

LEGAL MEMORANDUM

[FAMILY GROUP BUSINESS]

[Date]

TABLE OF CONTENTS

Table of Contents

QUERY.....3

RESPONSE.....4

INTRODUCTION..... 4

OBJECTIVES..... 5

EXECUTIVE SUMMARY.....6

RATIONALE.....8

STRUCTURAL BLUEPRINT.....9

FINANCING AND LENDER EXPECTATIONS.....10

DISPUTE-RESOLUTION AND ENFORCEMENT FRAMEWORK.....11

SUCCESSION AND FAMILY GOVERNANCE SUITABLE FOR A MUSLIM FAMILY.....12

COMPLIANCE FRAMEWORK.....13

RESIDUAL RISKS AND MITIGATIONS RECOMMENDATIONS.....14

IMPLEMENTATION PLAN.....15

CONCLUSION.....16

QUERY

- Scenario: The Group and family are undergoing a restructuring process and exploring methodologies to own and manage various global assets (lands, buildings, vehicles, commercial properties, etc.) located in Afghanistan, UAE, Turkey, and the UK.
- Please provide your legal opinion on potential structures/options to ensure preservation and protection of these assets from liabilities, bankruptcy, disputes, or other risks.
- This task is intended to evaluate your ability to provide practical, strategic advice tailored to the sensitivity and scale of our operations.

RESPONSE

INTRODUCTION

This memorandum provides legal advisory on a query based on a family group company and its family stakeholders based in the United Arab Emirates who are reorganising how they own and manage a wide range of assets—land, buildings, vehicles, and commercial properties located in Afghanistan, the United Arab Emirates, Turkey, and the United Kingdom while preserving capital and limiting exposure to operating liabilities, bankruptcies, family disputes, sanctions risks, and uneven enforcement across jurisdictions and keeping day-to-day operations workable and ready for future succession.

This memorandum provides a clear framework to separate asset ownership from operating risk, using recognised holding and governance tools such as foundations, special purpose companies, and local holding companies where appropriate. At the core of the recommendation is a Dubai International Financial Centre (“**DIFC**”) foundation that holds control and succession at one permanent, non-operating layer. Beneath that foundation sit Holding Companies (“**Hold Cos**”) and asset-specific Special Purpose Vehicles (“**SPVs**”) that separate risks and cash flows by jurisdiction and by asset or portfolio. For a Muslim family, the foundation’s charter and by-laws embed Sharia-aligned distribution and decision-making rules, which avoids the uncertainties of personal-estate probate and keeps commercial control stable across generations.

The emphasis is on isolating valuable assets, limiting the chance that risks in one area affect the rest of the group, and putting in place clear, workable rules for decisions and disputes. Our role is to design high-level structures and governance suited to the group’s needs and scale. The aim is a simple and durable framework that protects assets from liabilities and other risks, honours religious and family considerations, and can be managed effectively across different jurisdictions.

OBJECTIVES

- i. Preserve core assets such as land, buildings, vehicles, and commercial real estate from operating liabilities and litigation.
- ii. Ensure that a bankruptcy or default in one company cannot contaminate other companies or the family's permanent capital.
- iii. Maximise predictability and enforceability in disputes by using common law contracts, institutional arbitration, and support of the DIFC Courts.
- iv. Provide succession and control mechanisms that are appropriate for a Muslim family by using a DIFC foundation with governance and distribution policies aligned with Sharia principles, instead of relying on non-Muslim will regimes.
- v. Meet transparency and compliance requirements in the United Arab Emirates and the United Kingdom, and maintain a straightforward administrative model that banks and lenders will accept.
- vi. Keep the structure practical to operate while allowing for growth and future acquisitions.

EXECUTIVE SUMMARY

A layered ownership and governance structure led from the DIFC is recommended to safeguard the family's multi-country assets while keeping control and succession stable. This DIFC anchored model combines a foundation at the apex, country Hold Cos, and asset-level special purpose vehicles to ring-fence liabilities and enhance enforceability under common law and arbitration. It also embeds Sharia-aligned policies in the foundation's by-laws.

a) Apex Control in DIFC foundation

A DIFC foundation must be established as the ultimate owner of the shareholding layer and the asset-holding companies. The foundation's charter and by-laws should set out the Family Council, reserved matters, investment policy, a distribution policy that is aligned with Sharia principles, conflict-of-interest provisions, and dispute-resolution clauses. This places control and governance in a permanent vehicle that is separate from individual estates and resistant to personal-creditor claims.

b) Optional Private Trust Company ("PTC")

If the family wishes to create separate trusts for branches of the family or for philanthropic purposes, the family may add a PTC in the structure just below the foundation. The foundation would own the PTC so that overall control remains anchored in the DIFC.

c) Country Specific Hold Cos

A DIFC Hold Co may be established for regional assets, including assets in the United Arab Emirates, Turkey, and Afghanistan. A United Kingdom Hold Co may be established if that simplifies local administration for United Kingdom properties.

d) Asset Silos - Bankruptcy-Remote SPVs:

One SPV per major property may be established (or per homogeneous pool such as a vehicle fleet), with non-recourse financing and inter-SPV no cross-default, no guarantees discipline. It is recommended to use share pledges and cash waterfall/lockbox mechanics to keep liabilities contained in the silo.

