REGISTRATION DOCUMENT

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS REGISTRATION DOCUMENT RELATING TO CASTLE TRUST GROWTH HOUSA PC SHARES DESCRIBED HEREIN THEN YOU SHOULD CONSULT AN INDEPENDENT PROFESSIONAL ADVISER.

Castle Trust PCC

a protected cell company incorporated with limited liability in Jersey with registered number 108697 acting in respect of its closed-ended protected cell Castle Trust Growth Housa PC

What is this document?

This document (the "**Registration Document**") comprises a registration document relating to Castle Trust PCC (the "**Company**") and Castle Trust Growth Housa PC (the "**Cell**", such term to include, where the context requires, the Company acting in respect of the Cell). This Registration Document will, together with any summary and securities note published during the twelve months from the date of this Registration Document, constitute a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto) (the "**Prospectus Directive**").

The date of this Registration Document is 30 December 2014.

This Registration Document is valid for twelve months from the date of publication.

To what does this Registration Document relate?

This Registration Document relates to the intended issue by the Cell of up to £1,800,000,000 redeemable preference shares ("**Shares**").

Shares will be issued monthly; each monthly issue will consist of twelve classes of Shares with different fixed terms (each a "**Share Class**"). Upon maturity, the Shares will be redeemed for amounts that are calculated by reference to the performance of the Halifax House Price Index or the Halifax London House Price Index.

The return on the Shares is subject to the ability of the Cell to meet its obligations in respect of the Shares. This Registration Document contains information on the financial position and the business activities of the Cell, as well as material risks inherent to the Shares.

How do I use this Registration Document?

This Registration Document should be read together with:

- the summary and securities note issued in respect of any particular Share Class (the "**Relevant Summary**" and the "**Relevant Securities Note**"); and
- the documents incorporated by reference into it and into any Relevant Summary and Relevant Securities Note.

This Registration Document sets out financial and operational information about the Cell as well as about the counterparty with whom the subscription proceeds for Shares are invested, Castle Trust Capital plc ("**Castle Trust**"), as well as other companies involved in the issues.

The Relevant Securites Note sets out information specific to the Shares being issued, including how the Investment Return is calculated and important dates of which investors should be aware.

The Relevant Summary contains the key information in respect of the Cell, Castle Trust and the Shares.

Together, these documents are intended to provide potential investors with sufficient information to make an informed assessment of:

- the assets and liabilities, financial position, profits and losses, and prospects of the Cell and of Castle Trust; and

- the rights attaching to the Shares.

IMPORTANT INFORMATION

An investment in Shares involves certain risks. Prospective investors should read the entire document and, in particular, the section headed "Risk Factors", when considering an investment in the Company and the Cell.

Approval

This Registration Document has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") made under s.73A Financial Services and Markets Act 2000, as amended ("**Prospectus Rules**" and "**FSMA**" respectively). This document has been filed with, and approved by, the FCA pursuant to s.85 FSMA and will be made available to the public in accordance with rule 3.2.1 of the Prospectus Rules. It should be read in conjunction with the Relevant Summary and the Relevant Securities Note, which, together with this Registration Document forms the prospectus for the purposes of s.85 FSMA and the Prospectus Directive.

This document includes particulars given in compliance with the Prospectus Rules for the purposes of giving information with regard to the Cell and the Company. The information contained in this Registration Document should be read in the context of, and together with, the information contained in the Relevant Securities Note and the Relevant Summary and distribution of this Registration Document is not authorised unless accompanied by, or supplied in conjunction with, copies of the Relevant Securities Note and the Relevant Summary.

Responsibility for the Registration Document

The Company, the Directors of the Company and the Directors of the Cell, whose names appear on page 29 of this Registration Document, accept responsibility for the information contained in this Registration Document and declare that, to the best of the knowledge and belief of the Company, the Directors of the Company and the Directors of the Cell (who have taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and contains no omission likely to affect its import. Castle Trust and the Castle Trust Directors accept responsibility for the statements of belief attributed to them relating to Castle Trust, the information contained in this Registration Document relating to Castle Trust and the risks relating to Castle Trust and its business in Parts I, II and IX of this Registration Document and declare that, to the best of the knowledge and belief of Castle Trust and the Castle Trust Directors (who have taken all reasonable care to ensure that such is the case), the statements of belief attributed to them relating to Castle Trust, the information contained in this Registration Document relating to Castle Trust and the risks relating to Castle Trust and its business in Parts I, II and IX of this Registration Document is in accordance with the facts and contains no omission likely to affect its import.

Limitations on liability

The Company and the Cell are an unclassified collective investment fund regulated under the CIF Law. As a regulated fund, the JFSC has evaluated and approved the scheme or arrangement of the fund, the parties involved in the promotion, management or administration of the fund and the Prospectus. In accordance with the CIF Law and the Financial Services Law (as applicable), the JFSC has ongoing responsibility generally to supervise the regulatory compliance of the fund, its management and its Jersey registered financial services providers.

The JFSC does not take any responsibility for the financial soundness of the Company or the Cell, or for the correctness of any statements made or expressed in the Prospectus. The JFSC is protected by the CIF Law and the Financial Services Law against liability arising from the discharge of its functions under those laws.

Whilst this document has been approved as required by s.85 FSMA, neither the Shares nor the Offer have been approved, disapproved or recommended by any governmental or regulatory authority of any country or jurisdiction, nor has any such governmental or regulatory authority passed upon or endorsed the merits of the Company, the Cell or an investment in the Shares.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission or any other US federal or state securities commission or regulatory authority, nor have such authorities confirmed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Prospective investors must rely only on the information contained in this document or incorporated by reference into this document and the Relevant Securities Note and the Relevant Summary. No broker or dealer or any other person has been authorised to issue any advertisements or to give any information or to make any representations in connection with the offer of shares in the Cell other than those contained in this document and, if issued, given or made, such advertisement, information or representation may not be relied upon as having been authorised by or on behalf of the Cell, the Company, Castle Trust or CTCM.

Geographic limitations on the sale of Shares and the use of this Registration Document

The distribution of this document and the offering or purchase of Shares may be restricted by law in certain jurisdictions. **This document does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Shares in any jurisdiction in which such offer or solicitation is unlawful or restricted by law.** The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, including outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this document, see the section of this document entitled "Information in Relation to this Document" and the section headed "Investor Restrictions" contained in Part V of this document.

This document is not for distribution in or into Australia, Canada or Japan. Subject to certain exceptions, the Shares may not, directly or indirectly, be offered or sold within Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. No action has been taken by the Company, the Cell, Castle Trust or CTCM that would permit an offer of Shares or possession or distribution of this document (or other offer or publicity material or application form relating to the Shares) in any jurisdiction where action for that purpose is required, other than the United Kingdom. Accordingly, neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. This document does not constitute an offer of or invitation or solicitation to subscribe for or acquire any Shares in any jurisdiction where it is unlawful to do so. No persons receiving a copy of this document in any such jurisdiction may treat this document as constituting an offer, invitation or solicitation to them to subscribe for Shares in the relevant jurisdiction notwithstanding that such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement.

It is the responsibility of any persons in possession of this document and any persons wishing to apply for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Prospective investors should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. Further information with regard to restrictions on offers and sales of the Shares and the distribution of this document is set out in Part V of this document.

The Cell's shares that are being offered to the public in new share classes created each month by the Company rank *pari passu* in terms of voting rights with each other and any distribution that might be declared, made or paid on any of the Shares of the relevant Share Class.

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PART I

RISK FACTORS

Before making an investment decision with respect to the Shares, prospective investors should consider carefully all of the information set out in this document and the Relevant Securities Note and the Relevant Summary. Prospective investors should have particular regard to, amongst other matters, the risk factors set out in this Part I.

The risk factors set out in this document, alone or collectively, may inhibit the prospects of the Company and reduce the value of the Shares and could result in a loss of all, or a portion, of a Shareholder's investment in the Shares. The risk factors set out in this document are not exhaustive and do not necessarily comprise all the risks faced by the Company, the Cell, Castle Trust and their respective businesses. There may be other risks to the Company, the Cell, Castle Trust and their respective businesses that a prospective investor should consider which are not presently known to the Directors, or which the Directors currently deem immaterial, which may also have an adverse effect on the Company's, the Cell's or Castle Trust's respective businesses, financial conditions and results of operations.

The risk factors set out here are those risks the Directors consider material to the Company, the Cell, Castle Trust and their respective businesses.

This Part I is arranged under the following subheadings:

1 Risks relating to the Company and the Cell
2 Risks relating to the Company and the Cell's business
3 Credit Risk
4 Financial Services Compensation Scheme
5 Conflicts of Interest
6 Risks relating to Castle Trust – the Investment Provider
   6.1 Castle Trust's exposure to the creditworthiness of borrowers
   6.2 Castle Trust's exposure to macroeconomic factors
   6.3 Castle Trust's regulatory risk
   6.4 Castle Trust's asset and liability matching risk
   6.5 Castle Trust's risk of losing key employees
   6.6 Castle Trust's risks in relation to third party service providers and suppliers
   6.7 Castle Trust's risk as a new business
   6.8 Castle Trust's risk from taking on further counterparty liabilities
   6.9 Possible exposure of Castle Trust to fraud
   6.10 Competition in Castle Trust's mortgage markets
7 Cross-Share Class liabilities
8 Investment product risk
9 Risks relating to the UK housing market and the Index

1 Risks relating to the Company and the Cell

The Company has no assets other than its founder share capital, and the Cell has no material assets save for the Investment Provider's obligations under the Investment Product. If the Investment Provider fails to meet those obligations, therefore, the Cell will not be able to meet its obligations to Investors and will have no means to do so.

2 Risks relating to the Company and the Cell's business

The Investment Return payable on the maturity of the Shares of the relevant Share Class is dependent upon market fluctuations and other risks inherent in investing in investments linked to the Index. The Index can fall as well as rise and investors may not realise the full amount of their investment in the Shares. The investment objective for the Shares issued in respect of each Share Class will be to generate an Investment Return for the relevant Shares over their Investment Term and to return to Shareholders the Investment Return on the maturity of the relevant Shares. As the Investment Return is referenced to the

Index, such Investment Return is necessarily dependant on the movement of the Index. In the opinion of the Directors, the investment objective for the Shares issued in respect of each Share Class should be achieved through the purchase of the investments as described under the section headed "Investment policy and objective" set out in this document or the section headed "Investment policy and objective" set out in the Relevant Securities Note. There may be particular investment risks attributable to the Shares issued in respect of a Share Class, the details of which will be set out in the Risk Factors section in the Relevant Securities Note.

3 Credit Risk

Investors should be aware that the Company and the Cell have no material assets save for the Investment Provider's obligations under the Investment Product and the funding of the Investment Return will come entirely from the Investment Product. There will be no other source of funding of the Investment Return. Investors should review the "Risks relating to Castle Trust – the Investment Provider" for an understanding as to the risks associated with the Investment Provider.

Investors should be aware that the Cell's only investments in respect of each Share Class will be in the relevant Investment Product. There will be the same counterparty in respect of each Investment Product and accordingly there will be no counterparty risk diversification. The obligations of the Investment Provider under the Investment Products will not be collateralised.

The obligations in respect of the redemption of Shares of each Share Class are solely obligations of the Cell and neither the Investment Provider nor any other person has any obligation to the Shareholders for payment of any amount due in respect of the relevant Shares, save that when investors purchase Shares from Castle Trust, they will do so on terms and conditions that incorporate an obligation on the part of Castle Trust to repurchase such Shares on the Maturity Date for an amount equal to the Investment Return. When Shares are initially allotted to Castle Trust, legal title will be held by the Nominee with beneficial title held by Castle Trust. When investors purchase Shares, beneficial title will be transferred to the Shareholder. Shareholders may opt for legal title to be transferred as well. Such Shareholders can opt for Castle Trust not to buy back their Shares and for the Shares to be redeemed from them directly **in which case such Shareholders will no longer be eligible claimants under the FSCS (see paragraph 4 below).**

Further details of the Investment Products to be entered into or acquired by the Cell to fund amounts scheduled to be paid by the Cell to Shareholders of a particular Share Class will be set out in the Relevant Summary and Relevant Securities Note.

If in respect of any Investment Product attributable to a Share Class (i) the Investment Provider defaults or does not make the payment that it is obliged to pay to the Cell under the relevant Investment Product for any reason; or (ii) an Investment Product is terminated for any reason, there will be a shortfall in the monies to pay the Investment Returns payable and, consequently, the relevant Shareholders may not receive the Investment Return, distributions or any other amounts due. Please also refer to the risk factor entitled "Cross-Share Class Liabilities" below.

4 Financial Services Compensation Scheme ("FSCS")

The FSCS is a compensation fund of last resort for customers of firms authorised by the Financial Conduct Authority. When investing, investors will purchase their Shares from Castle Trust, a purchase which will be governed by the Terms and Conditions. Under the Terms and Conditions, on the maturity of the Shares, Castle Trust will repurchase the Shares for an amount equal to the Investment Return. Castle Trust is authorised and regulated by the Financial Conduct Authority to carry out regulated activities and is a participant in the FSCS established under the Financial Services and Markets Act 2000. The FSCS can pay compensation to eligible investors if an investment firm (such as Castle Trust) is unable to meet its financial obligations.

The FSCS will be applicable to Shareholders who have purchased their Shares from Castle Trust (or who have inherited their Shares from someone who purchased their Shares from Castle Trust) and who have not opted out of Castle Trust's repurchase obligation in the event that Castle Trust fails to repurchase Shares on the Maturity Date, just prior to their redemption. The FSCS applies by virtue of the buy-back obligation in the Terms and Conditions and a failure by Castle Trust to comply with such obligation.

Therefore, Shareholders who have bought their Shares on the secondary market (if one develops) or who have opted out of the buy-back obligation will not have recourse to the FSCS. If a Shareholder has suffered a loss as a result of Castle Trust failing to meet its financial and contractual obligations (for example, if it failed to buy back the Shares because it had become insolvent) then the Shareholder would be able to make a claim under the FSCS. Most Shareholders, including all individuals not connected to Castle Trust and some small businesses and charities, are covered by the FSCS. In respect of investments, an eligible investor is entitled to claim up to £50,000. For further information please see Part XIV.

There is a risk, however, that the FSCS may cease to operate or will not be sufficiently funded to meet the compensation claims of Shareholders or that applicable Shareholders cease to be eligible claimants under the FSCS and accordingly Shareholders may not be compensated for the full amount of the Investment Return.

5 Conflicts of Interest

Castle Trust and CTCM will have a number of roles in relation to the Share Classes and the Shares and as a result may have a number of potential conflicts of interest.

In respect of each Share Class, CTCM will be appointed by the Cell to provide investment management services to the Cell in respect of that Share Class in accordance with the Management Agreement and marketing services to the Cell in respect of that Share Class in accordance with the Marketing Agreement. CTCM is a subsidiary of Castle Trust. Castle Trust will be the Investment Provider in respect of the Investment Products in respect of each Share Class.

Castle Trust and/or its Affiliates may contract with the Company (acting in respect of itself or any protected cell in the Company) and/or enter into transactions which relate to a Share Class, the Shares issued in respect of any Share Class and any Investment Products and as a result Castle Trust may face a conflict between its obligations as counterparty and its interests and/or its Affiliates' interests in other capacities.

Castle Trust and CTCM will have regard to their obligations to act in accordance with the rules of the FCA and any other regulatory regime to which they are subject and their obligations to other clients. Castle Trust and CTCM will use their reasonable endeavours to procure that any such conflicts of interest are resolved fairly to ensure that the interests of the Company, the Cell and the Shareholders (as applicable) are not unfairly prejudiced. However, where any such conflict is resolved in this way, such resolution may be adverse to the Cell, the relevant Share Class and the relevant Shareholders or to the interests of the Cell, the relevant Share Class and the relevant Shareholders.

6 Risks relating to Castle Trust – the Investment Provider

Castle Trust provides Mortgages to homebuyers and homeowners.

A Castle Trust Mortgage is, typically, a second-charge mortgage for (up to) 20% of the value of a property. The borrower must, typically, retain a minimum of 15% of their own equity in the property. Mortgages are only granted to good credit quality customers for purchase or remortgage. In most cases, there are no monthly payments required.

On expiry of the term of the Mortgage, sale of the property or earlier redemption, depending on the terms of the individual Mortgage, Castle Trust typically recovers its principal plus either a profit share of, typically, up to 40% of any increase in the value of the mortgaged property or a profit share linked to the movement in the Index during the term of the Mortgage (the "**Profit Share**"). In some cases these house priced linked returns may be partially or wholly substituted by the right to receive interest, which is typically deferred until the Mortgage is repaid.

If the value of the property declines during the term of the Mortgage, Castle Trust does not, typically, participate in such a loss (the "**Loss Share**").

Mortgages are provided for terms of between 1 and 30 years but borrowers may redeem part or all of their Mortgage before the end of its term. After the first two years there are, typically, no early redemption charges for doing so. Mortgages which have an element of return linked to house price movements typically incorporate a minimum defined repayment amount.

In most cases Castle Trust Mortgages are subordinated to a first charge mortgage from a traditional lender (see above). A borrower is free to refinance his first charge mortgage at any time, provided the amount borrowed under that primary mortgage is not increased. The only exception to this is when the borrower uses an additional amount borrowed under the primary mortgage to repay part or all of their Castle Trust Mortgage.

Castle Trust is the only counterparty for the purposes of the Investment Products. This means that the risks Castle Trust faces as a result of its Mortgage lending operation and its cash investment operation may adversely impact its solvency and will directly affect its ability to meet payments due to the Company under the terms of the Investment Products. Various factors could adversely impact Castle Trust's solvency including the following:

6.1 *Castle Trust's exposure to the creditworthiness of borrowers*

Members of Castle Trust's management team and board have significant experience in managing the creditworthiness of borrowers. However, Castle Trust may be exposed to the risk of borrowers defaulting on their repayment obligations. In particular, if a borrower defaults on his primary mortgage, the borrower will be required to pay an interest charge as well as to repay the Castle Trust Mortgage early. If a borrower has defaulted on his primary mortgage then it is likely that he will also struggle to pay such interest charge and will also struggle to repay the Castle Trust Mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, systemic default by many borrowers would, if it occurred, have a significant impact on Castle Trust's business.

6.2 *Castle Trust's exposure to macroeconomic factors*

Macroeconomic factors including, but not limited to, developments in the on-going UK and global economic environment, could adversely impact Castle Trust's business and operating results. The global economy, having experienced a period of significant turbulence, continues to be subject to material uncertainty. Castle Trust's performance depends to a certain extent on a number of macro-economic factors outside the control of Castle Trust which impact on UK house buying and mortgage lending, including political, financial and economic conditions. Factors which impact on house buying and mortgage lending include, among other things, gross domestic product growth, unemployment rates, consumer confidence, social and industrial unrest, the availability and cost of credit, interest rates, taxation, and regulatory changes.

The future and long-term impact that UK macroeconomic factors will have on Castle Trust is difficult to predict. There can be no assurance as to levels of future economic growth and any deterioration in the UK's economy could have an adverse impact on the future results of operations of Castle Trust. Moreover, any future economic growth may be modest. The impact and duration of the UK economic weakness has proven very difficult to predict and this will apply to any deterioration or any recovery.

Macroeconomic factors, including any future economic weakness or rising interest rates in the UK could result in an increased risk that borrowers may face personal financial difficulties which impact their ability to service the required repayments on their primary mortgages, which in turn could result in borrowers being unable to repay the Mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, a systemic failure by a significant proportion of Mortgage borrowers at any given time may have an adverse effect on the Castle Trust's financial condition and future prospects.

6.3 *Castle Trust's regulatory risk*

Members of Castle Trust's management team and board have significant experience in managing regulatory relationships. Castle Trust provides services which are subject to regulation by the FCA and such regulation is likely to increase as a result of the transfer of responsibility for the regulation of consumer credit from the Office of Fair Trading to the FCA on 1 April 2014.

If for any reason these changes meant that Castle Trust was unable to issue Mortgages, then Castle Trust may no longer be able to act as counterparty to the Investment Products and the Cell may not be able to continue to issue Shares until and unless it could provide an alternative means of funding the returns for new Shares.

In addition, failure of Castle Trust to implement and maintain appropriate processes and controls to ensure that it does not sell services or products which are not suitable for clients and to ensure that the conduct of Castle Trust's other activities complies with the relevant regulations, or the failure of Castle Trust to review and update its regulatory permissions and the status of its authorised persons so as to ensure that its existing and new activities, as they develop, are consistent with Castle Trust's regulatory permissions and authorisations, could lead to public reprimand, the imposition of significant fines, the revocations of permissions or authorisations and/or regulatory sanctions. Any of these could lead to adverse publicity and reputational damage as well as financial loss, all of which could have a material adverse effect on the business, results of operations, financial condition and prospects of Castle Trust, which could adversely impact the ability of Castle Trust to make repayments under the terms of the Investment Products. However, Castle Trust considers this risk to be low.

Implementation of the proposed EU Directive on Credit Agreements Relating to Residential Property may lead to a change to regulations governing buy to let mortgages. The proposed extension of the scope of the directive to include buy to let lending may adversely impact Castle Trust. Castle Trust would face increased regulation in relation to its buy to let lending and could have to comply with regulatory provisions relating to (i) advertising, marketing and pre-contract information disclosure and (ii) creditworthiness and sustainability assessments when underwriting buy to let mortgages. The ability to provide buy to let mortgages may be subject to stricter regulatory requirements which could negatively affect Castle Trust's business, results of operations, profitability or financial condition and which could adversely impact the ability of Castle Trust to make repayments under the terms of the Investment Products.

6.4 *Castle Trust's asset and liability matching risk*

Asset and liability matching is core to Castle Trust's business model and members of Castle Trust's management team and board have significant experience in managing the matching of assets and liabilities. Castle Trust targets retaining a minimum of 20% of funds raised from house price index linked products in liquid assets such as money market, cash and cash equivalents.

Castle Trust seeks to manage the interest rate exposure present in its assets by issuing fixed rate bonds.

In addition to interest rate exposure, the Castle Trust balance sheet is impacted by movements in the price of UK residential property through its provision of Mortgages and issue of house price linked funding. Castle Trust seeks to match the constituents of the Index, meaning that the residential property exposure of its assets (via its portfolio of individual house-price linked and index linked mortgages) should, within risk limits, match that of its liabilities. However, there remains the risk that the Index will outperform Castle Trust's assets and therefore it may be unable to meet its liabilities under the terms of the Investment Products if Castle Trust holds insufficient cash or fixed or floating rate income securities. Changes to the methodology, rules or data used by the Index Sponsor in calculating the Index may reduce the ability of Castle Trust to match its assets and liabilities. The probability of index tracking error having such an extreme impact that Castle Trust will be unable to meet its liabilities is low. This is because, in the event that Castle Trust sees general falls in the value of properties for which it has provided Mortgages, then, provided that such properties are a reflective sample of properties that make up the Index, the Index will fall in a similar manner, reducing Castle Trust's liabilities. In circumstances where there is a greater than 25% fall in national property values, the likelihood is increased that some borrowers will have moved into negative equity, thereby exposing Castle Trust to greater potential for a loss on foreclosure. The probability of this occurring is considered by Castle Trust to be low because historical trends indicate that it is very unlikely to happen but it may have a significant impact on Castle Trust's business if it were to occur.

6.5 *Castle Trust's risk of losing key employees*

The ability to successfully operate and grow the Castle Trust business is largely dependent on the efforts, abilities and services of senior management and other key employees. Castle Trust's future success will also depend on, among other factors, its ability to attract and retain qualified personnel, either through internal training and promotion, direct hiring or the acquisition of other businesses employing such professionals. In particular, Castle Trust's management team have developed an important understanding of both the market for Mortgages and the Index, as well as experience of going through the regulatory process with the FCA and various listing authorities. As Castle Trust develops the market for its Mortgages, builds on relationships with primary mortgage lenders and enhances its investment proposition, it will need to retain additional skilled employees to maintain such relationships. An inability to attract and retain key employees could materially adversely affect Castle Trust's business, operating results or financial condition.

6.6 *Castle Trust's risks in relation to third party service providers and suppliers*

Castle Trust's ability to operate and grow its business in a controlled manner is significantly dependent on people, processes and systems provided by third party outsource providers and suppliers. Third parties provide a wide range of services for Castle Trust including (i) in relation to its investment products: transaction processing, client and financial record keeping, client and broker communications, client money and anti-money laundering controls, management information and reporting, and complaint handling, (ii) in relation to its Mortgage products: loan originations processing, post completion servicing, client and broker communications, client and financial record keeping, management information and reporting, and complaint handling; and (iii) IT systems architecture, software and data services. Any significant or persistent failure by any third party to deliver services in accordance with their contractual obligations to Castle Trust could result in adverse publicity, reputational damage or otherwise materially adversely impact Castle Trust's business, operating results or financial condition.

6.7 *Castle Trust's risks as a new business*

Castle Trust has been trading since October 2012, a period of approximately 27 months. As at 31 October 2014, Castle Trust has completed £49m of Mortgages and raised £64m of retail funding. Whilst it is therefore the Castle Trust board's opinion that the Company's positive growth trend is now established, there is a risk that demand for Mortgages in the future will either fail to grow or will diminish. Members of Castle Trust's management team and board have significant experience in establishing and running new businesses, particularly in retail financial services. If the development of Castle Trust's Mortgage franchise did not achieve anticipated growth rates, the board may seek to alter or extend the Company's business model by designing and launching mortgage products which meet the evolving needs of its customers and prospective customers or by using the subscription proceeds to generate payments under the Investment Products in ways that are different from those described in this Prospectus. For example, following a board review of the mortgage product range, Castle Trust withdrew the Partnership Mortgage product on 17 November 2014, launched the Flexible Zero mortgage products giving borrowers the option to repay Castle Trust based on interest rates, and launched a new high value mortgage business line (for more details of the current mortgage products, see section 2 in Part II Overview of Castle Trust and its business, and paragraphs 1.4 to 1.6 in Part VII Operating and Financial Review).

6.8 *Castle Trust's risk from taking on further counterparty liabilities*

Castle Trust is a business seeking opportunities to expand its markets and its product lines. Aside from the Growth Housa and Foundation Housa products (described below), new products are currently only at the exploratory stage and no decisions have yet been taken in respect of any products that might be offered or the structures that might be used for such products.

On 4 October 2012 the Group launched two products, an Income Housa and a Growth Housa.

An Income Housa is an investment for a fixed term of 3, 5 or 10 years, giving investors the opportunity to share in the performance of UK house prices through the Halifax House Price Index ("**HHPI**") with a fixed income every three months. The Income Housa is a 'loan note' issued by Castle Trust Income Housa plc, a Jersey company ("**CTIH**") and a subsidiary of Castle Trust. The level of interest an investor receives depends on the investment term such investor chooses at the start and is paid out every three months for the full term. CTIH then repays the loan note at the end of the term. The value of the loan note at the end of the investment term is directly linked to the change in the HHPI, so an investor's original investment will be adjusted for the rise or fall in the HHPI over the term. Income Housas will not be offered to investors after 30 September 2014.

Growth Housas are Participating Preference Shares of Castle Trust PCC and its cell company Castle Trust Growth Housa PC with similar properties to Income Housas. In a similar manner to Income Housas, Growth Housas are offered in 2 classes each month: 5 year shares and 10 year shares. As with the Income Housa, the Growth Housa is an investment product which is designed to grant the investor exposure to the potential growth or fall of the HHPI over the life of the product. It will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to investors depend on the duration of the product and whether the investment is held until redemption or is redeemed early at Castle Trust's discretion.

On 1 February 2014, Castle Trust launched the Protected Housa. The Protected Housa is similar to the Growth Housa, being a share in the Company but is for a fixed term of 5 years and offers a different return on the HHPI. The Protected Housa delivers participation in any growth in HHPI over the 5 year term to the investor, or the return of their original investment should the HHPI level be lower at the end of the term than at the start. As from 1 August 2014, this product has been sold under the name Foundation Housa.

On 9 July 2014, the Group launched a fixed and floating rate bond programme giving investors a competitive interest return on their capital. Fortress Bonds are loan notes issued by Castle Trust Direct plc ("**CTD**"), a UK company which is a subsidiary of Castle Trust. The level of interest an investor receives depends on the investment term chosen at the start of the investment and is paid either at maturity or (for longer duration bonds) during the term of the product. CTD then repays the investor's capital (i.e. loan note) at the end of the product term.

Castle Trust acts as counterparty in each of the Income Housa, Growth Housa, Foundation Housa and Fortress Bond transactions through the provision of investment products which generate the relevant return. Castle Trust's liabilities under such products will rank *pari passu* with its liabilities under the Borrower Loan Agreement.

It is possible that Castle Trust will launch additional investment products to be offered alongside the Growth Housas, the Foundation Housas and the Fortress Bonds. Whilst no decision has yet been made as to the structure of any new product (including as to whether such new product might be offered through existing Castle Trust entities or through a new company), if a counterparty were required then it is likely that Castle Trust would again act as such counterparty. It is most likely, however, that the obligations of Castle Trust under any new products would rank *pari passu* with its obligations in respect of the Income Housas, the Growth Housas, the Protected Housas, the Foundation Housas and the Fortress Bonds.

If Castle Trust were to act as counterparty to additional investment products, and its liabilities under these additional investment products were to rank *pari passu* with its liabilities under the investment products in respect of Income Housas, Growth Housas and the Foundation Housas and its liabilities under the Borrower Loan Agreement in respect of Fortress Bonds, the creditworthiness of Castle Trust would be reduced in proportion to the amount of additional liability that it accepts as counterparty to such alternative investment products if, for example, the new product pays a return which is not wholly correlated with Castle Trust's portfolio of Mortgages and liquid assets.

6.9 *Possible exposure of Castle Trust to fraud*

It is Castle Trust's belief that the incidence of fraud has historically been higher in the buy to let market than amongst owner occupiers. With the operation of Castle Trust in the buy to let market, and as an originator and potentially purchaser of loan assets, Castle Trust is exposed to possible fraud by borrowers, purported borrowers, their professional advisers such as solicitors, accountants or valuers as well as by employees. Attempted fraud typically involves borrowers, either acting alone or in concert with professional advisers, seeking to obtain funds by adopting a false identity or using a false inflated property valuation or purporting to own a property or seeking a release of security without redeeming the underlying loan. In addition, solicitors or conveyancers could abscond with completion monies, although redress under the indemnity arrangements required by the Solicitors Regulation Authority is normally available in such circumstances in relation to solicitors.

Castle Trust has in place processes and procedures and industry standard anti-fraud analytic systems to counter fraud. However, it is possible that large scale fraud could adversely affect Castle Trust's revenues and/or profits.

6.10 *Competition in Castle Trust's mortgage markets*

The UK financial services market is highly competitive. Competitors in the owner-occupier and buy to let mortgage markets range from large multi-product high street banks to small and highly specialised operations. Castle Trust's buy to let mortgage operations exist in areas of the market that are at present less regulated than other financial sectors. This limits barriers to entry to the market which creates the potential for an increase in the number of new competitors and the speed at which existing competitors can launch new products.

The market is expected to remain highly competitive in all of Castle Trust's business areas, which could adversely affect Castle Trust's business, results of operations and financial condition.

7 Cross-Share Class Liabilities

The structure of the Cell allows for the creation of multiple Share Classes and the Articles provide that the assets of one Share Class are only available to holders of shares in that Share Class. In the event that the amount paid by Castle Trust under the Investment Product of a particular Share Class is insufficient such that the Investment Returns of the Share Class payable exceed the amounts received under the Investment Product, no Shareholder of that Share Class will be entitled to recover from the Investment Returns of other Share Classes, and accordingly they will suffer loss to the extent that they are not able to recover compensation from Castle Trust or under the FSCS (see further the risk factor entitled *"Financial Services Compensation Scheme"* above). However, the Directors intend to manage the affairs of the Cell such as to minimise any such risk and in particular it is not anticipated that any borrowing or other significant liabilities will be effected or incurred at Share Class level.

8 Investment product risk

The Cell's sole asset is the Investment Product, the financial contract with the Investment Provider, which is designed to enable the Cell to meet its liabilities in respect of the Shares. The Investment Product contains an obligation on the Investment Provider to pay an amount not less than the Investment Return as Shares mature, and this is the only means by which the Cell will be able to redeem Shares for the Investment Return. The Directors consider the possibility to be extremely remote but, if the Investment Provider were to default on its payment obligations under the Investment Product, the Cell would have no access to the assets of the Investment Provider other than via litigation for contractual breach. In such event, the Cell would be unable to meet its obligations to investors.

9 Risks relating to the UK housing market and the Index

Shares issued in respect of particular Share Classes will have a return which is linked to the Index. The Index is designed to track the performance of the UK or London housing market by reflecting the movements in prices of UK or London housing (as applicable).

The Index's exposure to the UK or London housing market (as applicable) is purely notional. There are no assets to which any person is entitled or in which any person has any ownership interest or which serve as collateral for any Investment Product related to the Index. In particular, Shareholders will not have any rights in respect of the Index.

The Index Sponsor is under no obligation to continue the calculation, publication and dissemination of the Index. The Index may be terminated at any time by the Index Sponsor. Should the Index cease to exist, this may have a negative impact on the return on any investment in Shares. CTCM will have to find an alternative index or means of calculating the Investment Return which may depress the actual Investment Return realised. Castle Trust will have to do the same in respect of the Investment Product. Please refer to page 43 for further details relating to the adjustment of an Index.

The methodology and rules relating to the Index may be changed (such as being amended, modified or adjusted) from time to time by the Index Sponsor. The data utilised by the Index Sponsor may change from month to month due to market conditions, customer profile, the Index Sponsor's underwriting criteria and marketing intentions. Any such change may have an adverse effect on the level of the Index and will occur without the consent of or notice to Shareholders. Shareholders do not have a right to notice of or to veto such changes.

The Index is designed to track the UK or London housing market (as applicable). As such, the Index can be volatile and affected by many economic factors outside the control of the Cell, the Company and the Index Sponsor. Shocks to the economy and financial system can have significant negative impacts on the UK or London housing market (as applicable), and therefore, the Index. Before buying Shares, prospective investors should carefully consider the behaviour of the Index and have in mind that not only economic factors such as interest rate volatility, but also geographical and political factors may affect the Index.

The Final Index Level is the level of the Index as at the Reference Date as set out in the Relevant Securities Note. This level may not be the highest level of the Index over the period of the Investment Term.

The level of the Index may go down as well as up and past performance is not a guarantee of future performance.

No assurance can be given that the investment objectives will be successful or that the Index will outperform any alternative house price index that might be employed.

The risks listed above and in the Relevant Summary and Relevant Securities Note are those risks that the Directors, as at the date of this Registration Document (or, in respect of those risks stated in the Relevant Summary and Relevant Securities Note, as at the date of that Relevant Summary and Relevant Securities Note), are aware of and consider to be material to the Company, the Cell or Castle Trust and their respective businesses and should not be considered to be an exhaustive list of the risks which potential investors should consider. Risks that the Directors consider, as at the date of this Registration Document, to be immaterial or of which they are not aware have not been included and potential investors should be aware that the Company, the Cell, Castle Trust and their respective businesses may be exposed to other risks not considered material by the Directors based on information currently available to them or which they are not currently able to anticipate. In the event that the Directors consider there to have been a significant new factor or risk that is not disclosed in this Registration Document, the Relevant Summary or the Relevant Securities Note, the Company will publish a supplementary prospectus.

PART II

OVERVIEW OF CASTLE TRUST AND ITS BUSINESS

This part of the Registration Document provides background information on Castle Trust and an overview of its business. It also describes the role that the subscription from the Shares plays within that business.

This Part II is arranged under the following subheadings:

BACKGROUND TO CASTLE TRUST AND ITS MARKETS

1 Introduction

Castle Trust is a UK mortgage and investment firm. The core of Castle Trust's business is the provision of Mortgages to UK customers and house-price or interest rate linked investments to investors who, Castle Trust believes, are not being adequately served by the product range available from existing banks and investment firms. Mortgages are funded by shareholder equity and by the issue of Housa investments and Fortress Bonds, which pay the net proceeds of such issues to Castle Trust to allow Castle Trust to offer its Mortgages. Further details regarding Mortgages and Housas can be found on pages 19 and 20, respectively.

Castle Trust, which was incorporated in 2010 and commenced trading on 1 October 2012, operates predominantly from its offices in Central London and Basingstoke, Hampshire, and had 48 permanent employees as at 30 November 2014.

Castle Trust has established a diversified lending portfolio of Mortgages. Potential borrowers are primarily reached through carefully selected distribution partners providing mortgage advice to customers. Castle Trust has developed products and underwriting technology and processes to enable it to make lending decisions quickly, expected to often be on an automated basis.

Castle Trust believes that by virtue of its ability to gain exposure to the UK housing market and interest rates via Mortgages and the absence of large fixed overheads in the form of a branch network, Castle Trust is able to offer competitively priced retail investments, currently being Housas and Fortress Bonds. Castle Trust intends to have all of its lending entirely funded by house price or interest rate linked investments or its own equity and, accordingly Castle Trust has no exposure to wholesale funding. To reduce liquidity risk, Castle Trust intends to actively manage the blend of Housa investments and Fortress Bonds (ranging from one to ten years) with the expected duration profile of the Mortgage portfolio (which is based on UK experience) using its systems and controls.

As at 30 September 2014, Castle Trust had over £33m of shareholder equity and held over £38m of liquid assets. In September 2012, Castle Trust received a £50.6m injection of share capital from its sole shareholder, Castle Trust Holdings (Jersey) Limited, to support the business in its operations and provide an adequate buffer above its regulatory capital requirements. This followed Castle Trust meeting all conditions required for business launch.

2 History

Castle Trust was incorporated in 2010.

On 11 August 2011, Castle Trust was licensed by the OFT to provide consumer credit products and on 5 September 2012 was authorised by the FCA to undertake regulated investment business with retail customers. In 2012, Castle Trust signed administration agreements with IFDS and Target Servicing.

Castle Trust launched its Mortgage business (for homeowners) on 1 October 2012 and its house price tracker investment (Housa) business on 4 October 2012.

In relation to its Mortgage business, Castle Trust broadened its target market and distribution network in November 2013 by launching a mortgage product specifically for the buy to let market, and further in February 2014 by launching mortgage products (for both existing homeowners and buy to let investors) giving borrowers the option to repay Castle Trust based on the national house price index. These products represent a diversification from the original mortgage proposition which focused exclusively on owner occupier borrowers with repayments linked to individual property prices.

In relation to its investment business, Castle Trust launched an additional investment product in February 2014 to complement its original Housa products by offering investors exposure to rising UK housing returns with investors' capital returned if the national house price index were to fall over the product term.

Castle Trust received interim permission from the FCA to provide consumer credit products as from 1 April 2014 (when responsibility for consumer credit regulation passed from the OFT to the FCA). Interim permission has been granted until 31 March 2016, and Castle Trust is required to apply to the FCA for authorisation to continue to carry on consumer credit activities between 1 January 2016 and 31 March 2016.

On 9 July 2014, Castle Trust launched a fixed and floating rate bond programme to supplement its house price linked investment business.

On 17 November 2014, Castle Trust made further changes to its Mortgage range by withdrawing its individual property price linked mortgage for current homeowners ("Partnership Mortgage") and by launching mortgage products (for both Consumer Credit Act exempt homeowners and buy to let investors) giving borrowers the option to repay Castle Trust based on interest rates ("Flexible Zero Mortgage").

On 27 November 2014, Castle Trust launched a high value mortgage business line, where loans are individually negotiated with high net worth borrowers, with repayments usually linked to interest rates. Where a transaction size exceeds Castle Trust's balance sheet limits, third party investors may participate in funding arrangements. This business line represents a further diversification of the type of borrower to which Castle Trust is able to offer mortgages and the segments of the mortgage industry in which Castle Trust operates.

As at 30 September 2014, 407 Mortgages have been issued in an amount of £38m and investment funding of £46m has been raised.

3 UK residential property mortgage market, retail deposit and investment markets

Commercial Overview of UK Mortgage Lending

Since late 2008 many UK banks have encountered significant difficulties as the UK (and wider global) economy has experienced weak economic conditions. Certain UK banks continue to face a number of key challenges which, in the opinion of Castle Trust, include:

- the management of significantly impaired legacy loan books;
- balance sheet restructurings, in particular addressing liquidity, funding and capital issues;
- sizeable and inefficient infrastructure including multiple IT systems; and
- in some cases the impact of being wholly or partly nationalised.

Castle Trust believes that the above challenges and distractions faced by the established UK banking sector provide Castle Trust with a significant opportunity, as a well-capitalised, long term funded investment firm to grow within its chosen markets.

Set out below is a brief overview of the core markets in which Castle Trust intends to operate.

UK mortgage market

In July 2014, the Bank of England reported that total mortgage loans outstanding were £1,291 billion.

Castle Trust targets certain specific segments of the UK mortgage market, being good credit quality customers who would like to withdraw equity from their property to invest sensibly or for other productive use, in exchange for sharing potential future profits or losses.

UK retail deposit and investment markets

The UK retail deposit market was estimated by the Bank of England to be worth in excess of £1 trillion as at 30 June 2014. Castle Trust does not offer deposits. However, some Housa customers may be switching their holding from deposit and current accounts into Housas.

The UK investment market was estimated by the Investment Management Association to be worth in excess of £784 billion as at 31 March 2014 for UK domiciled funds, held, amongst other things, across equities, fixed income, money market, mixed asset, property, other and ISAs. Castle Trust believes that most Housa customers switch to Housas from their existing investment holding classes.

Castle Trust estimates Castle Trust's target retail customer base in the UK for Housas to be in excess of £10 billion.

BUSINESS OVERVIEW OF CASTLE TRUST

1 Overview of the Castle Trust business model

The Castle Trust business model is based on the provision of loans to the owners of UK residential property secured by a mortgage. Castle Trust generates its margins on Mortgages through the accrual of interest or, instead of collecting interest, by participating (on the basis of a pre-defined formula) in any rise in the value of the property upon which its Mortgages are secured. In some cases Castle Trust's returns are based on the movements of the Index rather than upon the value of the individual mortgaged property. Castle Trust Mortgages may, in some cases, include both house price linked and interest accruing features, or only interest accruing features.

Each Mortgage represents a relatively small proportion (typically up to 20%) of the value of each individual property. These individual granular exposures are pooled to achieve broad diversification. The element of exposures to house price movements which Castle Trust assumes through its Mortgages is offered to investors who seek exposure to UK housing returns through Castle Trust's Housa investments. The element of exposure to UK interest rates which Castle Trust assumes through its Mortgages is offered to investors through the issue of Fortress Bonds.

By providing a means for property owners and investors to share risk and return, Castle Trust believes it is making the housing finance market in the UK more efficient, creating real value in the system by reducing systemic risk, and allowing all parties to benefit.

Castle Trust manages the house price and interest rate risk on its balance sheet through its exposure to its liabilities with a portfolio of liquid assets and Mortgages the returns of which are directly and predictably linked to interest rates and UK residential property. The product design, pricing and matching between Castle Trust's assets and liabilities means that Castle Trust's profitability from providing these products is not expected to be impacted by rises or falls of the Index.

2 Mortgages

A Castle Trust Mortgage is typically a second-charge mortgage for (up to) 20% of the value of a property, advanced alongside (and subordinated to) a mortgage from a traditional lender. The borrower must, typically, retain a minimum of 15% of their own equity in the property. Mortgages are only granted to good credit quality customers for purchase or remortgage. In most cases, there are no monthly payments required.

On expiry of the term of the Mortgage, sale of the property or earlier redemption, depending on the terms of the individual Mortgage, Castle Trust typically recovers its Profit Share (as defined on page 9 above). In some cases, these house price (or Index) linked returns may be partially or wholly substituted by the right to receive interest, typically which is deferred until the Mortgage is repaid.

If the value of the property declines during the term of the Mortgage, Castle Trust does not, typically, participate in the Loss Share (as defined on page 9 above).

Mortgages are provided for terms of between 1 and 30 years but borrowers may redeem part or all of their Mortgage before the end of its term. After the first two years there are, typically, no early redemption charges for doing so. Mortgages which have an element of return linked to house price (or Index) movements typically incorporate a minimum defined repayment amount. In most cases Castle

Trust Mortgages are subordinated to a first charge mortgage from a traditional lender.

A borrower is free to refinance his first charge mortgage at any time, provided the amount borrowed under that primary mortgage is not increased. The only exception to this is when the borrower uses an additional amount borrowed under the primary mortgage to repay part or all of their Castle Trust Mortgages.

A Castle Trust Mortgage cannot be transferred to a new property. In this instance, the Mortgage must be repaid but the borrower is free to reapply for a new Mortgage from Castle Trust in relation to the new property.

Castle Trust Mortgages are governed by English law.

For more details of the current and previous mortgage products, see sections 2 (Mortgages) and 13 (Strategy for growth) in Part II Overview of Castle Trust and its business, and paragraphs 1.4 to 1.6 in Part VII Operating and Financial Review.

3 Target market

There are two main categories of target customer for Castle Trust's Mortgages:

a) existing homeowners; and

b) investors in tenanted residential property ("**Buy to Let Investors**").

Castle Trust intends to achieve a diverse mortgage portfolio with exposure to all UK geographic regions and property types over time.

4 Mortgage underwriting process

Castle Trust's Mortgage underwriting process is similar to that of many primary mortgage lenders. Appropriate credit checking is conducted using credit reference agencies and industry standard mortgage fraud detection processes have been incorporated into the underwriting process. Appropriate affordability and repayment assessments are applied.

5 Primary lenders

Where a customer has an existing primary mortgage and a Castle Trust Mortgage is subsequently taken out, the primary lender could be any existing first charge lender which allows second charge mortgages. A significant majority of first charge lenders in the UK accept second charge mortgages.

6 Kent Reliance

Kent Reliance is a trading name of OneSavings Bank plc which, like Castle Trust, is financially backed by J.C. Flowers & Co.

On 11 July 2013, Castle Trust announced that it would offer its Mortgage product for home purchases in parallel with a three-year fixed term mortgage offered by Kent Reliance aimed at first time buyers. This Castle Trust Mortgage and the Kent Reliance mortgage were independent products administered separately by Castle Trust and Kent Reliance respectively. Kent Reliance withdrew its product on 28 November 2013 but the Castle Trust Mortgage product for home purchases remains available.

This parallel offer has been disclosed due to the related nature of Castle Trust and Kent Reliance rather than any anticipated significant impact on strategy. Given the limited take-up of this parallel offer in relation to home purchases, the withdrawal by Kent Reliance of its product has had no material impact on Castle Trust's business. Castle Trust continues to offer Mortgages to existing homeowners and this comprises a significant part of the Mortgage business.

7 Housas

Income Housas (being loan notes issued by CTIH) and Growth and Foundation Housas (being shares issued by the Company) have the same essential features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the Index.

Growth Housas deliver a multiple of any increase of the Index and participation in any decrease of the Index. Foundation Housas' capital returns match the Index unless the Index is lower at maturity than at inception of the investment. Where this occurs the investor is entitled to receive the original principal amount invested without reduction. This capital protection does not apply to investors who encash the Housa before maturity. Income Housas' capital returns match the Index and pay a fixed quarterly coupon. Income Housas will not be offered to investors after 30 September 2014.

Housas provide those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market, by allowing them to invest in a product with returns linked to the UK or London housing market as applicable (being the asset for which they are saving). They also offer investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with a buy to let investment. Both income and capital gains may be sheltered from tax if held within a SIPP or NISA.

8 Mortgages funded by the Housas and Fortress Bonds

The funds received by the Company (which issues Growth Housas and Foundation Housas) or Castle Trust Direct plc ("**CTD**") (which issues Fortress Bonds) will be paid under the Investment Product or Borrower Loan Agreement (as the case may be) to Castle Trust. Castle Trust will use a maximum of 80% of such funds to offer Mortgages, keeping a minimum of 20% of funds received in liquid assets with a maturity of less than two years. This is to ensure that Castle Trust has sufficient liquid resources to meet its expected redemptions over the coming 12 months. Over the longer term, these liquid assets provide a buffer against the peaks and troughs in the rate at which Mortgages are redeemed. The Investment Products are designed to mature at the same time as the Housas mature. Advances under the Borrower Loan Agreement are designed to mature at the same time as the corresponding Fortress Bonds.

Castle Trust invests all investments and assets excluding Mortgages and assets held for operational reasons (for example fixed assets) in accordance with its investment policy. Whilst the Castle Trust Board retains the authority to vary the investment policy, or authorise exceptions, restrictions under this policy currently include:

- all investments must have a maturity of less than two years;
- no more than 10% of investments can be held with a single counterparty, or £5m if greater. For Castle Trust's principal banking relationship, HSBC, this limit is increased to £10m if greater to cover banking requirements and excludes client money accounts; and
- a minimum long term credit rating of A- is required for bank deposits and a minimum credit rating of AA is required for Sterling liquidity funds.

Castle Trust will pay the amounts payable to investors at maturity of the Housas or Fortress Bonds (which will be equal to the investment return or the Final Redemption (as applicable) due on those maturing Growth or Foundation Housa shares, Income Housa Notes or Fortress Bonds), enabling the Company, CTIH and CTD to redeem the shares and loan notes they have issued.

Further details in relation to this funds flow can be found in Part V of this document.

9 Distribution

Castle Trust distributes Mortgages exclusively via an approved group of mortgage adviser intermediaries in the UK. Each mortgage adviser group is subject to initial due diligence and on-going monitoring and review by Castle Trust with the aim of ensuring appropriate systems and controls over distribution of Mortgage products. To mitigate index tracking error the intention is to have an appropriate geographic spread of mortgage intermediaries across the UK advising on Mortgages.

Castle Trust primarily distributes Housas and Fortress Bonds directly to consumers as well as via FCA authorised investment intermediaries. All larger investment intermediaries with whom Castle Trust deals are subject to due diligence and on-going review by Castle Trust, with the aim of controlling and monitoring the quality of distribution to ensure suitability of advice and the management of compliance risk.

10 **Key service providers**

Castle Trust has appointed specialist third party service providers to support the business. Target Servicing has been appointed to provide administration services in relation to the Mortgage products. IFDS have been appointed to provide administration services in respect of the Housa and Fortress Bond products.

