LEGAL OPINION

I- EXECUTIVE SUMMARY

With the changes to the ARI regime proposed by Law No. 56/2023 of October 6, the investment described in point vii) of paragraph d) of Article 3 of Law No. 23/2007 of July 4 alters the eligibility criteria for the investment it prescribes. This investment must now be made:

(i) **non-real estate UCI** (all UCI that do not qualify as Real Estate AIF or Other AIF that directly or indirectly invest in real estate);
(ii) **in which at least 60% of the investments are made in companies based in Portugal** (either through equity instruments or through debt instruments or other instruments); and
(iii) **these companies do not have real estate investment as their primary activity**, namely the buying and selling of real estate, real estate leasing, and real estate activities on behalf of others.

In accordance with the Fund's Management Rules, particularly from what is stated in Article 5, the primary objective of the fund is to invest in majority stakes in small and medium-sized companies, established under Portuguese law. According to the information provided by the Management Company, these companies have been engaged in developing projects for the operation of commercial food retail units, encompassing investments in the acquisition, capitalization and development of companies and of their activities, namely supermarkets, hypermarkets, non-specialised stores predominantly dealing with food products, beverages, or tobacco, and restaurants. It was also informed that, in 2023, the participated companies have created more than 200 new jobs.

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The invested companies do not engage in activities with an Economic Activity Code (CAE) related to real estate, which further solidifies the fund's compliance with the legislative requirements against direct or indirect real estate investment.

Additionally, the divestment strategy of the fund also revolves around the sale of these companies (share deals), and not through the sale of any plot and/or of any building, i.e. transactions of real estate assets (asset deals), which reinforces that the fund's investments are not in the real estate activity or sector.

In conclusion, the CERES I – Development Sub-Fund not only adheres to the existing regulations but also aligns perfectly with the recent amendments, ensuring its eligibility for the Golden Visa program under the current legislative framework. This compliance reinforces the fund's appeal to investors seeking to participate in the ARI program while adhering to the latest legal requirements.

II- BACKGROUND

The Legal Regime of Entry, Stay, Exit, and Removal of Foreigners from the National Territory, approved by Law No. 23/2007, of July 4, since August 2012, with the entry into force of Law No. 29/2012, of August 9, allows foreign citizens of the European Union, or those who do not have the status of permanent residency here, to obtain a residence permit for investment activity (ARI), commonly known as Golden Visa, by carrying out any of the investment activities provided for in paragraph d) of article 3.

The Regime of Residence Authorization for Investment Activity (ARI), commonly known as the “Golden Visa,” presents unique characteristics when compared to other types of residence permits provided for in Portuguese law. Specifically, it is important to highlight two particularities: i) the exemption from ex ante procedural formalities necessary for entry into the national territory, it being sufficient, for the purpose of submitting the respective application, that the interested party proves their lawful and valid entry into Portuguese territory, either by holding a tourist visa in the Schengen area or through a visa waiver, if they come from countries with which Portugal has bilateral agreements that include such a prerogative; and ii) following the granting of the aforementioned temporary residence permit, a minimum requirement of staying in Portuguese territory for 7 days, consecutive or interpolated, during the first year of residence, and for subsequent biennia, 14 days, also consecutive or interpolated. This provision contrasts

with the requirements of stay established for other categories of residence permits.

On February 16, 2023, the Portuguese Government announced the program entitled “Mais Habitação” (More Housing), which has as its main objective to confront real estate speculation, safeguard family homes, increase the housing supply, and promote the expansion of the rental market. The aforementioned program translated into to Law No. 56/2023, of October 6, which promotes the approval of several measures in the housing scope and proceeds with the execution of various legislative changes.

Among the proposals approved by the Portuguese Parliament regarding the "Mais Habitação" legislative package is the amendment to the legal regime of ARI, which no longer includes the activities provided for in subparagraphs i) (transfer of capital in excess of € 1,500,000.00), iii) (Investment in Real Estate in the minimum amount of € 500,000.00), and iv) (investment in real estate for rehabilitation, in the minimum amount of €350,000.00), of paragraph d) of Article 3. It also proceeds with the amendment of the investment activity provided for in subparagraphs vii) (Investment in Fund Investment Units) and viii) (establishment of a commercial company and creation of 5 permanent positions or reinforcement of the company's share capital and maintenance of 5 permanent positions, or at least ten jobs, with a minimum of five permanent ones, for a minimum period of three years) of the said paragraph d).

