

Guernsey: an ideal domicile for independent sponsors and deal-by-deal structures

Briefing Summary: We have seen a growing trend for bespoke structures being set up for single asset (deal-by-deal) acquisitions.

Service Area: Acquisition and Leveraged Finance, Investment Funds

Location: Guernsey

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In our experience, these are used for a variety of reasons, including:

- first time managers seeking to generate a track record outside of the regulated fund environment, with a view to establishing a “blind pool” fund vehicle at a later date;
- independent sponsors using these vehicles for ongoing club deals (i.e. where there is no desire to on the part of the sponsor to establish a regulated fund vehicle);
- continuation vehicles, extending the holding period for assets once a flagship fund comes to the end of its life and is required to liquidate its portfolio, thereby providing further time for a sponsor to maximise returns;
- “warehousing”, where an immediately available asset is acquired during the fundraising period for a flagship fund (and often transferred to the flagship fund once fund raising is complete);
- assets that cannot be accommodated within a main fund, whether due to capacity constraints, investment restrictions or otherwise;
- syndication of a desirable single asset amongst investors; and
- key investors requesting bespoke arrangements through which they can invest, outside of flagship funds.

Guernsey is an ideal domicile for such single asset structures, for three key reasons:

Regulation

Single asset vehicles are not regulated as collective investment schemes in Guernsey. Accordingly, neither the vehicle itself nor the entities managing those vehicles will need to obtain any licenses or approvals from the Guernsey Financial Services Commission.

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Cost

The absence of regulation means both the establishment and ongoing costs of a Guernsey deal-by-deal vehicle are minimised.

In addition, Guernsey has the benefits of:

Flexible legal structures, bringing greater efficiencies

Guernsey's cellular vehicles (protected cell companies (a "**PCC**") and incorporated cell companies) are analysed on a "cell-by-cell" basis from a regulatory perspective, meaning that so long as each cell only holds one asset, the cellular vehicle as a whole will not be classified as a collective investment scheme.

A PCC, for example, can establish a new cell by a simple board resolution, meaning no delays and negligible incremental costs in facilitating a standalone investment. Different shares classes can be issued in each cell to replicate carried interest / profit share arrangements, meaning that a whole series of deal-by-deal arrangements can sit within one corporate entity, bringing enormous cost and operational efficiencies.

Guernsey companies can easily migrate if required, and are free to elect to be resident elsewhere, meaning that they can, for example, take advantage of the UK's Qualifying Asset Holding Company (QAHC) regime since a Guernsey incorporated company is suitable as a UK QAHC where it elects to be UK tax resident.

Guernsey companies are also ideal as listing vehicles, and continue to be the domicile of choice for non-UK companies listing on the main market of the London Stock Exchange and the Alternative Investment Market.

The following structure diagram illustrates how a PCC can be used for a series of investments:

This results in the further advantages of ...

Time

Guernsey vehicles (typically companies and limited partnerships) can be established on a same-day basis (in some cases in as little as 15 minutes), meaning they can meet even the most demanding deal timeline. You won't need the services of notaries public, apostilles or special stamps to get things done. Our company and partnership laws facilitate quick and effective operation and decision making.

