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THE LUXEMBOURG SECURITISATION VEHICLE

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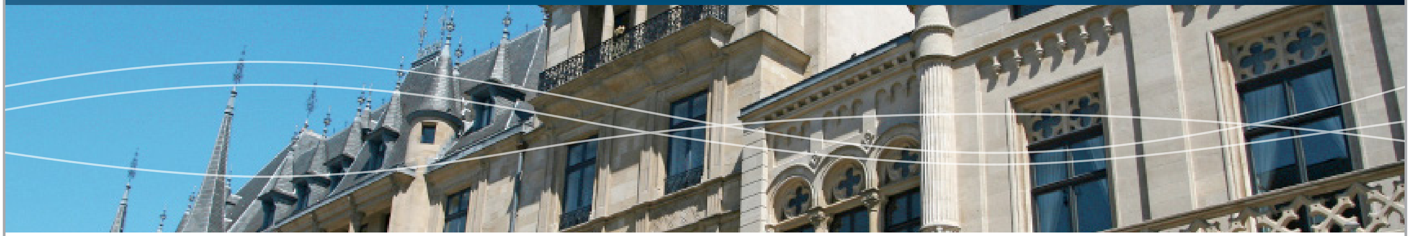


INTRODUCTION

The law of 22 March 2004 sets up an interesting legal and tax framework for Luxembourg securitisation vehicles (SV). Beneath attracting new investments projects to Luxembourg the law aims at offering a flexible, tax neutral but well secured vehicle for capital market or intra-group transactions. The SVs can take the corporate form or the form of a fund.

DEFINITION

Securitisation is defined by the law as the operation by which a SV purchases or assumes, directly or indirectly, the risks relating to assets or engagements by issuing shares, bonds or other securities. The value or yield of the issued securities will depend on these risks. The risk may relate to all kind of assets (movable, immovable, tangible, intangible) or obligations.

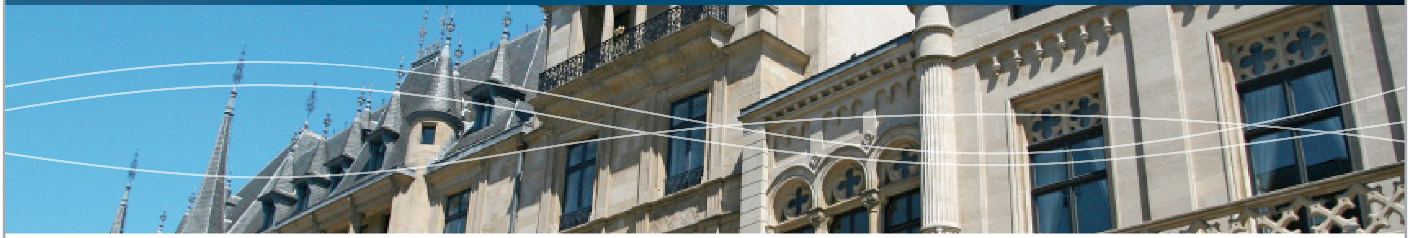
Legal form

The SVs can either take the form of a company or a fund run by a management company. If constituted as a company the SV may be a public company, a private company, a partnership limited by shares or a co-operative company. Should the securities be issued in a public offering, only forms of a public company or a partnership limited by shares can be used.

One of the main advantages of SVs is the possibility of creating several compartments within one legal entity.

Securitisation companies are not subject to a specific minimum capital requirement. The minimum share capital depends upon the legal form and ranges between €12,500 (SARL) and €31,000 (S.A.). The securitisation company, being a Luxembourg resident, is fully liable to the cumulated corporate and municipal business tax at the rate of maximum 28,80%. In order to reduce the taxable basis, dividends and interests payments are fully deductible. Securitisation companies are not a subject to Net Worth Tax. There is an annual minimum flat tax rate of €1,575. As other companies, securitisation companies can benefit from Luxembourg's network of double-tax treaties and from the EU parent-subsidiary directive.