- i. For the United Arab Emirates, DIFC companies, or where appropriate onshore United Arab Emirates companies may be established, to hold each property or homogeneous pool of assets;
- ii. For the United Kingdom, one private limited company may be established for each property;

- iii. For Turkey, one joint-stock company or one limited company may be established for each asset cluster, with the shares owned by the DIFC Hold Co or directly by the foundation.
- iv. For Afghanistan, as operations are unavoidable, it is recommended to use local operating company with necessary assets onshore, and hold key rights (leases, concessions, receivables, IP) in an offshore project company within the DIFC.

e) Governing Law and Dispute Resolution:

It is recommended to use English governing law and a neutral arbitration seat (London, Singapore, DIFC). The United Arab Emirates, Turkey and Afghanistan are parties to the New York Convention thereby improving cross-border award enforcement (subject to local reservations).

f) Financing Strategy

It is recommended to use non-recourse, asset-level financing so that lenders have recourse only to the specific asset company that borrows. Avoid cross-guarantees and cross-defaults. It is suggested to use share pledges at the asset company level, a controlled cash-management waterfall with a lockbox, and a debt service reserve account to ring-fence liabilities.

RATIONALE

- i. The structure separating a foundation at the top, Hold Cos in the middle, and asset companies at the bottom creates effective ring-fencing such that any failure at one level does not pierce through the entire group structure.
- ii. Common law documents, arbitration under reputable institutions, and support from the DIFC Courts provide stronger predictability for cross-border enforcement than relying solely on local courts in higher-risk jurisdictions.
- iii. A DIFC foundation gives perpetual control and allows the family to encode Sharia-aligned distribution principles into governing documents, reducing the risk of probate disruption and intra-family disputes.
- iv. Banks and commercial lenders are familiar with limited-recourse real estate and asset financing at the asset-company level, which can improve access to capital.
- v. The structure can be administered efficiently while meeting corporate tax, economic substance regulations, and beneficial-ownership transparency requirements in the applicable jurisdictions.

STRUCTURAL FRAMEWORK

A DIFC foundation sits at the top as the governance and ownership anchor in the recommended structure as provided below. The DIFC foundation owns a DIFC Hold Co for regional assets and, if useful, a separate United Kingdom Hold Co for United Kingdom assets.

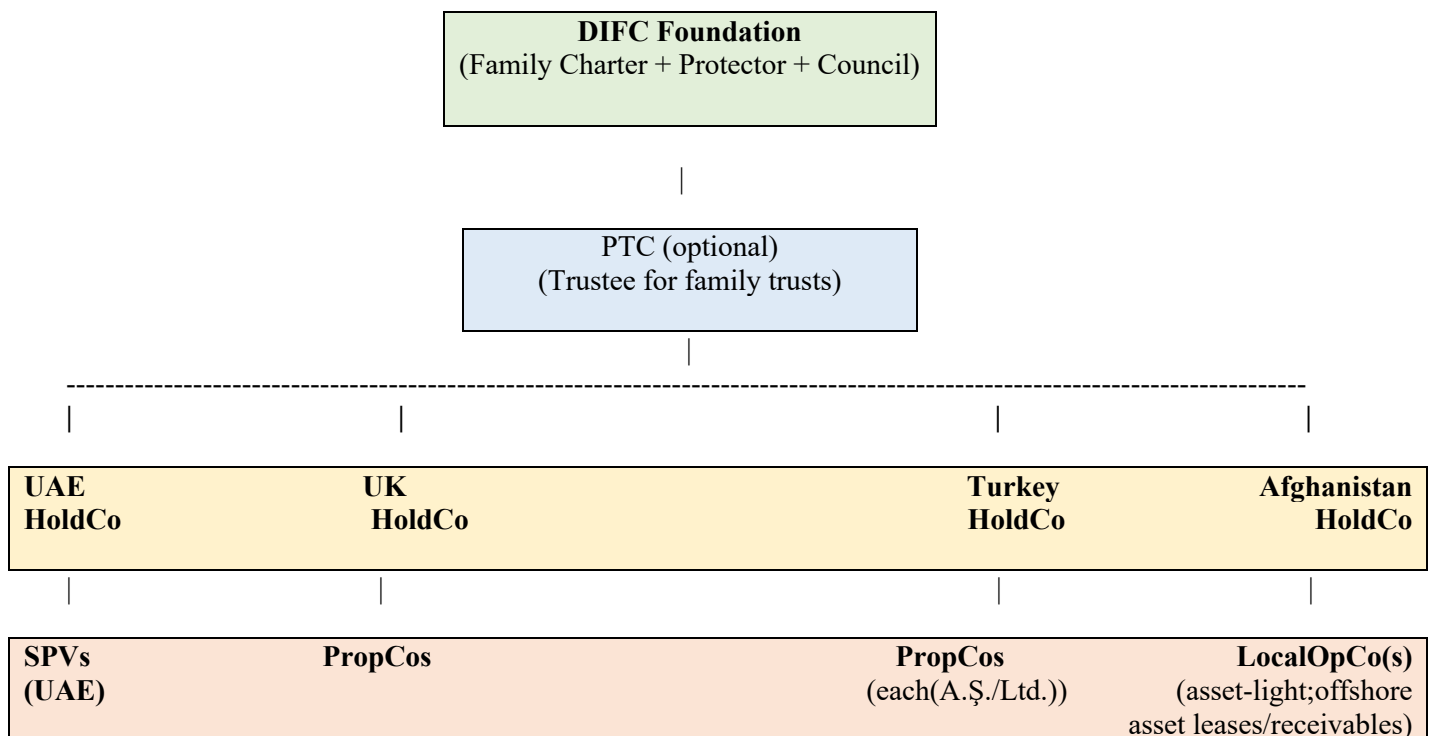
Beneath each Hold Co, there are asset-specific SPVs in the relevant countries. These SPVs are dedicated ownership and financing entities that hold defined assets or portfolios and keep liabilities contained within each SPV.