11 **Head office**

Castle Trust operates mainly from its head office premises in Central London and Basingstoke, Hampshire where Castle Trust employs staff fulfilling management, finance, risk, legal, compliance, distributor management, credit, underwriting, IT, marketing, HR and administration roles. Castle Trust had 48 permanent employees as at 30 November 2014.

12 **Competitors**

Whilst Castle Trust's key competitors vary across its product lines, in the opinion of Castle Trust, the general level of competition within Castle Trust's chosen lending and funding markets is indirect via different product sets. Castle Trust believes that in its two markets, the principal source of competition is likely to be:

- Mortgages: lenders providing traditional mortgages; and
- Housas and Fortress Bonds: asset managers, life companies and investment trusts competing with offerings in other asset classes including equity, fixed income and commercial property and deposit takers providing savings products.

13 **Strategy for growth**

Castle Trust's strategy is to build an established UK retail presence in the mortgage and investment markets through a focus on offering propositions which deliver to customer needs in carefully selected segments of the market where Castle Trust can operate with competitive advantage.

Castle Trust operates its Mortgage lending in three key business lines which it seeks to grow:

Buy to let: in the buy to let business line, Castle Trust offers equity loans where the return to be repaid by the customer is materially dependent upon the return on the investment property. It also offers loans where the return may be linked to a combination of a house price index and an interest rate where on a customer by customer basis the return may be either purely interest rate based or house price index based.

Owner occupied: in the owner occupied business line for Consumer Credit Act exempt customers, Castle Trust also offers loans where the return may be linked to a combination of a house price index (the Index Profit Share Mortgage) and an interest rate (the Flexible Zero Mortgage) where on a customer by customer basis the return may be either purely interest rate based or house price index based. Castle Trust ceased offering owner occupiers loans where the return to be repaid is materially dependent on the price of the individual property (the Partnership Mortgage) on 17 November 2014.

High value mortgages: Castle Trust offers high net worth borrowers bespoke loans with a typical maximum duration of 5 years where repayment is usually linked to interest rates, facilitating leverage on low yielding assets or where value creation is through a process of physical enhancement (such as development or renovation) or economic enhancement (such as lease enfranchisement). Where a transaction size exceeds Castle Trust's balance sheet limits, third party investors may participate in funding arrangements. Each transaction under this business line is unique and individually negotiated.

Castle Trust intends to continue growing and diversifying its Mortgage business through professional and responsible lending across existing and new lending segments and the introduction of new distribution partners. Castle Trust intends to develop further innovative solutions for borrowers in the UK residential property market including variations of its current mortgage product for different types of borrower.

As Castle Trust's Mortgage business expands, it will fund its business through house price linked products (Housas) and interest linked products (including Fortress Bonds). As at the date of this document, Castle Trust has no specific plans to launch any additional funding or investment products within the next 12 months. However, growth of the Mortgage business or other developments may mean that Castle Trust does develop such plans.

For the avoidance of doubt, any new investment product offered by Castle Trust would not be offered under this Registration Document.

14 Castle Trust's asset and liability management

Asset and liability matching is a core part of the Castle Trust business model. Castle Trust has developed financial risk systems and processes to monitor and manage the risks to which it is exposed. The three most important risks are: house price risk, index tracking error and interest rate risk. These are discussed in turn below.

House price risk is the difference between the Index exposure of the Housas and the house price exposure of the Mortgages. For example, if Castle Trust has issued too many Mortgages compared to Housas, then Castle Trust could make a loss if house prices fall. This risk will be managed by adjusting the rate at which Housas are issued. Castle Trust will not issue more Mortgages than it can fund via Housas, Fortress Bonds and its equity base and, if required, will scale back Mortgage issuance accordingly. A fall in house prices reduces the value of both Castle Trust's assets (the Mortgages) and Housa liabilities. The net impact of this is to mitigate the impact of falling house prices on Castle Trust. Further information in relation to the management of house price risk can be found on pages 124 and 125.

Index tracking error is the risk that the returns on a portfolio of individual houses do not follow the returns on the Index. Castle Trust has developed methodologies and systems to manage its tracking error across geography, borrower type, property type and property age. Where a variance is identified which requires management action, this is effected primarily through controlling gross issuance of assets and liabilities. Mortgage gross issuance is monitored and controlled according to geographic distribution, borrower type, property type and property age. Liability distribution is monitored to maintain appropriate balance by mix.

Castle Trust seeks to manage interest rate exposure present in its assets by issuing fixed rate bonds.

Castle Trust's financial risk management is overseen by the board risk committee which reports to the Castle Trust Directors. The Castle Trust Board benefits from board members with extensive experience of asset and liability matching and financial risk control: Dr David Morgan AO, former CEO of Westpac Banking Corporation; Tim Hanford, chair of the Risk Committee of Pension Insurance Corporation and a former director of Schroders; and the Chief Financial Officer, Keith Abercromby, who has held board level appointments across a number of UK financial institutions including Norwich Union, Clerical Medical and Liverpool Victoria Friendly Society prior to joining Castle Trust.

Further information can be found in Part XI of this document.

15 Regulatory capital

Castle Trust is an IFPRU investment firm subject to the regulatory capital rules of the FCA.

As at 31 October 2014, Castle Trust had in excess of £30m core Tier 1 regulatory capital.

Castle Trust's regulatory capital position has been, and will continue to be, monitored as part of the Group ICAAP within which Castle Trust's capital resources and requirements are calculated separately. The ICAAP is updated annually with the capital requirements forming an integral part of Castle Trust's four year planning and budgeting process.

16 Current trading

Castle Trust launched its Mortgage business on 1 October 2012, and its Housa business on 4 October 2012. Its principal activities from business launch until the date of this Registration Document have been building the necessary commercial relationships in order to grow the Castle Trust business – comprising the Housa and Fortress Bond investment products and the Mortgage lending products. This process could only begin in earnest once the business had commenced its operations, and significant progress has been made since October 2012.

£8m Housas have been issued to external investors as at 31 October 2014. Housas will be available on some of the largest intermediary wrap platforms in UK (such as Nucleus and Transact) and on some direct to customer investment sites, which Castle Trust believes will enhance Housa distribution.

£55m Fortress Bonds have been issued to investors as at 31 October 2014. £49m of Mortgages have been advanced as at 31 October 2014.

17 Directors, key management team and employees

Directors of Castle Trust

Sir Callum McCarthy (Non-Executive Chairman)

Non-executive director of the Industrial and Commercial Bank of China and IntercontinentalExchange. Chairman (non director) of Promontory Financial Group (UK). Previously the Chairman of the FSA (now split into FCA and PRA), J.C. Flowers & Co. Europe, Chairman and Chief Executive of Ofgem and its predecessors, CEO of Barclays Bank North America and Barclays Bank Japan. In his role as former Chairman of the FSA, Sir Callum's role included oversight of prudential and conduct regulation of all regulated financial institutions, including banks and building societies which have in the order of £1,000 billion of exposure to residential property via mortgages.

Dr David Morgan, AO (Non-Executive Director)

Managing Director of J.C. Flowers & Co. in charge of Europe and Asia Pacific, and non-executive director of OneSavings Bank (a regulated UK residential mortgage provider). From 1999 to 2008, David was the CEO of Westpac Banking Corporation and helped it grow to be one of the largest banks in Australia. It is one of the top 20 banks worldwide by market capitalisation. While Dr Morgan was CEO, Westpac was described as one of the world's most socially responsible banks, and in 2002 released a Social Impact Report that outlined the bank's plan to meet the highest international standards in the area of corporate social responsibility. While Dr Morgan was CEO, Westpac was assessed as the global sustainability leader for the banking sector in the Dow Jones Sustainability Index from 2004–2007. In 2009, Dr Morgan was awarded an Order of Australia in the Australia Day Honours by the Federal Government for his service to the finance sector as a leader in the development of policies affecting the regulation of financial institutions, corporate social responsibility, and economic reform. Before joining Westpac, David was the second most senior member of the

Australian Treasury. David has an MSc (with distinction) and a PhD in Economics from the London School of Economics.

Dame Deirdre Hutton DBE (Independent Non-Executive Director)

Chair of the Civil Aviation Authority, non-executive director of Thames Water and Pro-Chancellor at Cranfield University. Former deputy chair of the FSA, non-executive director of HM Treasury, chair of the National Consumer Council, Scottish Consumer Council and the Personal Investment Authority Ombudsman Bureau. In her role as former deputy chair of the FSA, Dame Deirdre's role included oversight of prudential and conduct regulation of all regulated financial institutions, including banks and building societies which have in the order of £1,000 billion of exposure to residential property via mortgages.

The Rt Hon The Lord Deben (Independent Non-Executive Director)

A former Secretary of State for the Environment (including the Ministry of Housing and Local Government, where his responsibilities included housing market investment policy). A Minister under Margaret Thatcher and John Major and now a director of a number of businesses concerned with environmental, social and ethical issues, including Chairman of Valpak and Sancroft. Lord Deben is Chairman of the statutory Climate Change Committee.

Mr Tim Hanford (Non-Executive Director)

Managing Director of J.C. Flowers & Co. UK LLP, prior to which he was Head of Private Equity at Dresdner Bank and a member of the Institutional Restructuring Unit's Executive Committee. Other previous experience includes serving as an Executive Director of various Schroder Group companies, based in Hong Kong and Tokyo, where he was responsible for structured finance. He currently serves on the boards of OneSavings Bank plc, Pension Insurance Corporation Ltd, Compagnie Européenne De Prévoyance, Investment Trade Bank (Open Joint-Stock Company) and Cabot (Group Holdings) Limited. He holds an MS degree from Stanford University's Graduate School of Business, where he was a Sloan Fellow, and a BSc degree in Chemical Engineering from Birmingham University.

Mr Patrick Gale (Independent Non-Executive Director)

Non-executive Chairman of Defaqto Group, non-executive director of Aztec Group, and a member of the risk, remuneration and audit committees, a senior adviser to Boston Consulting Group and formerly CEO of Sesame (the UK's largest IFA network).

Mr Richard Ramsay (Independent Non-Executive Director)

Chairman of Seneca Global Income & Growth Trust plc and a director of John Laing Environmental Assets Group Limited, both quoted companies, and chairman of Wolsey Group Limited, URICA Ltd and Northcourt Ltd, all private companies. Previously a director of the Shareholder Executive, Managing Director of Regulation and Financial Affairs at Ofgem and a director of Intelli Corporate Finance Ltd, Ivory & Sime plc, Aberdeen Football Club and Barclays de Zoete Wedd.

Mr Sean Oldfield (Chief Executive Officer)

Sean undertook the necessary work to establish the business of Castle Trust in the UK prior to its being funded by J.C. Flowers & Co.. Roles before that include being a division director at Macquarie Bank in London, running the Public Market Strategies Group, establishing a business in Australia which provided a shared equity mortgage product and a mergers and acquisitions practitioner with Macquarie Bank in Sydney, Singapore, London and Madrid. Sean has degrees in Chemical Engineering (Hons) and Commerce (major in Finance) from the University of Sydney.

Mr Keith Abercromby (Chief Financial Officer)

Keith has over 25 years' experience in financial services and is a qualified actuary. Prior to joining Castle Trust he was Group Finance Director for Liverpool Victoria Friendly Society "LV=", a mutual offering asset management, banking, mortgages, life insurance and general insurance. Before this he was Finance Director for Norwich Union Life and its subsidiaries (NU Life, CU Life, GA Life plus others). Having joined the Halifax in 1995, Keith held a number of board roles including CEO of Halifax Financial Services and Halifax Life and Finance Director for the HBOS Insurance & Investment Division, Clerical Medical and Halifax Life.

Mr Matthew Wyles (Retail Director)

Matthew spent the first 20 years of his career in insurance, first in underwriting and then as an Executive Director in the Global Reinsurance Division at Willis plc. After eight years as a main board director of the Portman Building Society, he joined the Board of Nationwide in 2007 as Group Executive Director, Non-Retail. From 2009 to 2013 he served as Group Executive Director, Distribution, responsible for the branch network, call centres, internet banking and regulated & intermediary distribution. Matthew was Chairman of the Council of Mortgage Lenders for two years in 2009 and 2010.

Key Management Team members

Mr Barry Searle (Chief Operating Officer)

Barry has over 20 years' experience within financial services in building and managing mortgage and savings operations. Barry was Operations Director at Private Label Mortgage Services, the largest Independent Mortgage packager when bought by GMAC RFC Limited in 2000. He was the Operations Director and then, after a period as the Marketing Director, became the Chief Operating Officer in 2003, responsible for Operations, IT, HR and facilities. GMAC RFC went from a start-up in 2000 to the 10th largest mortgage lender in the country in 2006. Barry was a Founding Director of Portillion Ltd, a start-up mortgage and savings bank, which closed in 2012, and then Chief Operating Officer of the Legal and General Mortgage division until December 2013.

Mr Tony Pauley (Managing Director)

Tony was a principal at Mercer, part of the Marsh & McLennan Companies Group, for 11 years (1999 to 2010). Most recently Tony was the technology leader responsible for the launch of Mercer Dynamic De-risking Solution (MDDS), in the UK and Ireland. Before that Tony was responsible for replacing Mercer's pension-valuation systems globally (a £30m project spanning six years). As Global Business Architect for Mercer's Retirement business, Tony was responsible for making sure that the pension systems met local laws in the UK, US, Canada, and Germany, as well as maintaining SAS70 certification of Mercer's Retirement Technology Group. Before his experience at Mercer, Tony was with Towers Perrin from 1995 to 1999.

Mr Mark Banham (General Counsel)

Mark has been General Counsel at Castle Trust since April 2011, having worked in financial services since 1998. Prior to Castle Trust, he was Head of Legal for the alternative asset management business of Phoenix Group (assets of £70bn) from 2008, supporting their fund of hedge fund, private equity and property businesses. Previous roles include Legal & Product Development Director at Skandia Investment Management Limited, as well as positions at Hogan Lovells, HSBC Alternative Investments and Aurum Funds. Mark is a Barrister (Inner Temple, 1996), with a Postgraduate Diploma in Law, and an Economics degree from Cambridge University.

Employees

Castle Trust had 48 permanent employees as at 30 November 2014, including three executive directors (but excluding non-executive directors). All of Castle Trust's employees are based in the UK.

18 **Incentive arrangements**

Castle Trust believes that an important factor in Castle Trust's success is its ability to motivate and retain its key employees.

The remuneration committee has reviewed the structure of remuneration for executive directors and senior management with a view to developing and implementing remuneration policies which both provide an appropriate motivational framework and align the interests of the senior management with the performance of the business and the interests of the shareholders.

As part of this exercise, the remuneration committee decided that the introduction of the Long Term Incentive Plan (the "**Plan**") would support Castle Trust's business strategy in the future.

The Plan, which was adopted in December 2010, allocates incentive points and aligns participants' longer term economic interests with those of shareholders. The Plan also reflects the remuneration committee's policy of linking remuneration to the performance of Castle Trust.

In addition to the Plan, Castle Trust operates discretionary bonus schemes (each a "**Bonus Scheme**") in relation to certain employees. Any award of bonuses under a Bonus Scheme is made at the discretion of the remuneration committee.

Castle Trust believes, on the basis that it is a Tier Three Firm for the purposes of the FCA Remuneration Code, that the terms of both the Plan, the Bonus Schemes and the other aspects of the remuneration arrangements of Castle Trust are compliant with the requirements of the FCA Remuneration Code in force as at the date of this Registration Document.

19 Dividends policy for Castle Trust

Castle Trust started trading on 1 October 2012 and did not pay a dividend in respect of the first year of trading. Prior to approving a dividend, the Castle Trust Board will satisfy itself that after any such dividend had been paid, Castle Trust would retain surplus capital resources in excess of its regulatory capital requirements.

20 Use of proceeds

The proceeds raised from the Housa offers will enable Castle Trust to lend to UK residential property owners as referred in the paragraph headed "UK residential property mortgage market, retail deposit and investment markets" of this Part II (with a minimum of 20% of proceeds retained for liquid asset investments) thereby generating the necessary returns from Mortgages which, together with the return on the liquid assets investments, are designed to provide the proceeds to fund returns to investors in Housas and Fortress Bonds.

PART III

INFORMATION IN RELATION TO THIS DOCUMENT

Castle Trust, CTCM and JTC have given and not withdrawn their consent to the inclusion of their names in this document in the form and context in which they appear and solely in their respective capacities as Investment Provider, Investment Manager and Marketing Manager and Administrator but otherwise are not required to authorise, and have not authorised, the issue of this document and have not accepted responsibility (except as disclosed on page 2) for, or approved, any statements in this document. None of Castle Trust, CTCM and JTC makes any representation, express or implied, as to the investment returns or performance of any Investment Products or Shares and such statements in this document, as well as all other statements regarding the Company, the Cell or any Share Class (including without limitation and where applicable their respective constitution, objectives and investment policy) are the sole responsibility of the Company, the Cell and their respective Directors. Accordingly, none of Castle Trust, CTCM and JTC will be responsible to any person for any matter referred to in this document other than their respective obligations as Investment Provider, Investment Manager and Marketing Manager and Administrator and Registrar or in relation to the information set out in those sections for which they are responsible.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the memorandum and Articles of Association of the Cell, copies of which are available as mentioned in this document. A summary of the principal provisions of the Articles of Association is set out in paragraph 6 of Part X of this document.

Defined terms used in this document shall have the meanings attributed to them in the Glossary of Terms and Definitions section, which commences on page 146 of this document.

No incorporation of website information

The content of any of the websites of the Company, the Cell, Castle Trust or CTCM does not form part of this document and prospective investors should not rely on it.

PART IV

DIRECTORS, REGISTERED OFFICE, SECRETARY AND ADVISERS

Directors of each of the Company and the Cell

Mark Creasey — Director

Angus Taylor — Director

Saffron Harrop — Director

Anthony Underwood-Whitney — Director

Company Secretary

JTC (Jersey) Limited

Registered and Head Office

Elizabeth House
9 Castle Street
St. Helier
Jersey JE2 3RT

English legal advisers to the Company and the Cell

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Jersey legal advisers to the Company and the Cell

Carey Olsen
47 Esplanade
St Helier
Jersey
JE1 0BD

Maltese legal advisers to the Company and the Cell

GANADO Advocates
171 Old Bakery Street
Valletta VLT 1455
Malta

Sponsor

Calamatta Cuschieri & Co. Ltd.
5th Floor, Valletta Buildings
South Street
Valletta VLT 1103
Malta

Auditors and Reporting Accountants

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Investment Manager and Marketing Manager

Castle Trust Capital Management Limited
41 Lothbury
London
EC2R 7HG

Registrar and Administrator

JTC (Jersey) Limited
Elizabeth House
9 Castle Street
St. Helier
Jersey JE2 3RT

PART V

INFORMATION ABOUT THE COMPANY AND THE CELL

This Part V is arranged under the following subheadings:

1 Company and Cell overview

The Company is a Jersey incorporated, closed-ended, protected cell company established on 27 July 2011. The Company currently has one cell established in accordance with the Law, namely the Cell. The structure of the Company allows new cells to be created from time to time although the Directors do not anticipate that the Company will create new cells at this time.

The Cell may create new Share Classes each month at the discretion of the Directors. Each Share Class will correspond with a particular Investment Return and a particular Investment Term. In accordance with the Law, persons investing in, or dealing with, a cell of the Company only have recourse, and their interests are limited, to the assets attributable to that cell from time to time, and they have no recourse to the assets of any other cell or the Company itself.

The Company and the Cell each have an unlimited life but the Shares issued in respect of each Share Class will have a Maturity Date on which they will be compulsorily redeemed or repurchased by the Cell and Shareholders will, following such compulsory redemption or, as the case may be, repurchase by Castle Trust, receive the Investment Return per Share applicable to that Share Class. Details of the Maturity Date for the Shares issued in respect of each Share Class will be set out in the Relevant Securities Note.

The Company and the Cell are an unclassified collective investment fund regulated under the CIF Law. The JFSC has ongoing responsibility to monitor the regulatory compliance of the fund, to supervise the management of the fund and to protect the interests of its investors and creditors (but the JFSC does not take any responsibility for the financial soundness of the Company or the Cell, or for the correctness of any statements made or expressed in the Prospectus).

The Cell's main object is the investment of its funds attributable to each Share Class with the aim of achieving the Investment Return applicable to Shares of that Share Class.

2 History of the Company and the Cell

The only activity of the Company since its date of incorporation has been the establishment of the Cell. The Cell has been set up to provide investment opportunities for investors that track the performance of the UK and London housing market (as applicable). The funds raised by the Offers of Shares will ultimately be used to invest in Investment Products and the Investment Return will be calculated by reference to the Index, depending on the term and Share Class in which a Shareholder has invested.

Since commencing trading on 4 October 2012, the Cell has raised £6,849,480 by Offers of Shares made each month up to 31 August 2014.

Further information on the Company and the Cell can be found in Part X.

3 Investment policy and objective

The investment objective of the Cell is to provide a return to Shareholders of each Share Class equal to the Investment Return of the relevant Share Class on the relevant Maturity Date.

The Cell will not pay a dividend in respect of any Share.

The only source of funding that will be available to the Cell to enter into the Investment Products designed to generate the Investment Return in respect of any Shares will derive from the capital subscribed by the subscribers of such Shares. The investment policy prevents the Cell from borrowing any funds.

The Cell and its Directors, in consultation with the Investment Manager, are responsible for the formulation of the investment policy of each Share Class and any subsequent change to that policy. The Investment Manager will arrange and provide the investment opportunities for the Company and the Cell, namely the Investment Products.

In order to generate the Investment Return, the Cell will enter into the Investment Product with the Investment Provider. Under the Investment Product, the monies received by the Cell for subscription for Shares will be advanced (net of fees) to the Investment Provider for a period equal to the Investment Term. On or about the Maturity Date of such Shares, the Investment Product will expire and trigger a payment from the Investment Provider to the Cell for an amount equal to the Investment Return for each Share maturing. The Shares will then be redeemed for an amount equal to the Investment Return.

In the absence of unforeseen circumstances, the investment objectives and policies of the Cell with respect to each Share Class will be adhered to for the Investment Term of that Share Class. Any change in the investment objectives and/or policies of the Cell will only be made in exceptional circumstances and then only with the prior approval of the Shareholders of the Shares issued in respect of that Share Class by way of Special Resolution.

It is the intention of the Directors that the investment objectives for each Share Class will be achieved by investing the Proceeds of the Offer of Shares issued in respect of such Share Class (net of fees) in the Investment Products as set out in the Relevant Securities Note. The Cell anticipates that the Investment Products will consist solely of financial contracts provided and/or issued by Castle Trust and/or any other person approved by the Cell, the Administrator and, if required by applicable law or regulation, the JFSC.

The returns on the Investment Products are designed to enable the Cell to meet its stated investment objective for the relevant Share Class. The Investment Products are structured by the Investment Provider to provide a Share Class, as at the relevant Maturity Date, with an amount expected to be equal to the aggregate Investment Return of the Shares issued in respect of that Share Class. However, there is no guarantee that the investment objective of a Share Class will be met or that the Investment Return in respect of any Share Class will be achieved.

Castle Trust is authorised and regulated by the Financial Conduct Authority to carry out regulated activities and is a participant in the Financial Services Compensation Scheme ("**FSCS**") established under the Financial Services and Markets Act 2000. The FSCS can pay compensation to eligible investors if an investment firm (such as Castle Trust) is unable to meet its financial obligations. If an investor has suffered a loss as a result of Castle Trust failing to meet its financial obligations (for example, if it failed to buy back the Shares as required under the buy back obligation of the Terms and Conditions because it had become insolvent) then the Shareholder would be able to make a claim under the FSCS. Most investors, including individuals and some small businesses and charities, are covered by the FSCS. In respect of investments, an eligible investor is entitled to claim up to £50,000. For further information about the FSCS, including the amounts covered and eligibility to claim, please see Part XV, ask Castle Trust for more detail or refer to the FSCS website www.fscs.org.uk.

Those Shareholders who have bought their Shares on the secondary market will not qualify for the FSCS.

Each Relevant Securities Note will set out information relating to the Index. The referencing of the Investment Return of each Share Class to the Index achieves a diversification of risk for investors, as it links their investment to the aggregate performance of the underlying transactions on which the Index is based over the applicable period.

4 Investment Restrictions

The investment restrictions in relation to each Share Class (if there are any) will be as set out in the Relevant Securities Note.

The investment restrictions apply at the time of the purchase of the investment. If any of the investment restrictions in respect of a Share Class are breached the Cell (acting in respect of the relevant Share Class) will take immediate corrective action unless the breach is due to appreciation, depreciation, changes in the exchange rates, receipt of rights, bonuses, benefits in the nature of capital or any other action affecting each holder of an investment, in which case the Cell (acting in respect of the relevant Share Class) will aim to remedy the situation, taking due account of the interest of the relevant Shareholders.

Subject to compliance with the restrictions described above and the specific Terms and Conditions pertaining to any given Share Class, as described in the Relevant Securities Note, the Cell (acting in respect of the relevant Share Class) may acquire any investment regardless of whether or not the investment is of investment grade, the issuer has a credit rating or the securities or other assets are listed or dealt on a recognised or other stock exchange.

5 Investment Product returns

The Investment Product acquired for and entered into in respect of each Share Class will be designed to impose an obligation on the Investment Provider to pay or repay to the Cell on or around the relevant Maturity Date an aggregate amount equal to the Investment Return for the Shares issued in respect of the relevant Share Class. **Please refer to the Relevant Securities Note for a description of how the Investment Return is calculated.**

The total amount payable or repayable by the Investment Provider (being Castle Trust) to the Cell under the relevant Investment Product for each Share Class will be paid on or around the Maturity Date for the Shares issued in respect of the relevant Share Class.

The payment obligation of the Investment Provider under the Investment Products on or around the Maturity Date is designed to enable the Cell, in turn, to pay to those holding Shares that are maturing the Investment Return in respect of such Shares.

The obligations of the Investment Provider under the Investment Product for each Share Class will not be collateralised or secured (unless otherwise specified in the Relevant Securities Note for the relevant Share Class).

In practice, most Shareholders are expected to have acquired their Shares in the first instance from Castle Trust under the Terms and Conditions. Castle Trust will pay up such Shares which will have been allotted nil-paid and the Cell will advance those subscription monies to the Investment Provider under the Investment Product. The Umbrella Agreement will offset those payments to prevent unnecessary funds flow. The Terms and Conditions contain an obligation for Castle Trust to repurchase those Shares on the Maturity Date for an amount equal to the Investment Return in respect of those Shares just prior to the redemption of such Shares. Such amount will be satisfied by Castle Trust because Castle Trust will receive that amount from the Cell on the redemption of those Shares it will be holding when the Cell redeems those Shares. As that redemption amount will equal the amount payable by Castle Trust to the Cell on the maturity of the Investment Product, these payments will simply be offset pursuant to the

Umbrella Agreement.

Castle Trust is authorised and regulated by the Financial Conduct Authority to carry out regulated activities and is a participant in the FSCS. The FSCS can pay compensation to eligible investors if an investment firm (such as Castle Trust) is unable to meet its financial obligations to that investor. In the event that Castle Trust fails to meet its financial obligations under the buy-back arrangement in accordance with the Terms and Conditions, then the Shareholder would be able to make a claim for an amount equal to the Investment Return under the FSCS.

Those Shareholders who choose to opt out of Castle Trust's buy-back obligation or who purchased their Shares on the secondary market (in which case Castle Trust has no such buy-back obligation) will have their Shares redeemed by the Cell and will in return receive the Investment Returns.

A holder of Shares will be entitled to look solely to the proceeds of the Investment Product of the relevant Share Class in respect of all amounts payable in respect of those Shares. If the proceeds of the Investment Product of the relevant Share Class are insufficient to pay any amounts payable in respect of such Shares, such a Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the proceeds of Investment Products of any other Share Class or any of the other assets of the Cell, the Company or any other cell of the Company.

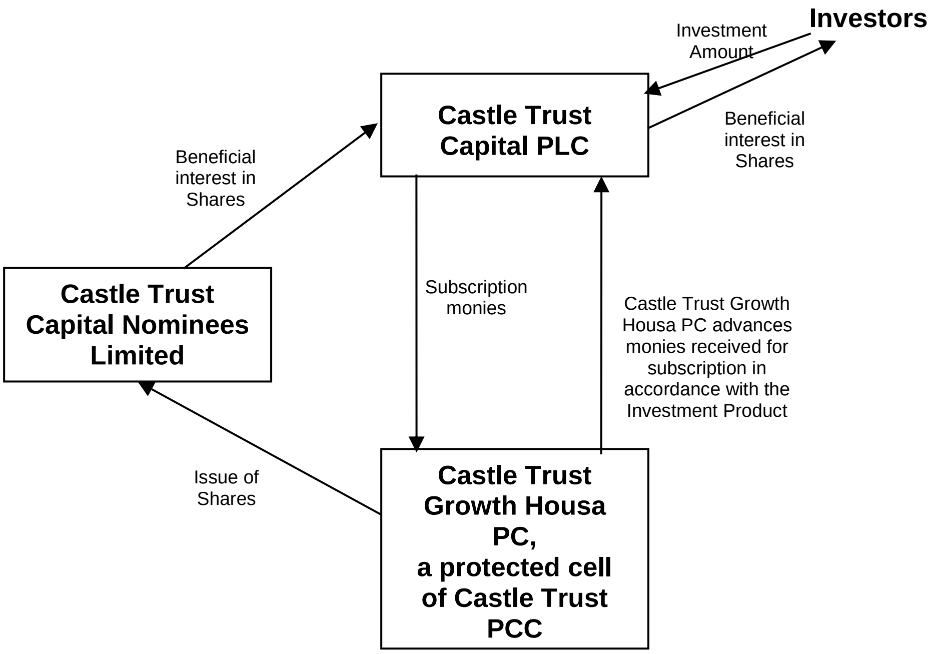
If the proceeds of the Investment Product of a Share Class are greater than the amounts payable on the relevant Shares (which, given the way the Investment Product is designed, should never happen) and the Shareholders of that Share Class have been paid the amounts payable, the Shareholders shall have no entitlement to any such surplus.

The Shares are intended to appeal to investors who are seeking a return linked to the Index.

The Shares have been designed to provide an investment opportunity for retail investors and institutional investors who are seeking a return linked to the Index, which are the profile of the typical investor for whom the Shares are designed.

6 Diagram of Issue structure

The structure of the Issue is as shown in the following diagram:



The Cell issues Shares (which have no par value) to CTCN, which holds the Shares as nominee for Castle Trust.

Investors pay the amount that they would like to subscribe for Shares to Castle Trust, which transfers beneficial interest in the relevant number of Shares to the investor. Legal title to the Shares remains with CTCN, which holds it on behalf of the investor (unless the investor requests otherwise, in which case both legal and beneficial titles will be transferred to the investor).

After the end of the relevant Offer Period, Castle Trust transfers the subscription monies it has collected throughout the Offer Period to the Cell, which immediately invests the subscription monies in the Investment Product relevant for each Share Class.

Investors should note that a cell of a protected cell company does not have a separate legal personality. It is not a subsidiary of the Company but a designated pool of assets. The Cell acts through the Company. Investors who require further information on the operation of protected cells under Jersey law should consult advisers on Jersey law.

7 Fees charged by CTCM

CTCM provides marketing and management services to the Cell in respect of the Shares. It charges upfront fees to an aggregate total of 4% of the subscription proceeds from each issue of Shares, which are payable within one calendar month of such issue. These fees are deducted from the subscription proceeds before such proceeds are invested in the Investment Product. The calculation of the Investment Return is, however, based on the amount investors subscribed before the deduction of these fees; the fees are therefore internal to the structure and not borne directly by investors.

The maximum amount of fees payable to CTCM under this arrangement in respect of any monthly issue would be in the event that all of the Shares of the twelve Share Classes issued that month were fully-subscribed. If all twelve Share Classes issued in a month were fully subscribed, the fee due to CTCM would be 4% of the total subscription proceeds of £120m, or £4.8m.

8 Fees and expenses incurred by the Cell

The Cell incurs two general categories of fees and expenses: general expenses (fees and expenses relating to the establishment and ongoing general administration of the Company and the Cell, "**General Expenses**") and Share Class expenses (fees and expenses relating to the offer, issue and ongoing administration in respect of Shares, "**Share Class Expenses**").

8.1 General Expenses

Ongoing General Expenses

The ongoing General Expenses include the following fees and expenses to the extent that they do not relate to one or more specific Share Classes: (1) the preparation of an updated Registration Document at least annually for the purposes of further issues of Shares; (2) the costs of preparing, printing, publishing and distributing annual reports, financial statements and other notices and communications to Shareholders as a whole; (3) general administrative out-of-pocket expenses such as postage and telephone expenses; (4) the payment of annual fees for regulatory filings in Jersey in relation to the Company and the Cell; (5) the listing fees (including the Sponsor and MSE Sponsor Agreement fees); (6) service provider fees; and (7) preparation of any documents required to supplement, amend, restate or replace any material documents identified in this Registration Document or any Relevant Securities Note.

The Cell estimates that, during the course of the 12 months after the publication of this document, and other than the fees to CTCM described in paragraph 7 above, it will incur a maximum amount of service provider fees of approximately £24,000. These fees will be payable to JTC in respect of the Registrar and Administration Agreement and to the Sponsor, each as described at paragraph 11 ("Material Contracts") of Part X of this document.

The Management Agreement and the Marketing Agreement include arrangements whereby all expenses reasonably and properly incurred will be paid by CTCM on behalf of the Cell.

8.2 Share Class Expenses

In addition to the General Expenses, the Cell will also incur fees and expenses relating to the Offer of Shares of particular Share Classes. CTCM shall pay on behalf of the Cell for fees and expenses pursuant to the Management Agreement and the Marketing Agreement including service provider fees, listing fees, and any other administrative expenses properly incurred.

Details of the Share Class Expenses for each Share Class will be set out in the Relevant Securities Note.

In allocating any fees and expenses referred to above which are not directly attributable to a particular Share Class, the Directors may allocate such fees or expenses pro rata based on the number of Shares issued by each Share Class. However, the Directors may allocate such fees or expenses on a different basis should the circumstances require. In doing so, the Directors will take into account the circumstances and their duties to Shareholders.

The Management Agreement and the Marketing Agreement include arrangements whereby all expenses reasonably and properly incurred will be paid by CTCM on behalf of the Cell.

9 Borrowing and lending powers

The Directors of the Company and the Cell have power under the Articles to borrow money, however the investment policy prevents the Company from borrowing money and so no borrowing limits apply to the Company.

10 Dividend policy

The Cell will not distribute a dividend to Shareholders of any Share Class.

11 Market for Shares and Early Redemption

The Directors do not anticipate that an active secondary market independent of Castle Trust will develop in the Shares, and Investors should be aware that investment in any Shares should be viewed as an investment for the full Investment Term of such Shares.

Shareholders may request Castle Trust to repurchase their Shares prior to their Maturity Date using the procedure set out below. Each Business Day, Castle Trust may agree to repurchase Shares from a Shareholder at a price reflecting the actual period of investment (subject to an early encashment fee) provided the volume of redemption requests received does not materially exceed the volume of new issuance of the Shares. **In such circumstances, Castle Trust may not purchase the Shares on that Business Day.**

Where Castle Trust does acquire Shares prior to their maturity, specific provisions in the Investment Products and the Articles will enable the Shares to be redeemed (with the agreement of the Company) in return for a proportionate part of each relevant Investment Product exposure being cancelled. It is not expected that Castle Trust would hold any Shares so acquired for any material time and would not offer them to new investors.

Castle Trust may realise profits or sustain losses in the amount of any differences between the prices at which it buys Shares and the amounts it receives on redemption of such Shares. Any profit made by Castle Trust may be retained by it for its absolute use and it shall not be liable to account to the Company in respect of such profits.

The return to any Shareholder who disposes of any Shares prior to their Maturity Date will depend on the redemption price of the Shares at that time and may be less than the Issue Price in respect of such Shares.

Any Shareholder who disposes of any Shares prior to their Maturity Date may receive back less than the amount he or she invested in the Shares.

12 Procedure for requesting early redemption of Shares

Shareholders wishing to have their Shares redeemed early should contact Castle Trust at PO Box 11040, Chelmsford, Essex CM99 2DD (or by telephone on 0844 620 0160) to request an early redemption encashment form. This form must be completed and submitted to Castle Trust following the instructions provided with the form. Investors will receive a redemption amount calculated by reference to the next valuation point (2pm each Business Day) after receipt of the returned form by Castle Trust.

Investors redeeming Shares prior to maturity will receive the Investment Return as per the original term for which they were issued subject to an early encashment fee of 2.5% per annum for UK Index products and 3% per annum for Greater London Index products (or part thereof) for the remaining period until the Maturity Date.

Please see the Relevant Summary and Relevant Securities Note for a full discussion of how the Investment Return is calculated.

13 Additional Share Classes

It is anticipated that the Cell will continue to create additional Share Classes each month as the Directors deem appropriate. Details of each Share Class created in the future will be set out in the Relevant Securities Note for such Share Class. New Shares will be offered by the Cell at a price set out in the Relevant Securities Note and the Offer of Shares issued in respect of each new Share Class will be conditional on:

(i) the Cell receiving the approval of the MSE for the admission of the relevant Shares to the Official List and traded on the MSE by the date specified in the Relevant Securities Note; and

(ii) the Relevant Securities Note being approved by the FCA.

The Cell reserves the right to limit the Offer in respect of Shares issued in respect of a new Share Class as set out in this document and in the Relevant Securities Note. In this event, the basis of Share allocation shall be at the Cell's sole discretion and the Cell reserves the right to reject any application in whole or in part. Castle Trust will then return any monies (without interest) or the balance thereof within 30 days of the rejection by cheque at the risk of the applicant.

In the event that either of the above conditions are not satisfied in respect of any Offer, the Offer will be terminated, all subscription monies will be returned by Castle Trust to applicants (without interest) within 30 days of the Offer being terminated by cheque at the risk of the applicant and the Cell will cancel the relevant Share Class.

The Directors may, in their absolute discretion, differentiate between the rights attaching to the different Share Classes including, without limitation, as regards the Investment Returns and fees and expenses payable in respect of each Share Class.

14 Additional Cells

The Company may (but does not anticipate doing so) from time to time create additional cells by special resolution in accordance with the Law. In such event the assets and liabilities of each cell would be "ring-fenced" (i.e. protected) from those of each other cell pursuant to the Law.

15 Management and Administration of the Company and the Cell

15.1 Introduction

The Directors of the Cell are responsible for the determination of the Cell's investment policy and have overall responsibility for the Cell's activities. The Directors of the Company have overall responsibility for the Company's activities.

There is no applicable regime of corporate governance to which the Directors must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Jersey law, save that following Admission the Cell must comply with its continuing obligations under the Listing Rules of the MSE and, in relation to the Housas issued prior to the date of this document, the listing rules of the CISEA including the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix VI thereof.

15.2 Directors

The Directors of each of the Company and the Cell are listed below:

Mark Creasey;

Angus Taylor;

Saffron Harrop; and

Anthony Underwood-Whitney.

15.3 Marketing Manager

CTCM has been appointed by the Cell as Marketing Manager pursuant to the Marketing Agreement and is responsible for pro-actively promoting the Cell with the aim of marketing its Shares in the UK, in association with, and as authorised by, the Cell.

CTCM is authorised and regulated by the FCA in the United Kingdom. The Cell may appoint other persons to act as marketing manager in relation to Shares issued in respect of particular Share Classes.

15.4 Investment Manager

Subject to the overall policy, control and supervision of the Cell Board, the Directors have delegated the powers of determining the investment policy and carrying on the investment management of the Cell to

CTCM pursuant to the Management Agreement.

The Investment Manager is regulated by the FCA in the United Kingdom.

The Investment Manager will arrange for each Share Class of the Cell to invest in the Investment Products which are intended to produce returns sufficient to enable the Cell to pay the Investment Returns on the Shares issued in respect of the relevant Share Class and will not seek to generate higher returns for Shareholders. Further details of the Investment Manager's role, and details of the Management Agreement, are set out in paragraph 11.1 of Part X of this document. The Investment Manager, in its capacity as investment manager, will not be obliged to make good any deficit in the Investment Returns receivable by Shareholders in respect of any Share Class irrespective of the reason for such deficit.

15.5 **Registrar, Administrator and Secretary**

JTC has been appointed as Registrar, Company Secretary and Administrator pursuant to the Registrar and Administration Agreement, a summary of which is set out in paragraph 11.3 of Part X of this document. JTC will also prepare the accounts for the Company and the Cell, including maintaining regular bookkeeping for the Company and the Cell.

JTC, registered in Jersey under registered number 37293, was incorporated on 23 March 1987 and has an indefinite life. JTC is established as a Jersey company limited by shares and is registered under the Financial Services Law to carry out the appropriate classes of financial services business services.

JTC will also perform secretarial services to the Company and the Cell including the provision of a registered office and maintaining the statutory books of the Company and the Cell (other than the register of the Cell).

15.6 **Investment Administration**

IFDS has been appointed to carry out as agent on behalf of the Cell investment administration services including the maintenance of the register of beneficial interests of Shares.

15.7 **No Custodian**

The assets of the Cell do not require to be held by a custodian. Accordingly, no custodian has been appointed to date. JTC will be responsible for the safe keeping of the Cell's assets, books and records pursuant to the Registrar and Administration Agreement.

15.8 **Sponsor**

The Sponsor is Calamatta Cuschieri. Following Admission, the Sponsor will assist the Cell in complying with its continuing obligations under the Listing Rules of the MSE.

16 **Conflicts of Interest**

The Directors and each of the persons or entities occupying the incumbency of Investment Manager, Marketing Manager, Administrator, Registrar, Sponsor and any paying and receiving agents from time to time may, in the course of their business, have potential conflicts of interests with the Company or the Cell. Each of such entities and the Directors will have regard to their respective duties to the Company and the Cell and any Share Class and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts arise in respect of the Company, the Cell or any Share Class, each of such persons and entities shall be requested by the Company and/or the Cell (for itself and each of the relevant Share Classes) to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company, the Cell, the relevant Share Classes and of the Shareholders are not unfairly prejudiced. Where any such conflict cannot be resolved, the conflicted Director(s) will not participate in deliberations or vote on the relevant issue.

Where conflicts of interest or potential conflicts of interest arise, the Company and the Cell will seek to mitigate such conflicts or potential conflicts in an appropriate manner.

The Investment Provider to any Investment Product may be requested from time to time to provide valuations of each such Investment Product. The Directors acknowledge that the Investment Provider may have a potential conflict of interest by virtue of acting as Investment Provider and providing such valuations. However, the Directors expect that the Investment Provider will be a person suitable and competent to provide such valuations and who will do so at no further cost to the Cell which would be the case if the services of a third party were engaged to fulfil this role.

The Directors further acknowledge that the Investment Manager is an affiliate of the Investment Provider. The Directors have acknowledged and accepted that, in having regard to its obligations as Investment Manager in respect of the Investment Products on behalf of the Cell and as Marketing Manager of the Shares, an Investment Manager may resolve any conflicts of interest in respect of its obligations in its, or its Affiliates', own favour taking into account their, or their respective Affiliates', own interests as an Investment Provider or issuer of other investments, as the case may be.

17 Investor Restrictions

This document is not for distribution in the US, Australia, Canada or Japan. The Shares have not been and will not be registered under the Securities Act, and may not be offered or sold other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, including outside the United States in offshore transactions in reliance on Regulation S.

Subject to certain exceptions, the Shares may not, directly or indirectly, be offered or sold within Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. No action has been taken by the Cell, the Company, Castle Trust or CTCM that would permit an offer of Shares or possession or distribution of this document (or other offer or publicity material or application form relating to the Shares) in any jurisdiction where action for that purpose is required, other than the United Kingdom and Jersey.

18 General Meetings and Share Class Meetings of the Cell

Share Class Meetings may be held where the sanction by Special Resolution of Shareholders of Shares in that Share Class is required in accordance with the Law or the Articles, including for the purpose of any variation or amendment to the rights attached to Shares in that Share Class or to approve a change to the investment objective and policy of that Share Class. At a Share Class Meeting, every Share Class Shareholder shall on a poll have one vote in respect of each Share of that Share Class held by him.

General meetings of the Cell will be held in accordance with the Articles and the Law. The Articles provide that only the Founder Shares carry the right to receive notice of, and to attend and vote at, general meetings of the Cell.

19 Reports to Shareholders

The financial statements of the Cell will be maintained in Sterling and prepared in accordance with International Financial Reporting Standards on a yearly and half-yearly basis in accordance with the requirements of the Listing Rules and the Law. The financial statements of the Cell will be prepared by the Administrator with advice and information from the Auditors, the Investment Manager and/or the Investment Provider. Each set of annual financial statements will be prepared up to 31 October in each year and copies will be available for the Shareholders in accordance with the Articles and the Listing Rules within a period of six months following the relevant accounting date. Each set of half-yearly reports will be prepared up to 30 April in each year and copies will be available for the shareholders within a period of four months following the relevant accounting date.

Each set of annual financial statements will include a valuation of the indicative net assets attributable to each share of each Share Class in issue on the date on which the accounts are made up to, calculated in accordance with the relevant provisions of the Articles (see further the summary of the Articles in Part X on pages 97 to 109). Each such valuation will be notified to the MSE without delay upon calculation. The valuations are “indicative” as it is impossible to calculate a definitive net asset valuation of the net assets attributable to each Share Class prior to its Maturity Date, since the amount receivable in respect of its Investment Product will not be known until that date. In order to determine the indicative valuation of the net assets attributable to each Share Class, the Directors may consult the Investment Provider and may make such allowances as they consider appropriate to reflect the fair value of the relevant Investment

Product consistent with accounting policy. These allowances may include factors such as the time to maturity of the relevant Investment Product, forecasts derived from models as to the possible future performance of the Index to the relevant Maturity Date and/or such other considerations as the Directors may deem relevant. The Directors may have to make estimates and assumptions from time to time in assessing the fair value of each Investment Product, and changes in such estimates and assumptions could affect the reported net assets attributable to each of the relevant Share Class. The Directors have powers under the Articles to suspend the calculation of the net assets attributable to any Share Class (see further the summary of the Articles in Part X on pages 97 to 109). Should the Directors exercise these powers in respect of a Share Class, an announcement shall be made in respect of the suspension on the MSE.

Copies of the Company's and the Cell's annual report and accounts and half-yearly reports will be available for inspection at the registered office of the Company and the Cell at Elizabeth House, 9 Castle Street, St. Helier, Jersey JE2 3RT, Channel Islands.

The auditors of the Company and each of its cells are Ernst & Young LLP. Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. The address of Ernst & Young LLP is 1 More London Place, London SE1 2AF.

PART VI

INFORMATION ON THE OPERATION OF THE SHARE CLASSES

This Part VI is arranged under the following subheadings:

1 Creation of Share Classes

Each month, the Directors will create up to twelve new Share Classes in respect of the Shares to be offered that month. Each Share Class will have different maturity dates as set out in the Relevant Securities Note of that month's issue. Other than the Investment Return payable on the maturity of such Shares, all Shares will have the same rights as set out in paragraph 6 of Part X of this document. In addition to the Shares, the Founder Shares and the Ordinary Shares are held by the Trustee of The Housing Foundation Charitable Trust. Such Shares carry all voting rights with regards to the operations of the Cell and the Company respectively.

2 Issue, transfer and form of holding of shares

The Registrar has been appointed to maintain the Register in which all issues, transfers and redemptions of Shares issued in respect of each Share Class will be recorded.

In respect of each Share Class, beneficial title to all Shares will be issued nil-paid to Castle Trust although the Nominee will hold legal title to the Shares on behalf of Castle Trust. Once issued the Shares will be admitted to trading on the MSE on the first day of the Offer Period.

Any investor who wishes to acquire Shares will apply and send the Investment Amount in respect of such Shares to Castle Trust during the relevant Offer Period. This purchase will be governed by the Terms and Conditions. Castle Trust will use the Investment Amount to pay up the amounts due on the relevant number of Shares and will arrange for the beneficial interest in the relevant number of Shares to be transferred to the investor and legal title will remain with the Nominee (apart from where the investor wishes for the Shares to be registered in his name). In the event that, as a result of transferring an ISA or NISA to be invested in Housas, an investor transfers an Investment Amount that is not a whole number of pounds, Castle Trust will round the number of Shares allocated to such investor up to the nearest whole Share. Castle Trust will subscribe the missing fraction of a pound on behalf of the investor.

The Cell will advance all subscription monies received from Castle Trust (less CTCM's investment management and marketing fees) to Castle Trust under the Investment Product. To prevent unnecessary movement of funds, these two payments will be offset under the Umbrella Agreement because the Company's liability to Castle Trust under the Investment Product can be offset against Castle Trust's obligation to pay up the Shares in issue.

Any Shares on which amounts remain unpaid on the fifth business day following the expiry of the Offer Period will be forfeited, in accordance with the provisions of the Articles, and thereafter the Nominee will only hold fully paid Shares on behalf of investors.

Shares will be issued in registered form but no share certificates will be issued. Legal title to the Shares will be held by the Nominee (unless an investor requests that the Shares be registered in his name) and so the Nominee will be named on the Register as the holder of the Shares. The Nominee will issue to each investor an account number for Shares which are held on his behalf by the Nominee.

Any change in address of a Shareholder should be notified to the Nominee.

Shares are transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor being delivered to the Registrar.

In the case of the death of one of the joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Cell or the Registrar as having any title to or interest in the Shares registered in the names of such joint Shareholders.

3 **Adjustments**

CTCM shall act as the calculation agent to the Cell acting in respect of the Shares in making any determinations, calculations or adjustments required in connection with the Investment Return payable on the Shares. For example, CTCM will, in certain circumstances as set out below, determine the level of an Index if such level is unavailable. Whenever CTCM is required to act or exercise its judgement in any way, it shall do so acting in good faith and in a commercially reasonable manner and having regard to such factors as it feels appropriate including, but not limited to:

(i) the circumstances giving rise to the requirement for CTCM to act or exercise its judgement;

(ii) then prevailing market practice; and

(iii) any factors specific to the method of calculating the Investment Return.

Any determinations, calculations or adjustments made by CTCM in accordance with the provisions of "Rebasing", "Error in Publication", "Index Disruption" or "Maturity Date Index Level Determination" below will constitute a variation or abrogation of rights, special rights and/or terms and conditions of the relevant Shares but only to the extent necessary to deal with the rebase, error, disruption or determination. Castle Trust will perform the same role as calculation agent in respect of the Investment Product and the provisions below should be interpreted in the same way in respect of such role of Castle Trust.