With the changes approved by the Assembly, Article 3 of Law No. 23/2007, of July 4, is amended in the terms transcribed below:

III- OBJECT OF THE LEGAL OPINION

The primary objective of this opinion is to evaluate the eligibility of the investment in participation units of the sub-fund **Ceres I-Development** – a sub-fund of the Ceres I Fundo de Capital de Risco Fechado (hereinafter referred to as 'Ceres I') in relation to the Golden Visa application.

To this end, we propose, in a first phase, the analysis of the renewed legal framework for Residence Permits for Investment Activity (ARI), issued by the Government and approved by the Portuguese Parliament. Subsequently, we will focus, in particular, on the investment activity related to the acquisition of units of Undertaking for Collective Investments (UCI), as defined in subparagraph vii), paragraph d) of No. 1 and in

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paragraphs 4 and 5 of the proposal to revise article 3, previously transcribed.

IV-CHANGES TO INVESTMENT REQUIREMENTS IN UNDERTAKING FOR COLLECTIVE INVESTMENTS

A) – POINT VII) OF SUBPARAGRAPH D) OF NUMBER 1 OF ARTICLE 3

A.1) - THE "NON-REAL ESTATE UCI"

We will address in this segment the relevant legislation on investment in Undertaking for Collective Investments (UCI), which are considered for obtaining residence permits for investment activity. The legal wording resulting from the aforementioned legislative process establishes the criteria for eligible investments, namely:

"*Transfer of funds in the amount equal to or exceeding €500.000,00, intended for the acquisition of shares in non-real estate Undertaking for Collective Investments (UCI) established under Portuguese law, with a maturity, at the time of investment, of at least five years, and at least 60% of the investment value is realized in commercial companies headquartered in Portuguese territory*"[1]

Law No. 56/2023, of October 6, approved by Parliament, changes the type of eligible entities for the ARI, now stating that the investment must be made in "acquisition of participation units in investment funds or venture capital funds aimed at the capitalization of companies."

This amendment creates some difficulty in framing the concept of Non-Real Estate UCI, as it does not result from any definition or legal terminology established, particularly in the sector-specific legislation applicable to Collective Investment Entities, which are governed by the Asset Management Regime, approved by Decree-Law No. 27/2023, of April 28 (the "AMR"), and the relevant European regulation. The concept of UCI is provided for in Article 2 of the AMR, which defines them as: "institutions, with or without legal personality, whose purpose is the collective investment of capital obtained from investors in accordance with a previously established investment policy," which can take the form of a company, as a collective investment company, or merely contractual, as an

[1] Underlining is our own.

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investment fund.

As for the type, the AMR in Article 5 distinguishes between:

(i) **Undertakings for Collective Investment in Transferable Securities ("UCITS")**- which invest exclusively in securities or other liquid financial assets.
(ii) **Alternative Investment Funds (AIF**), which, according to Article 208.1 of the AMR, are divided into:
a) **AIF in Real Estate** – whose investment policy includes investments in real estate assets;
b) **AIF in Venture Capital** – which are intended for venture capital investments, i.e., in companies with high growth and appreciation potential; and
c) **Credit AIF –** which are aimed at investing in credit;
d) **Other Alternative Investment Funds** - whose investment policy does not fit into any of the other UCI categories and invest in securities or other financial or non- financial assets, including those permitted for the types of AIF.

As it is clear from the applicable legal regime, the concept of "Non-Real Estate UCI" does not fit into any typology of UCI regulated by the AMR, and therefore, to interpret the respective concept, we must, first and foremost, try to define what is meant by "Non-Real Estate UCI," and then subsume each of the types of UCI provided for in the AMR under the proposed definition.

We understand that Non-Real Estate UCI should be defined as the UCI that does not have as its object the investment in Real Estate assets. Considering the proposed concept, we can already conclude that Real Estate AIF does not fit within the presented definition, given the investment policy that precisely involves investing in real estate assets.

On the other hand, considering the specificity and latitude of the investment policies that the other AIF may adopt, we also consider that whenever investment in Real Estate assets is not provided for in the respective investment policies of the UCI, they will not be considered as Real Estate UCI.

As for the other UCI, not having as their object the investment in Real Estate assets, they are likely to be considered as Non-Real Estate UCI and, therefore, eligible for investment

under ARI in accordance with Article 3, No. 1, subparagraph d), subparagraph vii), of Law No. 23/2007, of July 4.

A.2) INVESTMENT IN COMMERCIAL COMPANIES BASED IN PORTUGAL

Another relevant amendment introduced by Law No. 56/2023, of October 6, relates to the object of eligible Venture Capital Funds for investment, which according to the previous wording should "*be aimed at the capitalization of companies*."

