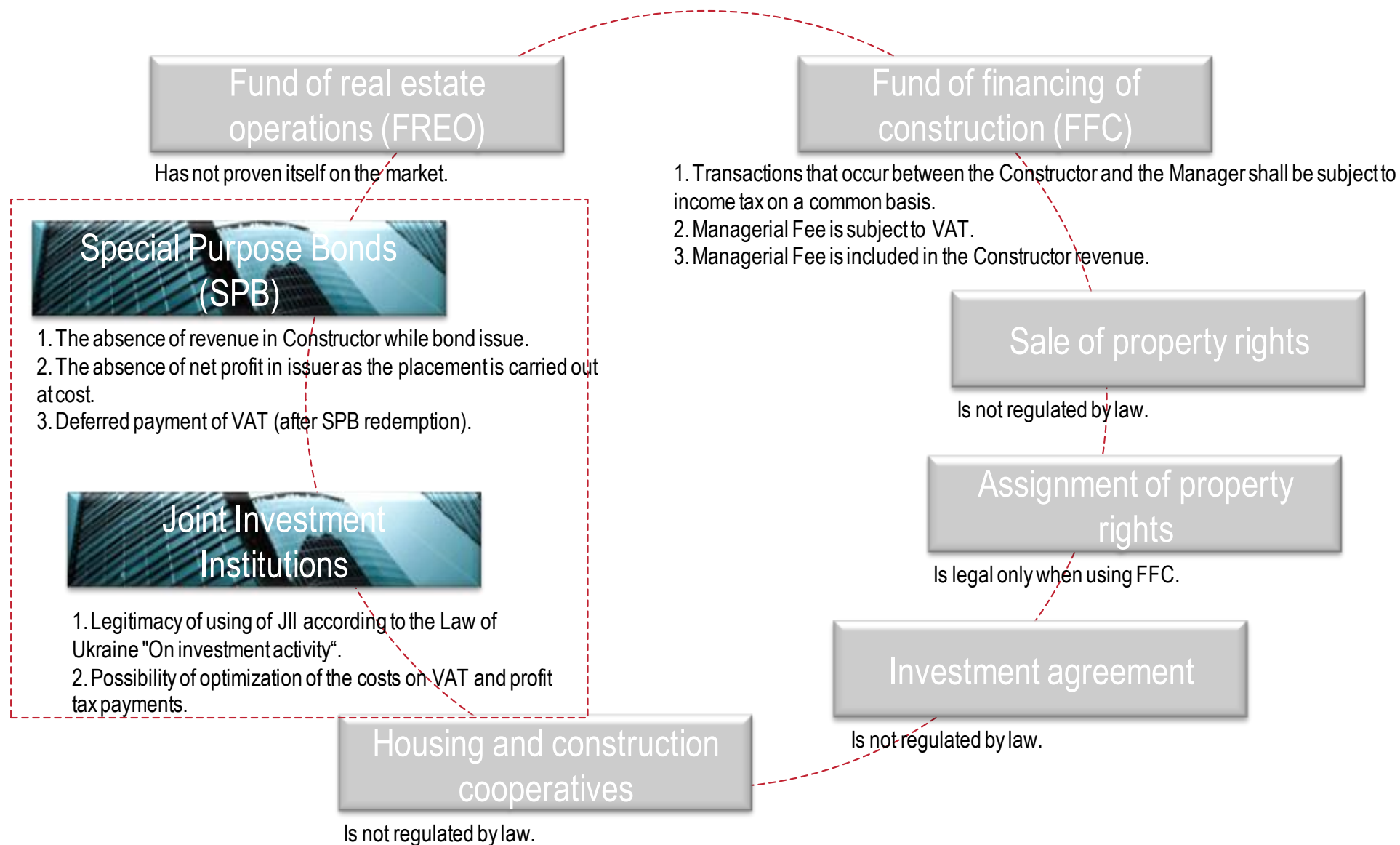
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# EXISTING MECHANISMS OF REAL ESTATE SALE