Rebasing

Where "Rebasing" applies to the Shares issued in respect of a Share Class and CTCM determines that the Index has been revalued (as revalued the "**Rebased Index**") by the Index Sponsor by the application of a new historic value of the data pool used by the Index Sponsor as the benchmark for the Index, without amendment to the formula for or the method of calculating the Index, the Rebased Index will be used for the purposes of determining the Index from the date of revaluation, *provided, however,* that CTCM may make adjustments, in consultation with the Cell and Castle Trust, to any level of the Index published on a publication date, so that use of the Rebased Index reflects what would have been the performance of the Index had the rebasing not occurred.

Error in Publication

Where "Error in Publication" applies to the Shares issued in respect of a Share Class, if the Index Sponsor (i) announces that an error has occurred with respect to any Index level as published on any publication date, (ii) corrects such level and then (iii) publishes the correction prior to any determination to be made in respect of the Investment Return, CTCM shall, to the extent that it has sufficient time and it is commercially reasonable to do so prior to the payment of any amounts to Shareholders, use the corrected index level in its calculation of any related amount to be paid.

Index Disruption

Where "Index Disruption" applies to the Shares issued in respect of a Share Class, upon the occurrence of any one or more of the following events (an "**Index Disruption Event**"):

(i) an announcement by the Index Sponsor of an adjustment with respect to the formula or methodology it uses to calculate the Index, where the Index as calculated prior to such adjustment will no longer continue to be published; or

(ii) the Index Sponsor discontinues the calculation and publication of the Index,

CTCM will determine, within 30 days of notifying the Cell and Castle Trust of the occurrence of such event, a suitable replacement Index, the appropriate level for such Index and such adjustments that are commercially appropriate to place the Cell and Castle Trust, as far as reasonably possible, in the economic position they would have been in had the relevant event not occurred.

Maturity Date Index Level Determination

Where "Maturity Date Index Level Determination" applies to the Shares issued in respect of a Share Class, in the event that a level of the Index is not published by the last day of the month (the "**Publication Cut-off Date**") prior to the month in which the relevant Maturity Date or an Early Payment Date falls, then the final effective Index price shall be equal to the published level of the Index from the most recent publication date falling before the Publication Cut-off Date.

4 Payment of Dividends

No dividends shall be paid on any Shares.

5 Payment at Maturity

It is expected that most Shareholders will sell their Shares back to Castle Trust on the Maturity Date for a price equal to the Investment Return in accordance with the Terms and Conditions governing such Shareholders' purchase of the Shares (as set out in paragraph 6 below). Such Shares' beneficial title will be transferred to Castle Trust and then redeemed by the Cell. Castle Trust will fund the repurchase price of the Shares with the Investment Return it receives from the Cell on the redemption of such Shares. Shareholders whose Shares are bought back by Castle Trust in this way will be paid the repurchase price (equal to the Investment Return) by cheque or BACS within ten Business Days of the Maturity Date. This repurchase arrangement only applies to Shares purchased by the Shareholder from Castle Trust (or inherited from someone who purchased such Shares from Castle Trust) and does not apply if the Shareholder opts out of the buy-back arrangement or purchased their Shares on the secondary market.

For those Shareholders for whom the buy-back obligation does not apply, payment of the Investment Return in respect of their Shares which are redeemed directly from Shareholders on their Maturity Date shall be made by Castle Trust, as directed by the Company, to Shareholders within ten Business Days of the Maturity Date or, if the realisation of the Investment Products of the Share Classes to which the Shares relate is delayed, within ten Business Days of such later date on which the realisation proceeds are actually received by the Cell in cleared monies.

The payment of redemption proceeds will be made by Castle Trust by cheque or BACS made payable to each relevant Shareholder (or all named holders in the case of joint holders) and sent by first class post to the name and address of the Shareholder (or to the name and address of the first named holder in the case of joint holders) as appearing in the Register, all at the risk of the Shareholder(s) concerned.

A Shareholder may make a request in writing (signed by all holders in the case of joint holders) in the form of a Payment Instruction Form to Castle Trust for the payment of redemption proceeds to be made by BACS or by cheque, whereupon the Castle Trust will be deemed authorised to deduct any bank charges to be incurred in effecting such alternative payment method from the Shareholders' entitlement before such payment is made. A Payment Instruction Form for this purpose is available from CTCM.

Any further details of the mechanics for redemption of Shares at the Maturity Date for the relevant Share Class will be notified to Shareholders at that time.

6 Redemption at Maturity

On or prior to the Maturity Date for the Shares issued in respect of a Share Class, the Investment Product held by the Cell in relation to that Share Class will be realised in order to generate the Investment Return per Share and such Shares will be redeemed in full on the applicable Maturity Date by the Cell.

The payment obligations of the Investment Provider under the Investment Products on or around the Maturity Date are designed to enable the Cell, in turn, to pay to Shareholders on or around the Settlement Date the Investment Return in respect of their Shares on the redemption of those Shares.

However, the Terms and Conditions set out in the application form contain a buy back arrangement in favour of Castle Trust over Shares held by Shareholders under which, as part of selling the Shares to a Shareholder, it will agree to purchase the Shares held by that Shareholder on the Maturity Date if they have not been redeemed by 14.00 on that day and the Nominee will be authorised to sell the Shareholder’s Shares to Castle Trust on the Maturity Date for an amount equal to the Investment Return. Shareholders who have so contracted with Castle Trust, an FCA authorised firm, will qualify for the FSCS in the event that Castle Trust is unable to meet the repayment to that Shareholder of an amount equivalent to the Investment Return. The Cell will redeem all Shares that have matured on that Maturity Date at 17.00. Shareholders have the option to refuse the buy-back facility (by giving 30 days' notice to CTCM in writing) and to wait for the shares to be redeemed from them directly if they wish, in which case there will be a later settlement date. **Such Shareholders will no longer be eligible claimants under the FSCS**. The buy-back arrangement will only apply to Shareholders who initially acquired their Shares from Castle Trust (or who inherited their Shares from someone who purchased the Shares from Castle Trust) and so it will not apply to Shareholders who acquire Shares on the secondary market. Those Shareholders who have bought their Shares on the secondary market or have opted out of the buy-back will not qualify for the FSCS. Such Shareholders will have their Shares redeemed from them by the Cell for the Investment Return.

Immediately following Castle Trust’s purchase of the Shares from the Shareholders, the Cell will redeem the Shares for an amount equal to the Investment Return. The share redemption by the Cell will be funded by the payment due from Castle Trust under the now mature Investment Product. As Castle Trust will be the holder of the Shares having bought them back from Shareholders, these payments will be offset under the Umbrella Agreement.

Please refer to the Risk Factors section for information on the circumstances in which the Cell's ability to pay to Shareholders the full amount scheduled to be paid in respect of the Shares may be adversely affected.

PART VII

OPERATING AND FINANCIAL REVIEW OF CASTLE TRUST

The operating and financial review of Castle Trust should be read in conjunction with the historical financial information for the two years ended 30 September 2012 and 30 September 2013 as covered by an independent accountant's report and the audited consolidated financial statements for Castle Trust for the year ended 30 September 2014 contained in Part IX of this document.

Unless otherwise indicated, the selected financial information included in this Part VII has been extracted without material adjustment from Castle Trust's statutory consolidated financial statements for the two years ended 30 September 2012 and 30 September 2013 as covered by an independent accountant's report and the audited consolidated financial statements for Castle Trust for the year ended 30 September 2014 contained in Part IX of this document.

This Part VII is arranged under the following subheadings:

1 Overview
2 Risk management and exposure to risk
3 Liquidity
4 Credit Risk
5 Results and Dividends

1 Overview

Following the receipt of the necessary regulatory authorisations, Castle Trust commenced trading on 1 October 2012 as a provider of mortgages and investment products. Castle Trust Capital plc was granted permission by the Financial Services Authority (now the FCA) to carry out regulated investment activities on 5 September 2012.

Castle Trust has established an experienced Board and management team and has implemented a robust legal, regulatory and operational framework for its business.

In the financial period to 30 September 2014, a number of significant developments have taken place:

1.1 Housas in issuance at 30 September 2014 total £8.1m.

1.2 Mortgage lending activity has increased considerably over the period, with lending as at 30 September 2014 standing at £38m (30 September 2013: £19,000), and with investment funding standing at £46m (30 September 2013: £1.8m).

1.3 In order to diversify funding, manage risk and support the increase in lending, Castle Trust has started to expand its investment offering, including a retail bond programme. On 11 June 2014, Castle Trust invested £500,000 in the Ordinary Share Capital of Castle Trust Direct plc ("**CTD**"), an investment company incorporated in England and Wales on 19 May 2014 in order to issue fixed and floating rate bonds listed on the Irish Stock Exchange. Castle Trust holds 100% of the voting rights and nominal value of shares in CTD.

1.4 Castle Trust has also changed its mortgage offering throughout the period. Castle Trust has withdrawn its Partnership Mortgage product for residential homeowners as from 21 November 2014. The Partnership Mortgage product comprises less than 20% of Mortgages and was growing less quickly and was more expensive to support than other mortgage products within its owner occupied and buy to let business lines. The owner occupier business line now comprises loans to Consumer Credit Act exempt borrowers only.

1.5 On 11 November 2014 Castle Trust launched a new "Flexible Zero Mortgage" product – a variant of the Index Profit Share Mortgage. A Flexible Zero Mortgage is a first or second charge mortgage, with a maximum duration of 10 years. Typically, the customer is limited to a maximum aggregate indebtedness of 80% loan to value (including capitalised interest due under the Flexible Zero Mortgage) secured on the relevant property. Flexible Zero Mortgages are only provided to good credit quality customers, typically for the remortgage of residential property; generally no monthly payments are required. Instead at the end of the mortgage term or on sale of the property, Castle Trust is entitled to receive repayment of its original principal together with a deferred interest payment. The product is only available to borrowers who qualify to seek exemption from the Consumer Credit Act (satisfying either buy to let, high net worth or business exemption tests). Versions of the Flexible Zero Mortgage product are therefore offered in both owner occupied and buy to let business lines.

1.6 On 27 November 2014, Castle Trust launched a new high value mortgage business line. Castle Trust offers high net worth borrowers bespoke loans secured on UK residential property or land pertaining thereto - typically with a maximum duration of 5 years with repayments linked to interest rates. These loans can facilitate leverage on low yielding assets or where value creation is through a process of physical enhancement (such as renovation) or economic enhancement (such as lease extension). Where a transaction size exceeds Castle Trust's balance sheet limits, third party investors may participate in funding arrangements.

2 Risk management and exposure to risk

Castle Trust measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee every quarter. The main risks to which Castle Trust is exposed are liquidity and credit risk. Neither risk is sought, but these risks are inherent in Castle Trust's business model, and as such are regularly measured and monitored, and appropriately managed.

3 Liquidity

Liquidity risk is inherent within the Castle Trust business model. However, active management of the duration profile of the assets and liabilities significantly reduces Castle Trust's exposure to liquidity risk. In addition, a minimum 20% buffer will be maintained once Mortgage lending builds, to ensure that the funds created from Housa and Fortress Bond investments are not loaned beyond this level.

Triggers which define risk tolerance have been determined by the Risk Committee, which has been delegated authority from the main Board. These risk limits can only be changed with Board approval, and are reviewed on a quarterly basis.

Castle Trust's principal source of cash flow is the receipt of subscription proceeds from Housa sales that are invested in the Investment Product by the Company, Castle Trust Income Housa plc ("**CTIH**") and CTD. As at 30 September 2014, £4.3m had been invested with Castle Trust by the Company in respect of subscriptions for Growth Housas (Shares), £2.0m had been invested by the Company in respect of subscriptions for Protected and Foundation Housas (Shares), £1.8m had been invested by CTIH in respect of subscriptions for Income Housas (Notes) and £38m had been invested by CTD in respect of subscriptions for Fortress Bonds (Notes), giving an aggregate total of £46m.

Castle Trust's liquidity policy targets retaining a minimum of 20 per cent of funds raised from Housas and Fortress Bonds in liquid assets such as money market, cash, and cash equivalents, with the remaining funds loaned to borrowers as Mortgages. As at 30 September 2014, 407 Mortgages have been issued in an amount of £38m. The remainder of the subscription proceeds is invested in accordance with Castle Trust's liquidity policy.

Castle Trust receives investment income from the liquid assets in which its capital is invested such as money market, cash and cash equivalents, being £137,000 in the period from 1 October 2013 to 30 September 2014 (4 October 2012 to 30 September 2013: £176,000). The Mortgage business is expected to provide further sources of cash flow through arrangement fees on sales together with the eventual redemption of the Mortgages. Mortgages may be redeemed at the expiry of the terms for which they are issued, which may be between 1 and 30 years; they may also be redeemed before the expiry of the term, without penalty, at the option of the borrower. As at the date of this document, Castle Trust has received £688,000 fees from the sale of the Mortgages referred to above, and two Mortgages have been redeemed.

Before Castle Trust commenced operations on 4 October 2012, it was funded by capital injections provided by Castle Trust's parent company, Castle Trust Holdings (Jersey) Limited. These were used to fund the costs incurred in establishing the business platform and infrastructure of Castle Trust and launching the business and the issue of Housa products. No further such capital injections are due or foreseen.

The historical financial information for Castle Trust sets out the cash flow in the statement of cash flow. Castle Trust has no other sources of cash flow. To gain a more complete view of Castle Trust's liquidity, consideration should be given to Castle Trust's cash and cash equivalents, (£8.8m as at 30 September 2014), its long term deposits (£5.0m as at 30 September 2014), and amounts invested in sterling liquidity fund (£24.6m as at 30 September 2014). Amounts in the sterling liquidity fund provide daily liquidity. Long term deposits were for terms no more than 12 months.

Since the launch of the Fortress Bond, net funding has been positive and exceeds the liquidity target that no more than 80% of funding is used to meet new lending.

4 Credit Risk

Credit risk is inherent in the Castle Trust Mortgage products. This risk is managed in the loan origination and servicing processes. Castle Trust has modelled the scenarios which might lead to a change in these risks, and these are measured and monitored on a quarterly basis by the Risk Committee.

5 Results and Dividends

The results of Castle Trust for the period ended 30 September 2014 are set out in the audited financial statements referred to on page 107. Castle Trust has made a loss in the year ended 30 September 2014 amounting to £9.2m (30 September 2013: £8.0m). No dividend has been recommended to date.

6 Capital resources

As at 30 September 2014, Castle Trust had in excess of £33m in equity capital. The FCA requires minimum amounts of capital to be held according to the quality of capital held, and equity capital is the highest level quality of capital (known as "Tier 1 capital"). As at 30 September 2014, Castle Trust was required to hold a minimum of between £1.2m and £2.2m of Tier 1 capital. At that date, Castle Trust held £32m of Tier 1 capital after deductions.

Castle Trust's capital resources comprise share capital, share premium and retained earnings/(losses). Castle Trust has no debt capital. Funding is provided through customer investments which include Growth, Protected and Foundation Housas (Shares), Fortress Bonds, and, before 30 September 2014, Income Housas (loan notes issued by CTIH). This funding is a financial liability in the Statement of Financial Position contained in the audited accounts.

Castle Trust's ability to lend to Mortgage borrowers is constrained by the Tier 1 regulatory capital requirements imposed on Castle Trust and the amount of funding raised via Housa and Fortress Bond products. Prudential regulation management requires Castle Trust, as a firm regulated by the FCA under IFPRU, to hold appropriate levels of capital at all times.

PART VIII

FINANCIAL INFORMATION ON THE COMPANY AND THE CELL

This Part VIII is arranged under the following subheadings:

1 Selected financial information
2 Financial Information
3 Portfolio analysis

1 Selected financial information

The table below sets out summary key information from the financial information of the Company for the period 31 October 2012 to 31 October 2014, and is extracted from the relevant audited annual financial statements:

Castle Trust PCC Statement of Financial Position	**31 October 2014 GBP**	**31 October 2013 GBP**	**31 October 2012 GBP**
Current assets			
Receivables	2	2	2
Total assets	**2**	**2**	**2**
Equity			
Stated capital	2	2	2
	2	**2**	**2**

The table below sets out summary key information from the financial information of the Cell for the period 31 October 2012 to 31 October 2014, and is extracted from the relevant audited annual financial statements:

Castle Trust Growth Housa PC Statement of Financial Position	**31 October 2014 GBP**	**31 October 2013 GBP**	**31 October 2012 GBP**
Assets			
Derivative financial assets at fair value through profit or loss	6,779,622	1,621,134	17,304
Other debtors	162,119	46,020	723
Total assets	**6,941,741**	**1,667,154**	**18,027**
Equity			
Founder Shares	2	2	2
Retained earnings	162,117	41,902	-
Total Equity	**162,119**	**41,904**	**2**
Liabilities			
Financial liabilities at fair value through profit and loss	**6,779,622**	**1,625,250**	**18,025**
Total Liabilities	**6,779,622**	**1,625,250**	**18,025**
Total Equity and Liabilities	**6,941,741**	**1,667,154**	**18,027**

As of the date of this document there has been no significant change to the financial position of either the Company or the Cell during the periods covered respectively by the financial information for each or since 31 October 2014.

2 **Financial Information**

2.1 The Directors' Report and Audited Financial Statements of the Company for the period 27 July 2011 to 31 October 2012 and audit report on those audited financial statements (together, the "**Company 2012 Financial Statements**") were published by the Company in its securities note dated 6 December 2012 (the "**December Note**"). The Company 2012 Financial Statements in their entirety are hereby incorporated by reference from pages 75 to 86 of the December Note into this Registration Document and form part of this Registration Document. The Company 2012 Financial Statements are thereby incorporated in and form part of the Prospectus.

2.2 The Directors' Report and Audited Financial Statements of the Cell for the period 5 September 2012 to 31 October 2012 and audit report on those audited financial statements (together, the "**Cell 2012 Financial Statements**") were published in the December Note by the Company acting on behalf of the Cell. The Cell 2012 Financial Statements in their entirety are hereby incorporated by reference from pages 90 to 110 of the December Note into this Registration Document and form part of this Registration Document. The Cell 2012 Financial Statements are thereby incorporated in and form part of the Prospectus.

2.3 The Directors' Report and Audited Financial Statements of the Company for the year ended 31 October 2013 and audit report on those audited financial statements (together, the "**Company 2013 Financial Statements**") were published by the Company in its securities note dated 28 January 2014 (the "**February Note**"). The Company 2013 Financial Statements in their entirety are hereby incorporated by reference from pages 74 to 87 of the February Note into this Registration Document and form part of this Registration Document. The Company 2013 Financial Statements are thereby incorporated in and form part of the Prospectus.

2.4 The Directors' Report and Audited Financial Statements of the Cell for the year ended 31 October 2013 and audit report on those audited financial statements (together, the "**Cell 2013 Financial Statements**") were published in the February Note by the Company acting on behalf of the Cell. The Cell 2013 Financial Statements in their entirety are hereby incorporated by reference from pages 89 to 118 of the February Note into this Registration Document and form part of this Registration Document. The Cell 2013 Financial Statements are thereby incorporated in and form part of the Prospectus.

2.5 The parts of the December Note and the February Note which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in the Prospectus.

2.6 Copies of the Company 2012 Financial Statements, Cell 2012 Financial Statements, the Company 2013 Financial Statements and the Cell 2013 Financial Statements can be found on Castle Trust's website at https://www.castletrust.co.uk/information/. No part of the Castle Trust website is incorporated by reference into this document.

2.7 The Directors' Report and Audited Financial Statements of the Company for the year ended 31 October 2014 and audit report on those audited financial statements (together, the "**Company 2014 Financial Statements**") are included on pages 53 to 69 of this Registration Document.

2.8 The Directors' Report and Audited Financial Statements of the Cell for the year ended 31 October 2014 and audit report on those audited financial statements (together, the "**Cell 2014 Financial Statements**") are included on pages 70 to 106 of this Registration Document.

3 **Portfolio analysis**

The portfolio of investments held by the Cell comprises solely of Investment Products entered into in respect of each monthly issue of Shares. A description of the Investment Product is set out at paragraph 5 of Part V. As at 30 September 2014, the amounts raised in respect of each monthly issue of Shares are:

Amount (£)	Class	Maturity Date
5,000	5 Year October 2012 Growth Shares	7 November 2017
13,025	10 Year October 2012 Growth Shares	7 November 2022
20,075	10 Year November 2012 Growth Shares	7 December 2022
15,000	10 Year December 2012 Growth Shares	9 January 2023
20,000	10 Year January 2013 Growth Shares	7 February 2023
105,220	5 Year February 2013 Growth Shares	7 March 2018
82,250	10 Year February 2013 Growth Shares	7 March 2023
85,900	5 Year March 2013 Growth Shares	9 April 2018
6,610	10 Year March 2013 Growth Shares	11 April 2023
104,925	5 Year April 2013 Growth Shares	8 May 2018
81,416	10 Year April 2013 Growth Shares	8 May 2023
4,000	3 Year May 2013 Growth Shares	7 June 2016
81,159	5 Year May 2013 Growth Shares	7 June 2018
44,310	10 Year May 2013 Growth Shares	7 June 2023
74,768	5 Year June 2013 Growth Shares	6 July 2018
60,810	10 Year June 2013 Growth Shares	7 July 2023
30,893	3 Year July 2013 Growth Shares	5 August 2016
81,120	5 Year July 2013 Growth Shares	7 August 2018
3,500	10 Year July 2013 Growth Shares	7 August 2023
119,520	3 Year August 2013 Growth Shares	7 September 2016
74,520	5 Year August 2013 Growth Shares	7 September 2018
77,777	3 Year September 2013 Growth Shares	7 October 2016
53,537	5 Year September 2013 Growth Shares	5 October 2018
17,472	10 Year September 2013 Growth Shares	6 October 2023
77,500	3 Year October 2013 Growth Shares	7 November 2016
196,920	5 Year October 2013 Growth Shares	7 November 2018
20,664	10 Year October 2013 Growth Shares	7 November 2023
49,000	3 Year November 2013 Growth Shares	6 December 2016

81,520	5 Year November 2013 Growth Shares	6 December 2018
10,000	10 Year November 2013 Growth Shares	6 December 2023
52,500	3 Year December 2013 Growth Shares	9 January 2017
46,500	5 Year December 2013 Growth Shares	8 January 2019
35,000	10 Year December 2013 Growth Shares	8 January 2023
191,540	3 Year January 2014 Growth Shares	7 February 2017
225,400	5 Year January 2014 Growth Shares	7 February 2019
58,000	10 Year January 2014 Growth Shares	7 February 2024
188,040	Protected 5 Year February 2014 Shares	7 March 2019
271,840	Growth 5 Year February 2014 Shares	7 March 2019
13,000	Growth 10 Year February 2014 Shares	7 March 2024
346,198	Protected 5 Year March 2014 Shares	5 April 2019
455,248	Growth 5 Year March 2014 Shares	5 April 2019
145,560	Growth 10 Year March 2014 Shares	5 April 2024
666,149	Protected 5 Year April 2014 Shares	8 May 2019
363,143	Growth 5 Year April 2014 Shares	8 May 2019
137,340	Growth 10 Year April 2014 Shares	8 May 2024
257,463	Protected 5 Year May 2014 Shares	7 June 2019
233,958	Growth 5 Year May 2014 Shares	7 June 2019
106,807	Growth 10 Year May 2014 Shares	7 June 2024
382,947	Protected 5 Year June 2014 Shares	5 July 2019
171,100	Growth 5 Year June 2014 Shares	5 July 2019
96,800	Growth 10 Year June 2014 Shares	5 July 2024
133,782	Protected 5 Year July 2014 Shares	8 August 2019
13,932	Growth 5 Year July 2014 Shares	8 August 2019
23,835	Growth 10 Year July 2014 Shares	8 August 2024

Castle Trust invested £500,000 in 3 Year January 2013 Shares in order to satisfy the regulatory requirements of the CISEA. The threshold was later exceeded by third party subscriptions, and so the 500,000 3 Year January 2013 Shares purchased by Castle Trust were redeemed by Castle Trust in June 2013.

The total amount invested by the Cell in the Investment Products as at the date of this document is £6.3m.

4 Information relating to the Company and the Cell incorporated by reference

The table below sets out the various sections of those documents which are incorporated by reference into this Registration Document as referred to in section 2 of this Part VIII:

Document	*Section*	*Page number in reference document*
December Note	Directors' report and audited financial statements for the period 27 July 2011 to 31 October 2012 relating to the Company	75 - 86
	Directors' report and audited financial statements and report for the period 5 September 2012 to 31 October 2012 relating to the Cell	90 - 110
February Note	Directors' report and audited financial statements for the financial year ended 31 October 2013 relating to the Company	74 - 87
	Directors' report and audited financial statements for the financial year ended 31 October 2013 relating to the Cell	89 - 118

Save for the information incorporated by reference referred to in section 4 of this Part VIII and section 7 of Part IX, no documents (including any documents referred to in the information incorporated by reference) are incorporated by reference into this document.

CASTLE TRUST PCC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

CASTLE TRUST PCC

Financial Statements
For the year ended 31 October 2014

Index **Pages**

CASTLE TRUST PCC

Management and Administration

Directors	Philip Henry Burgin	(resigned 12 September 2014)
	Mark Edward John Creasey	
	Miranda Suzanne Helen Lansdowne	(resigned 8 July 2014)
	Anthony James Underwood-Whitney	
	Saffron Louise Harrop	(appointed 11 July 2014)
	Martin Angus Taylor	(appointed 19 September 2014)

Registered Office

Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT
Channel Islands

Secretary and Administrator

JTC (Jersey) Limited
Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT
Channel Islands

Investment Manager

Castle Trust Capital Management Limited
10 Norwich Street
London
EC4A 1BD

English Legal Adviser

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Jersey Legal Adviser

Carey Olsen
47 Esplanade
St Helier
Jersey
JE1 0BD
Channel Islands

Independent Auditors

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey
JE1 1EY
Channel Islands

CASTLE TRUST PCC

Report of the Directors

Incorporation
Castle Trust PCC (the “Company”) is a company with limited liability incorporated in Jersey, Channel Islands on 27 July 2011. The Company is established as a public protected cell company pursuant to the Companies (Jersey) Law 1991 and has no power to meet any liability attributable to a particular cell from the non-cellular assets of the Company or to meet any liability, whether attributable to a particular cell or not, from the cellular assets of another cell. Separate Financial Statements are prepared for each cell.

Castle Trust Growth Housa PC (the "Cell")
The Participating Preference Shares of the Cell are divided into individual classes. Most recently there were three classes offered each month: 5 year term Growth shares; 5 year term Protected shares; and 10 year term Growth shares. The Cell is an investment product which is designed to grant the investor exposure to the potential growth or fall of the Halifax House Price Index (the "HHPI" or “Index”) over the life of the Participating Preference Shares. It will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to Investors will depend on the duration of the product.

In January 2014 the decision was taken by the Directors to stop the issue of the Growth 3 year share class due to subscription by investors being lower than hoped. From February 2014, the Growth 3 year share class ceased to be issued and a new Protected 5 year share class (“Protected 5 year share class”) was issued in its place. The name will be changed to Foundation 5 year share class for future issues. The terms of the Protected 5 year share class are substantially the same as those for the Growth 5 year share class but with no downside participation on the initial capital and a lower potential upside return. Protected refers to the absence of downside participation only as there is no external guarantee or collateral support.

As at the reporting date there were 66 classes of shares in the capital of the Cell (2013: 39). 60 classes were Participating Preference Shares of no par value in the capital of the Cell (being Growth Housa Shares). These shares carry the rights set out in the Castle Trust PCC Summary and Securities Note dated 3 October 2012. The remaining 6 class classes were Participating Preference Shares of no par value in the capital of the Cell (being Protected Housa Shares). These shares carry the rights set out in the Castle Trust PCC Summary and Securities Note dated 28 January 2014. In particular, the shares will not pay dividends, shall have no voting rights in respect of general meetings of the Cell, but shall have voting rights in respect of separate meetings of the holders of the Shares of the relevant Share Class. All shares in issue at 17:00 on the day of maturity of the relevant Share Class shall be automatically redeemed, under the terms of the Set off Agreement dated 24 September 2012 (“Set off Agreement”), by the Cell for the Investment Return on the payment by Castle Trust Capital PLC (“Castle Trust”), a UK company.

As at the balance sheet date «Total_No_of_Shares_Issued_at_31_October» Participating Preference Shares had been issued by the Cell (2013: 1,950,000,000) of which «Total_No_of_Shares_Remaining_in_Issue_a» were fully paid up and remaining in issue (2013: 1,587,891). All of the Participating Preference Shares fully paid up at the balance sheet date were held by external investors (2013: 1,587,891 held by external investors). 3,293,155,507 Participating Preference Shares were forfeited and cancelled at the balance sheet date (2013: 1,798,207,193) and 530,000 were redeemed at the balance sheet date (2013: 500,000). The following table shows the nominal value of the Participating Preference Shares at the reporting date:

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
3 Year Growth October 2012	50,000,000	50,000,000	-	-
5 Year Growth October 2012	50,000,000	49,995,000	-	5,000
10 Year Growth October 2012	50,000,000	49,986,975	-	13,025
3 Year Growth November 2012	50,000,000	50,000,000	-	-
5 Year Growth November 2012	50,000,000	50,000,000	-	-

CASTLE TRUST PCC

Report of the Directors (continued)

Incorporation and structure (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
10 Year Growth November 2012	50,000,000	49,979,925	-	20,075
3 Year Growth December 2012	50,000,000	50,000,000	-	-
5 Year Growth December 2012	50,000,000	50,000,000	-	-
10 Year Growth December 2012	50,000,000	49,985,000	-	15,000
3 Year Growth January 2013	50,000,000	49,500,000	500,000	-
5 Year Growth January 2013	50,000,000	50,000,000	-	-
10 Year Growth January 2013	50,000,000	49,980,000	-	20,000
3 Year Growth February 2013	50,000,000	50,000,000	-	-
5 Year Growth February 2013	50,000,000	49,894,780	-	105,220
10 Year Growth February 2013	50,000,000	49,917,750	-	82,250
3 Year Growth March 2013	50,000,000	50,000,000	-	-
5 Year Growth March 2013	50,000,000	49,914,100	-	85,900
10 Year Growth March 2013	50,000,000	49,993,390	-	6,610
3 Year Growth April 2013	50,000,000	50,000,000	-	-
5 Year Growth April 2013	50,000,000	49,895,075	-	104,925
10 Year Growth April 2013	50,000,000	49,918,584	-	81,416
3 Year Growth May 2013	50,000,000	49,996,000	-	4,000
5 Year Growth May 2013	50,000,000	49,918,841	-	81,159
10 Year Growth May 2013	50,000,000	49,955,690	-	44,310
3 Year Growth June 2013	50,000,000	50,000,000	-	-
5 Year Growth June 2013	50,000,000	49,925,232	-	74,768
10 Year Growth June 2013	50,000,000	49,939,190	-	60,810
3 Year Growth July 2013	50,000,000	49,969,107	-	30,893
5 Year Growth July 2013	50,000,000	49,918,880	-	81,120
10 Year Growth July 2013	50,000,000	49,996,500	-	3,500
3 Year Growth August 2013	50,000,000	49,850,480	30,000	119,520
5 Year Growth August 2013	50,000,000	49,925,480	-	74,520
10 Year Growth August 2013	50,000,000	50,000,000	-	-
3 Year Growth September 2013	50,000,000	49,922,223	-	77,777
5 Year Growth September 2013	50,000,000	49,946,463	-	53,537
10 Year Growth September 2013	50,000,000	49,982,528	-	17,472
3 Year Growth October 2013	50,000,000	49,922,500	-	77,500
5 Year Growth October 2013	50,000,000	49,803,080	-	196,920
10 Year Growth October 2013	50,000,000	49,979,336	-	20,664
3 Year Growth November 2013	50,000,000	49,951,000	-	49,000
5 Year Growth November 2013	50,000,000	49,918,480	-	81,520
10 Year Growth November 2013	50,000,000	49,990,000	-	10,000
3 Year Growth December 2013	50,000,000	49,947,500	-	52,500
5 Year Growth December 2013	50,000,000	49,953,500	-	46,500
10 Year Growth December 2013	50,000,000	49,965,000	-	35,000
3 Year Growth January 2014	50,000,000	49,808,460	-	191,540
5 Year Growth January 2014	50,000,000	49,774,600	-	225,400
10 Year Growth January 2014	50,000,000	49,942,000	-	58,000
5 Year Protected February 2014	50,000,000	49,811,960	-	188,040
5 Year Growth February 2014	50,000,000	49,728,160	-	271,840
10 Year Growth February 2014	50,000,000	49,987,000	-	13,000

CASTLE TRUST PCC

Report of the Directors (continued)

Incorporation and structure (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
5 Year Protected March 2014	50,000,000	49,653,802	-	346,198
5 Year Growth March 2014	50,000,000	49,544,752	-	455,248
10 Year Growth March 2014	50,000,000	49,854,440	-	145,560
5 Year Protected April 2014	50,000,000	49,333,851	-	666,149
5 Year Growth April 2014	50,000,000	49,636,857	-	363,143
10 Year Growth April 2014	50,000,000	49,862,660	-	137,340
5 Year Protected May 2014	50,000,000	49,742,537	-	257,463
5 Year Growth May 2014	50,000,000	49,766,042	-	233,958
10 Year Growth May 2014	50,000,000	49,893,193	-	106,807
5 Year Protected June 2014	50,000,000	49,617,053	-	382,947
5 Year Growth June 2014	50,000,000	49,828,900	-	171,100
10 Year Growth June 2014	50,000,000	49,903,200	-	96,800
5 Year Protected July 2014	50,000,000	49,866,218	-	133,782
5 Year Growth July 2014	50,000,000	49,986,068	-	13,932
10 Year Growth July 2014	50,000,000	49,976,165	-	23,835
Total at 31 October 2014	**3,300,000,000**	**3,293,155,507**	**530,000**	6,314,493

No Participating Preference Shares were issued in August, September, October, November and December 2014. The Alternative Investment Fund Managers Directive required the Company to be regulated by the Jersey Financial Services Commission as from 21 July 2014. Approval was subsequently granted on 1 October 2014. Changes in UK regulation from 1 October 2014 required securities to be issued by the PCC to be listed on an EU regulated stock exchange (i.e. excluding CISE). New listings are anticipated in 2015 on an EU regulated stock exchange.

Group Structure
The Group comprises five operating entities; Castle Trust, Castle Trust Capital Management Limited ("CTCM"), Castle Trust Income Housa Plc ("CTIH"), Castle Trust Direct Plc ("CTD") and one nominee company, Castle Trust Capital Nominees Limited ("CTCN") (collectively the "Group"). CTD was incorporated on 19 May 2014 in order to issue fixed rate bonds which are listed on the Irish Stock Exchange. In addition, the Company and the Cell are consolidated into the Group by virtue of control rather than consolidated due to ownership.

Group Activities
Castle Trust offers investors a simple way of accessing exposure to the UK residential housing market and UK property owners a unique alternative to conventional mortgage finance.

Group Mortgages
Castle Trust's equity loan mortgages, available to both owner occupiers ('Partnership Mortgages') and buy to let landlords ('Buy to let mortgages'), are second charge loans which require no monthly mortgage repayments. Typically, no conventional interest is payable on the loans. Instead, Castle Trust receives a share of the rise in house prices (individual property specific or house price index linked) at the end of a pre-arranged term. In addition, the Company introduced Index Profit Share mortgages in the year, which are linked to the HHPI.

Investment Products
Castle Trust issues two main categories of investment product, being fixed rate bonds ('Fortress Bonds'), and Index linked investments ('Housas').

CASTLE TRUST PCC

Report of the Directors (continued)

Incorporation and structure (continued)

Investment Products (continued)
CTD issues Fortress Bonds, standard fixed rate bonds that are listed on the Irish Stock Exchange and issued every month, and can be issued at any duration at an Annual Equivalent Interest Rate ('AER') that is calculated on a monthly basis. To date, 1 year, 2 year and 5 year duration bonds have been issued at AERs of between 2.25% and 4%.

Growth Housas and Protected Housas, being Participating Preference Shares, issued by the Cell, deliver returns directly linked to UK house prices, as measured by the Halifax House Price Index ('HHPI'). They are available in two formats with varying terms: Protected (5 year capital not at risk), and Growth (5 and 10 year).

The Protected Participating Preference Shares, with the same structure as the Growth Participating Preference Shares, but with no downside participation on the initial capital and a lower potential upside return, were introduced on 3 February 2014.

Index Linked Income Housa Loan Notes ("Loan Notes"), Loan Notes, issued up to July 2014 by CTIH, have been withdrawn as an ongoing product, due to disappointing sales performance against the high associated issue costs. The existing book will continue to run off until the final loan note tranche matures, and interest will continue to be paid as per the terms and conditions of the product.

Group Arrangements
CTCM provides services to the Group and its customers. In its administrative capacity it provides sales and marketing, and investment and administration management services to the PCC and the Cell, and to CTD. It provides sales and marketing services only to CTIH, and provides management services to its parent, Castle Trust. For ISA customers, CTCM provides ISA management services. Income Housas, Growth Housas and Protected Housas may be placed in an ISA wrapper. Refer to note 5 for Related party transactions.

Castle Trust subscribes for the redeemable preference shares in the Cell, Fortress Bonds from CTD, and Loan Notes in CTIH, and immediately sells them to third party investors. Castle Trust simultaneously writes a swap or loan agreement for the subscription amounts between the Cell, CTD, or CTIH that lends such monies from the Participating Preference Shares or bonds to Castle Trust. The subscription amount due from Castle Trust to each company is then offset against the advance due under the swap or loan agreement. The swap or loan agreement transactions are eliminated in the consolidated financial statements of the Group.

Group Product Overview
The nature and variety of the Group's funding and lending range continues to expand as the Group continues to develop new products and markets. The products sold during the year to 31 October 2014 are covered below.

Group Fortress Bonds
Fortress Bonds have been issued and listed since July 2014 on the Irish Stock Exchange via a new subsidiary (CTD) and comprise standard fixed rate bonds of varying durations and returns. To date the durations have been 1, 2 and 5 year issued at returns of 2.25%, 2.75% and 4.0% respectively. Refer to note 5 for Related party transactions.

Group Housas
A 'Housa' is either a 'Growth or Protected Housa' (being Participating Preference Shares issued by the Cell) or an 'Income Housa', being Loan Notes issued by CTIH. Growth, Protected and Income Housas have similar features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the Halifax House Price ('HHPI') Index. Participating Preference Shares deliver a multiple of any increase in the Index (for example 150% for a 5 year investment) and a reduced factor of any decrease in the Index (for example 50% for a 5 year investment). Loan Notes' capital returns pay a fixed quarterly coupon plus a return based on the HHPI. Protected Housas deliver a return based on any increase in the Index but do not share in any decrease in the Index.

CASTLE TRUST PCC

Report of the Directors (continued)

Incorporation and structure (continued)

Group Housas (continued)
Housas provide investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with a buy-to-let investment. They also offer those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market by allowing them to invest in a product with returns linked to the UK housing market (the asset for which they are saving).

Group Partnership Mortgages
Partnership Mortgages (available only to resident owner-occupiers) are secured via a second charge which ranks below a traditional first charge mortgage. Partnership Mortgages are typically up to 20% of the property value. The maximum combined (first and second charge) loan to value ("LTV") that Castle Trust will lend at is 90%. The minimum and maximum potential terms of lending are 6 and 30 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption - plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV. For example, if a client borrows 20% LTV, the share will be 40% of the rise in the value of the property.

Group Buy to Let Mortgages
Castle Trust's Buy to Let product is a mortgage to landlords usually limited to a maximum LTV of 20% secured via a legal charge which would rank below any existing first charge mortgage. The maximum LTV is 85% (including the first charge mortgage), with minimum and maximum potential terms of 1 and 10 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV or the Minimum Repayment Amount (2% pa), whichever is higher.

Group Index Profit Share Mortgages
An Index Profit Share (IPS) Mortgage is a mortgage on a property or portfolio of properties. The customer must retain a minimum of 15% equity if using an IPS Mortgage. IPS Mortgages are only issued to good credit quality customers for the re-mortgage of residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment and (up to) twice the increase in value of the national house price index, if the property has increased in value. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth/business exemption tests).

Members of Castle Trust's management team and board have significant experience in managing the creditworthiness of borrowers. However, Castle Trust may be exposed to the risk of borrowers defaulting on their repayment obligations. In particular, if a borrower defaults on his primary mortgage, the borrower will be required to pay an administration fee as well as to repay the mortgage early. Castle Trust has a secondary charge over the property resulting from the mortgage. If a borrower has defaulted then it is likely that they may also be unable to meet repayments under the terms of the mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, systemic default by many borrowers would, if it occurred, have a significant impact on Castle Trust's business. For the Cell as at 31 October 2014, the maximum credit risk in relation to the HHPI Derivative Swap is £«Deriv_fin_assets_at_FVTPL» (2013: £1,621,134).

Directors
The past and present membership of the Board is set out on page 1.

Dividends

The Directors do not recommend the payment of a dividend for the year (2013: £nil).

CASTLE TRUST PCC

Report of the Directors (continued)

Activities and results
The Company was set up as a protected cell company. There were no Income Statement/Statement of Comprehensive Income transactions in the current and previous year.

Going Concern
The Financial Statements of the Company have been prepared on the going concern basis. In assessing whether the going concern assumption remains appropriate for the Company, the Directors have considered:

- the business activities, future developments and financial position of the Company;
- whether there are adequate provisions within the Investment and Shareholder Agreement to ensure that the Company is adequately capitalised to continue operations;
- risk management policies and how the Company is placed to manage business risks; and
- there are no material uncertainties that the Directors are aware of.

Secretary
The secretary of the Company and the Cell who held office during the year, and subsequently, was JTC (Jersey) Limited.

JTC (Jersey) Limited
Secretary

CASTLE TRUST PCC

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the annual report and Financial Statements in accordance with applicable law and regulations.

Jersey Company law requires the Directors to prepare Financial Statements for each financial period in accordance with any generally accepted accounting principles. The Financial Statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the Company for the period then ended. In preparing these Financial Statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and appropriate;
- specify which generally accepted accounting principles have been adopted in their presentation; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Cell and enable them to ensure that the Financial Statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE TRUST PCC**

We have audited the Financial Statements of Castle Trust PCC for the year ended 31 October 2014 which comprises the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with our Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of Directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the Financial Statements:

- ► give a true and fair view of the state of the Company's affairs as at 31 October 2014;
- ► have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- ► have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ► proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ► the financial statements are not in agreement with the accounting records and returns; or
- ► we have not received all the information and explanations we require for our audit.

for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date:

CASTLE TRUST PCC

Statement of Financial Position

As at 31 October 2014

	Notes	**2014**	2013
		£	£
Current assets			
Receivables		**2**	2
Total assets		**2**	2
Equity			
Stated capital	3	**2**	2
Total shareholder's equity		**2**	2

The Financial Statements on pages 10 to 15 were approved and authorised for issue by the Board of Directors on 19 December 2014 and signed on behalf of the Board by:

Director　　　　Director

The accompanying notes on pages 12 to 15 form an integral part of these Financial Statements.

CASTLE TRUST PCC

Statement of Changes in Equity

For the year ended 31 October 2014

	Stated Capital Issued £
Balance as at 1 November 2013	**2**
Balance as at 31 October 2014	**2**

For the year ended 31 October 2013

	Stated Capital Issued £
Balance as at 1 November 2012	2
Balance as at 31 October 2013	2

There were no Income Statement/Statement of Comprehensive Income transactions in the current or prior year and as there is no bank account there is no requirement for a Statement of Cash Flows.

The accompanying notes on pages 12 to 15 form an integral part of these Financial Statements.

CASTLE TRUST PCC

Notes to the Financial Statements

For the year ended 31 October 2014

1. **General information**
Castle Trust PCC (the “Company”) is a company with limited liability incorporated in Jersey, Channel Islands on 27 July 2011. The Company is established as a public protected cell company pursuant to the Companies (Jersey) Law 1991 and has no power to meet any liability attributable to a particular cell from the non-cellular assets of the Company or to meet any liability, whether attributable to a particular cell or not, from the cellular assets of another cell. Individual Financial Statements are prepared for each cell.

As at the reporting date, the Company had one cell, Castle Trust Growth Housa PC (the “Cell”) created on 5 September 2012 as a public protected cell of the Company. The initial issuance of the Participating Preference Shares of the Cell were listed on the Channel Islands Stock Exchange on 4 October 2012. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange.

The address of the Company's registered office is Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT, Channel Islands.

2. **Accounting policies**

2.1 *Basis of presentation*
The Financial Statements have been prepared in accordance and in compliance with EU endorsed International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The preparation of Financial Statements in conformity with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates. These Financial Statements comply with International Accounting Standard (IAS) 1 – ‘Presentation of Financial Statements’. The Financial Statements have been prepared on an historical cost basis.

2.2 Statement of Cash Flows
The Company does not have a bank account and therefore no cash or cash equivalents balances are recorded. As a result the Company is not required to prepare a cash flow statement.

2.3 Statement of Comprehensive Income
There was no movement in the Statement of Comprehensive Income in the current year or in the comparative period and therefore a Statement of Comprehensive Income has not been included.

2.4 Changes in accounting policies and disclosures

New standards, interpretations and amendments to the existing standards and interpretations
The following new/revised standards relevant to the Cell were effective for the year ended 31 October 2014 and have thus been adopted in the preparation of these Financial Statements:

IFRS 13 “Fair Value Measurement”
This provides a source of guidance and establishes a framework for measuring fair value whilst requiring enhanced disclosure regarding fair value and the basis of measurement. It also requires, with some exceptions, classification of measurements into a 'fair value hierarchy' based on the nature of inputs. Various disclosures are required based on the fair value measurement. This had no impact on the Financial Statements for the year ended 31 October 2014.

CASTLE TRUST PCC

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

2. Accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

Standards and Amendments to existing standards that are relevant to the Company, not yet effective and have not been early adopted by the Company
At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 12 "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2013, EU endorsement is applicable from 1 January 2014);

IFRS 15 "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2017, EU endorsement is outstanding);

IFRS 9 "Financial Instruments - Classification and Measurement" (effective for accounting periods commencing on or after 1 January 2018, EU endorsement is outstanding);

Amendments to IFRS 12 and IAS 27 "Investment Entities" (effective for accounting periods commencing on or after 1 January 2014);

Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (effective for accounting periods commencing on or after 1 January 2014);

Amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures" (effective for accounting periods commencing on or after 1 January 2018, EU endorsement is outstanding).

These standards and interpretations will be adopted when they become effective.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company. These standards and interpretations will be adopted when they become effective, subject to endorsement by the EU.

2.5 Critical accounting estimates and judgements
The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas which involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements.

2.6 Going Concern
In accordance with the Investment Management Agreement Castle Trust Capital Management Limited ("CTCM") will meet the initial and ongoing general and other expenses of the Company.

2.7 Receivables
Receivables are classified as loans and receivables and are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision is made for doubtful receivables based on a review of all outstanding amounts at the period end. Bad debts are written off during the period in which they are identified.

2.8 Functional and presentation currency

The Financial Statements are presented in Sterling ("£") as this is the primary currency of the economic environment in which the Company operates, and in which the material transactions of the Company are undertaken.

CASTLE TRUST PCC

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

3. Authorised and Stated Capital

Authorised Capital
There is no limit to the number of shares that can be issued by the Company.

	2014		2013	
	Number	£	Number	£
Stated Capital Issued				
Ordinary shares of no par value issued	2	2	2	2

	2014		2013	
	Number	£	Number	£
At beginning of period	2	2	2	2
At end of period	2	2	2	2

There are no other share classes which would dilute the rights of the ordinary members. Amongst other rights as prescribed in the articles of association of the Company, the rights of the ordinary members include:

- the right to attend meetings of members. On a show of hands every member present in person or by proxy shall have one vote and on a poll every member shall have one vote for each share of which the member is a shareholder;
- the right to receive dividends recommended by the Directors and declared in a general meeting; and
- the right to receive a pro-rata share of the net assets of the Company on dissolution, winding-up, or liquidation.

4. Taxation
The Company is taxed at the Jersey company standard rate of 0%.

5. Related party transactions
The following are considered related parties to the Company:

Investment Manager and Marketing Agent
Castle Trust Capital Management Limited ("the Investment Manager" and "Marketing Agent") is considered a related party by virtue of common control. The contractual arrangements with the Company and the Cell are that the initial and ongoing general expenses and such other expenses of the Company were and will continue to be paid by CTCM. The amount paid during the year for the Company and Cell was £204,675 (2013: £260,855).

Registrar, Secretary, Administrator and Listing Sponsor
Philip Henry Burgin, Anthony James Underwood-Whitney and Saffron Louise Harrop are all directors of JTC Group Limited. Philip Henry Burgin, Miranda Suzanne Helen Lansdowne, Anthony James Underwood-Whitney, Saffron Louise Harrop and Martin Angus Taylor are all directors of JTC (Jersey) Limited (the "Registrar, Secretary and Administrator") a wholly owned subsidiary of JTC Group Limited, which is a wholly owned subsidiary of JTC Group Holdings Limited, which is a related party to the Company and Cell.

CASTLE TRUST PCC

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

5. Related party transactions (continued)

Registrar, Secretary, Administrator and Listing Sponsor (continued)
Philip Henry Burgin, Mark Edward John Creasey, Miranda Suzanne Helen Lansdowne, Anthony James Underwood-Whitney, Martin Angus Taylor and Saffron Louise Harrop are all directors of JTC Trustees Limited and JTC Listing Services Limited, respectively the Shareholder and Listing Sponsor of the Company and Cell.

JTC Group Limited charged fees totalling £87,609 (2013: £10,879) to the Company and Cell during the year which were met by the Investment Manager as above. JTC (Jersey) Limited is considered a related party by virtue of its contractual role as the Registrar, Secretary and Administrator of the Company and Cell.