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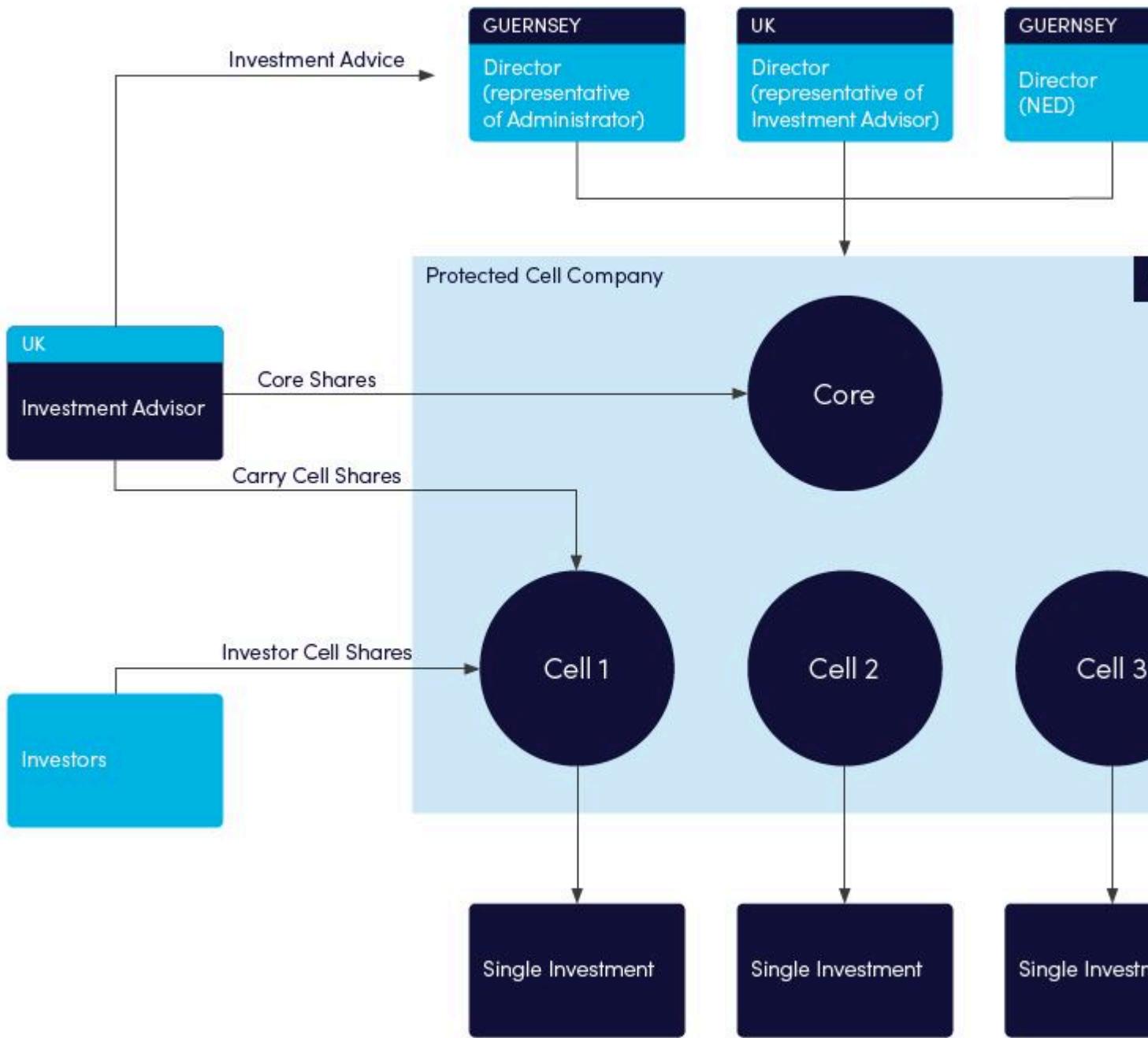
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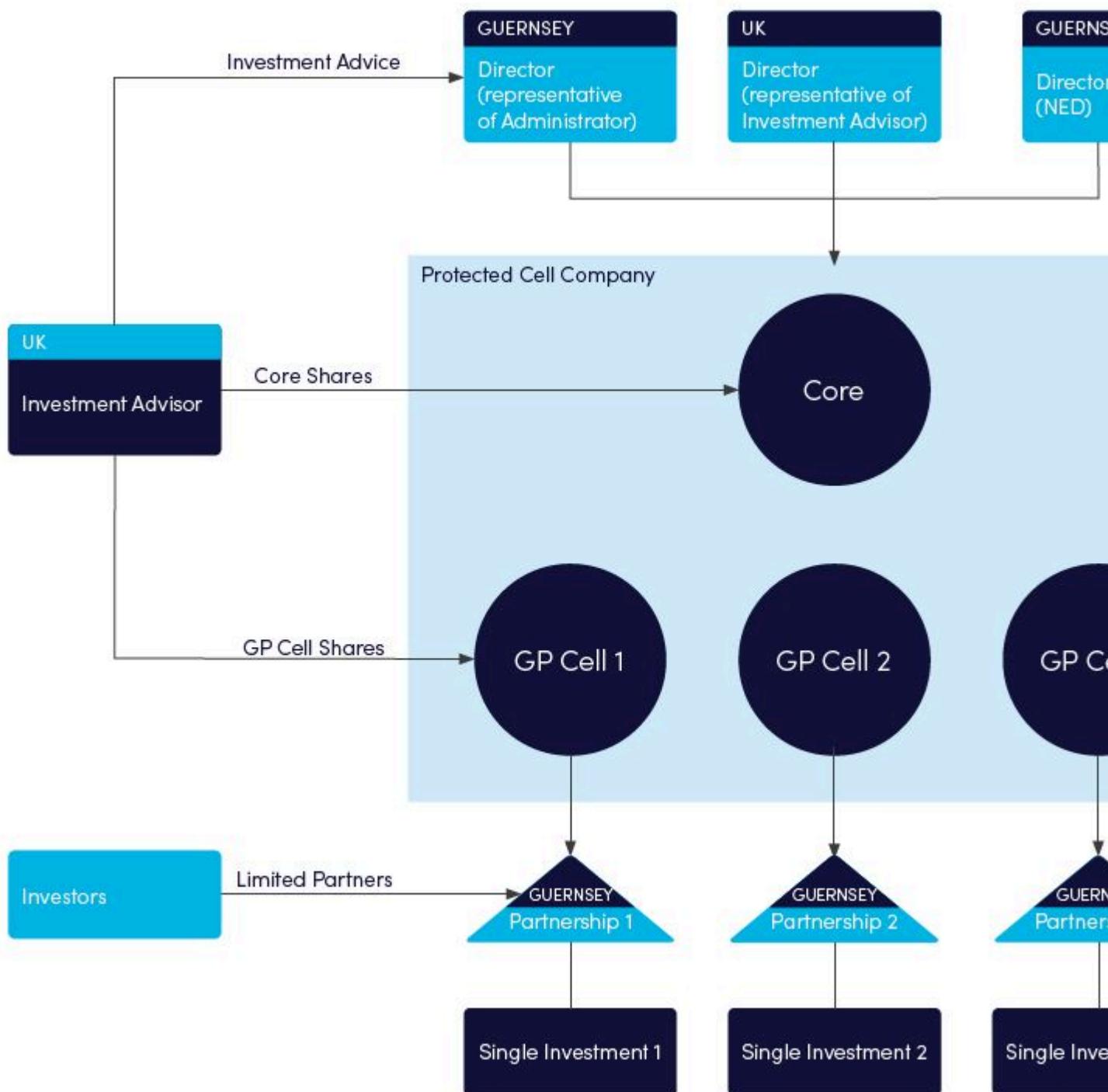