In the United Arab Emirates, assets are held through DIFC SPVs or, where required, through onshore United Arab Emirates companies that function as SPVs for the relevant asset.

In the United Kingdom, assets are owned through property-holding SPVs in the form of private limited companies. Each such SPV owns one property or a clearly defined pool and complies with the ‘Register of People with Significant Control’ (“RPSC”) and, where applicable, the ‘Register of Overseas Entities’ (“ROE”).

In Turkey, assets are held through Turkish joint-stock companies or Turkish limited companies, each functioning as an SPV for the relevant Turkish asset or asset cluster. These companies are owned by the DIFC Hold Co or directly by the foundation to ensure recognition under Turkish law and to avoid placing Turkish title directly into a foreign trust.

In Afghanistan, key contractual and ownership rights are held offshore by a project SPV in the DIFC, while the local Afghan operating company remains asset-light and handles day-to-day execution.



FINANCING AND LENDER EXPECTATIONS

- i. Financing of each SPV should be undertaken on a limited-recourse basis so that creditors have no recourse to the Hold Cos, the foundation, or sister SPVs.
- ii. Security should be provided through a pledge over the shares of the SPV and, where appropriate, local mortgages or charges over the asset itself.
- iii. A controlled cash-management waterfall with a lockbox should be implemented, a debt service reserve account should be set and funded, and distributions until an agreed debt service coverage ratio is met should be restricted.
- iv. At least one independent director where customary should be appointed, and cross-collateralisation should be avoided.

DISPUTE RESOLUTION AND ENFORCEMENT FRAMEWORK

- i. English law is recommended as the governing law for corporate, financing, and shareholder documents, and local law only where the law requires it, such as for real estate title and security perfection.
- ii. Select arbitration under the International Chamber of Commerce, the London Court of International Arbitration, or the Dubai International Arbitration Centre, with the seat in London, Singapore, or the DIFC, respectively.
- iii. The DIFC courts may be used for supportive measures where the agreements specifically provide for that forum.
- iv. 'The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards' for cross-border enforcement can be relied on. For Afghanistan, practical enforcement hurdles must be assumed.

SUCCESSION AND FAMILY GOVERNANCE SUITABLE FOR A MUSLIM FAMILY

- i. It is recommended to encode succession and control within the DIFC foundation.
- ii. A 'Family Charter' must be adopted that is cross-referenced in the foundation by-laws. The 'Family Charter' should define the 'Family Council', list reserved matters, set valuation methods, describe buy-sell rights and exit windows, restrict pledges and transfers, and establish a staged process for mediation followed by arbitration.
- iii. Beneficiary registers, conflict registers, and related-party registers must be maintained, and a 'Guardian' or 'Protector' role must be considered for appointment in order to oversee adherence to family principles.