Castle Trust
Castle Trust Capital PLC (“Castle Trust") is considered a related party by virtue of common control. The first of the contractual arrangements which exist between Castle Trust, the Company and the Cell is in relation to the Halifax House Price Index Derivative Swaps as disclosed in note 4 of the Financial Statements of the Cell. The second in relation to the Participating Preference Shares as disclosed in note 2.8 of the Financial Statements of the Cell, which confirms that if an investor redeems before maturity any gain/loss will be borne by Castle Trust and not the Cell.

6. Financial instruments
The Company is non-trading/dormant and the credit risk regarding the receivable is not considered significant. The fair value of the receivables is considered to be £2. The Company has no investing activities and does not have any significant financial instruments and is therefore not exposed to any types of risk that are usually associated with financial instruments and markets.

7. Ultimate controlling party
The entire Ordinary Share capital is owned by JTC Trustees Limited as trustee of Housing Foundation Charitable Trust. However, the ultimate controlling party of the Company is considered to be Mr James Christopher Flowers.

CASTLE TRUST PCC -
CASTLE TRUST GROWTH HOUSA PC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Financial Statements
For the year ended 31 October 2014

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CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Management and Administration

Directors	Philip Henry Burgin	(resigned 12 September 2014)
	Mark Edward John Creasey	
	Miranda Suzanne Helen Lansdowne	(resigned 8 July 2014)
	Anthony James Underwood-Whitney	
	Saffron Louise Harrop	(appointed 11 July 2014)
	Martin Angus Taylor	(appointed 19 September 2014)
Registered Office	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT Channel Islands	
Secretary and Administrator	JTC (Jersey) Limited Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT Channel Islands	
Investment Manager	Castle Trust Capital Management Limited 10 Norwich Street London EC4A 1BD	
English Legal Adviser	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT	
Jersey Legal Adviser	Carey Olsen 47 Esplanade St Helier Jersey JE1 0BD Channel Islands	
Independent Auditors	Ernst & Young LLP Liberation House Castle Street St Helier Jersey JE1 1EY Channel Islands	

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Report of the Directors

Incorporation and Structure

Castle Trust Growth Housa PC (the "Cell"), is a cell of Castle Trust PCC (the "PCC"). The PCC is a public protected cell company with limited liability incorporated in Jersey, Channel Islands, on 27 July 2011 under the Companies (Jersey) Law 1991. The PCC has no power to meet any liability attributable to a particular Cell from the non-cellular assets of the PCC or to meet any liability, whether attributable to a particular Cell or not, from the cellular assets of another Cell. However, the PCC is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside of Jersey will respect the limitations on liability associated with protected cell companies. The Cell was created on 5 September 2012 as a public protected cell of the PCC. During the year ended 31 October 2014, the Cell applied for regulated status under the Collective Investment Funds (Jersey) Law 1988. This was granted by the Jersey Financial Services Commission on 1 October 2014.

The first issuance of Participating Redeemable Preference Shares ("Participating Preference Shares") of the Cell were listed on the Channel Islands Stock Exchange on 4 October 2012. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange ("CISE"). The Participating Preference Shares are issued to UK investors.

The Participating Preference Shares of the Cell are divided into individual classes. Most recently there were three classes offered each month: 5 year term Growth shares; 5 year term Protected shares; and 10 year term Growth shares. The Cell is an investment product which is designed to grant the investor exposure to the potential growth or fall of the Halifax House Price Index (the "HHPI" or "Index") over the life of the Participating Preference Shares. It will provide a return such that the amount invested will be adjusted providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to Investors will depend on the duration of the product.

In January 2014 the decision was taken by the Directors to stop the issue of the Growth 3 year share class due to subscription by investors being lower than hoped. From February 2014, the Growth 3 year share class ceased to be issued and a new Protected 5 year share class ("Protected 5 year share class") was issued in its place. The name will be changed to Foundation 5 year share class for future issues. The terms of the Protected 5 year share class are substantially the same as those for the Growth 5 year share class but with no downside participation on the initial capital and a lower potential upside return. Protected refers to the absence of downside participation only as there is no external guarantee or collateral support.

As at the reporting date there were 66 classes of shares in the capital of the Cell (2013: 39). 60 classes were Participating Preference Shares of no par value in the capital of the Cell (being Growth Housa Shares). These shares carry the rights set out in the Castle Trust PCC Summary and Securities Note dated 3 October 2012. The remaining 6 class classes were Participating Preference Shares of no par value in the capital of the Cell (being Protected Housa Shares). These shares carry the rights set out in the Castle Trust PCC Summary and Securities Note dated 28 January 2014. In particular, the shares will not pay dividends, shall have no voting rights in respect of general meetings of the Cell, but shall have voting rights in respect of separate meetings of the holders of the Shares of the relevant Share Class. All shares in issue at 17:00 on the day of maturity of the relevant Share Class shall be automatically redeemed, under the terms of the Set off Agreement dated 24 September 2012 ("Set off Agreement"), by the Cell for the Investment Return on the payment by Castle Trust Capital PLC ("Castle Trust"), a UK company.

As at the balance sheet date, 3,300,000,000 Participating Preference Shares had been issued by the Cell (2013: 1,950,000,000) of which 6,314,493 were fully paid up and remained in issue (2013: 1,587,891). All of the Participating Preference Shares fully paid up at the balance sheet date were held by external investors (2013: 1,587,891 held by external investors). 3,293,155,507 Participating Preference Shares were forfeited and cancelled at the balance sheet date (2013: 1,798,207,193) and 530,000 were redeemed at the balance sheet date (2013: 500,000). The following table shows the nominal value of the Participating Preference Shares at the reporting date:

Report of the Directors (continued)

Incorporation and Structure (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
3 Year Growth October 2012	50,000,000	50,000,000	-	-
5 Year Growth October 2012	50,000,000	49,995,000	-	5,000
10 Year Growth October 2012	50,000,000	49,986,975	-	13,025
3 Year Growth November 2012	50,000,000	50,000,000	-	-
5 Year Growth November 2012	50,000,000	50,000,000	-	-
10 Year Growth November 2012	50,000,000	49,979,925	-	20,075
3 Year Growth December 2012	50,000,000	50,000,000	-	-
5 Year Growth December 2012	50,000,000	50,000,000	-	-
10 Year Growth December 2012	50,000,000	49,985,000	-	15,000
3 Year Growth January 2013	50,000,000	49,500,000	500,000*	-
5 Year Growth January 2013	50,000,000	50,000,000	-	-
10 Year Growth January 2013	50,000,000	49,980,000	-	20,000
3 Year Growth February 2013	50,000,000	50,000,000	-	-
5 Year Growth February 2013	50,000,000	49,894,780	-	105,220
10 Year Growth February 2013	50,000,000	49,917,750	-	82,250
3 Year Growth March 2013	50,000,000	50,000,000	-	-
5 Year Growth March 2013	50,000,000	49,914,100	-	85,900
10 Year Growth March 2013	50,000,000	49,993,390	-	6,610
3 Year Growth April 2013	50,000,000	50,000,000	-	-
5 Year Growth April 2013	50,000,000	49,895,075	-	104,925
10 Year Growth April 2013	50,000,000	49,918,584	-	81,416
3 Year Growth May 2013	50,000,000	49,996,000	-	4,000
5 Year Growth May 2013	50,000,000	49,918,841	-	81,159
10 Year Growth May 2013	50,000,000	49,955,690	-	44,310
3 Year Growth June 2013	50,000,000	50,000,000	-	-
5 Year Growth June 2013	50,000,000	49,925,232	-	74,768
10 Year Growth June 2013	50,000,000	49,939,190	-	60,810
3 Year Growth July 2013	50,000,000	49,969,107	-	30,893
5 Year Growth July 2013	50,000,000	49,918,880	-	81,120
10 Year Growth July 2013	50,000,000	49,996,500	-	3,500
3 Year Growth August 2013	50,000,000	49,850,480	30,000	119,520
5 Year Growth August 2013	50,000,000	49,925,480	-	74,520
10 Year Growth August 2013	50,000,000	50,000,000	-	-
3 Year Growth September 2013	50,000,000	49,922,223	-	77,777
5 Year Growth September 2013	50,000,000	49,946,463	-	53,537
10 Year Growth September 2013	50,000,000	49,982,528	-	17,472
3 Year Growth October 2013	50,000,000	49,922,500	-	77,500
5 Year Growth October 2013	50,000,000	49,803,080	-	196,920
10 Year Growth October 2013	50,000,000	49,979,336	-	20,664
3 Year Growth November 2013	50,000,000	49,951,000	-	49,000
5 Year Growth November 2013	50,000,000	49,918,480	-	81,520
10 Year Growth November 2013	50,000,000	49,990,000	-	10,000
3 Year Growth December 2013	50,000,000	49,947,500	-	52,500
5 Year Growth December 2013	50,000,000	49,953,500	-	46,500
10 Year Growth December 2013	50,000,000	49,965,000	-	35,000
3 Year Growth January 2014	50,000,000	49,808,460	-	191,540
5 Year Growth January 2014	50,000,000	49,774,600	-	225,400
10 Year Growth January 2014	50,000,000	49,942,000	-	58,000

Report of the Directors (continued)

Incorporation and Structure (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
5 Year Protected February 2014	50,000,000	49,811,960	-	188,040
5 Year Growth February 2014	50,000,000	49,728,160	-	271,840
10 Year Growth February 2014	50,000,000	49,987,000	-	13,000
5 Year Protected March 2014	50,000,000	49,653,802	-	346,198
5 Year Growth March 2014	50,000,000	49,544,752	-	455,248
10 Year Growth March 2014	50,000,000	49,854,440	-	145,560
5 Year Protected April 2014	50,000,000	49,333,851	-	666,149
5 Year Growth April 2014	50,000,000	49,636,857	-	363,143
10 Year Growth April 2014	50,000,000	49,862,660	-	137,340
5 Year Protected May 2014	50,000,000	49,742,537	-	257,463
5 Year Growth May 2014	50,000,000	49,766,042	-	233,958
10 Year Growth May 2014	50,000,000	49,893,193	-	106,807
5 Year Protected June 2014	50,000,000	49,617,053	-	382,947
5 Year Growth June 2014	50,000,000	49,828,900	-	171,100
10 Year Growth June 2014	50,000,000	49,903,200	-	96,800
5 Year Protected July 2014	50,000,000	49,866,218	-	133,782
5 Year Growth July 2014	50,000,000	49,986,068	-	13,932
10 Year Growth July 2014	50,000,000	49,976,165	-	23,835
Total at 31 October 2014	**3,300,000,000**	**3,293,155,507**	**530,000**	**6,314,493**

No Participating Preference Shares were issued in August, September, October, November and December 2014. The Alternative Investment Fund Managers Directive required the PCC to be regulated by the Jersey Financial Services Commission as from 21 July 2014. Approval was subsequently granted on 1 October 2014. Changes in UK regulation from 1 October 2014 required securities to be issued by the PCC to be listed on an EU regulated stock exchange (i.e. excluding CISE). New listings are anticipated in 2015 on an EU regulated stock exchange.

The Cell's financial assets at fair value through profit or loss comprise HHPI Derivative Swap positions which are due from Castle Trust under the HHPI Swap Agreement. The Cell achieves its exposure to the HHPI through the Swap position.

Investment Return
The Investment Return is the amount payable as calculated under the relevant Investment Product with respect to each Participating Preference Share on the relevant Maturity Date calculated by Castle Trust as follows:

(Return Multiple x HHPI Percentage Change) + 1) x Investment Amount

Where:

The “Return Multiple” is:

(i) if the Final HHPI Level is greater than the Initial HHPI Level:

Maturity Period of Participating Preference Shares	Return Multiple
3 years	1.25
5 years - Growth	1.50
5 years – Protected	1.00

10 years	1.70

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Report of the Directors (continued)

Incorporation and structure (continued)

Investment Return (continued)
(ii) if the Final HHPI Level is lower than the Initial HHPI Level:

Maturity Period of Participating Preference Shares	Return Multiple
3 years	0.75
5 years - Growth	0.50
5 years – Protected	0.00
10 years	0.30

Group Structure
The Group comprises five operating entities; Castle Trust, Castle Trust Capital Management Limited ("CTCM"), Castle Trust Income Housa Plc ("CTIH"), Castle Trust Direct Plc ("CTD") and one nominee company, Castle Trust Capital Nominees Limited ("CTCN") (collectively the "Group"). CTD was incorporated on 19 May 2014 in order to issue fixed rate bonds which are listed on the Irish Stock Exchange. In addition, the PCC and the Cell are consolidated into the Group by virtue of control rather than consolidated due to ownership.

Group Activities
Castle Trust offers investors a simple way of accessing exposure to the UK residential housing market and UK property owners a unique alternative to conventional mortgage finance.

Group Mortgages
Castle Trust's equity loan mortgages, available to both owner occupiers ("Partnership Mortgages") and buy to let landlords ("Buy to let mortgages"), are second charge loans which require no monthly mortgage repayments. Typically, no conventional interest is payable on the loans. Instead, Castle Trust receives a share of the rise in house prices (individual property specific or house price index linked) at the end of a pre-arranged term. In addition, the Company introduced Index Profit Share mortgages in the year, which are linked to the HHPI.

Investment Products
Castle Trust issues two main categories of investment product, being fixed rate bonds ('Fortress Bonds'), and Index linked investments ('Housas').

CTD issues Fortress Bonds, standard fixed rate bonds that are listed on the Irish Stock Exchange and issued every month, and can be issued at any duration at an Annual Equivalent Interest Rate ('AER') that is calculated on a monthly basis. To date, 1 year, 2 year and 5 year duration bonds have been issued at AERs of between 2.25% and 4%.

Growth Housas and Protected Housas, being Participating Preference Shares, issued by the Cell, deliver returns directly linked to UK house prices, as measured by the Halifax House Price Index ('HHPI'). They are available in two formats with varying terms: Protected (5 year capital not at risk), and Growth (5 and 10 year). The Protected Participating Preference Shares, with the same structure as the Growth Participating Preference Shares, but with no downside participation on the initial capital and a lower potential upside return, were introduced on 3 February 2014.

Index Linked Income Housa Loan Notes ("Loan Notes"), Loan Notes, issued up to July 2014 by CTIH, have been withdrawn as an ongoing product, due to disappointing sales performance against the high associated issue costs. The existing book will continue to run off until the final loan note tranche matures, and interest will continue to be paid as per the terms and conditions of the product.

Group Arrangements
CTCM provides services to the Group and its customers. In its administrative capacity it provides sales and marketing, and investment and administration management services to the PCC and the Cell, and to CTD. It

provides sales and marketing services only to CTIH, and provides management services to its parent, Castle Trust. For ISA customers, CTCM provides ISA management services. Income Housas, Growth Housas and Protected Housas may be placed in an ISA wrapper.

Report of the Directors (continued)

Incorporation and structure (continued)

Group Arrangements (continued)

Castle Trust subscribes for the redeemable preference shares in the Cell, Fortress Bonds from CTD, and Loan Notes in CTIH, and immediately sells them to third party investors. Castle Trust simultaneously writes a swap or loan agreement for the subscription amounts between the Cell, CTD, or CTIH that lends such monies from the Participating Preference Shares or bonds to Castle Trust. The subscription amount due from Castle Trust to each company is then offset against the advance due under the swap or loan agreement. The swap or loan agreement transactions are eliminated in the consolidated financial statements of the Group. Refer to note 11 for Related party transactions.

Group Product Overview

The nature and variety of the Group's funding and lending range continues to expand as the Group continues to develop new products and markets. The products sold during the year to 31 October 2014 are covered below.

Group Fortress Bonds

Fortress Bonds have been issued and listed since July 2014 on the Irish Stock Exchange via a new subsidiary (CTD) and comprise standard fixed rate bonds of varying durations and returns. To date the durations have been 1, 2 and 5 year issued at returns of 2.25%, 2.75% and 4.0% respectively. Refer to note 11 for Related party transactions.

Group Housas

A 'Housa' is either a 'Growth or Protected Housa' (being Participating Preference Shares issued by the Cell) or an 'Income Housa', being Loan Notes issued by CTIH. Growth, Protected and Income Housas have similar features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the Halifax House Price ('HHPI') Index. Participating Preference Shares deliver a multiple of any increase in the Index (for example 150% for a 5 year investment) and a reduced factor of any decrease in the Index (for example 50% for a 5 year investment). Loan Notes' capital returns pay a fixed quarterly coupon plus a return based on the HHPI. Protected Housas deliver a return based on any increase in the Index but do not share in any decrease in the Index.

Housas provide investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with a buy-to-let investment. They also offer those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market by allowing them to invest in a product with returns linked to the UK housing market (the asset for which they are saving).

Group Partnership Mortgages

Partnership Mortgages (available only to resident owner-occupiers) are secured via a second charge which ranks below a traditional first charge mortgage. Partnership Mortgages are typically up to 20% of the property value. The maximum combined (first and second charge) loan to value ("LTV") that Castle Trust will lend at is 90%. The minimum and maximum potential terms of lending are 6 and 30 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption - plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV. For example, if a client borrows 20% LTV, the share will be 40% of the rise in the value of the property.

Group Buy to Let Mortgages

Castle Trust's Buy to Let product is a mortgage to landlords usually limited to a maximum LTV of 20% secured via a legal charge which would rank below any existing first charge mortgage. The maximum LTV is 85% (including the first charge mortgage), with minimum and maximum potential terms of 1 and 10 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV or the Minimum Repayment Amount (2% pa), whichever is higher.

Report of the Directors (continued)

Incorporation and Structure (continued)

Group Index Profit Share Mortgages
An Index Profit Share (IPS) Mortgage is a mortgage on a property or portfolio of properties. The customer must retain a minimum of 15% equity if using an IPS Mortgage. IPS Mortgages are only issued to good credit quality customers for the re-mortgage of residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment and (up to) twice the increase in value of the national house price index, if the property has increased in value. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth/business exemption tests).

Members of Castle Trust's management team and board have significant experience in managing the creditworthiness of borrowers. However, Castle Trust may be exposed to the risk of borrowers defaulting on their repayment obligations. In particular, if a borrower defaults on his primary mortgage, the borrower will be required to pay an administration fee as well as to repay the mortgage early. Castle Trust has a secondary charge over the property resulting from the mortgage. If a borrower has defaulted then it is likely that they may also be unable to meet repayments under the terms of the mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, systemic default by many borrowers would, if it occurred, have a significant impact on Castle Trust's business. For the Cell as at 31 October 2014, the maximum credit risk in relation to the HHPI Derivative Swap is £6,779,622 (2013: £1,621,134).

Activities and Results
The Statement of Comprehensive Income for the year is set out on page 12 and reflects total comprehensive income for the year of £120,215 (2013: £41,902). This comprises net gains on financial assets and liabilities of £194,380 (2013: £79,400) against which there are operating expenses of £74,165 (2013: £37,498). When participating preference shares of nominal value are issued only 96% of the funds received are withheld to purchase nominal in a Halifax House Price Index ("HHPI") Derivative Swap Asset, the remaining 4% of the nominal value is paid to CTCM in the form of marketing and management fees to meet the operating expenditure of the Cell. However, the company receives nominal exposure from Castle Trust under the terms of the derivative equivalent to 100% of the nominal value of the participating preference shares.

Going Concern
The Financial Statements of the Cell have been prepared on the going concern basis. In assessing whether the going concern assumption remains appropriate for the Cell, the Directors have considered:

- the business activities, future developments and financial position of the Company;
- whether there are adequate provisions within the Investment and Shareholder Agreement to ensure that the Company is adequately capitalised to continue operations;
- risk management policies and how the Company is placed to manage business risks; and
- there are no material uncertainties that the Directors are aware of.

Pursuant to the terms of the Investment Management Agreement (the "Investment Management Agreement") between the Cell and CTCM, CTCM will meet the initial and ongoing general expenses and any other expenses of the Cell as required.

Dividends
The Directors do not recommend the payment of a dividend for the year (2013: £nil).

Directors
The membership of the Board of Directors of the Cell is set out on page 1.

Directors' Interest
No Directors of the Cell have any interest in the Cell.

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Report of the Directors (continued)

Secretary
The secretary of the PCC and the Cell who held office during the year, and subsequently, was JTC (Jersey) Limited.

JTC (Jersey) Limited
Secretary

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations.

Jersey Company law requires the Directors to prepare Financial Statements for each financial period in accordance with any generally accepted accounting principles. The Financial Statements of the Cell are required by law to give a true and fair view of the state of affairs of the Cell at the period end and of the profit or loss of the Cell for the period then ended. In preparing these Financial Statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and appropriate;
- specify which generally accepted accounting principles have been adopted in their presentation; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Cell will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Cell and enable them to ensure that the Financial Statements prepared by the Cell comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Cell and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Cell's website. Legislation in Jersey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE TRUST GROWTH HOUSA PC

We have audited the financial statements of Castle Trust Growth Housa PC for the year ended 31 October 2014 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Cell's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Cell's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cell and the Cell's members as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of Directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the cell's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the Financial Statements:

- ► give a true and fair view of the state of the Cell's affairs as at 31 October 2014 and of the Cell's result for the year then ended;
- ► have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- ► have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:
- ► proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ► the financial statements are not in agreement with the accounting records and returns; or
- ► we have not received all the information and explanations we require for our audit.

for and on behalf of Ernst & Young LLP
Jersey, Channel Islands

Date:

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Statement of Financial Position

As at 31 October 2014

	Notes	**2014** **£**	2013 £
Assets			
Derivative financial assets at fair value through profit or loss	4	**6,779,622**	1,621,134
Debtors	5	**162,119**	46,020
Total assets		**6,941,741**	1,667,154
Equity			
Stated capital	6	**2**	2
Retained earnings		**162,117**	41,902
Total Equity		**162,119**	41,904
Liabilities			
Financial liabilities at fair value through profit or loss	6	**6,779,622**	1,625,250
Total liabilities		**6,779,622**	1,625,250
Total Equity and Liabilities		**6,941,741**	1,667,154

The Financial Statements on pages 11 to 35 were approved and authorised for issue by the Board of Directors on 19 December 2014 and signed on behalf of the Board by:

Director Director

The accompanying notes on pages 14 to 35 form an integral part of these Financial Statements.

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Statement of Comprehensive Income

For the year ended 31 October 2014

	Notes	**2014** **£**	2013 £
Expenses			
Marketing fee	11	**(48,595)**	(19,850)
Investment Management fee	11	**(25,570)**	(17,648)
Total operating expenses		**(74,165)**	(37,498)
Net gain on financial assets at fair value through profit or loss		**623,314**	135,699
Net loss on financial liabilities at fair value through profit or loss		**(428,934)**	(56,299)
Total net gain on financial assets and financial liabilities at fair value through profit or loss		**194,380**	79,400
Profit for the year before tax		**120,215**	41,902
Taxation	7	**-**	-
Profit for the year after tax		**120,215**	41,902
Other comprehensive income for the year		**-**	-
Total other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**120,215**	41,902

All of the results above are from continuing operations.

The accompanying notes on pages 14 to 35 form an integral part of these Financial Statements.

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Statement of Changes in Equity

For the year ended 31 October 2014

	Number of founder shares	£
Balance as at 1 November 2013	**2**	**41,904**
Total comprehensive income for the year	**-**	**120,215**
Balance as at 31 October 2014	**2**	**162,119**

For the year ended 31 October 2013

	Number of founder shares	£
Balance as at 1 November 2012	2	2
Total comprehensive income for the year	-	41,902
Balance as at 31 October 2013	2	41,904

The accompanying notes on pages 14 to 35 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 October 2014
(i)
1. General information

Incorporation and structure
Castle Trust Growth Housa PC (the “Cell”), is a cell of Castle Trust PCC (the “PCC”). The PCC is a public protected cell company with limited liability incorporated in Jersey, Channel Islands, on 27 July 2011 under the Companies (Jersey) Law 1991. The PCC has no power to meet any liability attributable to a particular cell from the non-cellular assets of the PCC or to meet any liability, whether attributable to a particular cell or not, from the cellular assets of another cell. However, the PCC is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside of Jersey will respect the limitations on liability associated with protected cell companies. The Cell was created on 5 September 2012 as a public protected cell of the PCC. During the year ended 31 October 2014, the Cell applied for regulated status. This was granted by the Jersey Financial Services Commission on 30 September 2014. The Participating Preference Shares are issued to UK investors.

The Participating Redeemable Preference Shares ("Participating Preference Shares") of the Cell were first listed on the Channel Islands Stock Exchange on 4 October 2012. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange (“CISE”). The Participating Preference Shares of the Cell are divided into individual classes. Three classes were offered each month up to and including January 2014: 3 year term shares (“Growth 3 year share class”); 5 year term shares (“Growth 5 year share class”); and 10 year term shares (“Growth 10 year share class”). The Cell is an investment product which is designed to grant the investor exposure to the potential growth or fall of the Halifax House Price Index (the "HHPI") over the life of the product. It will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to Investors will depend on the duration of the product.

In January 2014 the decision was taken by the Directors to stop the issue of the Growth 3 year share class due to subscription by investors being lower than hoped. From February 2014, the Growth 3 year share class ceased to be issued and a new Protected 5 year share class (“Protected 5 year share class”) was issued in its place. The name will be changed to Foundation 5 year share class for future issues. The terms of the Protected 5 year share class are substantially the same as those for the Growth 5 year share class but with no downside participation on the initial capital and a lower potential upside return. Protected refers to the absence of downside participation only as there is no external guarantee or collateral support.

The address of the Cell's registered office is Elizabeth House, 9 Castle Street, St Helier, Jersey JE2 3RT.

Activities and results
The Statement of Comprehensive Income for the year is set out on page 12 and reflects total comprehensive income for the year of £120,215 (2013: £41,902). This comprises net gains on financial assets and liabilities of £194,380 (2013: £79,400) against operating expenses of £74,165 (2013: £37,498). Operating expenses represent those marketing and investment management fees, which arise upon the issuance of Participating Preference Shares, as more fully explained in note 11. Investment management fees relating to those share issues which remain within the 14 day cooling off period ("the cooling off period") are refundable and as such are recognised as a debtor in the Statement of Financial Position. For those Participating Preference Shares which are past their cooling off period, their associated investment management fees shall be amortised over the relevant maturity of the particular share class.

Notes to the Financial Statements

For the year ended 31 October 2014

1. General information (continued)

Activities and results (continued)
This differing treatment arising upon the issuance of Participating Preference Shares towards the immediate revaluation of derivative financial assets compared with the amortisation of expenses associated with the issuance of Participating Preference Shares gives rise to a net operating profit which will over the life of each share class eventually net to nil when all timing differences are reversed. Where all issued Participating Preference Shares are beyond the cooling off period, the valuation of the Derivative Financial Asset and Financial Liabilities at fair value through profit or loss will be equal and opposite.

2. Accounting policies

2.1 *Basis of presentation*
The Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRS"). The Financial Statements have been prepared on a historical cost basis, as modified by financial assets and liabilities held at fair value through profit or loss.

2.2 Cash Flow Statement
The Cell does not have a bank account and therefore no cash or cash equivalents balances are recorded. As a result the Cell is not required to prepare a cash flow statement.

2.3 Separate Financial Statements
Separate Financial Statements are prepared for the PCC and the Cell.

2.4 Changes in accounting policies and disclosures

New standards, interpretations and amendments to the existing standards and interpretations
The following new/revised standards relevant to the Cell were effective for the year ended 31 October 2014 and have thus been adopted in the preparation of these Financial Statements:

IFRS 13 "Fair Value Measurement"
This provides a source of guidance and establishes a framework for measuring fair value whilst requiring enhanced disclosure regarding fair value and the basis of measurement. It also requires, with some exceptions, classification of measurements into a 'fair value hierarchy' based on the nature of inputs. Various disclosures are required based on the fair value measurement. As the Cells' derivative financial assets at fair value through profit or loss and Financial liabilities at fair value through profit or loss are classified as Level 3 within the fair value hierarchy, additional disclosures over the valuation process have been included in the Financial Statements compared to the Financial Statements for the comparative year. See Note 9 for fair value hierarchy.

Standards and Amendments to existing standards that are relevant to the Cell, not yet effective and have not been early adopted by the Cell
At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 9 "Financial Instruments - Classification and Measurement" (effective for accounting periods commencing on or after 1 January 2018, EU endorsement is outstanding);

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

2. Accounting policies (continued)

2.4 Changes in accounting policies and disclosure (continued)

Standards and Amendments to existing standards that are relevant to the Cell, not yet effective and have not been early adopted by the Cell (continued)

IFRS 12 "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2013, EU endorsement is applicable from 1 January 2014);

Amendments to IFRS 12 and IAS 27 "Investment Entities" (effective for accounting periods commencing on or after 1 January 2014);

Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (effective for accounting periods commencing on or after 1 January 2014);

IFRS 15 "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2017, EU endorsement is outstanding);

Amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures" (effective for accounting periods commencing on or after 1 January 2018, EU endorsement is outstanding).

These standards and interpretations will be adopted when they become effective.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Cell. These standards and interpretations will be adopted when they become effective, subject to endorsement by the EU.

2.5 Going concern
The Financial Statements of the Cell have been prepared on the going concern basis. In assessing whether the going concern assumption remains appropriate for the Cell, the Directors have considered:

- the business activities, future developments and financial position of the Company;
- whether there are adequate provisions within the Investment and Shareholder Agreement to ensure that the Company is adequately capitalised to continue operations;
- risk management policies and how the Company is placed to manage business risks; and
- there are no material uncertainties that the directors are aware of.

Pursuant to the terms of the Investment Management Agreement (the "Investment Management Agreement") between the Cell and Castle Trust Capital Management Limited ("CTCM"), CTCM will meet the initial and ongoing general expenses and any other expenses of the Cell as required.

2.6 *Financial instruments*
Financial instruments carried on the Statement of Financial Position include financial assets at fair value through profit or loss, receivables, other debtors and financial liabilities at fair value through profit or loss. The accounting policies adopted for these financial instruments are disclosed in the individual policy statements associated with each item below.

(i) Classification
Financial assets at fair value through profit or loss
As a derivative, the Halifax House Price Index ("HHPI") Derivative Swap is a financial asset held for trading and is therefore included within financial assets held at fair value through profit or loss (note 4).

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

2. Accounting policies (continued)

2.6 *Financial instruments (continued)*

(i) Classification (continued)
Financial liabilities at fair value through profit or loss
The Cell classifies all of its liabilities, including its Participating Preference Shares, upon recognition, as financial liabilities at fair value through profit or loss to minimise an accounting mismatch which would otherwise occur.

Loans and receivables
The Cell classifies other debtors, comprising prepaid investment management and marketing fees and amortised investment management fees upon initial recognition, as loans and receivables.

(ii) Recognition and derecognition
The Cell recognises financial assets and financial liabilities when, and only when, the Cell becomes a party to the contractual provisions of the instrument.

The Cell derecognises a financial asset where:

- the rights to receive cash flows from the assets have expired;
- the Cell has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (i) the Cell has transferred substantially all the risks and rewards of the assets, or (ii) the Cell has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Cell has met the last two conditions above but has not transferred control of the asset, the asset is recognised to the extent of the Cell's involvement in the asset, which is measured as the extent to which the Cell is exposed to changes in the value of the transferred asset.

The Cell derecognises a financial liability when the obligation under the liability is discharged.

(iii) Measurement

Initial measurement
Financial assets and liabilities at fair value through profit or loss are initially recognised at cost which is the fair value at the date of recognition. All transaction costs for such instruments are recognised directly in profit or loss as incurred.

Other receivables are initially measured at fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement
Subsequent to initial measurement, the Cell re-measures financial instruments at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income. Interest income earned from such instruments is recorded separately.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

2. Accounting policies (continued)

2.6 *Financial instruments(continued)*

(iii) Measurement (continued)

Subsequent measurement (continued)
Other debtors comprise prepaid marketing and investment management fees. The investment management fees (being 3% of fully paid up Participating Preference Shares) are subsequently amortised over the life of the investment product until redemption and the marketing fees (being 1% of fully paid up Participating Preference Shares) are fully expensed upon the completion of the cooling off period.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

(iv) Fair value estimation
The fair values of derivative financial assets and financial liabilities held by the Cell are derived by reference to the HHPI linked return, which is subject to a number of macroeconomic factors.

2.7 *Foreign currency*

(ii) Functional and presentation currency
The Cell's functional and presentation currency is Sterling ("£"), which is the currency in which the Cell's performance is evaluated and is also the primary economic environment in which the Cell operates. The Participating Preference Shares are issued in £ and any returns to the investors in a liquidation would be in £.

(iii) Foreign currency translations
Transactions denominated in currencies other than £ are translated into £ at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into £ at exchange rates in effect at the reporting date. Resulting translation differences are charged or credited to the Statement of Comprehensive Income as foreign currency gains or losses. Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'net gain/loss on financial assets and financial liabilities at fair value through profit or loss'.

2.8 Participating Preference Shares
The Cell issues Participating Preference Shares, which are redeemable at maturity. Where an investor has made a request to Castle Trust Capital PLC ("Castle Trust") to redeem their Participating Preference Shares prior to the maturity date, Castle Trust can at its discretion purchase those Participating Preference Shares at that time at a price to be determined by Castle Trust. Any such shares purchased by Castle Trust will be cancelled by the Cell and the corresponding HHPI Swap reduced accordingly, resulting in no overall net gain or loss to the Cell. Any gain or loss will therefore be recognised by Castle Trust. Participating Preference Shares are classified as financial liabilities at fair value through profit or loss.

2.9 *Expenses*
Operating expenses including investment management fees and marketing fees are accounted for on an accruals basis. Other expenses including ongoing expenses such as directors and audit fees are described in note 11 and are paid by CTCM.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

2. Accounting policies (continued)

2.10 Net gains or losses on financial assets at fair value through profit or loss
Net gains or losses on financial assets designated or held for trading at fair value through profit or loss include changes in fair value of and the realised gains or losses from disposal of financial assets at fair value through profit or loss.

2.11 N*et gains or losses on financial liabilities at fair value through profit or loss*
Net gains or losses on financial liabilities designated at fair value through profit or loss include changes in fair value and the realised gains or losses from disposal or maturity of financial liabilities at fair value through profit or loss.

2.12 F*ounder Shares*
The Cell issues Founder Shares which are non-redeemable ordinary shares and as such are classified as equity.

3. Significant accounting judgements, estimates and assumptions
The preparation of the Financial Statements in conformity with IFRS requires the Directors to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. The Cell based its assumptions and estimates on parameters available when the Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Cell. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using a pricing model as described more fully in note 9.

IFRS 13 requires disclosures relating to the fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. At the year end, the derivative financial assets at fair value through profit or loss have been classified at Level 3, because their fair value has been derived indirectly using unobservable market data (2013: Level 3). See note 9 for Fair Value Hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

4. Derivative financial assets at fair value through profit or loss

	2014	2013
	£	£
HHPI Derivative Swaps		
Book cost	**6,061,913**	1,524,376
Fair value adjustment	**717,709**	96,758
Fair value	**6,779,622**	1,621,134

5. Debtors

	2014	2013
	£	£
Prepayments	**162,117**	41,902
Other debtors	**-**	4,116
Due on ordinary shares	**2**	2
	162,119	46,020

6. Participating and Founder Shares

The Cell is authorised to issue an unlimited number of Participating Preference Shares of no par value.

The Participating Preference Shareholder will not receive dividends, shall have no voting rights in respect of general meetings of the Cell, but shall have voting rights in respect of separate meetings of the holders of the Shares of the relevant Share Class.

Participating Preference Shares will be redeemed on maturity, or before maturity date at the request of the holder subject to the discretion of Castle Trust and subsequent approval by the Board of Directors of the Cell.

The Participating Preference Shares of the Cell were first listed on the Channel Islands Stock Exchange on 4 October 2012. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange. The Participating Preference Shares of the Cell are divided into classes. Three classes were offered each month up to and including January 2014: 3 year term shares (“Growth 3 year share class”); 5 year term shares (“Growth 5 year share class”); and 10 year term shares (“Growth 10 year share class”). The Cell is an investment product which is designed to grant the investor exposure to the potential growth or fall of the Halifax House Price Index (the "HHPI") over the life of the product. It will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to Investors will depend on the duration of the product.

CASTLE TRUST GROWTH HOUSA PC

A cell of the Castle Trust PCC

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

The Founder Shares will not receive dividends whilst Participating Preference Shares are in issue. At any time that there are no Participating Preference Shares in issue, dividends may be declared and paid on the Founder Shares in accordance with the provisions of Cell Articles. The Founder Shares are non redeemable.

The Founder Shares shall have voting rights, and the holders of Founder Shares shall be entitled to receive notice of, and to attend and speak at, general meetings of the Cell.

In the event that the Cell winds-up, the assets available for distribution, shall be distributed to the holders of the Participating Preference Shares of each relevant class. Any balance then remaining shall be distributed to the holders of the Founder Shares in proportion to the number of Founder Shares held by each such holder at the time of the commencement of the winding up.

The following table shows the number and nominal value of Participating Preference Shares and Founder Shares in issue at the reporting date:

	2014		*2013*	
	Number	**£**	Number	£
Authorised				
Unlimited no par value shares of any class				
Issued and fully paid – Founder Shares	**2**	**2**	2	2

	2014		2013	
	Number	**£**	Number	£
Issued and fully paid – Participating Preference Shares				
5 Year Growth October 2012	**5,000**	**5,000**	5,000	5,000
10 Year Growth October 2012	**13,025**	**13,025**	13,025	13,025
10 Year Growth November 2012	**20,075**	**20,075**	20,075	20,075
10 Year Growth December 2012	**15,000**	**15,000**	15,000	15,000
10 Year Growth January 2013	**20,000**	**20,000**	20,000	20,000
5 Year Growth February 2013	**105,220**	**105,220**	105,220	105,220
10 Year Growth February 2013	**82,250**	**82,250**	82,250	82,250
5 Year Growth March 2013	**85,900**	**85,900**	85,900	85,900
10 Year Growth March 2013	**6,610**	**6,610**	6,610	6,610
5 Year Growth April 2013	**104,925**	**104,925**	104,925	104,925
10 Year Growth April 2013	**81,416**	**81,416**	81,416	81,416
3 Year Growth May 2013	**4,000**	**4,000**	4,000	4,000
5 Year Growth May 2013	**81,159**	**81,159**	81,159	81,159
10 Year Growth May 2013	**44,310**	**44,310**	44,310	44,310
5 Year Growth June 2013	**74,768**	**74,768**	74,768	74,768
10 Year Growth June 2013	**60,810**	**60,810**	60,810	60,810
3 Year Growth July 2013	**30,893**	**30,893**	30,893	30,893
5 Year Growth July 2013	**81,120**	**81,120**	81,120	81,120
10 Year Growth July 2013	**3,500**	**3,500**	3,500	3,500
3 Year Growth August 2013	**119,520**	**119,520**	149,520	149,520
5 Year Growth August 2013	**74,520**	**74,520**	74,520	74,520
3 Year Growth September 2013	**77,777**	**77,777**	77,777	77,777

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

Number and nominal value of Participating Preference Shares and Founder Shares in issue at the balance sheet date (continued):

	2014		2013	
	Number	**£**	Number	£
Issued and fully paid – Participating Preference Shares				
5 Year Growth September 2013	**53,537**	**53,537**	53,537	53,537
10 Year Growth September 2013	**17,472**	**17,472**	17,472	17,472
3 Year Growth October 2013	**77,500**	**77,500**	77,500	77,500
5 Year Growth October 2013	**196,920**	**196,920**	196,920	196,920
10 Year Growth October 2013	**20,664**	**20,664**	20,664	20,664
3 Year Growth November 2013	**49,000**	**49,000**	-	-
5 Year Growth November 2013	**81,520**	**81,520**	-	-
10 Year Growth November 2013	**10,000**	**10,000**	-	-
3 Year Growth December 2013	**52,500**	**52,500**	-	-
5 Year Growth December 2013	**46,500**	**46,500**	-	-
10 Year Growth December 2013	**35,000**	**35,000**	-	-
3 Year Growth January 2014	**191,540**	**191,540**	-	-
5 Year Growth January 2014	**225,400**	**225,400**	-	-
10 Year Growth January 2014	**58,000**	**58,000**	-	-
5 Year Protected February 2014	**188,040**	**188,040**	-	-
5 Year Growth February 2014	**271,840**	**271,840**	-	-
10 Year Growth February 2014	**13,000**	**13,000**	-	-
5 Year Protected March 2014	**346,198**	**346,198**	-	-
5 Year Growth March 2014	**455,248**	**455,248**	-	-
10 Year Growth March 2014	**145,560**	**145,560**	-	-
5 Year Protected April 2014	**666,149**	**666,149**	-	-
5 Year Growth April 2014	**363,143**	**363,143**	-	-
10 Year Growth April 2014	**137,340**	**137,340**	-	-
5 Year Protected May 2014	**257,463**	**257,463**	-	-
5 Year Growth May 2014	**233,958**	**233,958**	-	-
10 Year Growth May 2014	**106,807**	**106,807**	-	-
5 Year Protected June 2014	**382,947**	**382,947**	-	-
5 Year Growth June 2014	**171,100**	**171,100**	-	-
10 Year Growth June 2014	**96,800**	**96,800**	-	-
5 Year Protected July 2014	**133,782**	**133,782**	-	-
5 Year Growth July 2014	**13,932**	**13,932**	-	-
10 Year Growth July 2014	**23,835**	**23,835**	-	-
	6,314,493	**6,314,493**	1,587,891	1,587,891

No Participating Preference Shares were issued in August, September, October, November and December 2014. The Alternative Investment Fund Managers Directive required the PCC to be regulated by the Jersey Financial Services Commission as from 21 July 2014. Approval was subsequently granted on 1 October 2014. Changes in UK regulation from 1 October 2014 required securities to be issued by the PCC to be listed on an EU regulated stock exchange (i.e. excluding CISE). New listings are anticipated in 2015 on an EU regulated stock exchange.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
3 Year Growth October 2012	50,000,000	50,000,000	-	-
5 Year Growth October 2012	50,000,000	49,995,000	-	5,000
10 Year Growth October 2012	50,000,000	49,986,975	-	13,025
3 Year Growth November 2012	50,000,000	50,000,000	-	-
5 Year Growth November 2012	50,000,000	50,000,000	-	-
10 Year Growth November 2012	50,000,000	49,979,925	-	20,075
3 Year Growth December 2012	50,000,000	50,000,000	-	-
5 Year Growth December 2012	50,000,000	50,000,000	-	-
10 Year Growth December 2012	50,000,000	49,985,000	-	15,000
3 Year Growth January 2013	50,000,000	49,500,000	500,000*	-
5 Year Growth January 2013	50,000,000	50,000,000	-	-
10 Year Growth January 2013	50,000,000	49,980,000	-	20,000
3 Year Growth February 2013	50,000,000	50,000,000	-	-
5 Year Growth February 2013	50,000,000	49,894,780	-	105,220
10 Year Growth February 2013	50,000,000	49,917,750	-	82,250
3 Year Growth March 2013	50,000,000	50,000,000	-	-
5 Year Growth March 2013	50,000,000	49,914,100	-	85,900
10 Year Growth March 2013	50,000,000	49,993,390	-	6,610
3 Year Growth April 2013	50,000,000	50,000,000	-	-
5 Year Growth April 2013	50,000,000	49,895,075	-	104,925
10 Year Growth April 2013	50,000,000	49,918,584	-	81,416
3 Year Growth May 2013	50,000,000	49,996,000	-	4,000
5 Year Growth May 2013	50,000,000	49,918,841	-	81,159
10 Year Growth May 2013	50,000,000	49,955,690	-	44,310
3 Year Growth June 2013	50,000,000	50,000,000	-	-
5 Year Growth June 2013	50,000,000	49,925,232	-	74,768
10 Year Growth June 2013	50,000,000	49,939,190	-	60,810
3 Year Growth July 2013	50,000,000	49,969,107	-	30,893
5 Year Growth July 2013	50,000,000	49,918,880	-	81,120
10 Year Growth July 2013	50,000,000	49,996,500	-	3,500
3 Year Growth August 2013	50,000,000	49,850,480	30,000	119,520
5 Year Growth August 2013	50,000,000	49,925,480	-	74,520
10 Year Growth August 2013	50,000,000	50,000,000	-	-
3 Year Growth September 2013	50,000,000	49,922,223	-	77,777
5 Year Growth September 2013	50,000,000	49,946,463	-	53,537
10 Year Growth September 2013	50,000,000	49,982,528	-	17,472
3 Year Growth October 2013	50,000,000	49,922,500	-	77,500
5 Year Growth October 2013	50,000,000	49,803,080	-	196,920
10 Year Growth October 2013	50,000,000	49,979,336	-	20,664
3 Year Growth November 2013	50,000,000	49,951,000	-	49,000
5 Year Growth November 2013	50,000,000	49,918,480	-	81,520
10 Year Growth November 2013	50,000,000	49,990,000	-	10,000
3 Year Growth December 2013	50,000,000	49,947,500	-	52,500

***** See note 11

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

Share Class	Number of Participating Preference Shares Issued	Number of Participating Preference Shares Forfeited	Number of Participating Preference Shares Redeemed	Number of Participating Preference Shares Remaining in Issue
5 Year Growth December 2013	50,000,000	49,953,500	-	46,500
10 Year Growth December 2013	50,000,000	49,965,000	-	35,000
3 Year Growth January 2014	50,000,000	49,808,460	-	191,540
5 Year Growth January 2014	50,000,000	49,774,600	-	225,400
10 Year Growth January 2014	50,000,000	49,942,000	-	58,000
5 Year Protected February 2014	50,000,000	49,811,960	-	188,040
5 Year Growth February 2014	50,000,000	49,728,160	-	271,840
10 Year Growth February 2014	50,000,000	49,987,000	-	13,000
5 Year Protected March 2014	50,000,000	49,653,802	-	346,198
5 Year Growth March 2014	50,000,000	49,544,752	-	455,248
10 Year Growth March 2014	50,000,000	49,854,440	-	145,560
5 Year Protected April 2014	50,000,000	49,333,851	-	666,149
5 Year Growth April 2014	50,000,000	49,636,857	-	363,143
10 Year Growth April 2014	50,000,000	49,862,660	-	137,340
5 Year Protected May 2014	50,000,000	49,742,537	-	257,463
5 Year Growth May 2014	50,000,000	49,766,042	-	233,958
10 Year Growth May 2014	50,000,000	49,893,193	-	106,807
5 Year Protected June 2014	50,000,000	49,617,053	-	382,947
5 Year Growth June 2014	50,000,000	49,828,900	-	171,100
10 Year Growth June 2014	50,000,000	49,903,200	-	96,800
5 Year Protected July 2014	50,000,000	49,866,218	-	133,782
5 Year Growth July 2014	50,000,000	49,986,068	-	13,932
10 Year Growth July 2014	50,000,000	49,976,165	-	23,835
Total at 31 October 2014	**3,300,000,000**	**3,293,155,507**	**530,000**	**6,314,493**

Financial Liabilities at Fair Value Through Profit or Loss

The table below analyses the net asset value ("NAV") of each fully paid Participating Preference Share by class at the reporting date:

31 October 2014

	Total Fair Value Through Profit or Loss	Number of Participating Preference Shares	Fair Value Through Profit or Loss per Participating Preference Share
	£		£
5 Year Growth October 2012	5,974	5,000	1.1948
10 Year Growth October 2012	15,616	13,025	1.1989
10 Year Growth November 2012	24,188	20,075	1.2049
10 Year Growth December 2012	17,899	15,000	1.1933
10 Year Growth January 2013	23,696	20,000	1.1848
5 Year Growth February 2013	125,526	105,220	1.1930
10 Year Growth February 2013	98,371	82,250	1.196

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

NAV of each fully paid Participating Preference Share by class at the reporting date (continued):

	Total Fair Value Through Profit or Loss	Number of Participating Preference Shares	Fair Value Through Profit or Loss per Participating Preference Share
	£		£
5 Year Growth March 2013	101,351	85,900	1.1799
10 Year Growth March 2013	7,821	6,610	1.1832
5 Year Growth April 2013	121,924	104,925	1.1620
10 Year Growth April 2013	94,908	81,416	1.1657
3 Year Growth May 2013	4,536	4,000	1.1340
5 Year Growth May 2013	92,137	81,159	1.1353
10 Year Growth May 2013	50,458	44,310	1.1387
5 Year Growth June 2013	84,413	74,768	1.1290
10 Year Growth June 2013	68,846	60,810	1.1321
3 Year Growth July 2013	34,257	30,893	1.1089
5 Year Growth July 2013	90,046	81,120	1.1100
10 Year Growth July 2013	3,896	3,500	1.1131
3 Year Growth August 2013	130,893	119,520	1.0952
5 Year Growth August 2013	81,670	74,520	1.0959
3 Year Growth September 2013	86,255	77,777	1.1090
5 Year Growth September 2013	59,468	53,537	1.1108
10 Year Growth September 2013	19,478	17,472	1.1148
3 Year Growth October 2013	85,466	77,500	1.1028
5 Year Growth October 2013	217,633	196,920	1.1052
10 Year Growth October 2013	22,914	20,664	1.1089
3 Year Growth November 2013	53,436	49,000	1.0905
5 Year Growth November 2013	89,091	81,520	1.0929
10 Year Growth November 2013	10,959	10,000	1.0959
3 Year Growth December 2013	56,484	52,500	1.0759
5 Year Growth December 2013	50,111	46,500	1.0777
10 Year Growth December 2013	37,824	35,000	1.0807
3 Year Growth January 2014	210,987	191,540	1.1015
5 Year Growth January 2014	249,386	225,400	1.1064
10 Year Growth January 2014	64,331	58,000	1.1092
5 Year Protected February 2014	201,789	188,040	1.0731
5 Year Growth February 2014	296,501	271,840	1.0907
10 Year Growth February 2014	14,220	13,000	1.0938
5 Year Protected March 2014	361,591	346,198	1.0445
Year Growth March 2014	478,903	455,248	1.0520
10 Year Growth March 2014	153,420	145,560	1.0540
5 Year Protected April 2014	697,253	666,149	1.0467
5 Year Growth April 2014	383,674	363,143	1.0565
10 Year Growth April 2014	145,394	137,340	1.0586
5 Year Protected May 2014	268,582	257,463	1.0432
5 Year Growth May 2014	246,365	233,958	1.0530
10 Year Growth May 2014	112,723	106,807	1.0554
5 Year Protected June 2014	385,785	382,947	1.0074

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

NAV of each fully paid Participating Preference Share by class at the reporting date (continued):

	Total Fair Value Through Profit or Loss	**Number of Participating Preference Shares**	**Fair Value Through Profit or Loss per Participating Preference Share**
	£		**£**
5 Year Growth June 2014	171,774	171,100	1.0039
10 Year Growth June 2014	97,255	96,800	1.0047
5 Year Protected July 2014	134,321	133,782	1.0040
5 Year Growth July 2014	13,944	13,932	1.0009
10 Year Growth July 2014	23,879	23,835	1.0018
Total	**6,779,622**	**6,314,493**	

31 October 2013

	Total Fair Value Through Profit or Loss	Number of Participating Preference Shares	Fair Value Through Profit or Loss per Participating Preference Share
	£		£
5 Year Growth October 2012	5,352	5,000	1.0704
10 Year Growth October 2012	13,950	13,025	1.0710
10 Year Growth November 2012	21,619	20,075	1.0769
10 Year Growth December 2012	16,012	15,000	1.0674
10 Year Growth January 2013	21,216	20,000	1.0608
5 Year Growth February 2013	112,711	105,220	1.0712
10 Year Growth February 2013	88,181	82,250	1.0721
5 Year Growth March 2013	91,108	85,900	1.0606
10 Year Growth March 2013	7,016	6,610	1.0614
5 Year Growth April 2013	109,755	104,925	1.0460
10 Year Growth April 2013	85,213	81,416	1.0466
3 Year Growth May 2013	4,095	4,000	1.0238
5 Year Growth May 2013	83,061	81,159	1.0234
10 Year Growth May 2013	45,354	44,310	1.0236
5 Year Growth June 2013	76,137	74,768	1.0183
10 Year Growth June 2013	61,928	60,810	1.0183
3 Year Growth July 2013	30,999	30,893	1.0034
5 Year Growth July 2013	81,306	81,120	1.0023
10 Year Growth July 2013	3,507	3,500	1.0020
3 Year Growth August 2013	148,347	149,520	0.9922
5 Year Growth August 2013	73,811	74,520	0.9905
3 Year Growth September 2013	78,146	77,777	1.0047
5 Year Growth September 2013	53,788	53,537	1.0047
10 Year Growth September 2013	17,554	17,472	1.0047
3 Year Growth October 2013	77,500	77,500	1.0000
5 Year Growth October 2013	196,920	196,920	1.0000
10 Year Growth October 2013	20,664	20,664	1.0000
Total	1,625,250	1,587,891	

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

6. Participating and Founder Shares (continued)

The Investment Return is the amount payable as calculated under the relevant Investment Product with respect to each Participating Preference Share on the relevant Maturity Date calculated by Castle Trust as follows:

((Return Multiple x HHPI Percentage Change) + 1) x Investment Amount

Where:

The "Return Multiple" is:

(i) if the Final HHPI Level is greater than the Initial HHPI Level:

Maturity Period of Participating Preference Shares	Return Multiple
3 years	1.25
5 years - Growth	1.50
5 years – Protected	1.00
10 years	1.70

(ii) if the Final HHPI Level is lower than the Initial HHPI Level:

Maturity Period of Participating Preference Shares	Return Multiple
3 years	0.75
5 years - Growth	0.50
5 years – Protected	0.00
10 years	0.3

7. Taxation

Profits arising in the Cell are subject to Jersey income tax at the rate of 0%.

