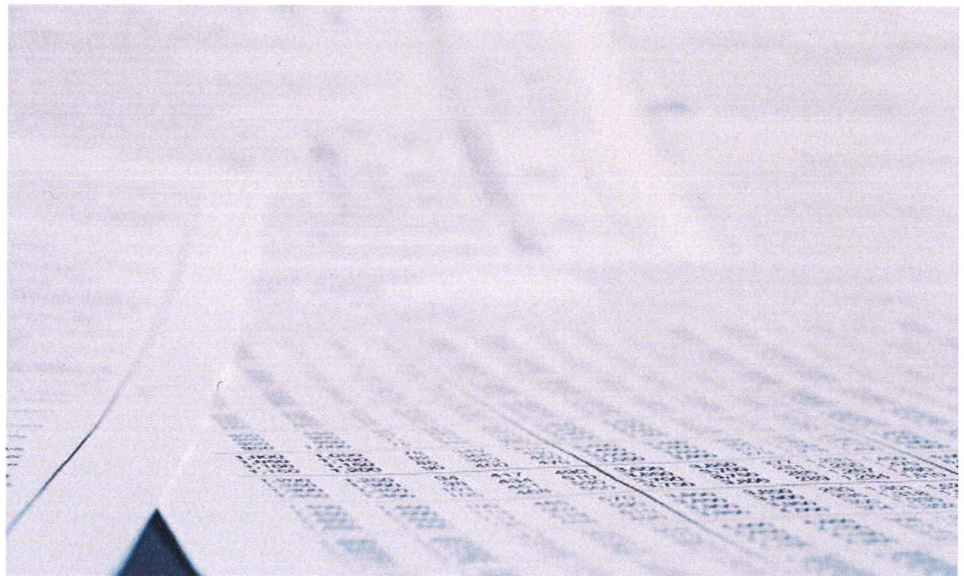

SECURITISATION VEHICLE



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FOREWORD

This booklet aims to provide the reader with the essential elements relating to securitisation vehicles. It reflects the general law and practice applicable at the date of publication.

This booklet makes no claim to be exhaustive. More generally it should not be regarded as a substitute for professional advice before acting on any of the matters outlined. The set up and functioning of any Luxembourg company structure should be carefully reviewed in light of the conditions required for any particular project, especially regarding the implications of the acquisition, holding or disposal of any investment through such a vehicle.

Introduction

The law of the 22nd of March 2004 has provided a new legal framework to secure the aggregation of assets into a separate legal structure: the securitisation vehicle.

This special purpose vehicle is very flexible: it may or may not have legal personality but may in some cases be subject to the control of the supervisory authorities.

I. Purpose

Securitisation under the law is defined as:

"The process by which a securitisation vehicle under the form of a company or a fund managed by a management company, acquires or assumes, directly or through another agency, the risks relating to receivables, other assets, or obligations performed by third parties or inherent to all or part of the activities undertaken by third parties by issuing securities whose value or yield depends from these risks. "

Securitisation allows a seller (company, firm or individual) to transfer to a securitisation vehicle the risks associated with the holding of any property (movable or immovable, tangible or intangible) and those resulting from undertakings by third parties.

The law also applies in the context of the management of private or family wealth.

II. Form

Securitisation vehicle may be set up as a fund or as a company.

Securitisation companies must take the form of a Luxembourg company (limited liability company, private company limited by shares, limited liability company or cooperative company organized as a limited company) having a legal personality.

Securitisation funds may take the form of a co-ownership or a fiduciary estate. They have no legal personality and are managed by a management company which has to be a trading company whose purpose is to manage the securitized assets.

Regardless of the securitization vehicle chosen, it can be compartmentalized, thereby isolating each risk. Compartments allow separate management of a group of assets and of related liabilities.

Once securitised, the risk is converted into registered or bearer instruments (stocks / bonds / receivables) issued by the securitisation vehicle. These securities are freely negotiable and transferable.

III. Control

Securitisation vehicle which issue securities to the public on a continuous and regular basis have to be approved by the *Commission de Surveillance du Secteur Financier* or Luxembourg Banking supervisory authority "*CSSF*" to commence their operations.

Authorised securitisation entities must entrust the custody of their liquid assets and their securities to an established credit institution or having its statutory seat in Luxembourg.

To the contrary, no formality has been provided to securitisation vehicles issuing securities exclusively placed with private investors.

IV. Taxation

IV.I – Securitisation company

The securitisation company is a fully taxable joint stock company, except for wealth tax of which it is exempt.

Income tax

Securitisation vehicles organized as limited liability companies are automatically subject to corporate income tax, l'impôt sur le revenu des collectivités, "IRC" applicable in Luxembourg City.

The IRC rate, including municipal business tax (ICC) applicable to a company established within the territory of the City of Luxembourg which is the highest of the country amounts to 28.8% in 2011.

For the investors, distributions and other allocated income are considered as income arising from movable capital and are qualified as interest. They are fully deductible without being subject to a withholding tax.

Wealth tax

Securitisation entities are not liable to wealth tax.

Capital Duty

The incorporation of a securitisation company is subject to a fixed rate tax of EUR. 75, - which covers all subsequent capital increases.

IV.II – Securitisation funds

Securitisation funds are subject to the mutual funds accounting and tax regime and therefore exempt from the IRC (Laws of the 30th of March 1988 and the 20th December 2002).

Unlike the majority of investment funds, they are exempt from any subscription tax.

V. Conclusion

The benefits of securitisation vehicles are numerous.

It is a vehicle whose future is as promising as was that of OPC, SICAV and SICAR in particular, at the time of their introduction several years ago in Luxembourg as a first class financial center.

Perspectives of particular interest are applicable in real estate assets both in the acquisition of transmission.



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