

LEGAL OPINION

I – Framework

This Legal Opinion, requested by *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado*, aims to determinate the **Eligibility of *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado*, for Golden Visa purposes**, under the terms of Law no. 23/2007, of July 4, under the option of transferring capital in an amount equal to or greater than 500,000 euros, intended for the acquisition of shares in non-real estate collective investment entities, which are incorporated under Portuguese legislation, with a maturity of at least 5 years at the time of investment, and at least 60% of the value of the investments is addressed to commercial companies with registered office in Portugal (investment funds or venture capital funds are included).

II – The Applicable Legal Regime

This Memo has been produced according to the Portuguese applicable law governing this matter, as such: Law no. 23/2007, of July 4 and, Law no. 56/2023 publish on 6th October 2023 which includes significant changes to the Golden Visa regime that entered into force on 7th October 2023, and documents provided by *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado* namely:

Doc 1. *PELA TERRA II: Regenerate Fundo de Capital de Risco Fechado MANAGEMENT RULES AND REGULATIONS*;

Doc 2. *PELA TERRA II: Regenerate Fundo de Capital de Risco Fechado KEY INFORMATION DOCUMENT*.

III - Eligibility of *PELA TERRA II: Regenerate Fundo de Capital de Risco Fechado*, for Golden Visa purposes, under the terms of Law no. 23/2007, of July 4 and Law no. 56/2023, of October 6

Under Portuguese law, an investment in participation units from a non-real estate collective investment entity amounting to at least EUR 500,000 legally qualifies as an "investment activity" and, therefore, will lead to the granting of a Golden Visa provided that:

- a)** The participation units are from non-real estate collective investment entity
- b)** The non-real estate collective investment entity is incorporated under Portuguese law;
- c)** The non-real estate collective entity has a maturity date of at least 5 years as of the investment date;
- d)** At least, 60% of the non-real estate collective entity's investments are made in companies with their registered offices in Portugal; and
- e)** The activities of the non-real estate collective investment entity may not be intended, directly or indirectly, for real estate investment.

It is necessary to meet **all** the legal requirements set out in subparagraphs a), b), c) d) and e) above, and the investment must be proved to the Portuguese Immigration Office (SEF) through the submission of certain documents, which are:

- 1.** Declaration of a credit institution authorised or registered in Portugal with the Bank of Portugal, attesting to the effective international transfer of the funds to the investor's Portuguese bank account in an amount equal to or above what is legally required;
- 2.** Statement attesting the ownership of the participation units, free of any charges or liens, issued by the entity responsible for keeping an updated record of the units;
- 3.** Statement issued by the management company of the respective non-real estate collective investment entity, attesting the feasibility of the capitalisation plan, the maturity of at least 5 years, and the application of at least 60% of the investment in commercial companies with their registered office in Portugal.

IV - Conclusions

The *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado* is a closed-end private subscription venture capital fund, headquartered in Portugal, created for a specified time, in accordance with the Decree-Law no. 27/2023, of April, 28 ("RGA"), and governed by the provisions contained therein, by the applicable regulations of the Securities Market Commission ("CMVM") and by the rules contained in these Management Rules and Regulations.

The PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado, as closed-end private subscription venture capital fund, legal qualifies as a non-real estate collective investment entity, and has a maturity date of at least 5 years as of the investment date, proceeding at least 60% of its investment activity in companies with their registered offices in Portugal.

Furthermore, from the analysis of *PELA TERRA II: Regenerate Fundo de Capital de Risco Fechado MANAGEMENT RULES AND REGULATIONS*, namely, Article 3 a), we can ascertain that *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado* is not intended, directly or indirectly, for real estate investment.

Despite the real estate transactions that can be made for the persecution of *PELA TERRA II's* object (investment in companies and activities within the agricultural industry), these transactions cannot be denominated or qualified as investments, since it is not expected the generation of any income from the referred transactions.

In light of the above, under applicable law in force at the time of this letter, we are of the opinion that the transfer of funds in the amount of EUR 500,000 (five hundred thousand euros) for the subscription of units in the *PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado*, provided that the investor meets all the conditions set out in documents 1, 2 and 3 listed above, can legally qualify as an "investment activity" and lead to the granting of a Golden Visa - Portuguese Temporary Residency Title for Investment Activity.

This memorandum, requested by "PELA TERRA II: Regenerate, Fundo de Capital de Risco Fechado" constitutes a legal opinion regarding the sub judice matter, and there can be no guarantee of the result of granting any Residence Permit for Investment, nor can Legal Legacy Law Firm or their partners be at any time, held responsible for the outcome of the ARI application.

Lisbon, 16 October 2023

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LEGAL OPINION

**ELIGIBILITY OF PELA TERRA II: REGENERATE FCR
UNDER THE ARI PROGRAM**

LAW 56/2023

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INTRODUCTION

Within the scope of Law Proposal 71/XV/1, presented by the current Government, the Assembly of the Republic Law No. 56/2023 was approved and then officially published, entering into force on October 7th, 2023. It implements measures within the scope of the More Housing program, introducing several legislative changes, which includes the revocation of residence permits through real estate investment activities.