8. Capital management

The Cell considers Participating Preference Shares to constitute the capital of the Cell. The Cell had issued 3,300,000,000 shares in the October 2012 to October 2014 listings of which 6,314,493 were fully paid up and remained in issue as at the balance sheet date. All of the Participating Preference Shares fully paid up at the balance sheet date were held by external investors. 3,293,155,507 unpaid Participating Preference Shares were forfeited and cancelled at the reporting date whilst 530,000 were redeemed at the reporting date.

Upon redemption of a particular share class, the proceeds due to be received from Castle Trust under the terms of the HHPI Derivative Swap, subsequent to the cooling off period, are defined in such a way as to equal the proceeds payable to the specific class of Participating Preference Shareholders.

The Cell's operating expenses including investment management fees and marketing fees are deducted from the initial value of the Derivative HHPI Swap. The Cell's other expenses, including ongoing expenses such as directors and audit fees, are borne by CTCM.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

9. Fair value of derivative financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the HHPI Derivative Swaps that were by definition classified as held for trading.

Fair value modelling: policy and procedures

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using a pricing model. As at the balance sheet date, the fair values of the Participating Preference Shares have been valued using a new model, "QRS". The QRS model uses stochastic cash flow simulation techniques, as opposed to the Housa Pricing System in use as at 31 October 2013, which used Black Scholes and other conventional finance techniques. The underlying assumptions behind both models are very similar, and the difference between the fair values of the Participating Preference Shares as at 31 October 2014 calculated by each do not materially differ.

The QRS (and the Housa Pricing System) models incorporate various inputs including the movement in HHPI from issuance to the latest published value of HHPI as at 31 October 2014, the amount of time elapsed from issuance to 31 October 2014, the expected future movement in HHPI, the amount of variation or volatility in this future movement and the product terms, as described in more detail below.

During the cooling off period, the fair value of the financial asset is determined as being the fully paid-up subscriptions. The financial assets at fair value through profit and loss and the financial liabilities at fair value through profit or loss have been classified as Level 3, as the lowest level input identified is the discount rate which is derived from unobservable data.

Fair value measurement

The models incorporate various inputs as follows:

- Movement in HHPI: This is the percentage movement in HHPI from the Initial Index Level of each share class to the latest published value of HHPI as of the end of the year. As at 31 October 2014, the latest published value of HHPI was 605.3 (31 October 2013: 553.10). The Initial Index Level varied from 517.2 for November 2012 series to 603.1 for the July 2014 series.
- Elapsed Term: This is the amount of time that has elapsed from the closing date of each share class to the end of the year. As at 31 October 2014, this value varied between 24 months for the October 2012 series to 3 months for the July 2014 series.
- Expected future movement in the HHPI: This is the assumed annual rate that the HHPI is expected to grow at in the future and was 4.5% per annum. This is defined on a continuously compounded basis.
- Volatility of the movement in HHPI: This is the assumed annualised volatility of the future HHPI returns and was12.91% per annum (31 October 2013: 12.67%). This is defined consistently with market practice for financial option valuation approaches.
- Product Terms: These are terms that are specific to each share class such as profit share, loss share and term. The product terms are defined in the terms and conditions of each Housa. In summary, the profit share was between 170% and 100%; the loss share was between 75% and 0%.
- Discount rates: The discount rates were calculated to be consistent with the assumptions about future house price growth. This calculation produced discount rates between 5% and 8% per annum.

Fair value hierarchy

All financial liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – Quoted market prices in an active market (that are unadjustable) for identical assets or liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

9. Fair value of derivative financial assets and financial liabilities at fair value through profit or loss (continued)

Fair value hierarchy (continued)

- Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial liabilities that are recognised at fair value on a recurring basis, the Cell determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Cell's model for calculating the fair value of its Housa liabilities includes unobservable inputs. Changing one of these inputs, whilst holding the others constant, would lead to higher or lower fair values. There is a strong interrelationship between the discount rates and the other inputs described below. This interrelationship mitigates the majority of the effect of changes in the inputs on the fair value. Analysis of the sensitivity of the changes in one of the inputs combined with a change to the discount rate concluded that the fair value model is materially insensitive to changes in these unobservable inputs.

The significant unobservable inputs are considered below:

- Expected future movement in the HHPI - increasing this parameter will increase the modelled house prices at maturity, which will increase the modelled cash flows at maturity and therefore increase the fair value. However, any increase in this input produces an increase in the discount rates which largely mitigates the impact on the fair value.
- Discount rates - increasing this parameter will reduce the fair values.
- Volatility of the movement in HHPI - increasing this parameter will increase the range of expected house price outcomes. Given the product terms, this will increase the modelled cash flows at maturity and therefore increase the fair value.

The most significant input that materially changes the fair value of the Housa liabilities is the published HHPI value. See note 10 for sensitivity analysis on the HHPI.

As at 31 October 2014, the Cell held the following classes of financial instruments measured at fair value that are classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

	2014	2013
	Level 3	Level 3
	£	£
Derivative financial assets at fair value through profit or loss	**6,779,622**	1,621,134
Total assets	**6,779,622**	1,621,134
Financial liabilities at fair value through profit or loss	**(6,779,622)**	(1,625,250)
Total liabilities	**(6,779,622)**	(1,625,250)

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

9. Fair value of derivative financial assets and financial liabilities at fair value through profit or loss (continued)

31 October 2014

	Derivative financial assets at fair value through profit or loss £	**Financial liabilities at fair value through profit or loss £**
Balance at 1 November 2013	**1,621,134**	**(1,625,250)**
Total gains and (losses) recognised in comprehensive income:		
- realised	**2,364**	**(1,164)**
- unrealised	**620,950**	**(427,770)**
Purchases at cost	**4,566,338**	**(4,756,602)**
Sales - proceeds	**(31,164)**	**31,164**
Balance at 31 October 2014	**6,779,622**	**(6,779,622)**

31 October 2013

	Derivative financial assets at fair value through profit or loss £	Financial liabilities at fair value through profit or loss £
Balance at 1 November 2013	-	-
Total gains and (losses) recognised in comprehensive income:		
- realised	38,940	(18,940)
- unrealised	96,759	(37,359)
Purchases at cost	1,987,071	(2,069,866)
Sales – proceeds	(518,940)	518,940
Transfer from Level 2	17,304	(18,025)
Balance at 31 October 2013	1,621,134	(1,625,250)

10. Financial risk management

The Cell's activities expose it to various types of financial risk that are associated with the financial instruments and markets in which it participates. The Cell's overall risk management objective is to minimise the potential adverse effects of these financial risks on its performance and maximise the correlation of the Cell's performance to the HHPI. The Cell has appointed the Investment Manager to manage the assets of the Cell, subject to the overall review and control of the Directors. The Investment Manager monitors and reports to the directors the performance of the Cell, at least quarterly.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

10. Financial risk management (continued)

10.1 Market risk
Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate as a result of changes in market variables such as foreign exchange rates, interest rates and given the inherent nature of the underlying investment product, the Cell is exposed to movements in the HHPI.

10.1a Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Cell's functional and operational currency is £ and all contracts are in £, therefore there is little to no currency risk exposure.

10.1b Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. The Cell is not exposed to interest rate risk as the financial instruments held by the Cell are non-interest bearing.

10.1c Price risk
Upon redemption of a particular share class, the proceeds due to be received from Castle Trust under the terms of HHPI Derivative Swap, subsequent to the cooling off period, are defined in such a way as to equal the proceeds payable to the specific class of Participating Preference Shareholders.

Price risk is the risk that the fair values of the HHPI Derivative Swap and the value of the Participating Preference Shares are not aligned. However, any change in HHPI will impact upon the Net Asset Value of the HHPI Derivative Swap and hence the redemption value of the Participating Preference Shares. The price risk exposure, subsequent to the cooling off period, is therefore negated by the HHPI Derivative Swap which determines that the Cell's assets and liabilities remain in line.

The analysis below shows the impact on the financial assets and financial liabilities if the HHPI were to increase or decrease by 10%. The analysis assumes that all other variables remain constant.

Sensitivity Analysis - 31 October 2014

	HHPI Increase by 10%	**HHPI Decrease by 10%**
	£	**£**
Financial assets		
Derivatives at fair value through profit or loss	**760,239**	**(721,774)**
Total financial assets	**760,239**	**(721,774)**
Financial liabilities		
Liabilities at fair value through profit or loss	**760,239**	**(721,774)**
Total financial liabilities	**760,239**	**(721,774)**

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

10. Financial risk management (continued)

10.1 Market risk (continued)

10.1c Price risk (continued)

Sensitivity Analysis – 31 October 2013

	HHPI Increase by 10% £	HHPI Decrease by 10% £
Financial assets		
Derivatives	161,803	(154,211)
Total financial assets	161,803	(154,211)
Financial liabilities		
Liabilities	161,803	(154,211)
Total financial liabilities	161,803	(154,211)

10.2 Liquidity risk
Liquidity risk is the risk that the Cell will encounter difficulty in meeting obligations associated with financial liabilities. The significant element of liquidity risk for the Cell arises from the redemption of the Participating Preference Shares. Liquidity risk has been transferred to Castle Trust under the terms of the Set Off Agreement, HHPI Swap Agreement, Investment Management Agreement and Service Management Agreement. Under these agreements, Castle Trust is obliged to purchase the Participating Preference Shares from the holder at maturity. Prior to maturity, any sale or purchase is at the discretion of the two parties involved and there is no obligation to purchase on the Cell.

The table below indicates the maturity profile of the Cell's financial assets and financial liabilities at the reporting date. The analysis is based on the remaining period to contractual maturity date as at the reporting date.

31 October 2014

	Within 1 year £	**More than 1 year less than 3 years £**	**More than 3 less than 5 years £**	**More than 5 less than 10 years £**	**Total £**
Financial assets					
Derivatives	**-**	**671,148**	**5,095,756**	**1,152,902**	**6,919,806**
Other debtors and prepayments	**37,263**	**68,749**	**43,666**	**12,438**	**162,116**
Receivables	**2**	**-**	**-**	**-**	**2**
Total financial assets	**37,265**	**739,897**	**5,139,422**	**1,165,340**	**7,081,924**
Financial liabilities					
Liabilities	**-**	**671,148**	**5,095,756**	**1,152,902**	**6,919,806**
Total financial liabilities	**-**	**671,148**	**5,095,756**	**1,152,902**	**6,919,806**

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

10. Financial risk management (continued)

31 October 2013

	Within 1 year	More than 1 year less than 3 years	More than 3 less than 5 years	More than 5 less than 10 years	Total
	£	£	£	£	£
Financial assets					
Derivatives	99,784	314,701	815,025	411,631	1,641,141
Other debtors	10,760	19,053	11,026	5,179	46,018
Receivables	2	-	-	-	2
Total financial assets	110,546	333,754	826,051	416,810	1,687,161
Financial liabilities					
Liabilities	102,900	314,701	815,025	411,631	1,644,257
Total financial liabilities	102,900	314,701	815,025	411,631	1,644,257

10.3 Credit risk

Credit risk is the risk that the counterparty to a financial asset will fail to honour an obligation under the original terms of a contract, resulting in a loss to the Company. The Cell's credit risk arises from the HHPI Derivative Swap whereby the Cell has a receivable from Castle Trust for 100% of the value of the Participating Preference Shares issued. If Castle Trust, an unrated company, was unable to honour its obligation under the HHPI Derivative, the Cell would be unable to pay back the Participating Preference Shares when they mature nor expenses as and when the became payable.

In addition, retail credit risk is inherent in the Castle Trust mortgage products (Castle Trust and its subsidiaries Castle Trust Capital Management Limited ("CTCM"), Castle Trust Income Housa Plc, Castle Trust Direct Plc ("CTD") and one nominee company, Castle Trust Capital Nominees Limited ("CTCN"), collectively the "Group"). This risk is managed in the loan origination and servicing processes. The Group has modelled the scenarios which might lead to a change in these risks, and these are measured and monitored on a quarterly basis by the Risk Committee.

Members of Castle Trust's management team and board have significant experience in managing the creditworthiness of borrowers. However, Castle Trust may be exposed to the risk of borrowers defaulting on their repayment obligations. In particular, if a borrower defaults on his primary mortgage, the borrower will be required to pay an administration fee as well as to repay the mortgage early. Castle Trust has a secondary charge over the property resulting from the mortgage. If a borrower has defaulted then it is likely that they may also be unable to meet repayments under the terms of the mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, systemic default by many borrowers would, if it occurred, have a significant impact on Castle Trust's business. As at 31 October 2014, the maximum credit risk in relation to the HHPI Derivative Swap is £6,779,622 (31 October 2013: £1,621,134).

10.4 Fair values

All financial instruments at fair value through profit or loss are included in the Financial Statements at their fair value. The carrying amount of other liabilities and prepayments and the receivable is deemed an approximation to fair value. As at 31 October 2014, the accumulated amount of the change in fair value attributable to changes in credit risk was nil.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

11. Related party transactions

The following are considered related parties to the Cell:

Investment Manager and Marketing Agent

Castle Trust Capital Management Limited ("the Investment Manager" and "Marketing Agent") is considered a related party by virtue of common control. The initial and ongoing general expenses and such other expenses of the Cell were and will continue to be paid by CTCM. The amount paid during the year was £204,675 (2013: £173,604).

Under the terms of the Investment Management Agreement, the investment management fee is 3% of the Participating Preference Shares issued and fully paid up which is refundable during an investor's cooling off period. Due to the continuing obligations of the Investment Manager, the 3% fee is treated as a prepayment and released over the life of the investment product. During the year, a management fee of £142,698 (2013: £62,096) was paid to the Investment Manager of which £25,570 was expensed for the year (2013: £17,648). Under the terms of the Marketing Agreement, the marketing fee is 1% of Participating Preference Shares issued and fully paid up which is refundable during an investor's cooling off period. During the year, a marketing fee of £48,595 (2013: £19,850) was paid to the Marketing Agent.

Registrar, Secretary, Administrator and Listing Sponsor

Philip Henry Burgin, Anthony James Underwood-Whitney and Saffron Louise Harrop are all directors of JTC Group Limited. Philip Henry Burgin, Miranda Suzanne Helen Lansdowne, Anthony James Underwood-Whitney, Saffron Louise Harrop and Martin Angus Taylor are all directors of JTC (Jersey) Limited (the "Registrar, Secretary and Administrator") a wholly owned subsidiary of JTC Group Limited, which is a wholly owned subsidiary of JTC Group Holdings Limited, which is a related party to the Cell.

Philip Henry Burgin, Mark Edward John Creasey, Miranda Suzanne Helen Lansdowne, Anthony James Underwood-Whitney, Martin Angus Taylor and Saffron Louise Harrop are all directors of JTC Trustees Limited and JTC Listing Services Limited, respectively the Shareholder and Listing Sponsor of the Company and Cell.

JTC Group Limited charged fees totalling £87,609 (2013: £10,879) to the Company and Cell during the year which were met by the Investment Manager as above. JTC (Jersey) Limited is considered a related party by virtue of its contractual role as the Registrar, Secretary and Administrator of the Cell.

Castle Trust

Castle Trust is considered a related party by virtue of common control. The first of the contractual arrangements which exist between Castle Trust, the Company and the Cell is in relation to the HHPI Derivative Swaps as disclosed in note 4. The second is in relation to the redemption of Participating Preference Shares, whereby if an investor redeems before maturity any gain or loss will be recognised by Castle Trust and not the Cell.

Castle Trust purchased 500,000 3 year January 2013 shares to ensure that the requirement for a minimum investment of £500,000 in the Cell was met. On 26 July 2013, Castle Trust redeemed all of its subscription in the Cell for a total consideration of £518,940. Given the resulting reduction in HHPI Derivative Swap and accelerated amortisation of prepaid management fee, there is no overall net gain or loss to the Cell.

12. Subsequent events

There were no significant subsequent events as at the reporting date.

Notes to the Financial Statements (continued)

For the year ended 31 October 2014

13. Ultimate controlling party

The entire Founder Share capital is owned by JTC Trustees Limited as trustee of Housing Foundation Charitable Trust. However, the ultimate controlling party of the Cell is considered to be Mr James Christopher Flowers.

PART IX

FINANCIAL INFORMATION ON CASTLE TRUST

1 The accountant's report and consolidated historical financial information of Castle Trust for the ten month period 29 November 2010 (the date of incorporation) to 30 September 2011 and for the year ended 30 September 2012 (the "**Castle Trust 2011 and 2012 Financial Information**") was published by CTIH in the base prospectus dated 30 September 2013 (the "**CTIH Base Prospectus**") and is in its entirety hereby incorporated by reference from pages 101 to 125 of the CTIH Base Prospectus into this Registration Document and forms part of this Registration Document. The Castle Trust 2011 and 2012 Financial Information is thereby incorporated in and forms part of the Prospectus.

2 The director's report and audited financial statements of Castle Trust for the year ended 30 September 2013 (the "**Castle Trust 2013 Financial Information**") was published by CTIH in the supplementary prospectus dated 31 December 2013 (the "**2013 Supplementary Prospectus**") and is in its entirety hereby incorporated by reference from pages 4 to 50 of the 2013 Supplementary Prospectus into this Registration Document and forms part of this Registration Document. The Castle Trust 2013 Financial Information is thereby incorporated in and forms part of the Prospectus.

3 The director's report and audited financial statements of Castle Trust for the year ended 30 September 2014 (the "**Castle Trust 2014 Financial Information**") are included on pages 108 to 172 of this Registration Document.

4 The parts of the CTIH Base Prospectus and 2013 Supplementary Prospectus which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in the Prospectus.

5 Copies of the Castle Trust 2011 and 2012 Financial Information, and the Castle Trust 2013 Financial Information can be found on Castle Trust's website at https://www.castletrust.co.uk/information/. No part of the Castle Trust website is incorporated by reference into this document.

6 Information relating to Castle Trust incorporated by reference:

The table below sets out the various sections of those documents which are incorporated by reference into this Registration Document as referred to in paragraphs 1 to 4 of this Part IX:

Document	*Section*	*Page number in reference document*
CTIH Base Prospectus	Accountant's report and consolidated historical financial information of Castle Trust for the ten month period 29 November 2010 (the date of incorporation) to 30 September 2011 and for the year ended 30 September 2012	101 - 125
2013 Supplementary Prospectus	Director's report and audited consolidated financial statements of Castle Trust for the year ended 30 September 2013	4 - 50

Save for the information incorporated by reference referred to in section 4 of Part VIII and section 7 of this Part IX, no documents (including any documents referred to in the information incorporated by reference) are incorporated by reference into this document.

CASTLE TRUST CAPITAL PLC

DIRECTORS’ REPORT, STRATEGIC REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Directors' Report, Strategic Report and Consolidated Financial Statements

For the year ended 30 September 2014

Contents

Corporate Information

Registered No: 07454474

Directors

Sir Callum McCarthy

Mr Sean Oldfield

Mr Keith William Abercromby

Mr Timothy John Hanford

Dr David Raymond Morgan

Mr Patrick Nigel Christopher Gale

Dame Deirdre May Hutton

The Rt Hon The Lord Deben

Mr Richard Alexander McGregor Ramsay

Mr Matthew Wyles (appointed 18 November 2014)

Secretary
Mr Mark Banham

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Bankers
HSBC Bank PLC
First Floor
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

Registered Office
10 Norwich Street
London
EC4A 1BD

Directors' Report

The directors present the Directors' Report, Strategic Report and Consolidated Financial Statements for Castle Trust Capital plc and its subsidiaries ('the Group' or 'Castle Trust') incorporating the individual financial statements for Castle Trust Capital plc ('the Company') for the year ended 30 September 2014. The information on page 1 forms part of this report.

Group structure

The Group comprises five operating entities; Castle Trust Capital plc, Castle Trust Capital Management Limited ('CTCM'), Castle Trust Income Housa plc ('CTIH'), Castle Trust Direct plc ('CTD') and one nominee company, Castle Trust Capital Nominees Limited ('CTCN'). CTD was incorporated on 19 May 2014 in order to issue fixed rate bonds on the Irish Stock Exchange. In addition, Castle Trust PCC ('the PCC') and its Protected Cell, Castle Trust Growth Housa PC ('the PC'), are special purpose entities which are not owned by the group but consolidated by virtue of control.

Group activities

Castle Trust offers investors a simple way of accessing the UK residential housing market and UK property owners a unique alternative to conventional mortgage finance.

Mortgages

The Company provides mortgages to both owner occupiers and buy to let landlords, secured on UK residential property.

See Strategic Review, 'Product Overview' on page 5 for further detail by mortgage class.

Investment products

Castle Trust issues two main categories of investment product, being fixed rate bonds ('Fortress Bonds'), and Index linked investments ('Housas').

Fortress Bonds

CTD issues Fortress Bonds, which are standard fixed rate bonds that are listed on the Irish Stock Exchange every month, and can be issued at any duration at an Annual Equivalent Interest Rate ('AER') that is calculated on a monthly basis. To date, 1 year, 2 year and 5 year duration bonds have been issued at AERs of between 2.25% and 4%.

Housas

Growth Housas, being Preference Shares issued by the PC, deliver returns directly linked to UK house prices as measured by the Halifax House Price Index ('HHPI'). There are two formats with varying terms: Foundation (5 year with no downside participation), and Growth (5 and 10 year). The Foundation Housa was introduced on 3 February 2014 with the same structure as the Growth Housa, but there is no downside participation on the initial capital and a lower potential upside return. Income Housas, Loan Notes issued by CTIH up to July 2014, have been withdrawn as an ongoing product due to disappointing sales performance against the high associated issue costs. The existing book will continue to run off until the final loan note tranche matures, and interest will continue to be paid as per the terms and conditions of the product.

See the Strategic Report for further details about these products.

Group arrangements

CTCM provides services to the Group and its customers. In its administrative capacity it provides sales and marketing, and investment and administration management services to the PCC and its Protected Cell, and to CTD. It provides sales and marketing services only to CTIH, and provides management services to its parent, Castle Trust Capital plc. For ISA customers, CTCM provides ISA management services. Housas may be placed in an ISA wrapper.

The Company subscribes for the redeemable preference shares in the PCC and loan notes in CTIH, and immediately sells them to the investors. The Company simultaneously writes a swap agreement for the subscription amounts between the PCC or CTIH that lends such monies from the Housas to Castle Trust. The subscription amount due from Castle Trust to each company is then offset against the advance due under the swap agreement. The swap transactions are eliminated in the consolidated financial statements.

In addition, the Company enters into a Borrower Loan Agreement with CTD. Under the Borrower Loan Agreement, the issue proceeds received by CTD for subscription for Notes are advanced to Castle Trust until the Maturity Date of the relevant Series of Notes when Castle Trust repays the principal amount of such Advance. In addition, Castle Trust will pay interest on each Advance on (or immediately prior) to the Interest Payment Date(s) (if any) of the relevant Series of Notes and/or the Maturity Date of the relevant Series of Notes.

Future developments

Please refer to the business review within the Strategic Report below.

Regulatory environment

Castle Trust is authorised and regulated by the Financial Conduct Authority ('FCA') and was granted FCA permission to carry out regulated investment activities on 5 September 2012. Castle Trust received interim permission from the FCA to provide consumer credit products from 1 April 2014 when responsibility for consumer credit regulation passed from the Office of Fair Trading to the FCA.

Political donations

Castle Trust made no political donations in the year (2013: £nil).

Risk management and exposure to risk

The Group measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee every quarter. The main risks to which Castle Trust is exposed as at 30 September 2014 are Credit, Liquidity and Market (i.e. Interest rate and index tracking error) risks. None of these risks is sought, but these risks are inherent in Castle Trust's business model and as such are regularly measured and monitored, and appropriately managed. Risks are described in full in Note 21.

The mix of Castle Trust's lending by geography, property type, age and type of borrower will impact on the volatility of Castle trust's profits. As the volume of business written increases, the margin between the funding and lending products will flow through to the Statement of Comprehensive Income.

Going concern assessment

The financial statements of Castle Trust have been prepared on a going concern basis. In assessing whether the group going concern assumption remains appropriate for the Group, the directors have considered:

(i) business activities, future developments and the financial position of the Group

(ii) risk management policies and how the Group is placed to manage business risks

(iii) the fact that there is no material uncertainty that the Group is not a going concern

(iv) risks to the Group's going concern arising from support it has committed to other Group members

The Group remains adequately capitalised to continue operations.

Directors' Indemnity and Directors' & Officers' Liability Insurance

Castle Trust maintains a Directors' and Officers' Liability Insurance policy. In accordance with Castle Trust's Articles of Association, the Board may also indemnify a director from the assets of Castle Trust against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by Castle Trust provide cover for fraudulent or dishonest actions by the directors.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Results and dividends

The results of the Group for the year are set out in the Group Consolidated Statement of Comprehensive Income on page 12. The Group has made a total comprehensive loss in the current financial year amounting to £9,215,921 (30 September 2013: £7,989,342). The directors do not recommend the payment of a dividend (2013: nil).

By order of the Board

Mr Mark Banham

Company Secretary

December 2014

Strategic Report

Product overview

The nature and variety of Castle Trust's funding and lending range continues to expand as the Group continues to develop new products and markets. The products sold during the year to 30 September 2014 are covered below.

Fortress Bonds

Fortress Bonds have been issued since July 2014 on the Irish Stock Exchange via a new subsidiary (Castle Trust Direct plc) and comprise standard fixed rate bonds of varying durations and returns. To date the durations have been 1, 2 and 5 year issued at returns of 2.25%, 2.75% and 4.0% respectively.

Housas

A 'Housa' is either a 'Growth Housa' or 'Foundation Housa', being Preference shares issued by the PCC, or an 'Income Housa', being loan notes issued by Castle Trust Income Housa plc.

Growth Housas, Foundation Housas and Income Housas have similar features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the Halifax House Price ('HHPI') Index. Growth and Foundation Housas deliver a multiple of any increase in the Index (for example 150% for a 5 year Growth Housa and 100% for a 5 year Foundation Housa) and a reduced factor of any decrease in the Index (for example 50% for a 5 year Growth Housa). There is no downside participation for a Foundation Housa. Income Housas' capital returns pay a fixed quarterly coupon plus a return based on the HHPI.

Housas provide investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with a buy-to-let investment. They also offer those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market by allowing them to invest in a product with returns linked to the UK housing market (the asset for which they are saving).

Partnership Mortgages

Partnership Mortgages (available only to resident owner-occupiers) are secured via a second charge which ranks below a traditional first charge mortgage. Partnership Mortgages are for up to 20% of the property value. The maximum combined (first and second charge) loan to value (LTV) that Castle Trust will lend at is 90%. The minimum and maximum potential terms of lending are 6 and 30 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption - plus a share of any change in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV. For example, if a client borrows 20% LTV, the share will be 40% of the rise in the value of the property. Castle Trust withdrew this product as of 21 November 2014.

Buy to let mortgages

Castle Trust's Buy to let product is a mortgage to landlords usually limited to a maximum LTV of 20% secured via a legal charge which would rank below any existing first charge mortgage. The maximum LTV is 85% (including the first charge mortgage), with minimum and maximum potential terms of 1 and 10 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV or a Minimum Repayment Amount (typically 2% to 2.5% pa), whichever is higher.

Index Profit Share mortgages

An Index Profit Share ('IPS') mortgage is a mortgage on a property or portfolio of properties. The customer must retain a minimum of 15% equity if using an IPS mortgage. IPS mortgages are only issued to good credit quality customers secured on residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment and (up to) twice the increase in value of the national house price index, if the property has increased in value or the Minimum Repayment Amount (typically 3.5% pa), whichever is higher. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth/business exemption tests).

Business review

Castle Trust re-branded its sales documentation and website during the year. A significant increase in sales staff during the latter part of the year, and to the date of the signing of the accounts, has ensured that 'pipeline' sales continue to grow.

Mortgages

Mortgage completions at fair value totalled £40,171,533 in the year to 30 September 2014 (30 September 2013: £19,000). Partnership Mortgages totalled £8,150,231. Buy to let mortgages as described above were introduced in November 2013 and have proved a popular option for Castle Trust's customers. IPS mortgages of £11,622,590 have also been completed.

Following the strong performance in Buy to let and IPS mortgages, a decision was made by the Board on 5 November 2014 to focus on these products and to cease to sell the Partnership Mortgage. The Group will seek to continue to expand its portfolio within its target markets.

Housas

Cumulative sales of Housa Investments to 30 September 2014, on a fair value basis, totalled £8,622,357 of which £4,697,499 were Growth Housas and £2,037,094 were Foundation Housas (Preference shares issued by the PCC and its protected Cell) and £1,887,764 were Income Housas (loan notes issued by CTIH).

In January 2014 the decision was taken by the Board to suspend the issue of the Growth 3 year share class. From February 2014, the Growth 3 year share class was replaced by a new 5 year capital no downside participation share class ('Foundation Housa'), as part of the changes in the product portfolio. The terms of the Foundation 5 year share class are similar to those of the Growth 5 year share class, save that the return of the investors are subject to a minimum return equal to the amount of the original investment on the redemption of the relevant shares at their maturity date (regardless of whether the Halifax House Price Index has fallen since the shares were issued).

Fortress Bonds

Castle Trust Group achieved considerable success with Fortress Bond sales. These totalled £36,969,418, on an amortised cost basis on sales from July 2014 to the reporting date and continue to sell well after the balance sheet date as set out below. Transaction costs incurred directly in the issuance of the Fortress Bonds were incurred by CTCM under the Agency Agreement. As such, these costs have been recognised in the Group accounts.

Transactions subsequent to the balance sheet date

See tables below for lending and funding volumes for the month following the reporting date. Growth is in line with expectations for 2015.

Mortgages at fair value

	31 October 2014 £
Partnership Mortgages	**2,196,500**
Buy to let mortgages	**3,759,351**
Index Profit Share mortgages	**4,277,424**
Total	**10,233,275**

Fortress Bonds at amortised cost

	AER %	31 October 2014 £
1 year Fortress Bond	2.25	**5,357,668**
2 year Fortress Bond	2.75	**5,947,622**
5 year Fortress Bond	4.00	**5,619,569**
Total		**16,924,859**

Product Range Review

It is the intention of the Group to re-launch the Housa product in 2015 with a range of terms up to 10 years available in both Growth and Foundation formats.

Castle Trust has launched a new ‘Flexible Zero Mortgage’ product, a variant of the Index Profit Share mortgage. A Flexible Zero Mortgage is a first or second charge mortgage, with a maximum duration of 10 years. Typically, the customer is limited to a maximum aggregate indebtedness of 80% LTV (including capitalised interest due under the Flexible Zero Mortgage) secured on the relevant property. Flexible Zero Mortgages are only provided to good credit quality customers, typically for the re-mortgage of residential property; generally no monthly payments are required. Instead, at the end of the mortgage term or on sale of the property, Castle Trust is entitled to receive repayment of its original principal together with a deferred interest payment. The product is only available to borrowers who qualify to seek exemption from the Consumer Credit Act (satisfying either buy to let, high net worth or business exemption tests).

Castle Trust has also developed a new high value mortgage business line. Castle Trust offers high net worth borrowers bespoke loans secured on UK residential property or land pertaining thereto - typically with a maximum duration of 5 years with repayments linked to interest rates. These loans can facilitate leverage on low yielding assets or where value creation is through a process of physical enhancement (such as renovation) or economic enhancement (such as lease extension). Where a transaction size exceeds Castle Trust’s balance sheet limits, third party investors may participate in funding arrangements.

Key Performance Indicators (KPIs)

KPIs are monitored against budget on a monthly basis and consist of the major summary line items in the Statement of Comprehensive Income and primarily the shareholder’s funds from the Statement of

Financial Position as shown for the Group and Company on pages 13 to 16. KPIs were in line for operating expenses, and in line for all other line items, taking actual volumes achieved into account.

Key risk exposures

Financial Risk

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future flows or fair values of financial assets and liabilities. This risk has increased with the introduction of the Fortress Bond. However, this risk is matched to an extent by the issue of Index profit share mortgages which bear both an index linked and an interest element, being a minimum repayment amount ('MRA'). The product mix for 2015 has been significantly reviewed to ensure closer matching of interest rate risk and Castle Trust will use interest swaps to further mitigate this risk if the desired sales mix is not achieved.

Credit risk

Members of Castle Trust's management team and Board have significant experience in managing the credit worthiness of borrowers. However, Castle Trust may be exposed to the risk of borrowers defaulting on their repayment obligations. In particular, if a borrower defaults on their primary mortgage, the borrower will be required to pay an administration fee as well as to repay their mortgage early. Castle Trust has a second charge over the property resulting from the mortgage. If a borrower has defaulted then it is likely that they may also be unable to meet repayments under the terms of the Castle Trust mortgage. Such a default by individual borrowers is an inherent risk of the business but would have little impact on Castle Trust's business. However, systemic default by many borrowers would, if it occurred, have a significant impact on Castle Trust's business. The key current financial exposure for the Castle Trust Group is the Halifax House Price Index exposure of the liabilities. The impact of the changes in the HHPI index on the Financial Statements is disclosed in Notes 13 and 17.

Liquidity risk

Castle Trust has a liquidity management policy in place, a key control of which is to limit to a maximum of 80% the proportion of funding raised that can be lent as mortgages. Liquid assets are held in instruments with a maturity of less than two years. This is to ensure that Castle Trust has sufficient liquid resources to meet its expected redemptions. Over the longer term, these liquid assets will provide a buffer against the peaks and troughs in the rate at which mortgages are redeemed. The liquidity funds, deposits and any other investment products in which Castle Trust invests or will invest in, are chosen to be available as the Housas and Fortress Bonds mature in order to manage this risk in the short to medium term.

Further information is detailed in Note 21.

Non-Financial Risk

Regulatory risk

Castle Trust provides services which are subject to regulation by the FCA and has implemented and maintained appropriate processes and controls to ensure that it does not sell services or products which are not suitable for clients and to ensure that the conduct of Castle Trust's other activities comply with the relevant regulations.

Risks in relation to third party service providers and suppliers

Castle Trust's ability to operate and grow its business in a controlled manner is significantly dependent on people, processes and systems provided by third party outsource providers and suppliers. Third parties provide a wide range of services for Castle Trust including:

(i) in relation to its investment products: transaction processing, client and financial record keeping, client and broker communications, client money and anti-money laundering controls, management information and reporting, and complaint handling;

(ii) in relation to its mortgage products: loan originations processing, post completion servicing, client and broker communications, client and financial record keeping, management information and reporting, and complaint handling; and

(iii) IT systems architecture, software and data services.

Castle Trust has implemented and maintained processes and controls for the management of these third party service providers and suppliers.

By order of the Board

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Mr Mark Banham

Company Secretary

December 2014

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law, the directors are required to prepare consolidated financial statements under IFRS as adopted by the European Union.

Under Company law, the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing the consolidated financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- make judgements that are reasonable
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Castle Trust Capital plc

We have audited the financial statements of Castle Trust Capital plc ('the Company') for the year ended 30 September 2014 which comprise the Group and Company Statements of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report , Strategic Report and the Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2014 and of the Group's and the parent company's losses for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Angus Grant

Senior Statutory Auditor

For and behalf of Ernst & Young LLP

December 2014

Group Consolidated Statement of Comprehensive Income

For the year ended 30 September 2014

	Note	30 September 2014 £	30 September 2013 £
Interest and similar income	3	**137,188**	176,061
Interest and similar expense	4	**(142,738)**	(19,735)
Net interest income		**(5,550)**	156,326
Fees and commission income	5	**687,758**	737
Fees and commission expense	6	**(789,940)**	(625)
Net fee and commission income		**(102,182)**	112
Net trading income		**(107,732)**	156,438
Net gain on financial assets at fair value through profit or loss	13	**2,199,199**	-
Net loss on financial liabilities at fair value through profit or loss	17	**(479,353)**	(35,544)
Total operating income		**1,612,114**	120,894
Personnel expenses	7	**(4,166,074)**	(3,813,401)
Depreciation of property and equipment	11	**(17,749)**	(20,293)
Other operating expenses	8	**(6,644,212)**	(4,273,688)
Total operating expenses		**(10,828,035)**	(8,107,382)
Loss before tax from continuing operations		**(9,215,921)**	(7,986,488)
Income tax expense	9	**-**	(2,854)
Total comprehensive loss		**(9,215,921)**	(7,989,342)
Loss for the year attributed to:			
Non-controlling interests	10	**123,320**	38,117
Equity holders of the parent		**(9,339,241)**	(8,027,459)
Total comprehensive loss		**(9,215,921)**	(7,989,342)

The results for all years presented comprise continuing operations.

Notes on pages 21 to 61 are an integral part of these financial statements.

Company Statement of Comprehensive Income
For the year ended 30 September 2014

	Note	30 September 2014 £	30 September 2013 £
Interest and similar income	3	**137,188**	176,061
Interest and similar expense	4	**(100,081)**	(18,486)
Net interest income		**37,107**	157,575
Fees and commission income	5	**687,758**	737
Fees and commission expense	6	**(789,865)**	(625)
Net fee and commission income		**(102,107)**	112
Net trading income		**(65,000)**	157,687
Net gain on financial assets at fair value through profit and loss	13	**2,199,199**	-
Net loss on financial liabilities at fair value through profit or loss	18	**(659,221)**	(165,544)
Total operating income		**1,474,978**	(7,857)
Personnel expenses	7	**(3,921,875)**	(3,764,768)
Depreciation of property and equipment	11	**(7,464)**	(20,293)
Other operating expenses	8	**(7,925,915)**	(4,529,447)
Total operating expenses		**(11,855,254)**	(8,314,508)
Loss before tax from continuing operations		**(10,380,276)**	(8,322,365)
Income tax expense	9	**-**	(2,854)
Total comprehensive loss for the year attributable to equity holders of the parent		**(10,380,276)**	(8,325,219)

The results for all years presented comprise continuing operations.

Notes on pages 21 to 61 are an integral part of these financial statements.

Group Consolidated Statement of Financial Position

Registered No: 07454474

As at 30 September 2014	**Note**	**30 September 2014**	30 September 2013
Assets		**£**	£
Property and equipment	11	**80,689**	7,464
Other receivables	12	**278,428**	127,669
Financial assets at fair value through profit and loss	13	**40,171,533**	19,000
Non-current assets		**40,530,650**	154,133
Investments	14	**29,600,037**	42,438,978
Trade and other receivables	15	**2,666,987**	162,812
Prepayments		**166,520**	204,872
Cash and cash equivalents		**8,838,862**	2,666,290
Current assets		**41,272,406**	45,472,952
Total assets		**81,803,056**	45,627,085
Equity			
Share capital	16	**6,478,000**	6,478,000
Share premium	16	**45,540,000**	45,540,000
Retained earnings		**(18,410,996)**	(9,071,755)
Non-controlling interests	10	**161,437**	38,117
Total equity		**33,768,441**	42,984,362
Liabilities			
Financial liabilities at fair value through profit and loss	17	**8,622,357**	1,801,008
Financial liabilities at amortised cost	19	**18,226,372**	-
Non-current liabilities		**26,848,729**	1,801,008
Financial liabilities at amortised cost	19	**18,743,046**	
Current tax liabilities		**-**	2,854
Trade and other payables	23	**2,442,840**	838,861
Current liabilities		**21,185,886**	841,715
Total liabilities		**48,034,615**	2,642,723
Total equity and liabilities		**81,803,056**	45,627,085

The financial statements were approved by the Board of Directors and authorised for issue on December 2014 and were signed on its behalf by:

Sean Oldfield CEO

Keith Abercromby CFO

Company Statement of Financial Position

Registered No: 07454474
As at 30 September 2014

		30 September 2014	30 September 2013
Assets	**Note**	**£**	£
Investments in subsidiaries	10	**1,462,144**	1,893,147
Property and equipment	11	**-**	7,464
Other receivables	12	**227,669**	258,765
Financial assets at fair value through profit and loss	13	**40,171,533**	540,004
Non-current assets		**41,861,346**	2,699,380
Investments	14	**29,600,037**	42,438,978
Trade and other receivables	15	**3,075,518**	220,652
Prepayments		**47,649**	123,465
Cash and cash equivalents		**7,101,836**	717,974
Current assets		**39,825,040**	43,501,069
Total assets		**81,686,386**	46,200,449
Equity			
Share capital	16	**6,478,000**	6,478,000
Share premium	16	**45,540,000**	45,540,000
Retained earnings		**(19,304,182)**	(8,923,906)
Total equity		**32,713,818**	43,094,094
Liabilities			
Amounts due to related parties under Swap arrangements	18	**8,622,357**	2,322,012
Amounts due to Castle Trust Direct plc under the Borrower Loan Agreement	20	**18,849,048**	-
Non-current liabilities		**27,651,404**	2,322,012
Amounts due to Castle Trust Direct plc under the Borrower Loan Agreement	20	**19,174,991**	-
Current tax liabilities		**-**	2,854
Trade and other payables	23	**2,326,172**	781,489
Current liabilities		**21,501,163**	784,343
Total liabilities		**48,972,568**	3,106,355
Total equity and liabilities		**81,686,386**	46,200,449

The financial statements were approved by the Board of Directors and authorised for issue on December 2014 and were signed on its behalf by:

Sean Oldfield CEO

Keith Abercromby CFO

Group Consolidated Statement of Changes in Equity

As at 30 September 2014

Attributable to the equity holders of the parent

For the year ended 30 September 2014

	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2013	6,478,000	45,540,000	(9,071,755)	42,946,245	38,117	**42,984,362**
Total comprehensive loss for the year	-	-	(9,339,241)	(9,339,241)	123,320	**(9,215,921)**
At 30 September 2014	**6,478,000**	**45,540,000**	**(18,410,996)**	**33,607,004**	**161,437**	**33,768,441**

Attributable to the equity holders of the parent

For the year ended 30 September 2013

	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2012	6,478,000	45,540,000	(1,044,296)	50,973,704	-	**50,973,704**
Total comprehensive loss for the year	-	-	(8,027,459)	(8,027,459)	38,117	**(7,989,342)**
At 30 September 2013	**6,478,000**	**45,540,000**	**(9,071,755)**	**42,946,245**	**38,117**	**42,984,362**

Notes on pages 21 to 61 are an integral part of these financial statements.

Company Statement of Changes in Equity

As at 30 September 2014

For the year ended 30 September 2014

	Share Capital	Share premium	Retained earnings	Total
	£	**£**	**£**	**£**
At 1 October 2013	6,478,000	45,540,000	(8,923,906)	**43,094,094**
Total comprehensive loss for the year	-	-	(10,380,276)	**(10,380,276)**
At 30 September 2014	**6,478,000**	**45,540,000**	**(19,304,182)**	**32,713,818**

For the year ended 30 September 2013

	Share Capital	Share premium	Retained earnings	Total
	£	**£**	**£**	**£**
At 1 October 2012	6,478,000	45,540,000	(598,687)	51,419,313
Total comprehensive loss for the year	-	-	(8,325,219)	(8,325,219)
At 30 September 2013	**6,478,000**	**45,540,000**	**(8,923,906)**	**43,094,094**

Notes on pages 21 to 61 are an integral part of these financial statements.

Group Consolidated Statements of Cash Flows

For the year ended 30 September 2014

		30 September 2014	30 September 2013
		£	£
Cash flows from operating activities			
Loss before tax from continuing operations		**(9,215,921)**	(7,986,488)
Adjustments to reconcile loss before tax to net cash flow:			
Depreciation of property and equipment	11	**17,749**	20,293
Interest income	3	**(137,188)**	(176,061)
Fair value movements through profit or loss	13,17	**(1,719,846)**	35,536
Mortgages issued	13	**(37,953,334)**	(19,000)
Taxation paid		**2,168**	(2,168)
Interest received		**167,655**	144,981
Interest paid	4	**(142,738)**	(12,369)
		(48,981,455)	(7,995,276)
Working capital adjustments:			
Increase in other receivables	12	**(150,759)**	(32,351)
Increase in trade and other receivables	15	**(2,504,175)**	(5,489)
Decrease/(increase) in prepayments		**38,351**	(254,562)
Increase/(decrease) in trade and other payables		**1,762,562**	(367,206)
Net cash used in operating activities		**(49,835,476)**	(8,654,884)
Cash flow from investing activities			
Decrease in investments	14	**12,838,941**	3,465,488
Purchase of tangible fixed assets	11	**(90,974)**	-
Net cash outflow from investing activities		**12,747,967**	3,610,469
Cash flow from financing activities			
Distributions paid on Income Housa investments	4	**(31,748)**	(7,366)
Proceeds from issue of financial liabilities at fair value through profit and loss	17	**6,322,411**	1,765,472
Proceeds from issue of financial liabilities at amortised cost	19	**36,969,418**	-
Net cash inflow from financing activities		**43,260,081**	1,758,106
Net increase/(decrease) in cash at bank and in hand		**6,172,572**	(3,431,290)
Cash at bank and in hand brought forward		**2,666,290**	6,097,580
Cash at bank and in hand carried forward		**8,838,862**	2,666,290

Notes on pages 21 to 61 are an integral part of these financial statements.

Company Statement of Cash Flows

For the year ended 30 September 2014

		30 September 2014	30 September 2013
		£	**£**
Cash flows from operating activities			
Loss before tax from continuing operations		**(10,380,276)**	(8,322,365)
Adjustments to reconcile loss before tax to net cash flow:			
Depreciation of property and equipment	11	**7,464**	20,293
Interest income	3	**(137,188)**	(176,061)
Fair value movements through profit or loss	13,17	**(1,539,978)**	165,536
Mortgages issued	13	**(37,953,334)**	(19,000)
Taxation paid		**2,168**	(2,168)
Interest received		**167,655**	144,981
Interest paid	4	**(100,081)**	(11,120)
		(49,933,570)	(8,344,885)
Working capital adjustments:			
Impairment of investment in subsidiaries	10	**4,931,003**	3,106,854
Decrease/(increase) in other receivables	12	**31,096**	(163,447)
Increase in trade and other receivables	15	**(2,854,866)**	(163,155)
Decrease/(increase) in prepayments		**75,817**	(178,664)
Increase in trade and other payables		**1,546,810**	124,969
Net cash used in operating activities		**(46,203,710)**	(5,618,328)
Cash flow from investing activities			
Sale/(purchase) of financial assets at fair value through profit and loss		**531,824**	(500,000)
Decrease in investments	14	**12,838,941**	3,465,488
Investment in subsidiary	10	**(4,500,000)**	(4,000,000)
Net cash inflow from investing activities		**8,870,765**	1,034,512
Cash flow from financing activities			
Distributions paid	4	**(31,748)**	(7,366)
Proceeds from Swap Agreement with related parties	18	**5,769,583**	2,135,472
Proceeds from Borrower Loan Agreement with Castle Trust Direct plc	20	**37,978,972**	-
Net cash inflow/(outflow) from financing activities		**43,716,807**	(1,871,894)
Net increase/(decrease) in cash at bank and in hand		**6,383,862**	(4,379,752)
Cash at bank and in hand brought forward		**717,974**	5,097,727
Cash at bank and in hand carried forward		**7,101,836**	717,974

Notes on pages 21 to 61 are an integral part of these financial statements.

