

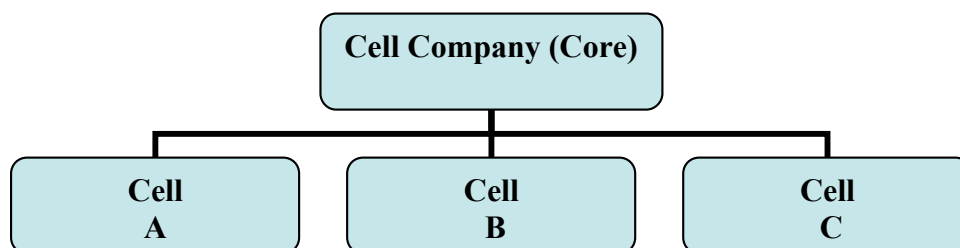
Safeguard your assets

New corporate structures offered under IOM jurisdiction are providing an effective and flexible solution for asset management.

A problem faced by many corporations and wealthy individuals alike is how to segregate and safeguard valuable assets from their other assets that have the potential to attract serious liabilities.

Thanks to the Isle of Man Companies Act 2006, we now have an excellent solution for this vital issue - the Isle of Man Protected Cell company or PCC. This type of company shares management and administration, but is able to create individual cells which have their own corporate identity, their own shareholders, and their own dividend policy.

The basic structure of the PCC is straight forward. The "Core" company is able to create cells. These cells are then made available to clients, thereby saving them the expense of establishing the PCC themselves. Individual assets and liabilities (or assets with the potential to attract a liability on the happening of some future event) can be placed into the cells. This cellular corporate structure allows assets to be held within segregated cells.



The assets of any one particular cell are only available to the shareholders and creditors of that cell - creditors of another cell having no recourse against them. The key principal is that the PCC legislation expressly provides that the assets of one cell are only available to the shareholders and creditors of that cell. The assets of one cell cannot be attacked by the creditors of another cell.

A straightforward example of their broader application may be in the area of property ownership the wealthy individual, or the manager of a Property Fund, investing, perhaps worldwide, in land for development property renovation or existing rental property, can isolate the risks associated with each investment. These may be environmental, from the previous or new land usage (thereby ring-fencing other valuable property in the portfolio from any litigation claims, or as a result of a collapse in the demand for a certain type of property leading to the insolvency of one part of a Property Fund .

We also predict the PCC will be an excellent structure for a company managing a fleet of yachts or aircraft, with each super yacht or executive aircraft owned by different owners, each having its own cell within the company. While considering yachts and aircraft, it is worth noting that the Isle of Man has an excellent yacht register and is in the process of starting its aircraft register, thus for such a company, all services could be located within the jurisdiction.

Other potential uses of the PCC structure will include umbrella Funds, Joint Venture vehicles and nominee companies to separate the assets of each beneficiary. , The astute offshore practitioner can also employ an offshore protected cell company as an effective asset protector and privacy enhancer. In concert with other entities, the PCC has been used to construct what has been called in some circles "an impenetrable wall" against creditors and prying eyes. Whilst these claims can only be tested by this time, this novel use of a PCC for asset protection and financial privacy is an interesting potentially valuable approach.

WiltonGroup has been the first firm to open one of these new Protected Cell Companies on the Isle of Man. For more information on how PCCs might benefit your interests please call Debbie Hammond on +44 (0) 1624 675610