COMPLIANCE FRAMEWORK

- i. In the United Arab Emirates, it is recommended to observe corporate tax requirements, economic-substance rules, transfer-pricing documentation, ultimate beneficial ownership registers, licensing renewals, and routine filings for the foundation and the companies.
- ii. In the United Kingdom, it is recommended to maintain the RPSC, keep the ROE entry up to date if applicable, complete identity verification when the 'Companies House' regime requires it, and comply with annual filing and tax obligations.
- iii. In Turkey, it is recommended to comply with local corporate filings, notarisation practices, and land registry updates.
- iv. In Afghanistan, it is recommended to maintain a sanctions map, keep evidence of screening and any licenses, and incorporate contractual clauses that allow termination if sanctions exposure arises.
- v. At the group level, it is recommended to maintain a central compliance calendar and a secure data room containing constitutional, corporate, finance, dispute-resolution, tax, sanctions, and insurance documents.

RESIDUAL RISKS AND MITIGATIONS RECOMMENDATIONS

- i. Recommended to use a strong Family Council, clear reserved matters, and a staged process of mediation followed by arbitration.
- ii. Recommended to maintain strict separateness, avoid cross-guarantees, and enforce negative-pledge and additional-debt covenants.
- iii. Recommended to review the structural framework annually against changes in United Arab Emirates corporate tax rules, economic-substance rules, and United Kingdom transparency requirements. Maintain and up-to-date compliance calendar.
- iv. Recommended to work with pre-clear counterparties and supply chains, maintain licence files where required, include sanctions termination rights in contracts, and make it mandatory to maintain political risk insurance.
- v. Recommended to use offshore arbitration seats and focus enforcement on counterparty assets located in stable jurisdictions.

IMPLEMENTATION PLAN

We recommend the following implementation plan based on the DIFC foundation structure, divided into the following three phases:

- i. Structuring and governance,
- ii. Entity establishment, and
- iii. Migration and financing

The process is divided into three phases so that legal foundations, corporate vehicles, and funding arrangements are put in place in the right order. By following this process, the family can achieve control, risk isolation, and compliance readiness without disrupting ongoing operations.

Phase 1: Structuring and governance

During the first month the family should ratify the Family Charter and formally appoint both the Protector and the Family Council. The DIFC should be selected as the apex jurisdiction for the foundation. In parallel, the group should commission baseline opinions on sanctions and tax, covering United Arab Emirates corporate tax, the United Kingdom's ROE, the RPSC, the Trust Registration Service, Turkey's corporate and tax requirements, and Afghanistan-related sanctions exposure.

Phase 2: Entity establishment

In the second phase the family should incorporate the DIFC foundation and, if desired, a PTC to support branch or purpose trusts. The group should establish DIFC Hold Cos and DIFC companies or SPVs for United Arab Emirates assets. In the United Kingdom the group should incorporate property-Hold Cos, register persons with significant control, and prepare for identity verification under the 'Economic Crime and Corporate Transparency Act'; where any non-United Kingdom entity owns land, the ROE filing must be completed. In Turkey, the group should incorporate local property companies.

Phase 3: Migration and financing

In the third phase, titles and contracts should be transferred into the SPVs, coordinating Dubai Land Department approvals for DIFC entities, completing conveyancing and ROE updates in the United Kingdom, and finalising corporate conveyance at the Turkish land registry. Intercompany loans should be re-documented, external debt should be installed on a genuinely non-recourse basis at the portfolio or asset silo level, and cash-flow waterfalls with appropriate covenants should be implemented. Political risk insurance should be arranged for exposures linked to Afghanistan.

By the end of the ninety days, the group should have complete organisational charts, capitalisation tables, shareholder agreements, financing term sheets, foundation by-laws, the Family Charter, and a sanctions policy, together with a live compliance calendar that covers United Arab Emirates ultimate beneficial ownership registers and corporate tax filings as well as the United Kingdom's RPSC, ROE, and the Trust Registration Service.

CONCLUSION

In conclusion, this DIFC foundation structure provides a clear and durable way to own and manage assets across Afghanistan, the United Arab Emirates, Turkey, and the United Kingdom while protecting family capital. A DIFC foundation at the apex secures control and succession in a permanent, non-operating vehicle whose charter and by-laws can reflect Sharia-aligned policies. Beneath that foundation, country Hold Cos and asset-level SPVs create effective legal and financing silos, so that difficulties in one portfolio do not endanger other assets or the family's broader wealth. The use of English law, institutional arbitration, and DIFC Courts support improves predictability and cross-border enforceability, which is essential for banking, counterparty confidence, and future transactions.

This advisory also recognises the practical demands of operating at scale. The structure allows the family to group assets sensibly by country and asset type, to deploy protected-cell or borrowing-base models where helpful, and to separate property ownership from operations through long-term leases when appropriate. The implementation plan provides an orderly path to implementation, from establishing the foundation and governance to incorporating the required companies, migrating titles and contracts, arranging non-recourse financing, binding insurance, and activating a compliance calendar that meets tax, substance, transparency, and sanctions requirements. Taken together, these steps produce a bankable, administratively manageable framework that preserves capital, limits contagion risk, and supports intergenerational continuity for a Muslim family group with multi-country assets.