1. Corporate information

Castle Trust Capital plc is incorporated and domiciled in the UK. These consolidated financial statements for the year ended 30 September 2014 were authorised for issue in accordance with a resolution of directors on 4 December 2014.

The Group earns income from its return on investment in sterling liquidity funds, and from mortgage application fees (typically 2% of the mortgage advance). The main expenses of the Group arise from directly attributable mortgage costs, such as valuation fees, commissions and procuration fees, and more significantly, the costs incurred in the provision of sales and marketing, operations, and investment management services.

2. Accounting policies

a. Basis of preparation

The Group's statutory consolidated financial statements and the Company's statutory financial statements for the year ending 30 September 2014 have been prepared under IFRS as adopted by the EU.

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

b. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2014.

Subsidiaries are consolidated from either the date of acquisition, being the date on which the Group obtains control, or from the date at which the Group is deemed to have gained control. Subsidiaries continue to be consolidated until the date when control ceases.

The financial statements of the subsidiaries used in the preparation of these consolidated financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies, except for Castle Trust PCC, whose financial reference date is 31 October. Accounts for Castle Trust PCC are drawn up specifically for the Group accounts to cover the Group's accounting year.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

c. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The policies presented in this section comprise the IFRS accounting policies adopted for the Group that apply as at the date of authorisation of these consolidated financial statements.

In the process of applying the Group's accounting policies, management has made the following judgements and key assumptions concerning the future, as well as other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumption when they occur.

(i) Consolidation of special purpose entities

The Group's ultimate controlling party sponsors the formation of special purpose entities (SPEs), which may or may not be directly or indirectly-owned subsidiaries of Castle Trust Capital plc. The Group consolidates the SPEs that it controls. In determining whether the Group controls an SPE, judgement is exercised to establish the following:

- whether the activities of the SPE are being conducted on behalf of the Group to obtain benefits from the SPE's operation;
- whether the Group has the decision-making powers to control or to obtain control of the SPE or its assets;
- whether the Group has rights to obtain the majority of the benefits of the SPE's activities; and
- whether the Group retains the majority of the risks related to the SPE or its assets in order to obtain benefits from its activities.

The Group's involvement with consolidated SPEs is detailed in note 10.

(ii) Going Concern

The Group's directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(iii) Fair value of financial assets and liabilities

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from some observable market data (including the Halifax House Price Index ('HHPI')) but some judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as discount rates and early redemption assumptions.

(iv) Deferred tax assets

The status, measurements and treatment of deferred tax assets is disclosed in note 9 however these assets are not recognised in the consolidated financial statements. The decision to not recognise the assets is based on the Group's estimation of profits arising in the short to medium term against which the brought forward losses might be relieved. As profits against which to offset losses are not expected to arise in the foreseeable future, no asset has been recognised. The status, measurement and treatment of these potential assets are monitored on an on-going basis.

d. Summary of significant accounting policies

(i) Financial assets and liabilities – classification

The particular accounting policies adopted for financial assets and liabilities are disclosed in the individual policy statements associated with each item below. The classification of financial assets and liabilities at initial recognition depends on their purpose and characteristics and management's intention in acquiring them.

(ii) Financial assets at fair value through profit and loss recognised in the Statement of Comprehensive Income

Financial assets designated at fair value through profit and loss relate to mortgages originated by the Group and (as at 30 September 2013) to the Company's investment in Housas. The mortgage assets have no coupon and an explicit risk and reward sharing on the realised value of the underlying property.

(iii) Financial assets at amortised cost

The Group classifies its investments in short term deposits and liquidity funds as loans and receivables. Trade debtors and other receivables are classified as loans and borrowings.

(iv) Financial liabilities at fair value through profit and loss

The Group designates its liabilities to Redeemable Preference ('Growth Housas') shareholders and its Loan Note ('Income Housas') holders upon initial recognition as financial liabilities at fair value through profit and loss. The Company designates its liabilities under the swap agreement to CTIH and the Protected Cell upon initial recognition as financial liabilities at fair value through profit and loss.

(v) Financial liabilities at amortised cost

Trade creditors and other payables are classified as loans and borrowings and are recorded at amortised cost. In most instances, this equates to historic cost, as these liabilities are extinguished in a short time frame.

The Group classifies its fixed rate Fortress Bonds as loans and borrowings. The Company classifies its Borrower Loan liability to CTD as loans and borrowings.

(vi) Financial assets and liabilities – initial recognition

(i) Date of recognition

All financial assets and liabilities are initially recognised on the date that the Group becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial assets and liabilities

All financial assets and liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, for which transaction costs are expensed.

(vii) Subsequent measurement

Subsequent to initial measurement, the Group re-measures financial assets and liabilities at fair value through profit or loss at fair value. Changes in the fair value are recognised in the Statement of Comprehensive Income. Interest and dividend income earned from such assets and liabilities are recorded separately. Other financial assets and financial liabilities are subsequently measured at amortised cost.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

The fair value of financial assets at fair value through profit and loss is determined by using appropriate modelling techniques. When the fair value of financial assets recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using simulation models and discounted cash flows. See Note 13 for details of the model inputs.

(ii) Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Interest Expense in the Statement of Comprehensive Income.

(iii) Financial liabilities at amortised cost

Such liabilities are carried at amortised cost using the EIR method, less transaction costs. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Interest and other similar expenses in the Statement of Comprehensive Income.

(iv) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in net gains/losses in financial liabilities at fair value through profit and loss in the Statement of Comprehensive Income.

The fair value of financial liabilities at fair value through profit and loss is determined by using appropriate modelling techniques. When the fair value of financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using simulation models and discounted cash flows. See Note 17 for details of the model inputs.

(v) Fair value hierarchy

IFRS 13 requires disclosures relating to the fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses unobservable inputs, then that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. At the year end, all financial assets and liabilities at fair value through profit or loss have been classified at Level 3, because their fair value has been derived from unobservable data.

(viii) De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

(ii) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

(ix) Impairment of financial assets

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(x) Treatment of interest income and expense on financial assets and liabilities at fair value through profit and loss

Interest income and expense on financial assets and financial liabilities at fair value though profit and loss are presented in the Statement of Comprehensive Income within interest and similar income, and interest and similar expense, respectively. Interest expense is calculated based on the EIR associated with the underlying financial assets and financial liabilities at fair value through profit and loss.

(xi) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise current account balances that are available on demand.

(xii) Client monies

The Group holds client monies on behalf of Housa investors prior to the underlying investments being recorded in their name. Castle Trust does not obtain the rewards, nor is exposed to the risks of ownerships. Client monies are not included in the balance sheet of the Group or Company on that basis. The amount of client monies held as at 30 September 2014 was £2,989,036 (2013 - £36,689).

(xiii) Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

- Computer equipment: 3 years
- Office equipment: 3 years

Property and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in Other Operating Income in the Statement of Comprehensive Income in the year the asset is de-recognised.

(xiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

(xv) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable at the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

See Note 9 for further description of the current status of deferred tax assets.

(xvi) Dividends payable on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the period that are approved after the reporting date are disclosed as an event after the reporting date.

(xvii) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income.

(xviii) Segmental Reporting

The Group does not collate or report separately Management Information data by segment. All business is transacted within the UK, and consequently, no geographical segmental analysis is presented.

e. New standards adopted

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS.

IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 is not expected to materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Notes 13 and 17.

f. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group does not intend to early adopt these standards, so they will be adopted in the relevant year of mandatory adoption. Standards not early adopted but applicable to the Group include:

IFRS 9 Financial Instruments

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so, provided the relevant date of initial application is before 1 February 2015. The Group will assess the impact of IFRS 9 nearer to the adoption date, but considers the impact on new standards as and when new products are launched to ensure no significant inconsistency of treatment will arise that could create a significant change of treatment on adoption.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

The standard becomes effective for annual periods beginning on or after 1 January 2014. It replaces the requirements of IAS 27 Consolidated and Separate Financial Statements that address the accounting for consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. What remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

There are currently no Group entities that are not already considered under the control of Castle Trust Capital plc, therefore implementation of IFRS 10 is not expected to have a material impact on the current financial position of the group.

IFRS 12 Disclosure of Involvement with other entities

The standard becomes effective for annual periods beginning on or after 1 January 2014. It includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structure entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis.

Even if the Group concludes that it does not control an entity, the information used to make that judgement will be transparent to the users of the financial statements to make their own assessment of the financial impact were the Group to reach a different conclusion regarding consolidation.

The Group will need to disclose more information about the consolidated and unconsolidated structure entities with which it is involved or has sponsored. However, the standard is unlikely to have any impact on the financial position or performance of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017. IFRS 15 is not considered to have a material effect on revenues recognised in the year to 30 September 2014, due to the fact that most contracts fall within the remit of IAS39/IFRS9, but it is possible that new future contracts will need to be assessed against this standard and may be materially impacted.

3. Interest and similar income

Group and Company	**30 September 2014**	30 September 2013
	£	£
Interest earned in the UK on:		
Investments	**137,188**	176,061

4. Interest and similar expense

Group	30 September 2014	30 September 2013
	£	£
Bank charges	24,601	12,369
Interest on Fortress Bonds on an EIR basis	86,389	-
Interest expense on financial liabilities at fair value through profit and loss: Income Housas	31,748	7,366
	142,738	19,735

Company	30 September 2014	30 September 2013
	£	£
Bank charges	23,266	11,120
Interest on amounts due to Castle Trust Direct plc under the Borrower Loan Agreement	45,067	-
Interest expense on amount due to be paid to CTIH under the Swap	31,748	7,366
	100,081	18,486

5. Fees and commission income

Group and Company	30 September 2014	30 September 2013
	£	£
Mortgage Application fee	687,758	737

6. Fees and commission expense

Group	30 September 2014	30 September 2013
	£	£
Procuration fee	739,200	-
Valuation, conveyancing and similar fees	34,551	-
Other fee expense	16,189	625
	789,940	625

Company	30 September 2014	30 September 2013
	£	£
Procuration fee	739,200	-
Valuation, conveyancing and similar fees	33,924	-
Other fee expense	16,741	625

	789,865	625

7. Personnel expenses

Group	**30 September 2014**	30 September 2013
	£	£
Wages and salaries	**3,075,651**	2,823,239
Social security costs	**389,735**	365,033
Company contributions to defined contribution pension plan	**68,444**	123,818
Termination costs	**132,331**	394,644
Other personnel costs	**499,913**	106,667
	4,166,074	3,813,401

Company	**30 September 2014**	30 September 2013
	£	£
Wages and salaries	**3,069,342**	2,821,889
Social security costs	**389,735**	365,033
Company contributions to defined contribution pension plan	**68,444**	123,818
Termination costs	**132,331**	394,644
Other personnel costs	**262,023**	59,384
	3,921,875	3,764,768

	30 September 2014	30 September 2013
Monthly average number of people employed during the year of which:	**33**	24
Finance, legal and administration	**9**	6
Operations	**24**	18

(a) Directors' remuneration:	**30 September 2014**	30 September 2013
Aggregate remuneration in respect of qualifying services (£)	**720,001**	720,001
The highest paid director received a salary of (£)	**300,000**	300,000

Number of directors accruing benefits under defined contribution person schemes in respect of qualifying services	**-**	-
Company contributions paid to defined contribution pension schemes in respect of qualifying services (£)	**-**	-

8. Other operating expenses

Group	**30 September 2014**	30 September 2013
	£	£
Advertising and marketing	**1,678,611**	792,482
Administration costs	**1,624,004**	790,861
Professional fees	**2,257,280**	1,721,789
Rental charges paid under operating leases	**450,287**	382,604
Non-recoverable VAT expense	**427,962**	224,827
Other operating expenses	**206,068**	361,125
	6,644,212	4,273,688

Company	**30 September 2014**	30 September 2013
	£	£
Advertising and marketing	**517,337**	357,406
Administration costs	**675,752**	538,744
Professional fees	**950,082**	256,688
Rental charges paid under operating leases	**219,126**	133,240
Non-recoverable VAT expense	**395,520**	106,120
Impairment of subsidiary companies	**4,931,001**	3,106,854
Other operating expenses	**237,097**	30,395
	7,925,915	4,529,447

Included within Group other operating expenses are the costs of contractors of £985,973 (2013: £470,748). Company other operating expenses include the costs of contractors of £515,214 (2013: £127,840).

Company other operating expenses include the impairment in value of CTC's investment in CTCM of £4,931,003 (2013: £3,106,854) as detailed in note 10 below.

Included within Professional fees are the following expenses related to services provided by the Group's auditors:

Group	**30 September 2014**	30 September 2013
	£	£
Audit of the Company's statutory financial statements	**128,950**	44,000
Non audit services:		
Taxation compliance services	**9,000**	10,823
Audit related assurance services	**65,700**	73,700

Other assurance services	**6,500**	-
Total company auditors' remuneration	**210,150**	128,523
Audit of Group subsidiaries' financial statements	**94,550**	78,000
Taxation compliance of Group subsidiaries	**8,000**	-
Audit related assurance services of Group subsidiaries	**19,200**	129,000
Other assurance services	**23,000**	65,000
Total Subsidiary auditors' remuneration	**144,750**	272,000
Total Group auditor's remuneration	**354,900**	400,523

9. Income tax

The components of income tax expense for the Group for the years ended:	**30 September 2014**	30 September 2013
	£	£
Current tax		
Current CTC income tax	**-**	-
Current CTCM income tax	**-**	-
Prior year CTC tax	**-**	2,854
Total	**-**	2,854
Reconciliation of total group tax charge		
Accounting loss before tax	**(9,215,921)**	(7,986,488)
At prevailing UK statutory income tax rate of 22% (2013: 23.5%)	**(2,027,503)**	(1,876,825)
Tax relating to prior year loss before tax	**-**	2,854
Disallowable expenses	**33,424**	1,629
Losses for which a deferred tax asset is not recognised	**1,994,079**	1,875,196
Income tax expense reported in the consolidated Statement of Comprehensive Income	**-**	2,854

The effective tax rate is calculated as the average rate for the year under review, being 23% to 31 March 2014 and 21% thereafter. Therefore the Company is subject to an average tax rate calculated over the two six month periods of its statutory accounting year.

As at 30 September 2014, the Group had total trading losses of £28,857,209 (30 September 2013: £18,673,681) and decelerated capital allowances of £1,086,338 (2013: £1,004,074) in respect of which a deferred tax asset of £5,949,774 (30 September 2013: £3,935,551) has not been recognised due to uncertainty surrounding the availability of taxable profits against which these could be offset. The tax rate applied in determining the value of the asset not recognised is a rate of 20% which is applicable from April 2015.

The components of income tax expense for the Company for the years ended:	**30 September 2014**	30 September 2013
	£	£
Current tax		
Current CTC income tax	**-**	-
Prior year CTC tax	**-**	2,854
Total	**-**	2,854

Reconciliation of total group tax charge		
Accounting loss before tax	**(10,380,276)**	(8,322,265)
At prevailing UK statutory income tax rate of 22% (2013: 23.5%)	**(2,283,661)**	(1,955,756)
Adjustment in respect of current income tax in prior years	**-**	(1,418,359)
Disallowable expenses	**1,088,758**	692,994
Losses for which a deferred tax asset is not recognised	**(1,194,903)**	2,681,121
Income tax expense reported in the consolidated Statement of Comprehensive Income	**-**	-

The effective tax rate is calculated as the average rate for the year under review, being 23% to 31 March 2014 and 21% thereafter. Therefore the Company is subject to an average tax rate calculated over the two six month periods of its statutory accounting year.

As at 30 September 2014, the Company had total trading losses of £16,795,338 (30 September 2013: £11,364,336) and decelerated capital allowances of £616,236 (30 September 2013: £632,832) in respect of which a deferred tax asset of £3,359,068 (2013: £2,281,805) has not been recognised due to uncertainty surrounding the availability of taxable profits against which these could be offset. The tax rate applied in determining the value of the asset not recognised is a rate of 20% which is applicable from April 2015.

10. Investments in subsidiaries

Company	**30 September 2014**	30 September 2013
	£	£
At 1 October	**1,893,147**	1,000,001
Additions	**4,500,000**	4,000,000
Impairment charge	**(4,931,003)**	(3,106,854)
At 30 September	**1,462,144**	1,893,147

At 30 September 2014	**CTCM**	**CTD**	**Total**
	£	**£**	**£**
Investment in subsidiary	5,893,147	500,000	**6,393,147**
Recoverable amount	962,144	500,000	**1,462,144**
Impairment charge	**4,931,003**	**-**	**4,931,003**

At 30 September 2013	**CTCM**
	£
Investment in subsidiary	5,000,001
Recoverable amount	1,893,147

Impairment charge	3,106,854

The Company invested £4m in its subsidiary, CTCM, £2m on 2 February 2014, £1m on 14 August 2014 and £1m on 23 September 2014. As the latter is a regulated entity it requires capital of its own in order to comply with its own regulatory capital requirements. An impairment charge of £4,931,003 has been provided as the Group does not expect CTCM to recoup the retained losses to 30 September 2014, therefore we consider the investment in this subsidiary to be permanently impaired. The recoverable amount has been measured at fair value less costs to sell, which has been estimated as the net asset value of the companies at 30 September 2014. This fair value is within Level 3 of the fair value hierarchy.

The Company invested £500,000 for 100% of the share capital of CTD on 19 May 2014.

The Group and the parent company hold the following proportion of the nominal value ((£0.10) of shares in the following Group subsidiary undertaking included in the Group consolidated accounts:

Name of Company	**Holding**	**Proportion of voting rights & nominal value of shares held**	**Nature of business**	**Country of incorporation**
Castle Trust Capital Management Limited	Ordinary shares	100%	Investment company	UK
Castle Trust Income Housa plc	Ordinary shares	100%	Investment company	Jersey
Castle Trust Direct plc	Ordinary shares	100%	Investment company	UK
Castle Trust Capital Nominees Limited*	Ordinary shares	100%	Nominee company	UK

*The holding of CTCN is held indirectly via CTCM.

10.1 Consolidation of special purpose entities

The shares in the Castle Trust PCC ('the PCC') and its cell ('the PC') are held by an independent nominee company, whose shares are held in trust. Although the Company does not own, directly or indirectly, any of the share capital of the PCC or PC or their parent companies, it retains the majority of the residual risks and rewards related to the assets, liabilities and returns of the companies, and they have therefore been treated as subsidiaries for the purpose of consolidation of the consolidated financial statements.

Castle Trust enters into swap transactions each month with the PC. The substance and legal form of this transaction is to transfer the PC's liability to its investors to the balance sheet of the Company. In addition, Castle Trust receives and manages the funds received from Housa investors using these to fund mortgages, up to a maximum of 80% of the balance of funds received. Shareholder funding is also used to provide mortgage funding.

In addition, through CTCM, the Group provides Sales and Marketing, and Investment Management services to the PC, thereby providing the majority of its operational functionality. The terms of the

Investment Management agreement do not include a restricted mandate; therefore the Group is able to substantially control the results of the PC.

10.2 Non-controlling interests

The shareholder's reserves of the PC constitute the balance of non-controlling interests within Group Equity. This represents the position that although the entity is consolidated within the Group by virtue of control, the Group does in fact have no share in the interest of the shareholder's equity of the PC. The movement on this balance is shown on the face of the Group Income statement, and the final balance as at 30 September 2014 is shown on the face of the Group Statement of Financial Position.

Non-controlling interests: Shareholders equity of Castle Trust Growth Housa PC	**30 September 2014**	30 September 2013
	£	£
Opening balance as at 30 September 2013	**38,117**	-
Total comprehensive profit for the year attributable to equity holders of the PC	**123,320**	38,117
Closing balance	**161,437**	38,117

11. Property and equipment

Group:

Office and computer equipment	**30 September 2014**	30 September 2013
Cost	**£**	£
At 1 October	**59,733**	59,733
Additions	**90,974**	-
At 30 September	**150,707**	59,733
Depreciation and Impairment		
At 1 October	**52,269**	31,976
Depreciation charge for the year	**17,749**	20,293
At 30 September	**70,018**	52,269
Net book value		
At 1 October	**7,464**	27,757
At 30 September	**80,689**	7,464

Company

Office and computer equipment	**30 September 2014**	30 September 2013
	£	£
Cost		
At 1 October	**59,733**	59,733
Additions	**-**	-
At 30 September	**59,733**	59,733

Depreciation and Impairment		
At 1 October	**52,269**	31,976
Depreciation charge for the year	**7,464**	20,293
At 30 September	**59,733**	52,269
Net book value		
At 1 October	**7,464**	27,757
At 30 September	**-**	7,464

During the year to 30 September 2014, changes to the Group cost allocation policy have resulted in CTCM now taking on the Property and equipment costs for the Group, rather than the Company. This difference is reflected in the Company costs shown below.

12. Other receivables

Group	**30 September 2014**	30 September 2013
	£	£
Deposit on property rental	**97,409**	46,650
Amounts due from related parties	**181,019**	81,019
	278,428	127,669

Company	**30 September 2014**	30 September 2013
	£	£
Deposit on property rental	**46,650**	46,650
Amounts due from related parties	**181,019**	212,115
	227,669	258,765

The fair value of other receivables approximates to cost as presented in the Statement of Financial Position and these related notes. They are subject to devaluation over time due to the impact of inflation and when the impact of inflation results in a material difference, revised fair values will be disclosed.

13. Financial assets at fair value through profit and loss

Group	**30 September 2014**	30 September 2013
	£	£
Partnership Mortgages	**8,150,231**	19,000
Buy to let mortgages	**20,398,712**	-
Index Profit Share mortgages	**11,622,590**	-
	40,171,533	19,000

Company	**30 September 2014**	30 September 2013
	£	£
Partnership Mortgages	**8,150,231**	19,000
Buy to let mortgages	**20,398,712**	-
Index Profit Share mortgages	**11,622,590**	-

Own investment in Housas	-	521,004
	40,171,533	540,004

Mortgage products

13.1.1 Partnership Mortgages

Partnership Mortgages (available only to resident owner-occupiers) are secured via a second charge which ranks below a traditional first charge mortgage. Partnership Mortgages are for up to 20% of the property value. The maximum combined (first and second charge) loan to value (LTV) that Castle Trust will lend at is 90%. The minimum and maximum potential terms of lending are 6 and 30 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption - plus a share of any change in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV. For example, if a client borrows 20% LTV, the share will be 40% of the rise in the value of the property. Castle Trust withdrew this product as of 21 November 2014.

13.1.2 Buy to let mortgages

Castle Trust's Buy to let product is a mortgage to landlords usually limited to a maximum LTV of 20% secured via a legal charge which would rank below any existing first charge mortgage. The maximum LTV is 85% (including the first charge mortgage), with minimum and maximum potential terms of 1 and 10 years respectively.

There are no monthly repayments and no conventional interest is payable. Instead, the original amount of the loan is repaid at redemption plus a share of any increase in the value of the property during the life of the loan. This share will be twice the Castle Trust LTV or a Minimum Repayment Amount (typically 2% to 2.5% pa), whichever is higher.

13.1.3 Index Profit Share mortgages

An Index Profit Share ('IPS') mortgage is a mortgage on a property or portfolio of properties. The customer must retain a minimum of 15% equity if using an IPS mortgage. IPS mortgages are only issued to good credit quality customers for the re-mortgage of residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment and (up to) twice the increase in value of the national house price index, if the property has increased in value or the Minimum Repayment Amount (typically 3.5% pa), whichever is higher. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth/business exemption tests).

13.2 Fair value of financial assets

The table below shows the fair values of financial assets together with their notional amounts. These assets are measured at fair value as their performance is evaluated on the basis of the movement of the HHPI. The notional amount, being the Gross Mortgage Advance, i.e. the total amount advanced to the customer gross of any solicitor's fees, is the basis upon which changes in the value of the assets are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market risk or the credit risk.

Group and Company

As at 30 September 2014	Notional Amount £	Fair Value £

Partnership Mortgages	7,487,909	8,150,231
Buy to let mortgages	19,166,496	20,398,712
Index Profit Share mortgages	11,317,929	11,622,590
	37,972,334	40,171,533

As at 30 September 2013	**Notional Amount £**	**Fair Value £**
Partnership Mortgages	19,000	19,000

13.3 Fair value modelling

Castle Trust has developed a model to value its mortgage assets. The model uses stochastic techniques to calculate the net present value of simulated future cash flows, and is run on a monthly basis for internal management information and board reporting purposes by a specialist modelling team. The simulated cash flows are based on assumptions about the range of possible events and inputs concerning the terms of the mortgages and investments.

i. Fair value measurement

The model, as applied to mortgage product lending, incorporates various inputs, of which the most significant are as follows. There are no comparatives for 30 September 2013 as the balance was immaterial.

The models incorporate various inputs as follows:

- Castle Trust Loan to Value: this is the size of Castle Trust's loan relative to the value of the property. It varied from 3% to 39%.
- Senior Loan to Value: this is the size of primary mortgage relative to the value of the property. It varied from 0%, where Castle Trust was a first charge lender, to 82%.
- Movement in House Prices: the percentage movement in the house price from origination to the indexed value is between -4.9% and 12.6%.
- Elapsed Term: this is the amount of time that has elapsed from the date of completion of each mortgage to the end of the year. As at 30 September 2014, this value varied between 0 to 12 months.
- Expected future movement in the HHPI: This is the assumed annual rate that the HHPI is expected to grow at in the future and was 4.5% per annum. This is defined on a continuously compounded basis.
- Volatility of House Prices: this ranges from 3.6% to 37%. In addition to this there is an allowance for index volatility as well as volatility above the index.
- Product Terms: these are terms that are specific to the mortgage products, such as Mortgage Term, Early Repayment Charge and Minimum Repayment Amount. The product terms are defined in the terms and conditions of each mortgage. The mortgage terms were between 2 and 30 years.
- Expected Repayment Rates: this ranges from 0% pa to 12% per annum depending on the elapsed time since the mortgage was drawn. In addition there are adjustments for seasonality and market conditions

- Discount rates: the discount rates were calculated to be consistent with the assumptions about future house price growth. This calculation produced discount rates as per the below table for the various mortgage products:

	Minimum %	Maximum %
Partnership Mortgages	10.2%	13.6%
Buy to let mortgages	10.2%	13.6%
Index Profit Share mortgages: fixed income component	2.3%	10.2%
Index Profit Share mortgages: house price derivative component	48.3%	56.2%

13.4 Fair value hierarchy

All financial assets and liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques: for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques: for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The financial assets at fair value through profit and loss have been classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

Group and Company: Financial assets measured at fair value through profit and loss as at 30 September 2014	Level 1	Level 2	Level 3
Mortgage assets	-	-	40,171,533

Group and Company: Financial assets measured at fair value through profit and loss as at 30 September 2013	**Level 1**	**Level 2**	**Level 3**
Mortgage assets	-	-	19,000

Mortgage assets are measured at fair value on a recurring basis, and as discussed above, their valuation is categorised at Level 3. The following table shows a reconciliation from the opening balances to the closing balances, including the total (unrealised) gains for the year that are recognised in profit or loss within 'Net gain on financial assets at fair value through profit and loss'. There were no transfers into level 3 assets other than the completions in the year, and no transfers out.

Group and Company	**Partnership Mortgages**	**Buy to let mortgages**	**Index Profit Share mortgages**	**Total**
	£	**£**	**£**	**£**
Opening balance as at 1 October 2013	19,000	-	**-**	**19,000**
Completions in the year	7,468,909	19,166,499	11,317,926	**37,953,334**
Net gain on financial assets at fair value through profit or loss	662,322	1,232,213	304,664	**2,199,199**
Closing balance as at 30 September 2014	**8,150,231**	**20,398,712**	**11,622,590**	**40,171,533**

	Partnership Mortgage	**Buy to let Mortgages**	**Index Profit Share mortgages**	**Total**
	£	**£**	**£**	**£**
Opening balance as at 1 October 2012	-	-	-	**-**
Completions in the year	19,000	-	-	**19,000**
Net gain on financial assets at fair value through profit or loss	-	-	-	**-**
Closing balance as at 30 September 2013	**19,000**	**-**	**-**	**19,000**

13.5 Sensitivity of Fair Value movements

Castle Trust's model for calculating the fair value of its Mortgage assets includes unobservable inputs. Changing one of these inputs, whilst holding the others constant, would lead to higher or lower fair values. There is a strong interrelationship between the discount rates and the other inputs described below. This interrelationship arises because the discount rates are derived from the only piece of market information available to the Group, the price at which the customer is willing to transact. This is considered to be the most reliable method of calculating the exit price because it is the price at which a third party would be indifferent to purchasing the asset from Castle trust or originating a new asset themselves. The most significant unobservable inputs are considered below:

Expected future movement in the HHPI: increasing this parameter will increase the modelled house prices at maturity, which will increase the modelled cash flows at maturity and therefore increase the fair value. However, any increase in this input produces an increase in the discount rates which largely mitigates the impact on the fair value.

Discount rates: increasing this parameter will reduce the fair values.

Volatility of the movement in HHPI: increasing this parameter will increase the range of expected house price outcomes. Given the product terms, this will increase the modelled cash flows at maturity and therefore increase the fair value.
Volatility of house prices: increasing this parameter will have a similar effect to increasing the 'Volatility of the movement in HHPI'.

The most significant input that materially changes the fair value of the Mortgage assets is the published HPPI value, analysed below:

As at 30 September 2014

Group and Company Mortgages	**Increase HHPI by 10% £**	**Decrease HHPI by 10% £**
Impact on net assets – Partnership Mortgages	979,582	(921,162)
Impact on net assets - Buy to let mortgages	2,363,410	(2,230,185)
Impact on net assets – Index Profit Share mortgages	671,147	(696,519)

14. Investments

Group and Company	**30 September 2014**	30 September 2013
	£	£
Amounts held on fixed term deposits	**4,972,342**	4,900,000
Amounts invested in HSBC Sterling Liquidity Funds	**24,627,695**	37,538,978
	29,600,037	42,438,978

Amounts on fixed term deposit are invested in Lloyds deposit accounts. During the year two tranches have been invested, the first an amount for £2,428,276 was invested on 29 August 2014 maturing on 3 December 2014, and the second, an amount of £2,544,064, was deposited on 30 September 2014 with a maturity of 31 March 2015. Interest is paid on release of the invested funds at the end of the contract. Deposits are valued at cost, with no anticipation of interest, on the basis that if funds were to be extracted before the deposit term, no interest would be received. This approximates to fair value, as the anticipation of interest less the effect of inflation is not expected to create a material difference to cost.

The HSBC Sterling Liquidity fund is 'AAA' rated. Funds are priced daily and can be recalled at one day's notice. These are short term investments with one month duration. The fund can invest in certificates of deposit, commercial papers, medium term notes, variable rate notes, floating rate notes, bankers acceptances, government bonds, treasury bills, Eurobonds, asset backed securities and corporate bonds. Daily prices reflect the market value of those funds at the balance sheet date, which approximates to fair value.

15. Trade and other receivables

Group	30 September 2014	30 September 2013
	£	£
Irrecoverable VAT	159,671	75,187
Investment debtors	2,452,538	49,690
Other debtors	54,778	37,935
	2,666,987	162,812

Company	30 September 2014	30 September 2013
	£	£
Amounts due from related parties	896,819	143,938
Investment debtors	2,124,359	39,690
Other debtors	54,340	37,024
	3,075,518	220,652

The fair value of trade and other receivables approximates to cost as presented in the Statement of Financial Position and these related notes, as the receipt of the related cash is not more than three months from the date of the recognition of the asset and is not subject to significant credit risk.

The Group is in an overall VAT receipt position due to the nature of business transactions undertaken.

Investment debtors represent Fortress Bond (cash) receipts from customers into Client Monies Accounts for which the monies as at 30 September had not been remitted through to the Company current bank account.

16. Share capital

Group and Company	30 September 2014	30 September 2013
Authorised, allotted, called up and fully paid		
Ordinary shares (Number)	64,780,001	64,780,001
Ordinary shares (£) at £0.10 par value per share	6,478,000	6,478,000

Issued share capital for the year ended 30 September 2014

Group and Company	Issued Capital	Share premium	Total
	£	£	£
At 30 September 2014 and 30 September 2013	6,478,000	45,540,000	52,018,000

17. Financial liabilities at fair value through profit and loss

17.1 Fair value of financial liabilities

The table below shows the fair values of financial liabilities at fair value through profit and loss together with the notional amounts. These liabilities are measured at fair value as their performance is evaluated on the basis of the movement of the HHPI as described in the prospectuses. The notional amount, being the actual cash received from the investor, is the basis upon which changes in the value of the liabilities are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Group: **As at 30 September 2014**	**Notional Amount**	**Fair Value**
	£	**£**
Liability to Income Housa customers	1,792,985	1,887,764
Liability to Growth Housa customers	4,339,914	4,697,499
Liability to Foundation Housa customers	1,974,579	2,037,094
	8,107,478	8,622,357

Group: As at 30 September 2013	Notional Amount	Fair Value
	£	**£**
Liability to Income Housa customers	472,665	477,396
Liability to Growth Housa customers	1,292,807	1,323,612
	1,765,472	1,801,008

17.2 Fair value modelling

In the period subsequent to 30 September 2013, the fair values of the Housa liabilities have been modelled using a new model. The 'QRS' model uses stochastic cash flow simulation techniques, as opposed to the Housa Pricing System in use as at 30 September 2013, which used Black Scholes and other conventional finance techniques. The underlying assumptions behind both models are very similar, and the difference between the fair values of the Housa liability as at 30 September 2014 calculated by each do not materially differ. The model is run on a monthly basis for internal management information and board reporting purposes by a specialist modelling team.

The QRS (and the Housa Pricing System) models incorporate various inputs including the movement in HHPI from issuance to the latest published value of HHPI as at 30 September 2014, the amount of time elapsed from issuance to 30 September 2014, the expected future movement in HHPI, the amount of variation or volatility in this future movement and the product terms, as described in more detail below. The financial liabilities at fair value through profit and loss have been classified as Level 3, as the lowest level input identified is the discount rate which is derived from unobservable data.

Fair value measurement

The models incorporate various inputs as follows:

- Movement in HHPI: This is the percentage movement in HHPI from the Initial Index Level of each share class to the latest published value of HHPI as of the end of the year. As at 30 September 2014, the latest published value of HHPI was 602.0 (30 September 2014: 550.5). The Initial Index Level varied from 519.3 for the October 2012 series to 603.1 for the July 2014 series. At 30

September 2013: The Initial Index Level varied from 517.2 for the November 2012 series to 556.7 for the August 2013 series.

- Elapsed Term: This is the amount of time that has elapsed from the closing date of each share class to the end of the year. As at 30 September 2014, this value varied between 23 months for the October 2012 series of Housa to 2 months for the July 2014 series. As at 30 September 2013, this value varied between 11 months for the October 2012 series of Housas to 0 months for the September 2013 series.
- Expected future movement in the HHPI: This is the assumed annual rate that the HHPI is expected to grow at in the future and was 4.5% per annum (30 September 2014: 4.5%). This is defined on a continuously compounded basis.
- Volatility of the movement in HHPI: This is the assumed annualised volatility of the future HHPI returns and was 12.91% per annum (30 September 2013: 12.67%). This is defined consistently with market practice for financial option valuation approaches.
- Product Terms: These are terms that are specific to each share class such as profit share, loss share, coupon rate and term, as set out in further detail in sections 17.3 to 17.5 below. The product terms are defined in the terms and conditions of each Housa. In summary, the profit share was between 170% and 100%; the loss share was between 100% and 0%; the coupon rate was between 0% and 3% per annum and the term was 3, 5 or 10 years. The product terms are defined in the terms and conditions of each Housa. In summary, the profit share was between 170% and 100%; the loss share was between 100% and 30%; the coupon rate was between 0% and 3% per annum and the term was 3, 5 or 10 years.
- Discount rates: The discount rates were calculated to be consistent with the assumptions about future house price growth. This calculation produced discount rates between 5% and 8% per annum.

17.3 Income Housas

The Income Housas are Loan Notes issued up to July 2014 by Castle Trust Income Housa plc and were first listed on the Channel Islands Stock Exchange on 4 October 2012. The Loan Notes are divided into classes. Three classes were offered each month: 3 year term, 5 year term, and 10 year term, until 31 July 2014, after which the product was withdrawn from the market. The existing book will remain until run-off. The Income Housa is an investment product which is designed to provide a fixed return as set out below for the term from inception to maturity.

Investment Return

The Investment Return is the amount payable as calculated under the relevant investment product with respect to each Loan Note on its maturity date by Castle Trust as follows:

(HHPI Percentage Change x Investment Amount) + Investment Amount

Interest

Each Loan Note bears interest from (and including) the first day following the end of the offer period at the rate per annum state in the table below. Interest will be payable in arrears quarterly in each year up to (and including) the quarter immediately preceding the maturity date of the Loan Note.

Maturity period of the Loan Note	Annual interest
3 years	2%
5 years	2.5%

10 years	3%

Income Housas:

Nominal and fair values for the Income Housa tranches issued in the year:

Maturity Period of Loan Note	Nominal Value £	Fair Value £
5 year October 2012	2,425	2,744
5 year November 2012	30,000	33,999
5 year December 2012	19,400	21,784
10 year December 2012	15,000	16,510
5 year April 2013	25,162	27,873
10 year April 2013	23,040	25,117
5 year May 2013	116,220	126,326
5 year July 2013	85,275	91,336
10 year July 2013	11,520	12,199
3 year August 2013	25,000	26,666
5 year August 2013	43,010	45,554
3 year September2013	20,000	21,540
5 year September2013	51,613	55,153
10 year September 2013	5,000	5,278
3 year October 2013	103,000	110,813
5 year October 2013	137,376	146,827
10 year October 2013	15,000	15,859
3 year November 2013	50,000	53,233
5 year November 2013	64,812	68,576
10 year November 2013	18,216	19,084
5 year December 2013	9,700	10,138
10 year December 2013	25,000	25,892
3 year January 2014	10,000	10,767
5 year January 2014	74,400	79,633
3 year February 2014	56,000	59,564
5 year February 2014	35,000	37,026
10 year February 2014	11,520	12,082
3 year March 2014	53,250	54,985

5 year March 2014	123,530	126,992
10 year March 2014	14,520	14,847
3 year April 2014	62,500	64,996
5 year April 2014	126,320	130,926
10 year April 2014	10,000	10,314
3 year May 2014	28,000	29,011
5 year May 2014	81,880	84,535
3 year June 2014	84,000	83,732
5 year June 2014	66,696	66,376
10 year June 2014	19,370	19,273
3 year July 2014	5,230	5,222
10 year July 2014	35,000	34,982
Group total	**1,792,985**	**1,887,762**

17.4 Growth Housas

The Growth Housas are Participating Preference Shares of Castle Trust PCC and were first listed on the Channel Islands Stock Exchange on 4 October 2012. The Participating Preference Shares of the Cell are divided into classes. There are 2 classes offered each month: 5 years term shares, and 10 year term shares. The Growth Housa is an investment product which is designed to grant the investor exposure to the potential growth or fail of the HHPI over the life of the product. It will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and a reduced exposure to the downside. The precise terms of the return payable to Investors depend on the duration of the product and whether the investment is held until redemption or early redeemed at the Group's discretion.

Nominal and fair values for the Growth Housa tranches issued in the year:

Maturity Period	**Nominal Value** £	**Fair Value** £
5 year October 2012	5,000	5,937
10 year October 2012	13,025	15,461
10 year November 2012	20,075	23,940
10 year December 2012	15,000	17,714
10 year January 2013	20,000	23,475
5 year February 2013	105,220	124,639
10 year February 2013	82,250	97,508
5 year March 2013	85,900	100,661
10 year March 2013	6,610	7,752
5 year April 2013	104,925	121,133
10 year April 2013	81,416	94,072
3 year May 2013	4,000	4,505
5 year May 2013	81,159	91,590

10 Year May 2013	44,310	50,028
5 year June 2013	74,768	83,896
10 year June 2013	60,810	68,283
3 year July 2013	30,893	34,032
5 year July 2013	81,120	89,514
10 year July 2013	3,500	3,865
3 year August 2013	119,520	130,051
5 year August 2013	74,520	81,188
3 year September2013	77,777	85,706
5 year September2013	53,537	59,149
10 year September 2013	17,472	19,305
3 year October 2013	77,500	84,949
5 Year October 2013	196,920	216,411
10 Year October 2013	20,664	22,711
3 year November 2013	49,000	53,123
5 year November 2013	81,520	88,566
10 year November 2013	10,000	10,865
3 year December 2013	52,500	56,144
5 year December 2013	46,500	49,786
10 Year December 2013	35,000	37,458
3 year January 2014	191,540	209,731
5 year January 2014	225,400	247,638
10 year January 2014	58,000	63,767
5 Year February 2014	271,840	294,545
10 Year February 2014	13,000	14,100
5 Year March 2014	455,248	475,602
10 year March 2014	145,560	152,204
5 year April 2014	363,143	381,073
10 year April 2014	137,340	144,235
5 year May 2014	233,957	244,582
10 year May 2014	106,807	111,824
5 year June 2014	171,100	170,625
10 year June 2014	96,800	96,583
5 year July 2014	13,932	13,854
10 year July 2014	23,835	23,719
Total	**4,339,914**	**4,697,499**

Investment return on the Growth Housas

The Investment Return is the amount payable as calculated under the relevant Investment Product with respect to each Participating Preference Share on the relevant Maturity Date calculated by Castle Trust as follows:

((Return Multiple x HHPI Percentage Change) + 1) x Investment Amount

Where: The 'Return Multiple' is:

(i) If the Final HHPI Level is greater than the Initial HHPI Level:

Maturity period of Participating Preference Shares	Return multiple
3 years	1.25
5 years	1.5
10 years	1.7

(ii) If the Final HHPI Level is lower than the Initial HHPI Level:

Maturity period of Participating Preference Shares	Return multiple
3 years	0.75
5 years	0.5
10 years	0.3

17.5 Foundation Housas

The Foundation Housas are Participating Preference Shares of Castle Trust PCC and were first listed on the Channel Islands Securities Exchange on 3 February 2014. The Participating Preference Shares of the Cell are divided into classes. There is currently 1 class offered each month, being 5 year term shares. The Foundation Housa is an investment product which will provide a return such that the amount invested will be adjusted by the returns providing an enhanced exposure to the upside in the HHPI and with no exposure to the downside. The precise terms of the return payable to Investors depend on the duration of the product and whether the investment is held until redemption or early redeemed at the Group's discretion.

Nominal and fair values for the Foundation Housa tranches issued in the year:

Maturity Period	Nominal Value	Fair Value
	£	£
5 year February 2014	188,040	200,617
5 year March 2014	346,198	359,416
5 year April 2014	666,149	693,129
5 year May 2014	257,463	266,886
5 year June 2014	382,947	383,499
5 year July 2014	133,782	133,547
Total	**1,974,579**	**2,037,094**

Investment return on the Foundation Housa

The Investment Return is the amount payable as calculated under the relevant Investment Product with respect to each Participating Preference Share on the relevant Maturity Date calculated by Castle Trust as follows:

((Return Multiple x HHPI Percentage Change) + 1) x Investment Amount

Where: The 'Return Multiple' is:

(iii) If the Final HHPI Level is greater than the Initial HHPI Level:

Maturity period of Participating Preference Shares	**Return multiple**
5 years	1.0

(iv) If the Final HHPI Level is lower than the Initial HHPI Level:

Maturity period of Participating Preference Shares	**Return multiple**
5 years	0.0

17.6 Fair value hierarchy

All financial liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted market prices in an active market (that are unadjustable) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 September 2014, the Group and Company held the following classes of financial liabilities measured at fair value that are classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

Financial liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**
Financial liabilities measured at fair value through profit and loss	-	-	8,622,357

As at 30 September 2013, the Group and Company held the following classes of Financial Liabilities measured at fair value:

Financial liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**

Financial liabilities measured at fair value through profit and loss	-	-	1,801,008

Housa liabilities are measured at fair value on a recurring basis, and as discussed above, their valuation is categorised at Level 3. The following table shows a reconciliation from the opening balances to the closing balances, including the total realised and unrealised gains for the period that are recognised in other comprehensive income. There were no transfers into Level 3 assets other than the completions in the period, and no transfers out other than redemptions.

Group	**Income Housas**	**Growth Housas**	**Foundation Housa**	**Total**
	£	**£**	**£**	**£**
Opening balance as at 1 October 2013	477,396	1,323,612	-	1,801,008
Creations in the period	1,323,733	3,047,097	1,974,579	6,345,409
Redemptions in the period	(3,413)	-	-	(3,413)
Realised loss on financial liabilities at fair value through profit & loss	41	-	-	41
Unrealised loss on financial liabilities at fair value through profit or loss	90,007	326,790	62,515	479,312
Closing balance as at 30 September 2014	1,887,764	4,697,499	2,037,094	8,622,357

Group	**Income Housas**	**Growth Housas**	**Total**
	£	**£**	**£**
Opening balance as at 1 October 2012	**-**	**-**	**-**
Creations in the period	472,665	1,792,799	2,265,464
Redemptions in the period	-	(500,000)	(500,000)
Realised loss on financial liabilities at fair value through profit & loss	-	18,931	18,931
Unrealised loss on financial liabilities at fair value through profit or loss	4,731	11,882	16,613
Closing balance as at 30 September 2013	477,396	1,323,612	1,801,008

17.7 Sensitivity analysis

Castle Trust's model for calculating the fair value of its Housa liabilities includes unobservable inputs. Changing one of these inputs, whilst holding the others constant, would lead to higher or lower fair values. There is a strong interrelationship between the discount rates and the other inputs described below. This interrelationship arises because the discount rates are derived from the only piece of market information available to the Group, the price at which the customer is willing to transact. In the absence of directly comparable external data, this is considered to be the most reliable method of calculating the exit price because it is the price at which a third party would be indifferent to purchasing the asset from Castle trust or originating a new asset themselves.

The most significant unobservable inputs are considered below:

Expected future movement in the HHPI: increasing this parameter will increase the modelled house prices at maturity, which will increase the modelled cash flows at maturity and therefore increase the fair value. However, any increase in this input produces an increase in the discount rates which largely mitigates the impact on the fair value.

Discount rates: increasing this parameter will reduce the fair values.

Volatility of the movement in HHPI: increasing this parameter will increase the range of expected house price outcomes. Given the product terms, this will increase the modelled cash flows at maturity and therefore increase the fair value.

Volatility of house prices: increasing this parameter will have a similar effect to increasing the 'Volatility of the movement in HHPI'.

The most significant input that materially changes the fair value of the Housa liabilities is the published HPPI value, analysed below:

As at 30 September 2014	**Increase HHPI by 10%** **£**	**Decrease HHPI by 10%** **£**
Impact on net assets: Housa liabilities	(955,021)	899,479

As at 30 September 2013	**Increase HHPI by 10%**	**Decrease HHPI by 10%**
	£	**£**
Impact on net assets: Housa liabilities	(214,576)	136,870

18. Amounts due to related parties under Swap arrangements

As at 30 September 2014 **Company**	**Notional Amount** **£**	**Fair Value** **£**
Liability to CTIH under swap agreement	1,721,266	1,887,764
Liability to the Protected Cell under swap agreement	6,061,913	6,734,593
	7,783,179	8,622,357

As at 30 September 2013	**Notional Amount**	**Fair Value**
Company	**£**	**£**
Liability to CTIH under swap agreement	933,758	998,400
Liability to the Protected Cell under swap agreement	1,241,093	1,323,612
	2,174,851	2,322,012

Note that the nominal value of the swap assets is reduced by the arrangement fee due and payable to CTIH and the PC respectively under the swap agreement. The fee is 4% of the total nominal value of the loan notes and preference shares, and results in a higher fair value movement through the Statement of Comprehensive Income.

18.1 Swap liabilities at fair value

Swap liabilities are measured at fair value on a recurring basis, and their valuation is categorised at Level 3. The valuation process mirrors that for the Group's Housa liabilities; therefore refer to note 17.2 for details of the valuation process and main inputs. The following table shows reconciliation from the opening balances to the closing balances, including details of the total realised and unrealised gains for the period that are recognised in other comprehensive income. There were no transfers into Level 3 assets other than the completions in the period, and no transfers out other than redemptions.

Company	**Swap with CTIH**	**Swap with the PC: Growth Housas**	**Swap with the PC: Foundation Housas**	**Total**
	£	**£**	**£**	**£**
Opening balance as at 1 October 2013	998,400	1,323,612	-	2,322,012
Creations in the period	1,352,148	2,925,205	1,895,596	6,172,910
Redemptions in the period	(531,824)	-	-	(531,824)
Realised loss on financial liabilities at fair value through profit & loss	28,452	-	-	28,452
Unrealised loss on financial liabilities at fair value through profit or loss	40,588	448,683	141,498	630,769
Closing balance as at 30 September 2014	1,887,764	4,697,499	2,037,094	8,622,357

Company	**Swap with CTIH**	**Swap with the PC: Growth Housas**	**Total**
	£	**£**	**£**
Opening balance as at 1 October 2012	**-**	**-**	**-**
Creations in the period	933,758	1,741,641	2,675,399
Redemptions in the period	-	(518,931)	(518,931)
Realised loss on financial liabilities at fair value through profit & loss	-	18,931	18,931
Unrealised loss on financial liabilities at fair value through profit or loss	64,642	81,971	146,613
Closing balance as at 30 September 2013	998,400	1,323,612	2,322,012

18.2 Fair value hierarchy

All financial liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted market prices in an active market (that are unadjustable) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 September 2014, the Company held the following classes of financial liabilities measured at fair value that are classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

At 30 September 2014: Financial liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**
Swap liabilities with related parties	**-**	**-**	8,622,357

At 30 September 2013: Financial liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**
Swap liabilities with related parties	**-**	**-**	2,322,012

18.3 Sensitivity analysis

The main driver of the fair value is the level of the Halifax House Price Index (‘HHPI’), which is published each month in arrears, shortly after each month end. The analysis below shows the impact on the financial liabilities at fair value through profit and loss if the HHPI were to increase or decrease by 10%. The analysis assumes that all other variables remain constant. For an overview of the main unobservable inputs, refer to note 17.7.

30 September 2014	**Increase HHPI by 10%**	**Decrease HHPI by 10%**
	£	£
Impact on net assets: swap liabilities	**(955,021)**	899,479

30 September 2013	**Increase HHPI by 10%**	**Decrease HHPI by 10%**
	£	£
Impact on net assets: swap liabilities	**(214,576)**	136,870

19. Financial liabilities at amortised cost

Group financial liabilities in respect of Fortress Bonds are valued at amortised cost, less transaction costs incurred in issuing the bonds.

