

A GUIDE TO PROTECTED CELL COMPANIES

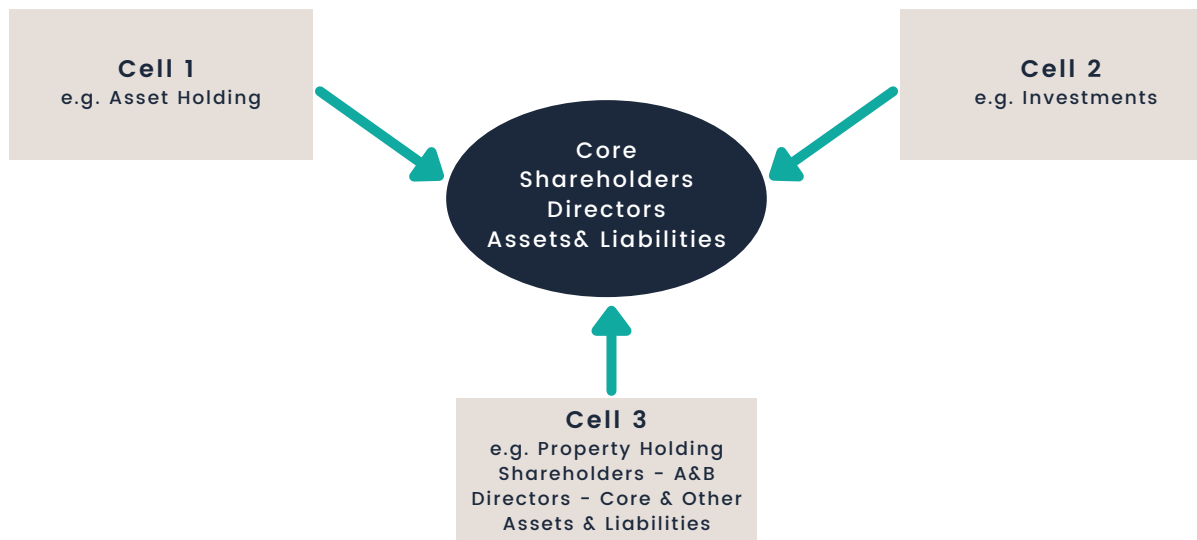
WHAT IS A PROTECTED CELL COMPANY ("PCC")?

A PCC is a limited liability company and is regarded as a single legal entity. Being a single legal entity means it is distinct from both its members and directors and is subject to the provisions of the Isle of Man Companies Acts.

There is however, a slight difference between a PCC and a conventional company in that a PCC may create one or more cells, the assets and liabilities of which are segregated from the assets of the PCC itself and from the assets and liabilities of other cells. This is commonly known as "the core" and is the non-cellular assets of a PCC.

The Cells

The benefit of using cells created by the core means assets can be ring fenced and protect them from the assets and liabilities of the other cells. Each cell in the PCC is designed to meet the specific investment requirements of a group of individuals or a family. The investment objective of each cell can be tailored to hold a wide range of asset classes. The share class structure can be tailored to provide flexible returns to investors as required. Please see the example below:



Assets & Liabilities

A cell is suitable for holding almost any asset capable of generating capital growth, for example equities, commercial or residential properties funds or intellectual property. The undertakings of an individual cell can have no bearing on the other cells. The assets which are attributable to a single cell are only available to the shareholders of that cell. Shareholders and creditors of other cells have no recourse against another cell.

Limited Company

A PCC can be thought of as being a standard limited company that has been separated into legally distinct portions of cells. The revenue streams, assets and liabilities of each cell are kept independent from all other cells. Each cell has its own shareholders allowing sole or multiple ownership of an entire cell. Usually a cell shareholder will have voting and other rights which are restricted to matters relating to the cell.

Isle of Man Government

The Isle of Man Government introduced PCC's in 2004 and they can be used for a number of business purposes.