Article 227.1 of the AMR states that: "*Investment in venture capital is considered to be the acquisition of equity instruments and debt instruments in companies with high development potential, as a way to benefit from their appreciation.*"

The concept of investment in venture capital implies its vocation for the capitalization of commercial companies, through the investment in equity or debt instruments, with the aim of providing them with the necessary financial resources for the development and expansion of their activities, seeking to benefit from appreciation. In this sense, Law No. 56/2023, of October 6, approved by Parliament, will not affect the eligibility of this type of funds, which only have to comply with the portfolio composition requirement - at least 60% of the investments made must be in Portuguese territory.

At this point, it should be noted that all types of investment are admissible under this subparagraph, not being restricted to investment in equity instruments. "Investment" is a fundamental concept in the financial and economic area, referring to the allocation of financial resources with the aim of obtaining future gains. It involves the application of money, time, effort, or other resources in assets or projects that are expected to generate positive returns over time. Investment is an essential part of the functioning of financial markets and plays a fundamental role in economic growth.

Investment, that is, the allocation of capital with the expectation of generating returns, can be realized in different ways, either through equity instruments (e.g., shares of joint-stock companies) or through debt instruments (e.g., bonds issued by companies), or other instruments, as long as it is carried out in companies based in Portugal.

B) – DIRECT AND INDIRECT REAL ESTATE INVESTMENT

Another legislative novelty introduced by the legal wording is that of Paragraph 5 of Article 3 of Law No. 23/2007, dated July 4th, which states:

"5 -The investment activities outlined in the sub-paragraphs mentioned in the previous paragraph cannot be directed, directly or indirectly, towards real estate investment."[2]

With this present stipulation having direct application regarding the acquisition of parts of UCI for eligibility for ARI, the question arises here of what constitutes direct or indirect investment in real estate.

In accordance with the provisions of this new paragraph 5, it is important, first and foremost, to discern what is meant by direct investment and indirect investment, and secondly, to specify the concept of real estate investment.

Direct investment refers to the direct allocation of financial resources for the acquisition and ownership of specific assets (real estate in the case under analysis). These are cases in which the UCI acquires ownership rights or any similar figure over real estate, exercises control over decisions related to these assets, and is directly exposed to the risks and returns associated with them.

As mentioned in point A.1) of this opinion, in the case of UCI, only Real Estate AIF and Other AIF that, under the law and their respective constitutive documents, are authorized to invest in real estate assets[3], fall under the concept of Real Estate UCI. Therefore, in the contrary sense, all other UCI fall under the concept of Non-Real Estate UCI.

On the other hand, indirect investment involves the allocation of financial resources through intermediaries or investment vehicles, such as companies. In this case, the UCI does not have direct ownership or similar figures over the underlying assets (Real Estate), but rather over the shareholdings of the investment vehicle (company). The indirect investor does not make individual decisions about the assets but shares risks and returns proportional to their holdings in the investment vehicle.

Considering the object, nature, and investment policy of the Non-Real Estate UCI, the

[2] Underlining is our own.
[3] According to article 208, paragraph 2, of the RGA, real estate assets are considered, in addition to properties, units of participation in real estate AIF, and equity interests in real estate companies.

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investment to be made will always be indirect, that is, through investment in shareholdings or credits of a vehicle (company) that will, in turn, invest in Real Estate. At this point, we can state that paragraph 5 creates a special rule, which exempts from the eligible investments provided for in subparagraph vii) of paragraph 1 of Article 3 of Law No. 23/2007, of July 4, the Non-Real Estate UCI that indirectly (through companies in which they hold stakes) invest in Real Estate assets.

It is also important to note that, for the purposes of the paragraph 5 of Article 3 of Law No. 23/2007, of July 4, the direct or indirect investment should be evaluated at the ARI applicant's level. For this purposed, we have to consider the concept of corporate control, which encapsulates the influence wielded by a controlling shareholder or investor over a commercial entity's shareholdings, including diverse corporate instruments like funds. Through this authority the entity or individual can dictate decisions concerning share transfers, subscriptions, and to exert a substantial impact on corporate operations, established through various means such as agreements, consortia, or strategic alliances, often involving special voting rights, transforming the entity into a controlling or influential force. Participants and investors undertaking control assume specific responsibilities, encompassing fiduciary duties, transparency, and safeguarding the interests of minority stakeholders.

Corporate control manifests in two principal forms: direct - when an individual, group, or company holds a majority of voting shares, thereby attaining absolute authority over the company –, or indirect - when a shareholder or group acquires a majority of voting shares through control of another entity, exercising influence at different levels of the corporate structure, commonly observed in holding companies created for the explicit purpose of controlling multiple entities without direct share ownership.