	30 September 2014
	£
Non-current liabilities	**18,226,372**
Current liabilities	**18,743,046**
Financial liabilities at amortised cost	**36,969,418**

	30 September 2014
	£
Nominal value of Fortress Bonds sold	**37,978,972**
Transaction costs	**(1,095,943)**
Interest on an EIR basis	**86,389**
Financial liabilities at amortised cost	**36,969,418**

Nominal value and Amortised cost by Fortress Bond tranche issued during the year:

Maturity Period of Loan Note	Nominal Value	Amortised Cost
	£	£
1 Year 2.25% Bond July 14	1,013,000	978,186
2 Year 2.75% Bond July 14	229,000	187,479
1 Year 2.25% Bond August 14	8,888,963	8,691,329
2 Year 2.75% Bond August 14	8,656,494	8,451,893
1 Year 2.25% Bond September 2014	9,250,526	9,073,531
2 Year 2.75% Bond September 2014	5,930,664	5,753,669
5 Year 4.00% Bond September 2014	4,010,325	3,833,331
	37,978,972	**36,969,418**

19.1 Fair value hierarchy

For financial liabilities that are recognised at amortised cost, the Group also considers the fair value of the item, and as a result, its hierarchy. The fair value of the Fortress Bonds as at 30 September 2014 was £38,026,646 (30 September 2013: £nil). The fair value of the bonds are determined according to the published AERs, adjusted for the time value of money and credit spread risk, using a discounted cash flow model. The hierarchy position is considered to be Level 3, as the lowest level input, being the discount rate, is unobservable.

Financial liabilities measured at amortised cost	Level 1	Level 2	Level 3

Group: financial liabilities at amortised cost	-	-	38,026,646

20. Amounts due to Castle Trust Direct plc under the Borrower Loan Agreement

	30 September 2014
	£
Non-current loan liability	**18,849,048**
Current loan liability	**19,174,991**
Amounts due under Borrower Loan Agreement	**38,024,039**

	30 September 2014
	£
Nominal value of Fortress Bonds sold	**37,978,972**
Interest on an EIR basis	**45,067**
Amounts due under Borrower Loan Agreement	**38,024,039**

Maturity period of Bonds	**Annual Interest (AER)**
1 years	2.25%
2 year	2.75%
3 year	4.00%

21. Risk Management

The Group's activities expose it to various types of financial risk that are associated with financial assets and liabilities, and markets in which it participates. The Group's overall risk management objective is to minimise the potential adverse effects of these financial risks on its performance and maximise the correlation of the company's performance to the HHPI. The Investment Manager monitors and reports to the directors the performance of the Group, at least quarterly.

21.1 Credit risk

Retail credit risk is inherent in the Castle Trust mortgage products. This risk is managed in the loan origination and servicing processes. The Group has modelled the scenarios which might lead to a change in these risks, and these are measured and monitored on a quarterly basis by the Risk Committee. The Group's maximum exposure to credit risk in relation to its mortgage lending as at 30 September 2014 could be considered to be the entire mortgage balance of £40,171,533 (30 September 2013: £19,000).

The Group is also exposed to credit risk in terms of its investments in fixed deposit funds with Lloyds Bank of £4,972,342 (30 September 2013: £4,900,000). It has considered its exposure with respect to HSBC in terms of their current accounts and liquidity funds, where the maximum exposure is £33,466,557 (30 September 2013:£45,105,268). As the liquidity funds comprise a well-diversified set of underlying investments, they are not considered to pose a significant credit risk. The current accounts retain an element of such risk, which was considered when Castle Trust assessed its exposure to credit risk as part of its ICAAP.

21.2 Liquidity risk

Liquidity risk is inherent within the Castle Trust Business Model. However, active management of the duration profile of the assets and liabilities significantly reduces the Group's exposure to liquidity risk. In addition, a liquid capital buffer of twenty percent is maintained to ensure adequate liquidity is available to service redemption obligations. Triggers which define risk tolerance have been determined by the Risk Committee, which has been delegated authority from the main Board. These risk limits can only be changed with Board approval, and are reviewed on a quarterly basis. The analysis set out in Note 22 Maturity Analysis below shows the undiscounted cash equivalent values for all financial assets and liabilities, rather than historic costs, fair values and amortised costs. This provides an overview of the liquidity position of the Group as at 30 September 2014.

21.3 Market risk

Market risk is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate as a result of changes in market variables such as interest rates and given the inherent nature of the underlying investment product, the company is exposed to movements in the HHPI.

21.3.1 Interest rate risk

This is the risk that changes in interest rates will affect future flows or fair values of financial assets and liabilities. It arises where there is an interest rate mismatch between the assets and liabilities. This risk has increased in the year due to increased exposure to Fortress Bonds at interest rates of 2.25%, 2.75% and 4% for the 1, 2 and 5 year bonds respectively. This is mitigated by the minimum returns payable on all mortgages other than the small proportion of Partnership Mortgages provided in conjunction with the purchase of the property which contain contingent downside participation. The Group manages interest rate risk through the interest due on its mortgage portfolio and treasury assets. The sensitivity to interest rates is measured as part of financial risk analysis and assessed as part of its ICAAP. The maximum exposure to interest risk in 2014 could be expressed as the future interest due on the Fortress Bonds and Income Housa of £2,425,254, plus all other interest receivable of £137,188 (30 September 2013: £176,061).

21.3.2 Index risk

This risk arises to the extent that gains or losses on the mortgaged houses do not exactly follow the index. Divergence could come from differences in the portfolio of properties underlying the Castle Trust mortgages compared to the assumed mix underlying the index, e.g. a different regional or property type mix, variations in the index itself or the statistical impact of concentration of the portfolio of Partnership mortgaged houses in a relatively small number of dwellings. The divergence is measured on a monthly basis and reported to the quarterly Board Risk Committee meetings. Management seek to manage the mix of business to manage this risk. The exposure is based on a stress test that evaluates the effect of over or under performance of certain segments of the portfolio. As at 30 September 2014, the maximum potential exposures to index risk in the portfolio are set out in the sensitivity notes 13, 17 and 18.

Note that Index risk is not relevant to the Index profit share mortgages where the profit share of the mortgage is calculated with reference to the HHPI index, not the value of the underlying property.

21.4 Concentration risk

The Group considers concentration risk in terms of material exposure to single counterparties and with respect to the geographical location of the properties on which mortgage charges are made.

Counterparty limits apply to treasury assets to limit exposure to any single counterparty, including the Group's bankers, HSBC, which has a higher limit to cover operational banking requirements. Castle Trust's holding in the HSBC sterling liquidity funds does not represent counterparty risk to HSBC but to a diversified pool of high quality, highly liquid assets. Mortgage assets have a maximum loan exposure which limits concentration risk. The maximum single counterparty exposure is to HSBC which has a limit of £10m.

Geographical concentration risk is assessed and measured as part of the index risk described in 21.3.2, and set out in the sensitivity analysis in Notes 13, 17 and 18.

22. Maturity profile of all financial assets and liabilities

The tables below indicate the maturity profile of the Group and Company's financial assets and liabilities as at 30 September 2014:

Group **As at 30 September 2014**	**Within 1 year**	**More than 1 year less than 3 years**	**More than 3 years less than 5 years**	**More than 5 years less than 10 years**	**More than 10 years**	**Total**
	£	**£**	**£**	**£**		**£**
Financial assets						
Other receivables	-	-	-	278,428	-	**278,428**
Financial assets at fair value through profit and loss	2,650,450	11,687,269	21,455,221	35,152,185	7,292,442	**78,237,567**
Investments	29,600,037	-	-	-	-	**29,600,037**
Trade and other receivables	2,666,987	-	-	-	-	**2,666,987**
Cash and cash equivalents	8,838,862	-	-	-	-	**8,838,862**
	43,756,336	**11,687,269**	**21,455,221**	**35,430,613**	**7,292,442**	**119,621,881**
Financial Liabilities						
Financial liabilities through profit and loss - Growth Housas	-	666,666	5,060,805	1,142,813	-	**6,870,284**
Financial liabilities through profit and loss - Income Housas	43,355	607,601	1,224,270	243,420	-	**2,118,646**
Financial liabilities at amortised cost	19,624,250	15,684,680	4,897,033	-		**40,205,963**
Trade and other payables	2,442,840					**2,442,840**
	22,110,445	**16,958,947**	**11,182,108**	**1,386,233**	**-**	**51,637,733**

Group As at 30 September 2013	Within 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years	Total
	£	£	£	£	£
Financial assets					
Other receivables	-	-	127,669	-	**127,669**
Mortgage Asset	-	-	-	19,000	**19,000**
Investments	42,438,978	-	-	-	**42,438,978**
Trade and other receivables	162,812	-	-	-	**162,812**
	42,601,790	**-**	**127,669**	**19,000**	**42,748,459**
Financial liabilities					
Financial liabilities through profit and loss – Growth Housa	-	331,351	630,110	362,154	**1,323,615**
Financial liabilities through profit and loss – Income Housa	96,637	59,769	344,524	58,300	**559,230**
Current tax liabilities	-	2,854	-	-	**2,854**
Trade and other payables	697,509	-	-	-	**697,509**
Employee benefits	141,352	-	-	-	**141,352**
	935,498	**393,974**	**974,634**	**420,454**	**2,724,560**

Company As at 30 September 2014	Within 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 10 years	More than 10 years	Total
	£	£	£	£		£
Financial assets						
Other receivables	-	-	-	227,669	-	**227,669**
Financial assets at fair value through profit and loss	2,650,450	11,687,269	21,455,221	35,152,185	7,292,442	**78,237,567**
Investments	29,600,037	-	-	-	-	**29,600,037**
Trades and other receivables	3,075,518	-	-	-	-	**3,075,518**
Cash and cash equivalents	7,101,836	-	-	-	-	**7,101,836**
	42,427,841	**11,687,269**	**21,455,221**	**35,379,854**	**7,292,442**	**118,242,627**
Financial Liabilities						
Amounts due to the PC under the Growth Housa Swap	-	666,666	5,060,805	1,142,813	-	**6,870,284**
Amounts due to CTIH under the Income Housa Swap	43,355	607,601	1,224,270	243,420	-	**2,118,646**
Borrower Loan Financial liabilities at amortised cost	19,624,250	15,684,680	4,897,033	-	-	**40,205,963**
Trade and other payables	2,326,172	-	-	-	-	**2,326,172**
	21,993,777	**16,958,947**	**11,182,108**	**1,386,233**	**-**	**51,521,065**

Company **As at 30 September 2013**	**Within 1 year**	**More than 1 year less than 3 years**	**More than 3 years less than 5 years**	**More than 5 years**	**Total**
Financial assets	**£**	**£**	**£**	**£**	**£**
Other receivables	-	-	258,765	-	**258,765**
Financial assets at fair value through profit and loss	-	521,004	-	-	**521,004**
Mortgage assets	-	-	-	19,000	**19,000**
Investments	42,438,978	-	-	-	**42,438,978**
Trade and other receivables	220,652	-	-	-	**220,652**
	42,659,630	**521,004**	**258,765**	**19,000**	**43,458,399**
Financial liabilities					
Amounts due to the PC under the Growth Housa Swap	-	331,351	630,110	362,154	**1,323,615**
Amounts due to CTIH under the Income Housa Swap	76,613	550,008	327,210	51,264	**1,005,096**
Current tax liabilities	-	2,854	-	-	**2,854**
Trade and other payables	649,835	-	-	-	**649,835**
Employee benefits	131,654	-	-	-	**131,654**
	858,102	**884,213**	**957,320**	**413,418**	**3,113,054**

Investments, Trade and other receivables, Cash and cash equivalents, Trade and other payables and for 2013, Employee benefits, are all carried at Historic cost for Maturity analysis purposes. As they are all short term items that will crystallise within one month or less, this is a close if not exact cash equivalent value.

Financial liabilities at fair value and Swap liabilities due to related parties are all valued at 'Indicative price' for Maturity analysis purposes, which is an undiscounted cash equivalent price that represents a close equivalent of the actual cash value today.

Financial liabilities at Amortised Cost and Amounts due under the Borrower Loan Agreement maturities are actual cash flows and have the same maturity profile.

Financial assets at fair value (mortgages) are discounted for up to 30 years, therefore the undiscounted cash values as at 30 September 2014 are significantly higher than the fair value. The timing of the cash flows also reflects Castle Trust's expectations in terms of early repayments based on expected customer behaviour, alongside contractual maturity dates.

23. Trade and other payables

Group	**30 September 2014**	30 September 2013
	£	**£**
Trade creditors	**942,510**	86,141
Accruals and deferred income	**848,564**	611,368
Employee benefits	**77,267**	141,352
Other payables	**574,499**	-
	2,442,840	838,861

Company	**30 September 2014**	30 September 2013
	£	£
Trade creditors	**588,667**	314,218
Accruals and deferred income	**229,942**	335,617
Employee benefits	**77,267**	131,654
Other payables	**574,499**	-
Amounts due to related parties	**855,797**	-
	2,326,172	781,489

Trade and other payables consist of expenses paid in relation to the on-going costs of the business. They are recorded at cost, which approximates to fair value due to the short payment terms on which Castle Trust operates, with the majority of trade liabilities being extinguished within 30 days of the recognition of the liability. In the fair value hierarchy, Group trade and other payables would be classified as Level 1, since they are all directly invoiced amounts from external suppliers at market values.

Other payables consist of amounts due to investors who have cancelled their Fortress Bond investments within the cooling off period post 30 September 2014 of £458,000, plus a mortgage retention fee of £111,500.

24. Commitments

The Group has annual commitments under non-cancellable contracts related to:	**30 September 2014**	30 September 2013
	£	**£**
Administration costs	**1,062,000**	**-**
Other personnel costs	**48,961**	**-**
Rental charges paid under operating lease	**700,000**	**360,000**
	1,810,961	**360,000**

The Company has annual commitments under non-cancellable contracts related to:	**30 September 2014**	30 September 2013
	£	£
Administration costs	**792,000**	**-**
Other personnel costs	**48,961**	-
Rental charges paid under operating lease	**-**	360,000
	840,961	360,000

25. Ultimate controlling party

Castle Trust's immediate parent undertaking is Castle Trust Holdings (Jersey) Limited which is incorporated in Jersey. Castle Trust's ultimate parent company is CTC Holdings (Cayman) Limited which is incorporated in the Cayman Islands. The ultimate controlling party of the Group is considered to be Mr James Christopher Flowers.

26. Related party transactions

Castle Trust Capital plc has three contractual arrangements with (a) Castle Trust Income Housa plc, (b) Castle Trust PCC and (c) Castle Trust Direct plc. These are (a) in relation to the Swaps; (b) in relation to the Loan Notes, which confirms that if an investor redeems before maturity any gain/loss will be recognised by the Company and not CTIH; and (c) in relation to interest income whereby CTD will pay the Company interest equivalent to the amount of interest paid to the holders of the Loan Notes. Under the terms of this arrangement, the Company has recognised interest expense of £31,748 (2013: £7,366) of which £3,071 is outstanding at the year-end (2013: £234).

The Company purchased 1,000,000 3 year January 2013 Loan Notes and Preference Shares to ensure the requirement for a minimum investment of £500,000 in the companies was met. The Company redeemed its £500,000 loan notes during the year to 30 September 2014, and its £500,000 preference shares during the year to 30 September 2013 when minimum subscription levels in the PC were met.

26.1 Transactions with non-group entities that are related parties

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances with other related parties, are as follows:

Balances with and transactions with Castle Trust Holdings (Jersey) Limited

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**100,000**	50,001
Balances	**150,001**	50,000

Loans totalling £100,000 were made to Castle Trust Holdings (Jersey) Limited during the year in order to fund the parent company's expenses in the medium term. Repayment is not expected until dividends become due and payable.

Balances with and transactions with Castle Trust Capital Management (Jersey) Limited

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**-**	-
Balances	**31,019**	31,019

Castle Trust Capital Management (Jersey) Limited is the immediate parent company of Castle Trust Holdings (Jersey) Limited. The balance relates to the initial set up costs of the parent company. Repayment is not expected until dividends become due and payable.

26.2 Company Transactions

During the year the Company entered into transactions, in the ordinary course of the business, with other related parties. Transactions entered into, and trading balances with other related parties, are as follows:

Balances and transactions with Castle Trust Capital Management Limited:

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**281,942**	858,689
Balances	**630,229**	183,773

Transactions and balances in 2014 and 2013 relate to cost reallocation according to the internal VAT policy.

Balances and transactions with Castle Trust Income Housa plc:

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**1,023,063**	132,888
Balances	**266,589**	132,888
Balance under the Swap agreement	**1,887,764**	998,402

The nature of transactions entered into during the year with CTIH concerned monies loaned to cover CTIH's running costs, and balances due under the Swap agreement. All transactions are repayable according to the terms of the agreements in place.

Balances and transactions with Castle Trust Direct plc:

	30 September 2014
	£
Transactions in the year	**35,598,110**
Balance in respect of interest payable under the borrower loan agreement	**45,067**
Balance in respect of arrangement fee	**29,004**
Balance in respect of share capital	**500,000**
Balance in respect of borrower loan agreement	**38,024,039**

CTD is considered a related party by virtue of the contractual arrangements with the Company, the first being in relation to the Borrower Loan Agreement, and the second in relation to an arrangement fee that CTD receives from the Company.

The arrangement fee is 0.6% per annum of fixed rate bonds issued in a month, calculated on a monthly basis. During the period CTD received an arrangement fee of £29,004.

All transactions are carried out on an arms-length basis and are repayable according to the terms of the agreements in place. In addition, the Company maintains a balance in relation to the £500,000 Share Capital invested in CTD.

Balances and transactions with Castle Trust Growth Housa PC ('the PC')

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**5,410,981**	1,323,612
Balance in relation to the Housa Swap	**6,734,593**	1,323,612

The nature of transactions entered into during the year with the PC concerns solely the balance payable under the Swap agreement.

Balances and transactions with the wife of the Chief Executive Officer:

	30 September 2014	30 September 2013
	£	**£**
Transactions in the year	**72,000**	72,000
Balances	**-**	-

The CEO's spouse is contracted to provide services to the Group in her capacity as Managing Director of the Group. Her work covers a number of general operational areas, but has focused in 2014 on product development.

27. Capital management

The primary objective of Castle Trust's capital management policy is to ensure that Castle Trust complies with externally imposed capital requirements and healthy capital ratios in order to support its business.

Castle Trust manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order, to maintain or adjust the capital structure, Castle Trust may adjust the ratio of investment to mortgage business, and can manage the duration and investment strategy for funds on deposit. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium and retained earnings including current year losses.

Castle Trust Capital plc and Castle Trust Capital Management Limited were granted Financial Services Authority ('FSA') permission to carry out regulated investment activities on 5 September 2012. On 1 April 2013, the FCA ('Financial Conduct Authority') and the PRA ('Prudential Regulation Authority') replaced the FSA as Financial Service regulators. Castle Trust Capital plc and Castle Trust Capital Management Limited have been under FCA regulation from that date.

Regulated capital requirements are monitored as part of the overall management of capital, with Key Risk Indicators assigned and monitored for key capital ratios.

As at 30 September 2014, the Group's capital totalled £33,768,441 (2013: £42,984,362).

28. Events after the reporting date

Partnership Mortgages were discontinued from November 2014 in order to allow the Group to concentrate on its Buy to let and Index Profit Share products.

PART X

ADDITIONAL INFORMATION ON THE COMPANY AND THE CELL

This Part X is arranged under the following subheadings:

1 Incorporation and general
2 Share capital of the Company
3 Share capital of the Cell
4 Directors
5 Taxation
6 Memorandum and articles of association
7 Directors' interests
8 Directors' service agreements
9 Subsidiary undertakings
10 Pensions
11 Material contracts
12 Litigation
13 Significant change
14 Nature of financial information
15 Third Party Information
16 General

The Company, the Directors of the Company and the Directors of the Cell, whose names appear on page 29 of this Registration Document, accept responsibility for the information contained in this Registration Document and declare that, to the best of the knowledge and belief of the Company, the Directors of the Company and the Directors of the Cell (who have taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and contains no omission likely to affect its import.

1 **Incorporation and general**

1.1 The Company was incorporated in Jersey as a protected cell company under the Law on 27 July 2011 under the name of Castle Trust PCC with registered number 108697. The liability of the members is limited. The Cell is a closed-ended protected cell of the Company formed pursuant to a special resolution of the Company dated 4 September 2012.

1.2 The Company and the Cell each have their registered office and principal place of business at Elizabeth House, 9 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands (telephone number: +44 (0) 1534 700000). The statutory records of the Company and the Cell are kept at this address.

2 **Share capital of the Company**

2.1 The Company is authorised to issue an unlimited number of no par value shares.

2.2 The stated share capital of the Company on incorporation was £2.00 divided into 2 Ordinary Shares, each issued for £1.00 and which are fully paid. No further Ordinary Shares have been issued as at the date of this document, and the 2 Ordinary Shares in issue are held by the Trustee of the Housing Foundation Charitable Trust.

3 **Share capital of the Cell**

3.1 The Cell is authorised to issue two Founder Shares and an unlimited number of Shares.

3.2 The Cell's issued and fully paid share capital as at 30 November 2014 (being the latest practicable day prior to publication of this document) was as follows:

Issued and fully paid

Number	Class	Issue Price	Maturity Date
2	Founder Shares	£1.00	N/A
5,000	5 Year October 2012 Growth Shares	£1.00	7 November 2017
13,025	10 Year October 2012 Growth Shares	£1.00	7 November 2022
20,075	10 Year November 2012 Growth Shares	£1.00	7 December 2022
15,000	10 Year December 2012 Growth Shares	£1.00	9 January 2023
20,000	10 Year January 2013 Growth Shares	£1.00	7 February 2023
105,220	5 Year February 2013 Growth Shares	£1.00	7 March 2018
82,250	10 Year February 2013 Growth Shares	£1.00	7 March 2023
85,900	5 Year March 2013 Growth Shares	£1.00	9 April 2018
6,610	10 Year March 2013 Growth Shares	£1.00	11 April 2023
104,925	5 Year April 2013 Growth Shares	£1.00	8 May 2018
81,416	10 Year April 2013 Growth Shares	£1.00	8 May 2023
4,000	3 Year May 2013 Growth Shares	£1.00	7 June 2016
81,159	5 Year May 2013 Growth Shares	£1.00	7 June 2018
44,310	10 Year May 2013 Growth Shares	£1.00	7 June 2023
74,768	5 Year June 2013 Growth Shares	£1.00	6 July 2018
60,810	10 Year June 2013 Growth Shares	£1.00	7 July 2023
30,893	3 Year July 2013 Growth Shares	£1.00	5 August 2016
81,120	5 Year July 2013 Growth Shares	£1.00	7 August 2018
3,500	10 Year July 2013 Growth Shares	£1.00	7 August 2023
119,520	3 Year August 2013 Growth Shares	£1.00	7 September 2016
74,520	5 Year August 2013 Growth Shares	£1.00	7 September 2018
77,777	3 Year September 2013 Growth Shares	£1.00	7 October 2016
53,537	5 Year September 2013 Growth Shares	£1.00	5 October 2018
17,472	10 Year September 2013 Growth Shares	£1.00	6 October 2023
77,500	3 Year October 2013 Growth Shares	£1.00	7 November 2016
196,920	5 Year October 2013 Growth Shares	£1.00	7 November 2018
20,664	10 Year October 2013 Growth Shares	£1.00	7 November 2023

49,000	3 Year November 2013 Growth Shares	£1.00	6 December 2016
81,520	5 Year November 2013 Growth Shares	£1.00	6 December 2018
10,000	10 Year November 2013 Growth Shares	£1.00	6 December 2023
52,500	3 Year December 2013 Growth Shares	£1.00	9 January 2017
46,500	5 Year December 2013 Growth Shares	£1.00	8 January 2019
35,000	10 Year December 2013 Growth Shares	£1.00	8 January 2023
191,540	3 Year January 2014 Growth Shares	£1.00	7 February 2017
225,400	5 Year January 2014 Growth Shares	£1.00	7 February 2019
58,000	10 Year January 2014 Growth Shares	£1.00	7 February 2024
188,040	Protected 5 Year February 2014 Shares	£1.00	7 March 2019
271,840	Growth 5 Year February 2014 Shares	£1.00	7 March 2019
13,000	Growth 10 Year February 2014 Shares	£1.00	7 March 2024
346,198	Protected 5 Year March 2014 Shares	£1.00	5 April 2019
455,248	Growth 5 Year March 2014 Shares	£1.00	5 April 2019
145,560	Growth 10 Year March 2014 Shares	£1.00	5 April 2024
666,149	Protected 5 Year April 2014 Shares	£1.00	8 May 2019
363,143	Growth 5 Year April 2014 Shares	£1.00	8 May 2019
137,340	Growth 10 Year April 2014 Shares	£1.00	8 May 2024
257,463	Protected 5 Year May 2014 Shares	£1.00	7 June 2019
233,958	Growth 5 Year May 2014 Shares	£1.00	7 June 2019
106,807	Growth 10 Year May 2014 Shares	£1.00	7 June 2024
382,947	Protected 5 Year June 2014 Shares	£1.00	5 July 2019
171,100	Growth 5 Year June 2014 Shares	£1.00	5 July 2019
96,800	Growth 10 Year June 2014 Shares	£1.00	5 July 2024
133,782	Protected 5 Year July 2014 Shares	£1.00	8 August 2019
13,932	Growth 5 Year July 2014 Shares	£1.00	8 August 2019
23,835	Growth 10 Year July 2014 Shares	£1.00	8 August 2024

Castle Trust invested £500,000 in 3 Year January 2013 Growth Shares in order to satisfy the regulatory requirements of the CISEA. The relevant threshold was later exceeded by third party subscriptions, and so the 500,000 3 Year January 2013 Growth Shares purchased by Castle Trust were redeemed by Castle Trust in June 2013.

3.3 All of the Shares in issue in the capital of the Cell as at 30 September 2014 are (and will remain) listed on the Official List of the CISEA. It is proposed that all of the Shares issued by the

Cell hereafter will be listed on the Official List and traded on the MSE. The MSE is a regulated market under the Market for Financial Investments Directive 2004/39/EC (and amendments thereto), requiring higher standards of disclosure for the benefit of investors.

3.4 The 2 Founder Shares in issue in the capital of the Cell were each issued for £1.00 on the establishment of the Cell, are fully paid and are held by the Trustee of The Housing Foundation Charitable Trust (for more information please refer to Part XI of this document). The Founder Shares were created to comply with the Law, under which there must be a class of non-redeemable shares in order that the Shares may be redeemable preference shares in accordance with the Law.

3.5 Pursuant to a Special Resolution in writing passed by the Trustee on 20 September 2012, it was resolved to:

3.5.1 amend and restate the memorandum and articles of association of the Cell in substitution for and to the exclusion of the memorandum and articles of association adopted on incorporation of the Cell; and

3.5.2 convert and redesignate each of the two ordinary shares of no par value in issue in the capital of the Cell and registered in the name of the Trustee as a Founder Share of no par value having the rights and being subject to the restrictions set out in the Articles in relation to such shares.

3.6 Pursuant to a Special Resolution in writing passed by the Trustee on 29 November 2012, it was resolved to amend article 40.2 of the Articles of the Cell to enable more than one set of accounts to be produced in any one calendar year, and to provide the directors with the power to specify the start and/or end dates of each financial period. These amendments were made to enable the Cell's financial year end date to be changed to 31 October in each year, in keeping with the Company and the CTIH.

3.7 Pursuant to a Special Resolution in writing passed by the Trustee on 13 February 2013, minor amendments were made to refine and clarify the drafting of:

3.7.1 article 1.1.50 of the Articles of the Cell (which sets out the definition of "Investment Product" for the purposes of the Articles of the Cell), to track more accurately the relevant terms of the Investment Product; and

3.7.2 article 2.11.4(a) of the Articles of the Cell (which concerns the redemption of Shares which are sold back by investors to Castle Trust during the cooling off period), to ensure that consistent terminology is used throughout each of article 2.11.4(a) to 2.11.4(d) (which pertain to the redemption of Shares).

3.8 An application has been made for up to 15 million Shares in each of the following Share Classes to be admitted to the Official List and to be traded on the MSE:

UK Growth 2 Year January 2015 Shares
Greater London Growth 2 Year January 2015 shares
UK Growth 5 Year January 2015 Shares
Greater London Growth 5 Year January 2015 Shares

UK Foundation 5 Year January 2015 Shares
Greater London Foundation 5 Year January 2015 Shares
UK Foundation 10 Year January 2015 Shares
Greater London Foundation 10 Year January 2015 Shares

3.9 It is anticipated that subsequent applications will be made for Shares the following Share Classes to be admitted to the Official List and to be traded on the MSE:

UK Growth 2 Year February 2015 Shares
Greater London Growth 2 Year February 2015 Shares
UK Growth 3 Year February 2015 Shares

Greater London Growth 3 Year February 2015 Shares
UK Growth 5 Year February 2015 Shares
Greater London Growth 5 Year February 2015 Shares

UK Foundation 5 Year February 2015 Shares
Greater London Foundation 5 Year February 2015 Shares
UK Foundation 7 Year February 2015 Shares
Greater London Foundation 7 Year February 2015 Shares
UK Foundation 10 Year February 2015 Shares
Greater London Foundation 10 Year February 2015 Shares

UK Growth 2 Year March 2015 Shares
Greater London Growth 2 Year March 2015 Shares
UK Growth 3 Year March 2015 Shares
Greater London Growth 3 Year March 2015 Shares
UK Growth 5 Year March 2015 Shares
Greater London Growth 5 Year March 2015 Shares

UK Foundation 5 Year March 2015 Shares
Greater London Foundation 5 Year March 2015 Shares
UK Foundation 7 Year March 2015 Shares
Greater London Foundation 7 Year March 2015 Shares
UK Foundation 10 Year March 2015 Shares
Greater London Foundation 10 Year March 2015 Shares

UK Growth 2 Year April 2015 Shares
Greater London Growth 2 Year April 2015 Shares
UK Growth 3 Year April 2015 Shares
Greater London Growth 3 Year April 2015 Shares
UK Growth 5 Year April 2015 Shares
Greater London Growth 5 Year April 2015 Shares

UK Foundation 5 Year April 2015 Shares
Greater London Foundation 5 Year April 2015 Shares
UK Foundation 7 Year April 2015 Shares
Greater London Foundation 7 Year April 2015 Shares
UK Foundation 10 Year April 2015 Shares
Greater London Foundation 10 Year April 2015 Shares

UK Growth 2 Year May 2015 Shares
Greater London Growth 2 Year May 2015 Shares
UK Growth 3 Year May 2015 Shares
Greater London Growth 3 Year May 2015 Shares
UK Growth 5 Year May 2015 Shares
Greater London Growth 5 Year May 2015 Shares

UK Foundation 5 Year May 2015 Shares
Greater London Foundation 5 Year May 2015 Shares
UK Foundation 7 Year May 2015 Shares
Greater London Foundation 7 Year May 2015 Shares
UK Foundation 10 Year May 2015 Shares
Greater London Foundation 10 Year May 2015 Shares

UK Growth 2 Year June 2015 Shares
Greater London Growth 2 Year June 2015 Shares
UK Growth 3 Year June 2015 Shares
Greater London Growth 3 Year June 2015 Shares
UK Growth 5 Year June 2015 Shares
Greater London Growth 5 Year June 2015 Shares

UK Foundation 5 Year June 2015 Shares
Greater London Foundation 5 Year June 2015 Shares
UK Foundation 7 Year June 2015 Shares
Greater London Foundation 7 Year June 2015 Shares
UK Foundation 10 Year June 2015 Shares
Greater London Foundation 10 Year June 2015 Shares

UK Growth 2 Year July 2015 Shares
Greater London Growth 2 Year July 2015 Shares
UK Growth 3 Year July 2015 Shares
Greater London Growth 3 Year July 2015 Shares
UK Growth 5 Year July 2015 Shares
Greater London Growth 5 Year July 2015 Shares

UK Foundation 5 Year July 2015 Shares
Greater London Foundation 5 Year July 2015 Shares
UK Foundation 7 Year July 2015 Shares
Greater London Foundation 7 Year July 2015 Shares
UK Foundation 10 Year July 2015 Shares
Greater London Foundation 10 Year July 2015 Shares

UK Growth 2 Year August 2015 Shares
Greater London Growth 2 Year August 2015 Shares
UK Growth 3 Year August 2015 Shares
Greater London Growth 3 Year August 2015 Shares
UK Growth 5 Year August 2015 Shares
Greater London Growth 5 Year August 2015 Shares

UK Foundation 5 Year August 2015 Shares
Greater London Foundation 5 Year August 2015 Shares
UK Foundation 7 Year August 2015 Shares
Greater London Foundation 7 Year August 2015 Shares
UK Foundation 10 Year August 2015 Shares
Greater London Foundation 10 Year August 2015 Shares

UK Growth 2 Year September 2015 Shares
Greater London Growth 2 Year September 2015 Shares
UK Growth 3 Year September 2015 Shares
Greater London Growth 3 Year September 2015 Shares
UK Growth 5 Year September 2015 Shares
Greater London Growth 5 Year September 2015 Shares

UK Foundation 5 Year September 2015 Shares
Greater London Foundation 5 Year September 2015 Shares
UK Foundation 7 Year September 2015 Shares
Greater London Foundation 7 Year September 2015 Shares
UK Foundation 10 Year September 2015 Shares
Greater London Foundation 10 Year September 2015 Shares

UK Growth 2 Year October 2015 Shares
Greater London Growth 2 Year October 2015 Shares
UK Growth 3 Year October 2015 Shares
Greater London Growth 3 Year October 2015 Shares
UK Growth 5 Year October 2015 Shares
Greater London Growth 5 Year October 2015 Shares

UK Foundation 5 Year October 2015 Shares
Greater London Foundation 5 Year October 2015 Shares
UK Foundation 7 Year October 2015 Shares
Greater London Foundation 7 Year October 2015 Shares

UK Foundation 10 Year October 2015 Shares
Greater London Foundation 10 Year October 2015 Shares

UK Growth 2 Year November 2015 Shares
Greater London Growth 2 Year November 2015 Shares
UK Growth 3 Year November 2015 shares
Greater London Growth 3 Year November 2015 Shares
UK Growth 5 Year November 2015 Shares
Greater London Growth 5 Year November 2015 Shares

UK Foundation 5 Year November 2015 Shares
Greater London Foundation 5 Year November 2015 Shares
UK Foundation 7 Year November 2015 Shares
Greater London Foundation 7 Year November 2015 Shares
UK Foundation 10 Year November 2015 Shares
Greater London Foundation 10 Year November 2015 Shares

UK Growth 2 Year December 2015 Shares
Greater London Growth 2 Year December 2015 Shares
UK Growth 3 Year December 2015 Shares
Greater London Growth 3 Year December 2015 Shares
UK Growth 5 Year December 2015 Shares
Greater London Growth 5 Year December 2015 Shares

UK Foundation 5 Year December 2015 Shares
Greater London Foundation 5 Year December 2015 Shares
UK Foundation 7 Year December 2015 Shares
Greater London Foundation 7 Year December 2015 Shares
UK Foundation 10 Year December 2015 Shares
Greater London Foundation 10 Year December 2015 Shares

3.10 Save as set out in paragraphs 3.2 and 3.5 of this Part X, no share or loan capital of the Cell has within the two years immediately preceding the date of this document been issued, or is now proposed to be issued, fully or partly paid, for cash or otherwise. No commissions, discounts, brokerage or other special terms have, within the same two year period, been granted by the Cell or the Company in connection with the issue or sale of any part of the share or loan capital thereof. No share or loan capital of the Cell or the Company is under option or agreed conditionally or unconditionally to be put under option.

3.11 Immediately following Admission, the Trustee of the Housing Foundation Charitable Trust will control the exercise of 100 per cent of the rights to attend and vote at general meetings of each of the Company and the Cell.

3.12 As the sole holder of the Ordinary Shares and the Founder Shares, the Trustee of The Housing Foundation Charitable Trust directly exercises control over the Company and the Cell. Only holders of Ordinary Shares and Founder Shares are entitled to attend and vote at general meetings of the Company and the Cell respectively, and save as disclosed in this paragraph 3, as at the date of this Registration Document, neither the Company nor the Cell is aware of any person who directly or indirectly has an interest in the Company's or the Cell's capital or voting rights which is notifiable under Jersey law. Shareholders, by virtue of their holding Shares which are preference shares, do not have any voting rights at general meetings of the Cell.

4 Directors

The Board and the Cell Board each currently comprise four Directors. The Directors are as follows:

Name	Position	Date appointed to the Board and the Cell Board
Mark Creasey	Director	28 May 2012 and 5 September 2012

Angus Taylor	Director	19 September 2014
Anthony Underwood-Whitney	Director	27 July 2011 and 5 September 2012
Saffron Harrop	Director	11 July 2014

The business address of the Directors is currently Elizabeth House, 9 Castle Street, St Helier Jersey JE2 3RT

The management expertise and experience of each of the Directors is set out below.

Mark Creasey, Director

FCCA (Fellow Member of the Association of Chartered Certified Accountants), MCSI (Member of the Chartered Institute for Securities & Investment)

Mark oversees the open ended Collective Investment Funds managed by JTC and has considerable experience in both open ended and closed ended collective investment schemes ranging from 'Very Private' to 'Expert', up to quasi-retail fund structures. He is a Director of a number of Collective Investment Funds and has experience in both conventional and Sharia compliant structures investing in a wide range of assets.

Angus Taylor, Director

FCSI (Fellow of the Chartered Institute for Securities and Investment)

Angus joined JTC Group in 2013 having worked in financial services industry since 1983. He has extensive experience of managing financial services businesses across multi-jurisdictions. He spent 28 years with Kleinwort Benson both on and offshore and held senior appointments across the institutional, corporate and private client businesses, including Deputy Group CEO. As Group Head of Fund Services, he leads the fund administration activities across JTC's Guernsey, Jersey, UK and Luxembourg fund services practice. In addition to his responsibilities for JTC Group's fund administration offering, Angus supervises the provision of services to several key alternative asset, private equity and real estate fund clients and holds a number of directorships in the funds sector.

Saffron Harrop, Director

FCIS (Fellow of Institute of Chartered Secretaries and Administrators)

Saffron joined JTC Group in 2000 and has worked in both the private client and corporate teams, gaining extensive knowledge across both disciplines. From 2011 to 2012, she was Head of the Private Client Services business division. She took up her current position as Managing Director (Jersey) at the start of 2013 and has overall responsibility for all JTC Group's business divisions and operations in Jersey.

Saffron was featured as a 'Leading Trustee' and 'Prominent Figure' in Jersey in the Citywealth Leaders List 2012, 2013 and 2014.

Anthony Underwood-Whitney, Director

FCIS (Fellow of Institute of Chartered Secretaries and Administrators)

Tony is responsible for the ongoing management of the corporate services business area and client administration teams at JTC. Prior to this, he had been intrinsically involved in the development of the fund and employee services division and continues to oversee the initial structuring of fund and employee benefit arrangements.

Compensation

In respect of the Directors, CTCM pays on behalf of the Company and the Cell to JTC an annual fee of £2,000 for the provision of a board of Jersey resident directors.

The Directors shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Directors or committees of the Directors or general meetings and all expenses properly and reasonably incurred by them in the conduct of the Company's or the Cell's business or in the discharge of their duties as Directors. Such amounts are paid by CTCM on behalf of the Company and the Cell (as applicable).

In respect of the Directors, no amounts are set aside or acquired by the Company or the Cell to provide pension, retirement or similar benefits. No Director has a service contract with the Company or the Cell, nor are any such contracts proposed.

The Directors were each appointed as directors of the Company on 27 July 2011 save for Mark Creasey who was appointed on 28 May 2012, Saffron Harrop on 11 July 2014 and Angus Taylor on 19 September 2014 and their appointment is subject to the Articles of Association. The Directors were appointed as directors of the Cell on 5 September 2012 save for Saffron Harrop who was appointed on 11 July 2014 and Angus Taylor who was appointed on 19 September 2014 and their appointment is subject to the Cell Articles. In each case, the Directors' appointments can be terminated without notice and without compensation. Copies of the Directors' letters of appointment are available for inspection at the address specified in Part XVII of this document.

The current Directors have the benefit of "outside directors' liability" insurance cover, by way of an express extension to JTC Group's Directors and Officers policy, which extends to JTC Group staff acting as directors in their own name as part of the professional services offered by JTC Group to its clients. As at the date of this Registration Document and save as disclosed in this Registration Document or the Relevant Securities Note, none of the Directors nor any connected person has any interest, beneficial or non-beneficial, in the share capital of the Company or the Cell or any options in respect of such capital.

General

The Company and the Cell will, following Admission, comply with their continuing obligations under the Listing Rules and comply with their general duties under the Law. There is otherwise no applicable regime of corporate governance to which the Directors must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Jersey law, save for, in relation to the Housas issued prior to the date of this document only, the listing rules of the CISEA including the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix VI thereof.

The Board and the Cell Board

No individual or group of individuals dominates the Board's decision making process or the Cell Board's decision making process. None of the Directors has any potential conflict of interest between their duties to the Company and the Cell and their private interests and/or duties owed to third parties save that JTC is the company secretary of both the Directors and the Company. Certain of the Directors are also directors of JTC.

The Board and the Cell Board has a procedure through which its Directors are able to take independent advice in the furtherance of their responsibilities.

The Board and the Cell Board intend to meet regularly throughout the year (normally monthly) and ensure that all necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. In addition, special meetings of the Directors can take place or other arrangements can be made when decisions are required in advance of regular meetings of the Board or the Cell Board. The Cell Board is responsible for leading and controlling the Cell and, in particular, for formulating, reviewing and approving the Cell's corporate strategies.

Employees

Neither the Company nor the Cell has any employees

5 Taxation

This summary is intended only as a general guide to certain aspects of UK and Jersey tax law and HM Revenue & Customs published practice applicable at the date of this document. Jersey tax law, UK tax law and HM Revenue & Customs practice are subject to change at any time, potentially with retroactive effect. Except where non-UK resident Shareholders are expressly referred to, this section only addresses the position of prospective Shareholders who are individuals resident solely in the United Kingdom who are absolute beneficial owners of their Shares and hold their Shares as an investment. It does not deal with certain types of prospective Shareholders such as companies or other persons subject to corporation tax, insurance companies, dealers in securities, clearing houses, trusts, collective investment schemes, persons who have (or are deemed to have) acquired their Shares by reason of employment or persons connected with the Company. The summary does not purport to be a complete analysis of all the potential tax consequences of acquiring, holding and disposing of the Shares. Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult an appropriate independent adviser.

United Kingdom taxation

Taxation of the Company

United Kingdom Corporation Tax and Income Tax

It is intended that the Company will be managed so that it is neither:

(i) resident in the United Kingdom for tax purposes; nor

(ii) carrying out a trade in the UK.

The Company should therefore only be liable to UK corporation tax or income tax on UK source income to the extent deducted at source, or in respect of certain types of specific income (neither of which are expected to arise on the basis of the analysis of the Company's activities set out elsewhere in this document). The Company should also fall outside the scope of corporation tax or UK capital gains tax in respect of capital gains wherever they arise.

Taxation of dividends

Shareholders

It is not intended that any dividends be paid on the Shares by the Company. However, subject to the below, Shareholders who own less than 10 per cent of the issued share capital of the Company or of any class of share and who receive dividends paid by the Company will be entitled to a non-payable tax credit. The amount of the tax credit is currently one ninth of the cash dividend or 10 per cent of the aggregate of the cash dividend and the associated tax credit.

If a Shareholder owns more than 10 per cent of the issued share capital of the Company, or more than 10 per cent of any class of share in the capital of the Company, the tax credit would normally only be available (subject to anti-avoidance measures in the relevant legislation) if the Company was resident in a territory which had a double taxation treaty with the United Kingdom containing a non-discrimination article and was therefore a "qualifying territory". Jersey is not a qualifying territory and so an individual Shareholder whose shareholding in the Company equals 10 per cent or more of the issued share capital of the Company, or of a class of shares in the Company, would not be entitled to the tax credit.

Shareholders whose income tax liability is less than the tax credit are not entitled to claim a repayment of all or part of the tax credit associated with dividends paid by the Company.

*Shareholders who acquire their investment in Shares through a New Individual Savings Account ("**NISA**")*

The Shares are expected to be eligible investments for the stocks and shares element of a NISA.

UK tax resident Shareholders who acquire their investment in Shares through a NISA and who satisfy the tax exemption conditions set out in the ISA Regulations will not be subject to either UK income tax or UK capital gains tax on income and gains realised from Shares. Any losses on Shares held in a NISA will be disregarded for the purposes of UK capital gains tax.

Chargeable gains

Depending on the Shareholder's circumstances, and subject to any available exemptions or reliefs, a disposal of Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK tax on chargeable gains if made by:

(i) a Shareholder who is resident for tax purposes in the UK; or

(ii) a Shareholder who carries on a trade, profession or vocation in the UK through a branch or agency and who has used, held or acquired the Shares for the purposes of such trade, profession or vocation or such branch or agency.

Special rules apply to individuals who are temporarily not resident in the UK. If these rules may apply to you, you should consult your own tax adviser.

Offshore funds

Under the offshore funds rules in the Offshore Funds (Tax) Regulations 2009 and Part 8 of the Taxation (International and Other Provisions) Act 2010, capital gains made on the disposal of interests in entities which qualify as "offshore funds" are liable to income tax rather than capital gains tax, save where the offshore fund has been certified as a reporting fund by HMRC at all material times.

It is expected that each class of Shares of the Company will be analysed separately for the purposes of the offshore fund rules, and that each class of Shares will not be treated as an offshore fund. A disposal of Shares should not, therefore, give rise to an income tax liability under the offshore funds regime.

Transfer of assets abroad

The attention of Shareholders resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These are anti-avoidance provisions concerned with the transfer of assets to persons abroad in circumstances which may render individuals liable to taxation in respect of undistributed income received by the Company. Where certain conditions are met, such holders may be able to make a claim for exemption from income tax under this Chapter on their tax returns.

Transactions in securities

The "transactions in securities" legislation in Chapter 1 of Part 13 Income Tax Act 2007 is an anti-avoidance provision which HMRC may invoke in certain circumstances to counter transactions which enable profits, which could have been paid to an Investor as a dividend and taxed as income, to be returned to the Investor in a manner which results in a smaller tax liability on the part of the Shareholder (which includes securing capital gains tax treatment in lieu of income tax treatment in the hands of the Shareholder).

A tax charge will, however, only apply if the main purpose, or one of the main purposes, of the person in being a party to the transaction in securities, or any of the transactions in securities, is to obtain an income tax advantage and HMRC serve a counteraction notice.

Section 13 Taxation of Capital Gains Act 1992

The attention of United Kingdom resident Shareholders is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where the Company would, if UK resident, be a close company, a portion of capital gains made by the Company can be attributed to a Shareholder who, alone or together with associated persons, has more than a 25 per cent interest in the Company.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following statements are intended as a general guide to the position under current UK tax law and HM Revenue and Customs practice. They do not apply to entities such as market makers, dealers, brokers, intermediaries and persons (or nominees for persons) who issue depositary receipts or operate clearance services, to which special rules apply.

Issue of Shares

The allotment and issue of Shares by the Company pursuant to the Offer will not give rise to a charge to stamp duty or SDRT.

Transfer of Shares

No stamp duty reserve tax will be payable on an agreement to transfer Shares provided that the register on which the Shares are registered is situated outside the UK and it is the intention of the Company that the register of Shares will be so situated.

No stamp duty will be payable on the transfer of Shares provided that no instrument of transfer is executed in the UK.

Jersey taxation

The following summary of the anticipated treatment of the Company, the Cell and Shareholders (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situate in Jersey). Prospective investors in the Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Shares under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of the Company and the Cell

The Company and the Cell are regarded as a single fiscal entity resident for tax purposes in Jersey and on the basis that this entity is not a financial services company or utility company for the purposes of the Income Tax (Jersey) Law 1961, as amended, it will be subject to income tax in Jersey at a rate of zero per cent. Dividends on Shares may be paid without withholding or deduction for or on account of Jersey income tax by the Company or the Cell and holders of Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Shares.

Jersey charges a tax on goods and services supplied in the Island ("GST"). On the basis that the Company and the Cell has obtained international services entity status, GST is not chargeable on supplies of goods and/or services made by the Company or a Cell. The Board and the Cell Board intend to conduct the business of the Company and the Cell such that no GST will be incurred by the Company or the Cell respectively.

Neither the Company nor the Cell is required to make any withholding or deduction in respect of Jersey income tax from any dividend paid on the Shares.

Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer of the Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Shares on the death of a holder of such Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a holder of Shares domiciled in Jersey, or situate in Jersey in respect of a holder of Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

6 Memorandum and articles of association

The Company Articles

The Ordinary Shares are held by the Trustee of The Housing Foundation Charitable Trust and are not for offer to investors. The Ordinary Shares are in issue in the capital of the Company (which is distinct from the capital of the Cell) and are constituted and governed by the Company Articles

Rights attaching to the Ordinary Shares

The rights attaching to the Ordinary Shares are as follows:

As regards dividends:

The Company may, with the approval of a majority of the holders of the Ordinary Shares, declare dividends provided that no dividend shall exceed the amount recommended by the Directors.

As regards winding-up and return of capital – on a winding up of the Company or other return of capital the Ordinary Shares shall have the rights set out in Article 39 of the Company Articles*.

As regards notice of meetings and voting – the Ordinary Shares shall have voting rights, and the holders of Ordinary Shares shall be entitled to receive notice of and to attend and speak, at general meetings of the Company.

As regards redemption – the Ordinary Shares are not redeemable.

*Article 39.3 of the Company Articles provide that where the Company is being wound-up under the Law, the Company shall not be taken to have no assets and no liabilities for so long as the Company continues to have one or more protected cells and accordingly in the course of such a winding-up, each protected cell of the Company must be dealt with or disposed of in such manner as may be permitted under the Law.