The securitisation funds can be organized also as a co-ownership or a trust. They do not have a legal personality, therefore are managed by a commercial management company. Securitisation funds are entitled to issue units representing the rights of investors, in accordance with management regulations and with legal personality. Securitisation funds are treated as investment funds and the investors are taxed according to the rules in force in their country of residence. These funds are exempt from tax, but cannot benefit from double tax treaties agreed by Luxembourg.



SUPERVISIONS

Securitisation vehicles need authorization by the Luxembourg Supervisory Commission of the Financial Sector (CSSF). CSSF approves the articles of incorporation or management regulations and authorize the management company, where necessary. CSSF must, as well, be informed of the identity of the members of the administrative, management and supervisory bodies. CSSF is authorized to supervise securitization vehicles on a regular basis and it has on its disposal a wide range of investigative powers regarding the security of investors.

QUALIFIED SERVICE PROVIDERS

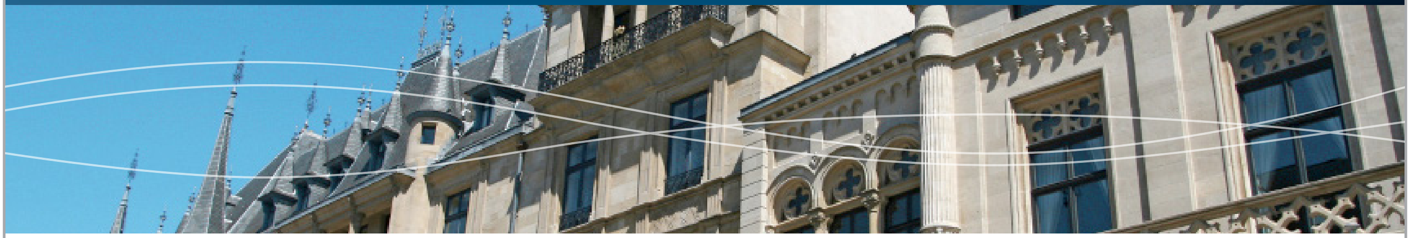
Investors or creditors can assign a fiduciary representative or a custodian to safeguard their interests. These representatives must be approved by the CSSF. A fiduciary representative is entitled to accept, take, hold and exercise all sureties and guarantees on behalf of the their clients. Fiduciary representatives are entitled to this role under specific conditions. On the other hand, custodians safeguard securitized assets and its documentation. The role of a custodian is mostly entrusted to credit institutions.

INVESTORS

Shareholders of securitisation companies or unitholders of securitisation funds are treated like bondholders. The domestic withholding tax does not apply to distributions of dividends, payments from the fund units or interest payments. The law prohibits the SV from being a member of a fiscal consolidated group.

CONCLUSION

The legislation on securitisation is intended to enhance flexibility, investor protection and tax neutrality. It increases investors and creditors protection by allowing separate asset classes. For investors, securities issued by a securitisation vehicle are relatively stable investments which offer a good return and are often guaranteed by a third party. Assigning assets to a securitisation organisation can offer a range of advantages, including access to capital at a reduced cost or without having to take out a bank loan or issue more shares. Securitisation also allows non-liquid assets to be converted into cash, to diversify the source and cut the cost of financing or simply to transfer risks to external investors.



WHO TO CONTACT

The OCRA Worldwide Group has a presence spanning every continent in the world with offices in 20 locations. We are open 24/7 around the world, speak many languages and are in tune with the world's many cultures, but above all else 'our business' is about people and we have people to serve you!

If you have read this document and found something that relates to your circumstances, then be assured that we are dedicated to the delivery of business solutions designed to reduce costs and maximise profits.

The consulting office for doing business in this country follows below. Should you prefer to deal with another of our offices, please visit our website at www.ocra.com for a full listing of office contact details.

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