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Alternatively, if a limited partnership structure is required, a PCC can be used as the general partner vehicle. A new cell can be established as the general partner of each limited partnership, as the following structure diagram illustrates:



Certainty, stability, familiarity and simplicity

Guernsey's long-established independence has brought with it political stability and certainty. The island remains at the forefront of legal creativity¹, backed up by a strong legal system, latterly based in large part on English common law principles.

Our partnership law provides suitable "safe harbours" to LPs who wish to vote certain matters relating to the fund and its investments without jeopardising limited liability status. Unsurprisingly, Guernsey structures are familiar to private capital investors throughout the world.

Expertise

Guernsey has a wealth of expert service providers which offer first class legal, tax, audit and administration support to fund managers.

Carey Olsen

Carey Olsen is the leading legal adviser to Guernsey's investment industry. We advise 83% of the entire Guernsey-domiciled fund market by assets under management and nearly 73% by number of Guernsey-domiciled funds². As you would imagine, we have advised on numerous deal-by-deal vehicles for globally recognised sponsors.

Please feel free to contact us. We would be delighted to share our knowledge and experience in this area.

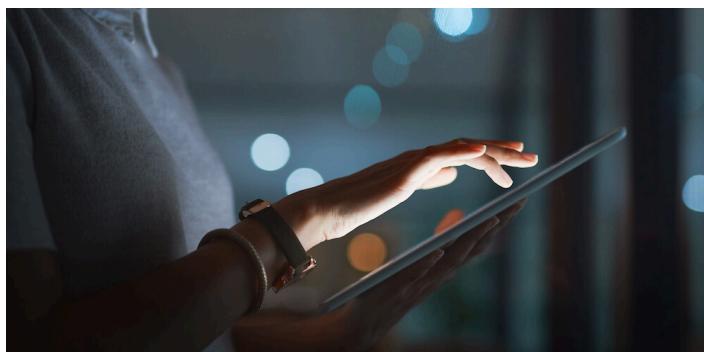
You can also find out more about Guernsey vehicles and Carey Olsen's expertise by visiting:

- our Guernsey funds website and scrolling down to see various articles.

1 For example, Guernsey invented the protected cell company over 25 years ago, an idea now copied around the world.

2 Per the 30th annual Monterey Insight Guernsey Fund Report.

Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026



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