The acquisition of corporate control is verified when criteria established in the applicable jurisdiction is verified, which may include a substantial financial investment, typically exceeding 30% of the company's value; holding more than 50% of shares with voting rights; formalized agreements outlining the rights and responsibilities of the controlling shareholder and other stakeholders; and possessing knowledge and reputation within the relevant business sector.

The interpretation of Article 3(5) of Law 23/2007 of July 4 revolves around the concept of direct or indirect controlled holdings, specifically minority interests - where a

participant's position exceeds 25% of the capital.

To avoid direct or indirect detention, a participant's position should not surpass 25% of the capital. Consequently, joint operations exceeding this threshold are excluded.

Considering that Venture Capital Funds are autonomous portfolio of assets without legal personality, but with judicial personality, and managed by a Management Company which acts on behalf of the unitholders and in their exclusive interest, who is responsible for among other, selecting the assets that should compose the Fund's portfolio and carrying out the necessary acts for the proper execution for that purpose, the Unitholders do not have any direct or indirect control over the investment decisions of the Fund neither the subsidiary companies.

Having reached this point, it is now important to comprehend what will be understood as real estate investment, for the purposes of the application of the legal regime of ARI, considering that the law does not provide any special definition for the purposes of its application.

Generally, the concept of real estate investment includes the onerous acquisition of real rights over real estate, including the acquisition of ownership rights, the establishment of surface rights or land servitudes, and aims primarily to obtain financial returns through the onerous exploitation of the property, subsequent resale, appreciation of the property over time, or both options. Essentially, it involves the allocation of financial resources in real estate assets with the expectation of generating income and/or capital appreciation.

For the purposes of indirect investment in real estate (as we have seen, direct investment is not admissible for the concept of non-real estate UCI), we must consider investment in companies whose object is real estate activity. These will be companies with economic activity code 68 of Section L, namely the Purchase and Sale of real estate (code 68100), Rental of real estate (code 68200), and Real estate activities on behalf of others (codes in group 683).

However, considering the rules of interpretation of the law, in particular the fundamental principle that its interpretation should reconstitute the legislative intent, the circumstances in which it was prepared, and the specific conditions of the time in which

it is applied[4], it is questioned whether any and all real estate investment is included within the normative scope of this paragraph 5 of Article 3 of Law No. 23/2007 of July 4.

This legislative novelty is part of a package of changes to different laws aimed at increasing the supply of housing, streamlining licensing processes, increasing the number of rental market properties, combating speculation, and protecting families, the so-called "Mais Habitação" (More Housing) Program.

Regarding the ARI, it appears that this program is being modified due to the alleged real estate speculation, notably in major urban centres and residential properties, causing an increase in property prices as well as their respective rents.

Fundamentally, Law No. 56/2023 of October 6 aims to protect the residential real estate market in Portugal.

In this sequence, it is important to underline that real estate investment is incidental to almost all economic and commercial activities. In particular, the sectors of commerce, industry, agriculture, and livestock, as well as hospitality, deserve special mention. These sectors, for the development of their respective activities, must necessarily acquire or lease/rent a property, creating jobs, and helping in the development of the economy, truly being non-real estate economic activities.

These are sectors that, while not primarily engaging in real estate activities, have an underlying part of real estate investment necessary for the development of their activities. A simple local retail store will always need physical space for its activity, even if it is adapted to current times and only practices e-commerce, it will inevitably have to obtain space for product storage.

However, these properties, and consequently real estate investments, are merely instrumental to the purpose of the activity to be carried out, so, in our interpretation they will be excluded from the concept of real estate investment for the purposes of the application of the ARI regime.

Thus, in conclusion, non-real estate UCI will be eligible for ARI purposes, in which at

[4] Please refer to Article 9 of the Civil Code.

least 60% of the investments are made in companies based in Portugal, which do not have real estate investment as their main activity, namely the purchase and sale of real estate, rental of real estate, and real estate activities on behalf of others.

V- ELIGIBILITY OF INVESTMENT IN PARTICIPATION UNITS OF CERES I FOR THE PURPOSES OF THE GOLDEN VISA APPLICATION

Let us now examine if an investor who acquires participation units of the Ceres I– Development fulfils the requirements of the investment activity provided for in the new wording of point vii) of paragraph d) of Article 3 of Law 23/2007, for the purpose of granting a Golden Visa.