# ADVANTAGES OF THE MODEL “SPB PLUS JII” IN CONSTRUCTION

Feature	Description
ROLE OF MIF	The difference between the SPB market price and the CONSTRUCTOR sale price is accumulated in the MIF. In turn the MIF is not a payer of income tax and VAT.
VAT	First delivery of the residential housing is subject to VAT on a common basis. However the sum that is subject to VAT – is the CONSTRUCTOR sale price to the MIF, but not selling price to individuals.
PROFIT TAX	The CONSTRUCTOR shall pay income tax on a common basis, but the taxable profit will be significantly reduced as a result of the MIF using. In turn the MIF does not pay income tax and is not subject to VAT.
ADVANTAGES	<ul style="list-style-type: none"><li>✓ transparency and legitimacy of investment attraction through the JII (Art. 4 of the Law of Ukraine "On investment activity"),</li><li>✓ legal opportunity of cost optimization,</li><li>✓ possibility of other projects financing at the expense of accumulated funds in the MIF,</li><li>✓ relative ease of the interaction scheme between JII and the CONSTRUCTOR,</li><li>✓ operative cash-flow management.</li></ul>

# NORMATIVE REGULATION

## Laws of Ukraine:

- Tax Code of Ukraine (№2755-VI of 12/02/2010).
- On the financial and credit mechanisms and property management in housing construction and real estate transactions (№ 978-IV of 06/19/2003).
- On Amendments to the Law of Ukraine "On Prevention and Counteraction to Legalization (laundering) of Proceeds, Received from Crime" (№2258-VI of 05/18/2010).
- On Joint Stock Companies (№514-VI of 09/17/2008).
- On Securities and Stock Market (№3480-IV of 02/23/2006).
- On Financial Services and State Regulation of the Financial Markets (№2664-III of 07/12/2001).
- On Common Investment Institutions (Unit and Corporate Investment Funds) (№2299-III of 03/15/2001).
- On Protection of Economic Competition (№2210-III of 11/01/2001).
- On the National Depository System and Peculiarities of the Electronic Circulation of Securities in Ukraine (№710/97-VR of 12/10/1997).
- On the State Regulation of Securities Market in Ukraine (№448/96-VR of 10/30/1996).
- On Investment Activity (№1560-XII of 09/18/1991).

## Resolutions of the National Securities And Stock Market Commission (NSSMC):

- On Approval of the Regulation on Peculiarities of the Implementation of Asset Management Activity of the Institutional Investors (№1227 of 11/02/2006).
- On Approval of License Conditions of Professional Activity at the Stock Market (№341 of 05/26/2006).
- On Approval of the Regulation on the Order of Placement, Circulation and Redemption of Securities upon the Common Investment Institutions (№3 of 01/09/2003).
- On Approval of the Regulation on the Procedure for Reporting from the Asset Management Company on the Common Investment Institutions Activity (№216 of 09/01/2002).
- On Approval of the Procedure of Determining the Net Asset Value of the Common Investment Institutions (№201 of 06/02/2002).
- On Approval of the Regulation on Procedure of the Net Assets Valuation of Investment and Mutual Funds of the Investment Companies (№104 of 03/18/2002).
- On Approval of the Regulation on the Composition and Structure of Assets of the Common Investment Institution (№12 of 01/11/2002).
- On Approval of the Regulation on Registration of the Investment Certificates of Investment Fund (№8 from 01/15/1998).
- On approval of the Regulation on the issue of corporate bonds (№ 322 of 07/17/2003).

LLC "Asset management company "ATLANTIS CAPITAL" requests to keep confidentiality with regard to cooperation the materials contained in this presentation, as well as the proposed technologies of conducting operations, tariffs and other information that are not described but may directly or indirectly relate to the commercial activities of the LLC "AMC "ATLANTIS CAPITAL".

LLC "AMC "ATLANTIS CAPITAL", EDRPOU code 38090420, license AD №034500 from the NSSMC for asset management, authorized share capital constitutes UAH 8 000 000.00.