According to the aforementioned Law:

Article 1st

1 – This law establishes measures with the aim of guaranteeing more housing.

2 – For the purposes of the provisions of the previous paragraph, this law establishes:

(...)

i) The revocation of residence permits for real estate investment activities;

Article 44th

Amendment to Law No. 23/2007, of July 4

Articles 3, 77 and 85 of Law no. 23/2007, of 4 July, are now worded as follows:

«Article 3.

(...)

vii) Transfer of capital in an amount equal to or greater than €500,000, intended for the acquisition of parts of non-real estate collective investment entities, which are incorporated under Portuguese legislation, whose maturity, at the time of investment, is at least, five years

and at least 60% of the value of the investments is made in commercial companies based in national territory;

(...)

5 – The investment activities foreseen in the subparagraphs referred to in the previous paragraph cannot be intended, directly or indirectly, for real estate investment.

At the request of Pela Terra II: Regenerate, FCR, this Legal Opinion aims to assess the eligibility of the acquisition of participation units in the aforementioned, hereinafter referred to as the “Fund”, in light of the recent legislative changes, already in force.

It is of common knowledge that the legislative procedure has not yet been fully completed, - it is still waiting for the correspondent updates to Decree Reglm. No. 84/2007 of November 5th, which regulates Law No. 23/2007, of July 4th, and aims, by its nature, to detail the Law, in order to lead to the good execution of the precepts that require complementary rules, particularly regarding the granting and renewal of residence permits.

Therefore, this version assumes a preliminary nature, being subject to revision in the event of any changes to the known wording of Decree Reglm. No. 84/2007 of November 5th within the scope of the current legislative procedure.

ASSUMPTIONS AND CONSIDERANDS

To prepare this Opinion, the following documents were considered:

- The wording of Law No. 56/2023, published on October 7th, 2023 available at:
<https://files.diariodarepublica.pt/1s/2023/10/19400/0000200050.pdf>

- The documentation made available via email by the Fund, in the person of the Hon. Alex Lawry-White, namely:
 - Fund commercial brochure;
 - Fund Management Regulation;
 - Declaration of the Management entity STAG dated of 18.10.2023

LEGAL OPINION

NON-REAL ESTATE COLLECTIVE INVESTMENT ORGANIZATIONS WHOSE INVESTMENT ACTIVITIES ARE NOT INTENDED, DIRECTLY OR INDIRECTLY, TO REAL ESTATE INVESTMENT

ELIGIBILITY REQUIREMENTS:

In accordance with Law No. 56/2023, hereinafter also referred to as “NL”, investments in non-real estate collective investment entities are now eligible to obtain a Residency Authorization for Investment (“ARI”), when incorporated under Portuguese legislation, with a maturity, at the time of investment, of at least five years and at least 60% of the value of the investments is made in commercial companies based in national territory.

In this sense, it is necessary to assess whether PELA TERRA: REGENERATE, FCR (hereinafter “PT:R”) complies with:

1. Legal framework as a non-real estate collective investment entity;
2. Constitution under Portuguese legislation;
3. Maturity of at least five years;
4. 60% of the value of investments is made in commercial companies based in national territory;

RELEVANT FACTS:

Analyzing the documentation available, it appears that:

- ✓ The PT:R is based in Portugal and was created under the terms and in accordance with Law No. 18/2015, of March 4, and is duly registered with the CMVM with fund code 1816,

qualified as “Fund Venture Capital”, being its original name IMMERSO COLLECTIVE FUND, FCR, according to the information provided by STAG Fund Management SCR., SA.

- ✓ Under the terms of its Management Regulation, article two, “The capital of the Fund is targeted towards small and medium-sized companies (“SMEs”), in compliance with the investment objectives of the Fund regarding investment size and feasibility.

The Fund shall be invested in companies and activities within the agricultural industry; including but not limited to equipment, licenses or know-how, which may have industrial, agricultural and touristic potential or nature; agricultural operations such as the development of crops including but not limited to lumber, fruit, vegetables, grains and nut, and products and their respective commercialization; the operation and commercialization of compost products; the operation of grazing activities regarding livestock; agricultural tourism operations; the development, acquisition or installation of energy-related projects; the development or acquisition of agriculture related technologies agriculture output processing including the purchase, development, acquisition or sale of processing equipment, product packaging facilities and processes; marketing and logistics operations and certification activities and the hiring and management of human resources within the scope of the aforementioned activities and investment into technology based liquid assets; the purchase, development, exploration and sale of necessary or beneficial means linked to any of the aforementioned activities or operations; all with a focus on special situations which represent high potential for repositioning and generation of added value through the provision of capital support, improvements in systems and technology and effecting change in market position specifically through acquisition of shares in said companies. The Fund may also establish holding companies by providing adequate capital and other support therein.”

- ✓ In accordance with the third and thirty-second articles of the Management Regulations, the duration of the PTF is of 8 years, extendable by decision of the Assembly of Participants.
- ✓ In accordance with the second article of the Management Regulation, it is foreseen that at least 60% of investments must be made in commercial companies based in the national

territory of Portugal, with up to a maximum of 40% of their investments being able to be made in international assets and companies based in the EMEA region.