Firstly, it is worth mentioning that Ceres I operates as a Sub-Fund within an Alternative Investment Fund in Venture Capital, as can be seen from Article 1, paragraphs 2 and 3 of the Fund Management Regulation of "Ceres I- Fundo de Capital de Risco Fechado". As a Sub-Fund within a Venture Capital Fund, its investment is aimed at companies with high growth potential and appreciation.

In particular, it is important to note that the Investment Policy of the Sub-Fund, according to Article 5, paragraphs 1 and 2 of the Fund Management Regulation, is related to "(…) *invest its assets exclusively in majority shareholdings of small and medium size companies established under Portuguese law, whatever their legal form, which purpose is to carry-out development projects of retail units to be operated by national or international food retail chains.* (…)".

Now, for the purpose of the eligibility of the investment in the Sub-Fund for the ARI, we can conclude that, as it does not involve direct investment in real estate assets, particularly through the direct allocation of financial resources for the acquisition and possession of specific assets, the Sub-Fund in question falls into the category of Non-Real Estate UCI.

Regarding the second requirement that at least 60% of the Fund's investment value be made in companies based in Portugal, we believe that this requirement is met, given the Fund's investment policy, which establishes in Article 5 paragraph 1 of the Fund Management Regulation that "*The purpose of the Sub-Fund Ceres I - Development is to invest its assets exclusively in majority shareholdings of small and medium size*

companies established under Portuguese law, whatever their legal form (…)". This unequivocally emphasizes that the entire investment will be allocated to companies based in Portugal, surpassing the legally mandated threshold of 60%.

As can be observed from both the Sub-Fund's purpose and the intended use of the properties in its assets, it is an instrumental and necessary investment for Ceres I to develop its main economic activity – the operation of retail units. It is further noted that, to avoid the possibility of the Income being derived only from the real estate asset, and thus, being a real estate investment, the invested companies should also integrate all the human, technical, and material resources necessary for the operation of the food retail chains to be installed, including employees, licenses, and software for the retail unit's management, contracts for the use and operation, etc. In other words, it is indeed companies operating in the retail units' sector, specifically through food retail chains operation, equipped with the necessary resources, with the properties being the fixed assets in which the said companies will develop its activity. In essence, these are companies actively engaged in the retail units' sector, specifically specializing in the operation of food retail chains, and are equipped with the requisite resources, with the properties serving as the fixed assets where these companies will conduct their core activities.

The Sub-fund's portfolio is currently composed of five companies (CERES I – Supermarket, Prudentprophecy, Mirrorcontrast, Half Beat and Jupiterpraxis, Lda), which have as their corporate purpose "*The development and operation, directly or indirectly, of retail activities in the food sector, in supermarkets and hypermarkets, and in other non-specialized establishments, predominantly involving food, beverages, or tobacco products, and also encompassing restaurants*", which corresponds to the CAE 47111 and 47112. We can assume, given the corporate purpose, that the primary income, valuation or return of the companies will derive from the operation of the retail units (operative business), and not from real estate (land and buildings) transactions, and, therefore, it should not be considered as a real estate investment for the purposes of paragraph 5 of Article 3 of Law no. 23/2007.

Therefore, we believe that the invested companies do not engage in real estate transactions (acquisition and sale of land and buildings), thus not conflicting with the objectives intended with the implementation of the "Mais Habitação" Program, not affecting the supply of housing properties, not reducing the number of existing rental properties, and therefore not

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contributing to the speculation currently present in the real estate market.

And regarding the unitholders, as we have mentioned previously, they should have no control over the investment or the subsidiaries – given the Fund's nature of Ceres I and, therefore, their specific investment shouldn't be directly or indirectly in Real Estate.

As for the time requirement for the maturity of the Sub-Fund, it is provided in article 1, paragraph 4 of its management regulations that it will have a fixed duration of 10 years counting from the date of the first capital subscription. The date of commencement of activities corresponds to the date of its constitution, as defined in article 11, paragraph 1, a) of the RGA as the date of inclusion in its portfolio of assets or amounts corresponding to the first realization of the subscription amount. Since point vii) of subparagraph d) of number 1 of Article 3 of Law no. 23/2007, of July 4 provides that the fund may not have a maturity of less than 5 years at the time of investment, we consider that the Sub-Fund's maturity requirement is satisfied at the present date.

In summary, considering the Management Regulations of the Ceres I– Fundo de Capital de Risco Fechado, we believe that all the aforementioned requirements have been met, and therefore the investment in the participation units in this future Sub-Fund is eligible for the investment activity provided for point vii) of subparagraph d) of number 1 of Article 3of Law no. 23/2007, of July 4.

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