- ✓ In accordance with its Management Regulations, article twenty-two, “2. The Fund's investment policy shall be based on criteria of timeliness, profitability, growth potential and appreciation, through investment in equity and capital within the fund's scope of the Fund set-out in Article 2. 3. Within these principles, the Fund is intended to invest in risk capital, in particular through the acquisition of equity interests in companies with a high potential for growth and development of underlying assets and value. Dependent upon the stage of development, the Fund may, without prejudice to the preceding paragraph and the following paragraph, allocate its capital to projects for the recovery and turnaround of enterprises, start-up companies, or special situations”.

PROHIBITION OF REAL ESTATE INVESTMENT:

Additionally, the NL introduces a prohibition on planned investment activities being intended, directly or indirectly, for real estate investment.

In this sense, it is necessary to determine what can, or should, be understood as a real estate investment.

In the absence of a legal definition of this concept in the NL, given the motivation of the letter of the law, the legislative and political context in which it arises, we consider that it is possible to find guidelines for its completion in DL no. 27/2023, of 28 April that approves the asset management regime, in particular using article 225, which determines that the operations permitted by a real estate purposed collective investment entity:

- a) Acquire properties to rent or intended for other forms of costly exploitation;
- b) Acquire properties to resale;
- c) Acquire other rights over properties, with a view to their economic exploitation;

- d) Carry out works to improve, expand and requalify properties in the portfolio;
- e) Develop construction and rehabilitation projects of properties with one of the purposes set out in paragraphs a) and b).

Additionally, it is important to remember that indirect investment is understood as being made through vehicles or instruments that obtain income from the acquisition or exploitation of the asset, as opposed to the direct acquisition of the asset by the investor.

DOCUMENTATION PROVIDED TO IMMIGRATION SERVICES:

As part of the ARI application, in accordance with the Regulation in force (article 65-D) and previous Law, the Investor was required to present, as proof of investment:

- a) Certificate proving the ownership of participation units, free of charges, issued by the entity responsible for maintaining and updating the register of the participation units holders, in accordance with the law, the respective management regulation or contractual instrument;
- b) Declaration, issued by the management company of the respective investment fund, attesting to the viability of the capitalization plan, the maturity of at least five years, and investment of at least 60 /prct. in commercial companies based in national territory;

Given the legislative change that just entered into force, we understand that the likelihood of new mentions being introduced in the Regulation to prove that real estate investment is not carried out, it is significative.

We understand, even if at this moment only as mere conjecture, that such proof is required by documentary means relating to the Fund (through the presentation of the management regulation, for example, or a statement issued by CMVM), either by declaratory means by the Management Entity, terms in which, Funds that wish to ensure and maintain their eligibility and the veracity of the statements provided, should, in our opinion, refrain from investing in companies that carry out the activities listed above in paragraphs a) to e).

CONCLUSIONS

Based on the above analysis, we understand that PELA TERRA II: REGENERATE, in itself, meets at this date the material eligibility requirements insofar as:

- It is a Portuguese collective investment entity;
- It also ensures a maturity of 5 years at the date of investment by having a duration of 8 years and an approval date in 2022;
- at least 60% of its investments will be made in companies based in Portugal – being a recently incorporated fund, it is still in the capital raise stage, with no investment made;
- It is classified as a venture capital fund, that is, it constitutes an autonomous asset, without legal personality, but endowed with judicial personality, which belongs to all the holders of the respective participation units, being allocated to investment in venture capital, targeting small and medium-sized companies.
- There is no real estate investment made or any related scope of activity on the official documents and current activity and the regulation expressly state on article 2 that “The Fund shall not: (...) b. Invest in real estate related companies or underlying real estate assets, directly or indirectly, as the main scope of the companies’ commercial activity.”

Lisbon, October 11th, 2023

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This document is issued in the context of the lawyers' own acts, in the exercise of their professional activity and in the interest of the client, and falls within the scope of legal consultation, consisting of advice in the context of assessing the client's legal situation.

Furthermore, the legal situations analyzed were suggested by the client on their own initiative, so this document can only be analyzed specifically in relation to the client, and does not constitute any creation or configuration of the lawyers' initiative.

This memo focused on the analysis of the information/documentation provided to us by the client (without access to the source that prepared it). As such, no responsibilities are assumed regarding the information contained in said documentation, as well as regarding the possible existence of other information and/or documentation relevant to the present analysis that has not been provided and that could, in some way, influence the conclusions. and/or results presented. Furthermore, it is not guaranteed that all possible contingencies have been identified, or even confirm the existence of additional tax risks that may arise from decisions taken based on this document. This document is based on national legislation, regulations, judicial and administrative interpretations that are not always consensual, the interpretation of which may be changed, affecting the validity of our conclusions. Therefore, the same, except for any inaccuracy or unintentional omission, constitutes our best opinion regarding the matter in question, although granting any other better based on legal terms.

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