The Cell Articles of Association

The following contains a summary only of certain provisions of the Memorandum and Articles of the Cell and is subject to the express terms thereof which are binding on every shareholder of the Cell. Copies of each are available for inspection at the addresses specified in paragraph 1 of Part XVII.

The Articles of the Cell contain provisions to the following effect:

Memorandum of Association

The Cell has unrestricted capacity under the Law.

The share capital of the Cell shall comprise of:

(a) two Founder Shares; and

(b) an unlimited number of Shares of any class.

The liability of a shareholder arising from the holding of a share in the Cell is limited to the amount (if any) unpaid on it.

Rights attaching to Founder Shares

The rights attaching to Founder Shares are as follows:

As regards dividends:

(a) at any time that any Shares are in issue, no dividends shall be payable to the holders of the Founder Shares; and

(b) at any time that there are no Shares in issue, dividends may be declared and paid on the Founder Shares in accordance with the provisions of the Cell Articles.

As regards winding-up and return of capital – on a winding up of the Cell or other return of capital the Founder Shares shall have the rights set out in Article 42 of the Cell Articles, the provisions of which are summarised below under the heading "Winding Up".

As regards notice of meetings and voting – the Founder Shares shall have voting rights, and the holders of Founder Shares shall be entitled to receive notice of and to attend and speak, at general meetings of the Cell.

As regards redemption – the Founder Shares are not redeemable.

Founder Shares shall only be issued at £1.00 per Founder Share and shall only be issued to and held by the Trustee of The Housing Foundation Charitable Trust.

Rights attaching to Shares

The rights attaching to the Shares are as follows:

As regards dividends – no dividends shall be payable to Shareholders.

As regards winding-up and return of capital – on a winding up of the Cell or other return of capital the Shares shall have the rights set out in Article 42 of the Cell Articles, the provisions of which are summarised below under the heading "Winding Up".

As regards notice of meetings and voting – the holders of Shares:

(a) shall not be entitled to receive notice of, or to attend and speak at, general meetings of the Cell;

(b) shall have no voting rights whatsoever in respect of general meetings of the Cell; but

(c) shall have voting rights in respect of, and be entitled to receive notice of and to attend and speak at, separate meetings of the holders of the Shares of the relevant Share Class.

As regards redemption – Shares shall only be redeemed in the following circumstances, subject to the provisions of the Law:

(a) at any time during the Offer Period in respect of a Share Class, the Directors may cancel the relevant Offer and redeem all (but not some only) of the issued Shares of the Share Class for the amounts paid up thereon;

(b) any Shares which are sold back by investors to Castle Trust during the cooling off period may be redeemed by the Cell on such day or days prior to the end of each calendar month as the Directors may determine for the amounts paid up thereon;

(c) any Shares which are determined by the Directors to be Exiting Investor Shares may, with the agreement of the relevant Shareholder, be redeemed by the Cell on any day as the Directors may agree with the relevant Shareholder; and

(d) subject to the following proviso, all Shares in issue at 17.00 on the Maturity Date shall be automatically redeemed by the Cell for an amount equal to the Investment Return PROVIDED THAT, for the protection of the Shareholders of the Share Classes other than the Share Class which is the subject of such a redemption, no amounts shall be paid in excess of the net assets attributed to the separate account (see below) in respect of the redeeming Share Class and, where those net assets would otherwise be exceeded, the amounts to be paid to the Shareholders in respect of each Share of the redeeming Share Class shall be reduced rateably, PROVIDED ALWAYS, and for the avoidance of doubt, that Shareholders shall have no right to receive any distribution or payments determined by reference to the net assets attributed to the separate account of the relevant Share Class and the amounts to which they are entitled shall be determined only by reference to the Investment Return (such that, if those net assets exceed the Investment Return they shall ultimately accrue for the benefit of other Cell members).

Investment objective of each Share Class

Subject to the provisions of the Articles concerning the variation of Share rights (as summarised in the following paragraph), the investment objective of each class of Share shall be the generation of sufficient cash to enable the Cell to pay to every Shareholder of the relevant class an amount equal to the Investment Return for each such share that they hold in the class on the applicable Maturity Date.

Variation of Share rights

Subject to the Law, the special rights attached to any Share Class may be varied or abrogated with the consent in writing of the holders of two-thirds in number of the issued shares of that class or with the sanction of a Special Resolution of the Share Class.

Any special rights conferred upon any Shares (whether or not issued with preferred, deferred, or other special rights) will not be deemed to be varied by, among other things, (i) the creation, allotment or issue of further Shares ranking after or *pari passu* therewith; or (ii) the creation, allotment or issue of Founder Shares; or (iii) the creation, allotment, issue or redemption of Shares or the payment of any redemption amount or dividend on any Shares; (iv) the variation of the special rights attached to the Shares of any other Share Class provided that by such variation the rights of Shareholders of the class first above mentioned as to dividends, redemption or return of capital on a winding up are not thereby reduced or abrogated, or (v) the amendment of the definition of a US Person or Prohibited Person where the Cell has been advised that such amendment will not materially prejudice the Cell.

The special rights conferred upon the Shareholders of any class (whether or not issued with preferred, deferred or other special rights) shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed to be varied by any change in the investment objectives and/or policies of that class set out in the Relevant Summary and/or Relevant Securities Note.

Forfeiture and Surrender of Shares, Liens

If a Shareholder fails to pay monies unpaid on any of their Shares by the fifth Business Day following the expiry of the relevant Offer Period, all Shares of that Share Class in respect of which monies are unpaid shall be forfeited automatically (and without need for a resolution of the Directors or service of any notice on the Shareholder concerned to that effect).

The Directors may, at any time before such automatic forfeiture of any Shares, accept from the Shareholder concerned the surrender of such Shares as are the subject of a notice from the Shareholder. Any such Shares shall be surrendered immediately and irrevocably upon the Shareholder delivering to the Cell the share certificate for the Shares.

The Cell does not have a lien on any Share.

Separate Accounts

The Directors shall have the power to establish and maintain, with respect to Shares of any class, a separate account, to record for internal ringfencing purposes the allocation, on a differentiated basis, of the assets and liabilities and income and expenditure of the Cell to the Shareholders of Shares of that class in a manner consistent with any methodology set forth in the Relevant Summary and/or Relevant Securities Note and the rights otherwise attaching to the Shares or as they may in their discretion deem appropriate from time to time.

The proceeds from the issue of Shares of any class shall be applied in the books of the Cell to the separate account established for Shares of that class. All assets held for the account of a class of Share prior to the allotment of any Shares of a further class shall be held subject to the separate account of the former class, and all liabilities attributable to that class shall be treated accordingly. The assets and liabilities and income and expenditure attributable to a separate account shall be applied to such separate account and, subject to the provisions of the Cell Articles, to no other separate account.

Where any asset is derived from another asset (whether cash or otherwise), such derivative asset shall be applied in the books of the Cell to the same separate account as the asset from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the same separate account and, subject to the provisions of the Cell Articles, to no other separate account.

In the case of any asset or liability of the Cell which the Directors do not consider is attributable to a particular separate account, the Directors shall have absolute discretion to determine the basis upon which any such asset or liability shall be allocated between or among separate accounts or accrue for the benefit only of the holders of the Founder Shares.

The Directors shall, in the books of the Cell, transfer or allocate assets and liabilities between or to separate accounts if, as a result of a creditor proceeding against certain of the assets of the Cell or otherwise, a liability would be borne in a different manner from that in which it would have been borne if applied under the provisions summarised above.

The Directors may from time to time transfer, allocate or exchange an asset or liability between or to separate accounts provided that at the time of such transfer, allocation or exchange the Directors form the opinion (in good faith) that the value in money or money's worth of each such asset or liability transferred, allocated or exchanged is not significantly less or more than the value in money or money's worth allocated to the separate account to which such asset or liability was applied immediately prior to such transfer, allocation or exchange.

Changes in share capital

The Cell may by Special Resolution alter its Cell Memorandum so as (a) to increase or reduce the number of shares of any class which it is authorised to issue, or (b) to consolidate or divide all or any part of its shares (whether issued or not) into fewer or more shares, and may generally make such other alteration to its share capital as is from time to time permitted by the Law.

Any new shares created on an increase or other alteration of share capital shall be issued upon such terms and conditions as the Cell may by Ordinary Resolution determine.

Restrictions on Shareholders: disclosure of interests in Shares and sanctions

Shares may not be held by or on behalf of any US Person or Prohibited Person.

Following the service of a notice from the Directors, a Shareholder must disclose to the Cell the identity of any person who has an interest in their Shares. If such Shareholder does not provide this information the Directors may serve notice of certain sanctions (to take effect 14 days following service of such notice).

Where the interest in the Shares represents less than 0.25% of the Shares of the relevant Share Class in issue, the notice may provide for the elimination of the Shareholder’s right to attend or vote at any meeting of the Shareholders of the Share Class. Where the interest represents at least 0.25% of the Shares in issue of the relevant Share Class, the notice may provide for the elimination of the Shareholder’s right to attend or vote at any meeting of the Shareholders of the Share Class; the right to receive any dividend; and/or place restrictions on the transfer of such Shares (except in a transfer to a bona fide unconnected third party).

Unless ended earlier at the discretion of the Directors, such sanctions shall cease to apply on the earlier of: (i) receipt by the Cell of notice that the Shares have been transferred to a bona fide unconnected third party; or (ii) provision of the information originally requested by the Directors.

A further sanctions process operates where the Directors believe or suspect that: (i) the Shares have been acquired or held directly or indirectly by any US Person or Prohibited Person; (ii) such holding of Shares has breached any applicable laws and the holding (a) prejudices the tax or regulatory status of the Cell or any other Shareholder; or (b) requires the Cell or any other Shareholder to comply with filing or registration requirements in any jurisdiction which it would not otherwise be required to comply; or (iii) the Shares are held by a Shareholder who is or may be in breach of any provision of the Cell Articles or in default of any obligation to the Cell.

Such sanctions may include any or all of: (i) imposing any restrictions and/or requiring the Shareholder to take any action; (ii) requiring the Shareholder to indemnify the Cell and/or any other person; (iii) imposing a penalty on the Shareholder; (iv) eliminating the Shareholder's right to any or all of the rights or privileges attaching to the Shares; (v) requiring the Shareholder to repay the amount of any distributions paid with respect to the Shares; (vi) requiring the Shareholder to transfer the Shares; and/or (vii) causing the compulsory transfer or forfeiture of the Shares.

Provisions relating to shares

<u>Allotment and issue of Shares</u>

The Directors may only allot and issue Shares of a Share Class to the Nominee before the expiry of the relevant Offer Period. The Directors may refuse any application for allotment of Shares in their absolution discretion and whether with or without cause. The Cell shall not be required to enter the names of more than four joint holders in the Cell's register of members.

<u>Minimum holdings and transfers</u>

The Directors may require that any application to subscribe for, redeem or transfer Shares shall be subject to a minimum value of Shares to be subscribed for or redeemed as determined by the Directors and/or shall be subject to a requirement that any Shareholder acquire or maintain a holding of a minimum value of Shares as determined by the Directors (provided that any change to any such minimum holding shall not adversely affect any Shareholder registered prior to the change becoming effective, for as long as that Shareholder does not alter the level of its holding). In this regard, the Directors may specify different requirements in respect of differing circumstances (including by differentiating between subscriptions from persons who are and who are not already Shareholders) and may waive any such requirement on such terms as they think fit.

<u>Transfers and transmission of Shares</u>

<u>Transfers of Shares</u>

The Directors may in their absolute discretion and without assigning any reason therefor refuse to register the transfer of a Share including without limitation a transfer to a person of whom they do not approve (in exercising their discretion to refuse to register a transfer, the Directors are obliged to act in accordance with their duties under Jersey law, which include duties under Article 74(1) of the Companies (Jersey) Law 1991 to (a) act honestly and in good faith with a view to the best interests of the company and shareholders as a whole, and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances). The Directors may waive any such requirements to refuse to register a transfer to the extent that they deem appropriate in connection with the admission to trading of the Shares on a regulated market or stock exchange. The Directors shall not register any transfer of any Share to any person who is, in the opinion of the Directors, a US Person or a Prohibited Person.

If the Directors refuse to register a transfer of a Share they shall within two months after the date on which the instrument of transfer was lodged with the Cell send to the proposed transferor and transferee notice of the refusal.

The registration of transfers of Shares may be suspended at such times and for such periods as the Directors may determine. Without limitation to the foregoing, suspensions of transfers may be effected pending the holding of a shareholder meeting, and there are no other circumstances currently envisaged in which the suspension of transfers will be effected. Unless otherwise decided by the Directors in their sole discretion no fee shall be charged in respect of the registration of any instrument of transfer or other document relating to or affecting the title to any Share.

Any proposed transferee shall provide to the Directors such information and documents as may be required by the Directors.

Transmission of Shares

On the death of a Shareholder, only the survivor or survivors where the deceased was a joint Shareholder and the executors or administrators of the deceased where he was a sole or only surviving Shareholder shall be the only persons entitled to be recognised by the Cell as having any title to that Shareholder's interest in the Shares. Under no circumstances shall the estate of a deceased joint Shareholder be released from any liability in respect of any Shares which had been jointly held by that Shareholder.

Any person so entitled on the death, bankruptcy or incapacity of such a Shareholder may, on the production as such evidence of title as the Directors may require, elect by notice to the Cell that that person wishes to be registered as the Shareholder of the relevant Shares or to nominate another person to be so registered by instrument of transfer (in each case on the production of such information (as outlined in the Articles) which allows the Directors to determine that the person to be registered as Shareholder of the Shares is not a US Person or a Prohibited Person).

Such person who is not a US Person or a Prohibited Person shall be entitled to the same dividends and other advantages to which he would be entitled if he were the Shareholder of the Shares except that he shall not before being registered as the Shareholder be entitled to exercise any right conferred by membership in relation to meetings of the Cell. The Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Shares and if the notice is not complied with within one month such person shall be deemed to have so elected to be registered himself and all the restrictions on the transfer and transmission of shares shall apply to such election (see the "*Transfer of Shares*" section above).

Shares not freely redeemable

The Shares are not redeemable at the instance of the Shareholder.

Purchase of Shares

Subject to the provisions of the Law, the Cell may purchase its own shares.

Payments to Shareholders

Where any payment due to a Shareholder is unclaimed after ten years from the date it first became payable (or any cheque in respect thereof remaining uncashed or unpresented after ten years from the date of posting or in the case of a dividend from the date of declaration thereof) it shall if the Directors so resolve be forfeited for the benefit of and shall cease to remain owing by the Cell and shall thenceforth belong to the Cell absolutely.

Determination of the net assets attributable to a separate account

The net assets of a separate account shall be equal to the aggregate value as at the relevant valuation point of all assets of the relevant class less all liabilities attributable to such class as at such valuation point.

The value of assets and liabilities attributed to a separate account shall be determined as follows:-

- all assets and liabilities of the class shall be valued at their respective fair values as determined in good faith by the Directors;

- any value in respect of a non-Pounds Sterling asset or liability shall be converted at any officially set exchange rate or appropriate spot market rate (whether official or otherwise) on the relevant valuation point or, if no such rate is then available, at the most recently available such rate as the Directors in their absolute discretion deem appropriate in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange; and

- the valuation of the assets and liabilities shall also be determined in accordance with any principles contained in the relevant Prospectus.

Notwithstanding the foregoing, where on any valuation point any asset attributed to a separate account has been realised or contracted to be realised there shall be included in the assets attributed to that separate account in place of such asset the net amount receivable in respect thereof <u>provided that</u> if such amount is not then known exactly (which will be the case in respect of the amount receivable under the Investment Product entered into in relation to the relevant Shares Class, if the Investment Product has not matured) then its value shall be the net amount estimated by the Directors as receivable (which will result in an "indicative" valuation being produced) and <u>provided that</u> if the net amount receivable is not payable until some future time after the time of any valuation the Directors may make such allowances as they consider appropriate (which may also result in an "indicative" valuation being produced).

If the Directors consider that any of the above bases of valuation are unfair or impracticable in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is fair and reasonable in the circumstances.

Any accrued advisory, management or other fees payable by the Cell and attributed to a separate account, general operating expenses and taxation provisions shall be deducted in calculating the net assets attributed to that separate account.

The liabilities of or attributable to a separate account shall be deemed to include all its liabilities (including such amount as the Directors determine to provide in respect of contingent liabilities) of whatsoever kind and nature except liabilities represented by shares. In determining the amount of such liabilities the Directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

Any expense or liability attributable to a separate account may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of that class.

For the purpose of valuing the assets attributable to a separate account as aforesaid the Directors may rely upon the opinions of any persons who appear to them to be competent to value assets of the class by reason of any appropriate professional qualification or of experience of any relevant market including, without limitation, the Investment Provider.

For the foregoing purposes:

- the price of Shares which have been allotted (less commission, if any, and less any other duties and charges payable by the Cell in connection with the allotment thereof) shall be deemed to be an asset of the relevant separate account as of the time at which such Shares are issued; and

- the price for Shares which have been redeemed or whose allotment has been cancelled shall from the time at which such Shares are deemed to cease to be in issue until such price is paid be deemed to be a liability of the relevant separate account.

Any valuation made pursuant to the Articles shall be made by or on behalf of the Directors and shall (except in the case of manifest error) be binding on all persons.

Suspension of determination of the net assets attributable to a separate account

The Directors may declare a suspension of the determination of the net assets in relation to the Cell as a whole or in relation to any separate account in such circumstances as they think appropriate including (but without prejudice to the generality of the foregoing):-

- by reason of the closure of or the suspension of trading on any market or stock exchange or any other exchange or for any other reason circumstances exist as a result of which, in the opinion of the Directors, it is not reasonably practicable on that day fairly to dispose of any substantial portion of the assets of the Cell or attributed to a particular separate account (as applicable) or to determine the net assets in accordance with the Articles; or

- a breakdown occurs in any of the means normally employed by the Directors in ascertaining the value of assets of the Cell or attributed to a particular separate account or when for any other reason the Directors are of the opinion that they cannot reasonably ascertain the value of any substantial portion of such assets of the Cell or attributed to a particular separate account as at the valuation point on the day concerned; or

- circumstances exist as a result of which, in the opinion of the Directors, it is not reasonably practicable for the Cell to realise or to dispose of assets of the Cell or attributed to a particular separate account without materially and adversely affecting and prejudicing the interests of the relevant Shareholders or fairly to determine the net assets.

Each declaration by the Directors pursuant to the above provisions shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Cell as shall be in effect at the time. To the extent not inconsistent with the aforementioned official rules and regulations the determination of the Directors shall be conclusive.

The Directors shall during the period of any suspension declared pursuant to the relevant provision of the Articles review the reasons for such suspension and declare the suspension at an end as soon as they consider that the reasons or conditions giving rise to the suspension have ceased to exist and no other reasons or conditions entitling them to declare a suspension shall exist. Where possible, the Directors will take all reasonable steps to bring any period of suspension to an end as soon as possible. The imposition or lifting of any such suspension shall be notified to the Shareholders in such manner as the Directors determine to be desirable in order to bring such matters to the attention of the Shareholders.

General meetings

Unless all of the shareholders of the Cell agree in writing to dispense with the holding of Cell annual general meetings, and any such agreement remains valid in accordance with the Law, the Cell shall in each calendar year hold a general meeting as its annual general meeting at such time and place as may be determined by the Directors, provided that so long as the Cell holds its first annual general meeting within eighteen months of its creation it need not hold it in the year of its incorporation or in the following year.

The Directors may, whenever they think fit, and upon a requisition of shareholders of the Cell pursuant to the provisions of the Law the Directors shall forthwith, proceed to convene a Cell extraordinary general meeting for a date not later than two months after the receipt of the requisition. If there are not sufficient Directors to convene the Cell extraordinary general meeting any Director or any shareholder may convene such a meeting.

At any Cell extraordinary general meeting called pursuant to a requisition unless such meeting is called by the Directors no business other than that stated in the requisition as the objects of the meeting shall be transacted.

Only Founder Shares carry the right to receive notice of, and to attend and vote at, general meetings of the Cell.

At least fourteen clear days' notice shall be given of every Cell annual general meeting and of every Cell extraordinary general meeting, including without limitation, every general meeting called for the passing of a Special Resolution. A person who is entitled to attend and vote at a general meeting of the Cell is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a holder of any shares in the Cell.

No business shall be transacted at any general meeting except the adjournment of the meeting unless a quorum is present at the time when the meeting proceeds to business. Such quorum shall consist of not less than one Holder of Founder Shares present in person, by proxy or by corporate representative.

At any general meeting a resolution put to the vote of the meeting shall be decided in the first instance on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded. Subject to the provisions of the Law, a poll may be demanded:

(a) by the chairman;

(b) by a least two Cell shareholders having the right to vote on the resolution; or

(c) by a Cell shareholder or Cell shareholders representing not less than one tenth of the total voting rights of all the Cell shareholders having the right to vote on the resolution.

On a vote on a show of hands, every Cell shareholder present in person, by proxy or by corporate representative shall have one vote, and on a poll every such shareholder shall have one vote for each share of which he is the holder.

A resolution in writing (including a Special Resolution but excluding a resolution removing an auditor) signed by all Cell shareholders who would be entitled to receive notice of and to attend and vote at a general meeting at which such a resolution would be proposed or by their duly appointed attorneys, shall be as valid and effectual as if it had been passed at a general meeting of the Cell duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the Cell shareholders or their attorneys.

Class Meetings

Save as otherwise provided in the Cell Articles, all the provisions of the Cell Articles and of the Law relating to general meetings of the Cell and to the proceedings thereat shall apply mutatis mutandis to every class meeting. At any class meeting the Shareholders of the relevant Share Class shall on a poll have one vote in respect of each Share of that class held by them.

No business shall be transacted at any class meeting except the adjournment of the meeting unless a quorum is present at the time when the meeting proceeds to business. Such quorum shall consist of not less than two Shareholders present in person, by proxy or by corporate representative holding in aggregate not less than one-third in number of the Shares of the relevant Share Class then in issue.

Directors

Minimum and maximum number

The Cell may by Ordinary Resolution determine the maximum and minimum number of Directors and unless and until otherwise so determined, and subject to the provisions of the Law, the minimum number of Directors shall be three.

Appointment and removal of Directors

The holders of Founder Shares may by unanimous written instrument from time to time appoint any person (unless disqualified or ineligible by law to act as a director of a company) to be a Director of the Cell.

The office of a Director shall be vacated if the Director: (i) resigns office by notice to the Cell; (ii) ceases to be a Director by operation of law or he becomes prohibited or disqualified by law from being a Director; (iii) becomes bankrupt or makes any arrangement or composition with his creditors generally; or (iv) becomes of unsound mind. Additionally, the holders of Founder Shares may from time to time remove any Director by unanimous written instrument.

Remuneration and expenses of Directors

The Administrator shall pay such remuneration and expenses to the Directors in connection with the discharge of their duties as the Administrator may from time to time agree with the Directors. The Directors shall not be entitled to be paid any remuneration or expenses out of the funds of the Cell in connection with the discharge of their duties.

Interests of Directors

A Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Cell or by a subsidiary of the Cell which to a material extent conflicts or may conflict with the interests of the Cell and of which he is aware, shall disclose to the Cell the nature and extent of his interest as detailed in the Articles. Subject to the provisions of the Law, a Director may hold any other office or place of profit under the Cell (other than the office of Cell's auditor) in conjunction with his office of Director for such period and on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.

Subject to the provisions of the Law, and provided that he has disclosed to the Cell the nature and extent of any of his material interests in accordance with the Articles, a Director notwithstanding his office: (i) may be a party to or otherwise interested in any transaction or arrangement with the Cell or in which the Cell is otherwise interested; (ii) may be a director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Cell or in which the Cell is otherwise interested; (iii) shall not by reason of his office be accountable to the Cell for any benefit which he derives from any such office or employment; and (iv) may act by himself or his firm in a professional capacity for the Cell and shall be entitled to remuneration for professional services as if he were not a Director.

Subject to the provisions of the Law, and provided that he has disclosed to the Cell the nature and extent of any of his material interests in accordance with the Articles, a Director may be counted in the quorum present at any meeting at which any contract or arrangement in which he is interested is considered and he may vote in respect of any such contract or arrangement except those concerning his own terms of appointment.

Powers of Directors

The business of the Cell shall be managed by the Directors who may pay all expenses incurred in promoting and creating the Cell and may exercise all such powers of the Cell as are not by the Law or the Cell Articles required to be exercised by the Cell in general meeting. Without limitation to any of their other powers (in relation to expenses or otherwise), the Directors may pay any and all other expenses which are specified in the Prospectus. The Directors shall generally manage and operate the Cell having regard to the provisions of each Prospectus(as amended from time to time) and the intentions as set out therein.

The Directors' powers in respect of the Cell shall be subject to the provisions of the Cell Articles, to the provisions of the Law and to such regulations (being not inconsistent with the aforesaid regulations or provisions) as may be prescribed by the Cell in general meeting, but no regulations made by the Cell in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.

The Directors may by power of attorney, mandate or otherwise appoint any person to be the agent of the Cell for such purposes and on such conditions as they determine including authority for the agent to delegate all or any of his powers.

Delegation to committees

The Directors may delegate any of their powers to committees consisting of such Director or Directors or such other persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors (and, unless such regulations specify otherwise, any such committee may delegate any of its powers).

Communication of documents and information

In the case of joint holders of a Share all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding. A notice may be given to any person either personally or by sending it by post to him at his registered address. Where a notice is sent by post service of the notice shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice and to have been effected one clear day after the day it was posted.

Any Cell shareholder present at any meeting of the Cell in person, by proxy or by corporate representative shall for all purposes be deemed to have received due notice of such meeting and where requisite of the purposes for which such meeting was convened.

A notice may be given by the Cell to the persons entitled to a Cell share in consequence of the death, bankruptcy or incapacity of a Cell shareholder by sending or delivering it in any manner authorised by the Cell Articles for the giving of notice to a Cell shareholder addressed to them by name or by the title of representatives of the deceased or trustee of the bankrupt or curator of the Cell shareholder or by any like description at the address if any supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied a notice may be given in any manner in which it might have been given if the death, bankruptcy or incapacity had not occurred. If more than one person would be entitled to receive a notice in consequence of the death, bankruptcy or incapacity of a Cell shareholder notice given to any one of such persons shall be sufficient notice to all such persons.

Notwithstanding any of the provisions of the Cell Articles, any notice to be given by the Cell to a Director or to a Cell shareholder may be given in any manner agreed in advance by any such Director or Cell shareholder.

For the purpose of determining the identity and/or shareholding of the Shareholders for any purpose (including the entitlement to notice of or to vote at any meeting of Shareholders or any adjournment thereof) or in order to make any other determination in connection with the Shareholders for any other proper purpose, the Directors may fix in advance a date as the record date for any such determination. When such a determination has been made in respect of a meeting, such determination shall apply to any adjournment of the relevant meeting unless specified otherwise in the determination.

If no record date is fixed for the determination of the identity and shareholding of Shareholders entitled to notice of or to vote at a meeting of Shareholders, the date on which notice of the meeting is mailed shall be the record date for such determination.

No Cell shareholder shall (as such) have any right to inspect any accounting records or other book or document of the Company, the Cell or of any other protected cell of the Company except as conferred by the Law or in the case of any accounting records or other book or document of the Cell as authorised by the Directors or by Ordinary Resolution of the Cell.

Indemnities

In so far as the Law allows, every present or former officer of the Cell (which expression includes the Cell's secretary) shall be indemnified out of the assets of the Cell against any loss or liability incurred by him by reason of being or having been such an officer. The Directors may authorise the purchase or maintenance by the Cell for any officer or former officer of the Cell of any such insurance as is permitted by the Law in respect of any liability which would otherwise attach to such officer or former officer. The Cell and each service provider to the Cell shall be entitled to rely absolutely on any declaration received from a shareholder and are excused from liability incurred in reliance upon any paper or document believed to be genuine or any forged or unauthorised signature or common seal.

If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Cell Articles, neither the Cell nor any service provider to the Cell shall be under any liability therefor or thereby.

Winding up

The Cell shall not be caused or required to be wound-up or dissolved by reason only of the winding-up or dissolution of another protected cell of the Company. The winding-up or dissolution of the Cell shall not restrict the exercise of any powers of the Company in any respect other than as may be consequent upon the winding-up or dissolution of the Cell.

In a winding up of the Cell, the liquidator or, where there is no liquidator, the Directors shall apply the assets of the Cell in satisfaction of creditors' claims in such manner and order as is required by the Law or pursuant to any other enactment or rule of law. The liquidator or the Directors (as applicable) shall in relation to the assets available for distribution among the Cell's members make in the books of the Cell such transfers thereof to and from the separate account kept in respect of each class of Share as may be necessary in order that the effective burden of creditors' claims may be shared among the Shareholders of different classes of Shares in such proportions as the liquidator or the Directors (as applicable) may in their absolute discretion think equitable.

Subject to any particular rights or limitations for the time being attached to any shares in the Cell as may be specified in the Cell Articles or upon which such Cell Shares may be issued, if the Cell is wound up, the assets available for distribution among the Cell's members shall be applied as follows:

- first, such amounts shall be distributed to the Shareholders of each relevant Share Class as would have been paid on the redemption of those shares as if the date of the commencement of the winding up were the Maturity Date; and
- second, any balance then remaining (whether in any separate account or otherwise) shall be distributed pari passu to the holders of the Founder Shares pro rata in proportion to the number of Founder Shares held by each such holder at the time of the commencement of the winding up.

If the Cell is wound up, the Cell may with the sanction of a special resolution of the Shareholders of the relevant class of Shares or of the holders of the Founder Shares (as applicable) and any other sanction required by the Law, divide the whole or any part of the assets of the Cell attributed to that class (whether in a separate account or otherwise) among the holders of that class of Cell shares in specie and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets and determine how the division shall be carried out as between such holders (and, if applicable, as between the holders of different classes of Cell shares) and with the like sanction vest the whole or any part of the assets in trustees upon such trusts for the benefit of such holders as the liquidator or the Directors (as the case may be) with the like sanction determine, but no holder shall be compelled to accept any assets upon which there is a liability.

Amendments of Cell Articles

The Cell Articles may only be amended by a Special Resolution of the Cell and a Company Special Resolution, each in the same or substantially the same terms.

Transfer and incorporation of the Cell

Subject to the provisions of the Law:

(a) the Cell may be transferred to another protected cell company registered under the Law so as to become a protected cell of that other protected cell company;

(b) the Cell may be transferred to an incorporated cell company registered under the Law so as to become an incorporated cell of that incorporated cell company; and

(c) the Cell may with the approval of a Special Resolution or, if the Cell has more than one class of Cell Shares in issue, with the approval of a Special Resolution passed at a separate meeting of the Shareholders of each Share Class, apply to the Registrar of Companies to be incorporated as a company independent of the Company.

7 Directors' interests

The functions of the Directors are set out in the section entitled "Directors" contained in paragraph 4 of this Part IX of this document. When referred to in this document, the members of the administrative, management or supervisory bodies of the Company and the Cell are their respective Directors.

The Directors have no voting rights, directly or indirectly, in respect of the share capital of the Company or the Cell as at 30 November 2014 (being the last practicable date prior to publication of this document) and immediately following Admission.

The business address of each of the Directors is set out in paragraph 4 of this Part X of this document. The Directors are or have been directors or partners at any time in the five years immediately preceding the date of this document of the following companies and partnerships:

Name	Current	Past
Mark Creasey	Arx Equity Partners Limited,Caledonia Financial Services Limited,Caledonia Trustees Limited,Castle Directors Limited,Castle Trust Growth HouSA PC,Castle Trust Income HouSA plc,Castle Trust PCC ,DBG Asset Management Limited,Duet Africa Opportunities Fund IC,Duet GAMLA LIV Africa Opportunities Fund IC,Duet Victoire Africa Index - Euro Share Class IC,Duet Victoire Africa Index - US Dollar Share Class IC,Duet Victoire Africa Index Fund IC,Duet Victoire Africa Index II IC,Emerging Markets Capital International Funds ICC,Emirates Funds Limited,Emirates NBD Fund Managers (Jersey) Ltd,Emirates Portfolio Management PCC,GS Investments (GP) Limited,JTC Corporate Services Limited,JTC Directors Limited,JTC Foundations Limited,JTC Listing Services Limited,JTC Securities Limited,JTC Trustees Limited,Petra Diamonds Jersey Treasury Limited,Red Shield Nominees Limited,Red Shield Secretaries Limited,The Optimised Fund PC,The Optimised Funds Company PCC,Willow Real Estate BR Limited.	BPF UK Growth 14 Limited, BPF UK Growth 1 Limited, BPF UK Growth 3 Limited, BPF UK Growth 4 Limited, BPF UK Growth 5 Limited, BPF UK Growth 6 Limited, BPF UK Growth 7 Limited, BPF UK Growth 8 Limited, BPF UK Growth 9 Limited, BPF UK Growth 10 Limited, BPF UK Growth 11 Limited, BPF UK Growth 12 Limited, BPF UK Growth 13 Limited, Peter Street Properties Limited, BELF 1 Limited, BELF 2 Limited, BELF 3 Limited, BELF 4 Limited, BELF 5 Limited, BELF 6 Limited, BELF 7 Limited, BELF 8 Limited, BELF 9 Limited, BELF 10 Limited, Fame Well Group Limited, Excel Chance Group Limited, Zindel Private Equity Management Limited, SW Development Sp zoo, WW Development Sp zoo, ABY Development Sp zoo, SPS Development Sp zoo, BEPF 2 BV, Chuchubi BV, BEPF3 BV, BEPF6 BV, BEPF7 BV, European Income Fund Limited, Oxalis SP.Zoo, Zostera SP.Zoo, Trinia SP.Zoo, Subularia SP.Zoo, Vulpia SP.Zoo, Reseda SP.Zoo, Belgravia Property Funds (UK Income Dist) Limited, Belgravia Property Funds (UK and Europe) Limited, BPF UK Growth 2 Limited, TSAR Timber Group Limited, Unichemicals Limited, Siberian Timber Group Limited, Karelian Timber Group Limited, Tsar Timber Trading (Jersey) Limited, Belgravia Property Funds Limited, Aplite Holdings Limited, Canway Investments Limited, Comcor Investments Limited, Russian Real Estate ICC, Capitalsino Properties Limited, Emirates Sukuk Fund No.1 Limited, Emirates Islamic Global Property Fund Limited, DB Dynamic Europe Fund Limited, Charlottenburg Fund Limited, Pro Capital EPF1 Limited, Pro Capital EPF2 Limited, Pro Capital EPF3 Limited, Pro Capital EPF4 Limited, Monros Investment Growth Fund Limited, London Procapital Management Limited, Cubic Property Fund Limited, Monros Investment Management Limited, EREF Property 1 Limited, EREF Property 2 Limited, EREF Property 3 Limited, Jacana Trading Fund Limited
Angus Taylor	Alternative Energy Investments (Spain) Limited,Anaitis Limited,Berkely Limited,Brunswick Cambridge (General Partner) Limited,Brunswick Cambridge Propco Limited,Cambridge Student Limited,Capricorn Renewables Limited,Castle Directors (UK) Limited,Castle Directors Limited,Covenant Films Limited,Eastbury Investments Limited,Ingenious Senior Film Fund - B GP Limited,Ingenious Senior Film Fund GP Limited,Ingenious Senior Film Investments (Jersey) Limited,JTC (Guernsey) Limited,JTC (Jersey) Limited,JTC (UK) Limited,JTC Corporate Services (UK) Limited,JTC Corporate Services Limited,JTC Directors (UK) Limited,JTC Directors Limited,JTC Fund Services (UK) Limited,JTC Listing Services Limited,JTC Mayfair Limited,JTC Securities Limited,JTC Share Services (UK) Limited,JTC Trustee Services (UK) Limited,JTC Trustees (UK) Limited,JTC Trustees Limited,Marylebone Holdings Limited,Marylebone Management Services Limited,Marylebone Nominees Limited,Marylebone Trustees Limited,Megaira Limited,Red Shield Administration Limited,Red Shield Nominees Limited,Red Shield Secretaries Limited,Samarkand Films Limited,Villanueva Solar UK Limited.	None
Anthony Underwood-Whitney	21 Concordia Partners Limited,Abford Trustees I Limited,Abford Trustees II Limited,Abris Capital Partners Limited,Abris CEE Mid-Market Fund II GP Limited,Abris-Emp Capital Partners Limited,Arx Asset Management Limited,Arx Equity Partners Limited,Belnepco Management Limited,Brabazon Property Investments No.2 Limited,Bratislava Greenfields Holdings Limited,Bratislava Greenfields Management Limited,Caledonia Financial Services Limited,Caledonia Trustees Limited,Cantel	5 Batisse De La Mielle Limited,55 OBS 1 Limited,5-7 Yeoman's Row Limited,9 Yeomans Row Limited,Alborada Limited,Allegretto Limited,Alpheus Limited,Altiplano II Finance Limited,Amedis Commercial Finance Limited,Amirati Investments Limited,Antalis US Funding Corp.,April Point Properties Limited,Arrowhead Holdings Limited,Arundel Great Court (South) Limited,Ashes Property Limited,Aspen Park Holdings Limited,Austra Corp,Baligay Limited,Balzac Consultants Northern Europe Limited,Bansko MezzFin General

Investments Limited,Carisbrooke Arkle Limited,Carisbrooke Haverhill II Limited,Carisbrooke Haverhill Limited,Castle Directors Limited,Castle Trust Growth HouSA PC,Castle Trust PCC,Citron Estates Limited,City Pride Limited,Clapham Holdings Limited,Corsaire Limited,Cyclone Limited,DBG Asset Management Limited,Draco Brettenham Limited,Draco Kings Chase Limited,Draco Maidenhead Limited,Draco Southampton Limited,Eaglepass Limited,Eastside and City Developments Limited,Edgeborough Co-Investments (GP) Limited ,Edgeborough Partners II (General Partner) Limited,Ezparkway Services Limited,Firelighter Cavalry Limited,Firelighter Fareham Limited,Firelighter Limited,Firelighter Silverburn Limited,Firelighter Warrington Limited,Fisby Limited,Fleet Street Investments III Limited,Gold Bullion Holdings (Jersey) Limited,GWR,Investment Motors Limited,Harwood Anthony Limited,Harwood Anthony Propco 1 Limited,Hawkeye Henley Holdco Limited,Hawkeye HKIP Holdco Limited,Hawkeye Oval Holdco II Limited,Hawkeye Oval Holdco Limited,Hawkeye Oval Midco Limited,Hawkeye Properties 101 Limited,Hawkeye Properties 102 Limited,Hawkeye Properties 103 Limited,Hawkeye Properties 104 Limited,Hawkeye Properties 105 Limited,Hawkeye Properties 106 Limited,Hawkeye Properties 201 Limited,Hawkeye Properties 202 Limited,Hawkeye Properties 301 Limited,Hawkeye Properties 401 Limited,Heathcote Holdings Limited,Ingenious Senior Film Fund - B GP Limited,Ingenious Senior Film Fund GP Limited,Ingenious Senior Film Investments (Jersey) Limited,Insite Poster Holdings Limited,Jersey Trust Company Limited,JTC (Jersey) Limited,JTC Corporate Services Limited,JTC Directors Limited,JTC Foundations Limited,JTC Group Limited,JTC Listing Services Limited,JTC Securities Limited,JTC Trustees Limited,JTJH Emear Limited,KH II Estates 102 Limited,KH II Estates 103 Limited,KH II Estates 104 Limited,KH II Estates 105 Limited,KH II Estates 106 Limited,KH II Estates 107 Limited,KH II Estates 108 Limited,KH II Estates 109 Limited,KH II Estates 110 Limited,KH II Estates 111 Limited,KH II Estates 112 Limited,KH II Estates 113 Limited,KH II Estates 114 Limited,KH II Estates 115 Limited,KH II Estates 116 Limited,KH II Estates 117 Limited,KH II Estates 118 Limited,KH II Estates 119 Limited,KH II Estates 121 Limited,KH Revcap (College Green) Limited,KH Revcap (Heathcroft) Limited,KH Revcap (Ipswich) Limited,KH Revcap (Orbital) Limited,KH Revcap Properties 201 Limited,Kingdom Trustee 1 Limited,Kingdom Trustee 2 Limited,Kitty Hawk Capital Partners II GP Limited,Kitty Hawk Capital Partners III GP Limited,Kuig Property Investments Lincoln Limited,Kuig Property Investments Stockton Limited,Landmark North Holdings Limited,Mayfair Mezzanine 2 Limited,Mint Green One Limited,MSF Enterprise No.1 IC,MSF Partnership Services ICC,MSF Vanguard No 2 IC,MSF Vanguard No.1 IC,MSF Vanguard No.3 IC,Oval Guildhall Limited,PL Marcon Place 1 Limited,PM Investments (Jersey) Limited,Pocket Living Holdco Limited,Prime Student Housing (Edinburgh) Limited,Prime Student Housing (Birmingham) Limited,Prime Student Housing Edinburgh Lettings Limited,Quadriga Stockport LimitedRed Shield (HTC) LimitedRed Shield Nominees Limited,Red Shield Secretaries Limited Rosery Estates Limited,Sandown Isle of Wight Airport Limited,Sherwood Property Holdings,Limited,Sherwood,Thames Holdings,Limited,Sherwood,Thames Ventures Limited,Silver Stirling 1 Limited,Silver Stirling 2 Limited,Soditic Asset Management Holdings Limited,Sophia Holdings Limited,South London Investments Limited,Sparrowhawk Properties 301 Limited,Sparrowhawk Properties 302 Limited,Sparrowhawk Properties 303 Limited,Sparrowhawk Properties 304 PCC,Sparrowhawk Properties 305 Limited,Sparrowhawk Properties 306 Limited,Sparrowhawk Properties 308 Limited,Sparrowhawk Properties 311 Limited,Sparrowhawk Properties 312 Limited,SugarInvest Limited,Sunguard Land Limited,SWB Holdings Limited,Taliesin Limited,TUW (Malbec) Limited,Upper Froyle Property Investments Limited,WECF Funding Founder Limited,WECF Holding (Jersey) Limited,WGC Holdings Limited,WGCH Technology Limited,Whitecote Limited,Willow Holdings BR Ltd,Willow Real Estate BR Limited,Worton Grange Industrial Limited.

Partner Limited,Barnwood Properties Limited,Basildon Trustee 1 Limited,Basildon Trustee 2 Limited,Beast Shipping Limited,Belmondos Property Investments Limited,Blackfriars Limited,Blackrock Advisory Limited,Blackwater Limited,Blue Aura Limited,BMF Investments Limited,Bogany Holdings Limited,BOKA Property Holding Services (Jersey) Limited,Boston Devonshire Holding Limited,Brabazon Property Investments (Papworth Everard) Limited,Brabazon Property Investments Limited,Brass Hat Films International Limited,Bratislava Greenfields Holdings Limited,Bratislava Greenfields Management Limited,BrightWater Aquatics Limited,BrightWater Enterprises Limited,Brunswick Cambridge (IOM) Limited,Burhill Kennels Properties Limited
BW Investments Limited,Camrose Properties Limited,Cantel Investments Limited,Capricorn Capital Properties Limited,Carmin Invest SA,Castle Trust PCC ,CEDCO Enterprises Limited,Certain Funding Limited,CET (New Europe) Limited,Chakalak Limited,Chalk Hill Holdings Limited,Chantelys Investments Limited,Cherry Tree Trustee One Limited,Cherry Tree Trustee Two Limited,Chester Terrace Limited,Cheval Noir Investments Limited,Chopper Holdings Limited,City & Provincial (Jersey) Trustee I Limited,City & Provincial (Jersey) Trustee II Limited,City Pavilion Limited,Clearwood Investments Limited,CLS Holdings Limited,CMS Holdings Limited,Colourpoint Investments Limited,Conington Estate Investments Limited,Connaught House Limited,Convergence Aviation Limited,Coral International Resources Inc,Corporate Real Estate Equity,Capital Limited,Corston Holdings Limited,CPM Ventures Limited,Creake Limited,CREEC (Bedford) Limited,Crumpton Hill Properties Limited,Crystal Shine Limited,Cuvette Investments Limited,DCLW Consulting Limited,Declaron Trustee Limited,Defiant Productions Limited,Derby Property Investments (Magna House) Limited,Derby Property Investments (No.6) Limited,Derby Property Investments (Pride Park) Limited,Derby Property Investments (Wingfield House) Limited,Derby Property Investments Limited,Derby Property Investments No.2 Limited,Dervis Management Limited,DNA Holdings Limited,Dr Pooter Limited,Draco (St.Andrews) Limited,Draco (St.Andrews) Limited,Draco Brettenham Limited,Draco Herbrand Limited,Draco Kings Chase Limited,Draco Maidenhead Limited,Draco Southampton Limited,Dualvest Limited,Eaton Trustee Limited,ECE Research Limited,Eden Street Trustee 1 Limited,Eden Street Trustee 2 Limited,Eklus Holdings Limited,Emory Properties Limited,ERRAF (GP) Limited,Esplanade Property Services Limited,Eumundi Properties Limited,European Financial Partners Limited,Exchange Place Limited,Ezyrik Holdings Limited,FBL Consulting Limited,Fern Trustee 1 Limited,Fern Trustee 2 Limited,Fernando Holdings Limited,Firefly Limited,First Canary Limited,First Mezzanine Limited,Flintstone,Finance Limited,Foresight European Solar 1 Limited,Foresight European Solar 2 Limited,Forthright Property Investments (Birmingham) Limited,Forthright Property Investments (Brentford) Limited,Forthright Property Investments (Reading) Limited,Forthright Property Investments (Slough) Limited,Forthright Property Investments (Swindon) Limited,Forthright Property Investments Limited,Forthright Property Investments No.6 Limited,Forthright Property Investments No.7 Limited,Foundation Design & Build Services (Jersey) Limited,Franklin Global Limited,Gate Investments Limited,GDV Ltd,GFF Limited,Glenview Property Holdings Limited,Global Foundation Holdings Limited,Global Residential Developments Limited,Global Sea Trade (Luxembourg) S.à r.l.,Global Sea Trade Limited,Gloucester Estates (Holdings) Limited,Gloucester Estates (Wandsbeker) Limited,Greenslades Limited,Gryphon Overseas Limited,Gryphon Overseas Limited,Gulf Mezzanine Limited,GVG Distribution Limited,Haiku Releasing Limited,Harwood Anthony Propco Limited,Hernando Investments Limited,Highgrove Trustee Limited,Holcroft Limited,Homecourt Limited,Hong Kong Mortgage Financing Limited,Humber Land (Grimsby) Trustee One Limited,Humber Land (Grimsby) Trustee Two Limited,India Carried Interest Limited,Infinite End Limited,Ingenious (Jersey) Film Sales Limited,Interport Limited,Ioanna Shipping Limited,Irongame Holdings Limited,Jaspers Property Investments Limited,Jessop Avenue Trustee 1 Limited,Jessop Avenue Trustee 2 Limited,Jive Shipping Limited,JTC Properties (Elizabeth House) Limited,JTC Trustees (Frontier) Limited,Karibu Limited,Karvelen Limited,Keyway Properties Limited,Kuig Property Investments (Chadderton) Limited,Kuig Property Investments (Ipswich) Limited,Kuig Property Investments (Launceston) Limited,Kuig Property Investments (Link 414) Limited,Kuig Property Investments (Paradigm) Limited,Kuig Property Investments (Poyle) Limited,Kuig Property Investments (Queen Anne's Gate) Limited,Kuig Property Investments (Trentham Lakes) Limited,Kuig Property Investments Limited,Kuig Property Investments No.2 Limited,Kuig Property Investments No.6 Limited,Leyston International Limited,Linden Heights Ltd,Link Holdings Limited,Liquid Petroleum Gas Development Ltd,Lowndes Lodge Limited,Loxley Films Limited,Loxodonta Properties Limited,Luba Primitive Limited,Lucky Mill Holdings Limited,M A Street Trustee 1 Limited,M A Street Trustee 2 Limited,M Health International Limited,Macanillo Investments Limited,Manolete Limited,Mawingo Investments Limited,Maxilla Holdings Limited,MBR Limited,MBR No.2 Limited,Mercury Sofia General Partner Limited,Mermaid Holdings Limited,MFB Films Limited,MFF Leasing Limited,MHL Investments Limited,Michellisa Properties Limited,Midlin Properties LimitedMimosa Real Estate (Jersey) LiMing Holdings

LtdMinotaur Films Limited,Monkswood Way Trustee 1 Limited,Monkswood Way Trustee 2 Limite,Moorgate Associates Institutional Investment Advisory Services Limited,Moorhurst International Investments Ltd.,Mornington Capital Partners Finance Limited ,Morpus No.1 Limited,Morpus No.2 Limited,Morston Hickling Limited,MRD Limited,MSF Leasing Limited,MSF Shipping Limited,Munro Energy Investments Limited,New Maxilla Holdings Limited,Newman Street Investments Limited,Newport Holdings Limited,Norrismount Holdings Limited,NPC Limited,Numology Limited,Ochre Properties Limited,Optimate Holdings Limited,Otterdam Limited,PCP (Jersey) Limited,Peak Development Limited,Perceptive Holdings Limited,Perseus Films Limited,Peterborough Court GP Limited ,Peterborough Court I Limited,Peterborough Court II Limited,Peterborough Court IV Limited,Phoenix Films Limited,Pincon Investments Limited,Pinnata Limited,Polaris Investment Holdings Ltd,Precious Films Limited,Premier Asset Collateralized Entity Limited,PRG Capital Holdings Limited,Rada Investments Limited,Raneen Properties Limited,RDI Financial Services Limited,Rectory Limited,Red Harrison Limited,Redbank Investments Limited,Ringland Properties Limited,Ringwood Road Trustee 1 Limited,Ringwood Road Trustee 2 Limited,Roches Properties Limited,Rollerdell Limited,Sabot Investments Limited,Salvia Limited,Sandford Farm Properties Limited,Sandown Isle of Wight Airport Limited,Savior Faire Properties Limited,Scaramouche Investments Limited,SDH Trustee One Limited,SDH Trustee Two Limited,Sentier Ltd,Shalot Properties Limited,Sherwood Films Limited,Showmaxx Rights Limited,Siberia Overseas Limited,Sigma Enterprises Holding Limited,Silver Blue Properties Limited,Silver Reef Properties Limited,Sogerepar Holding Company Limited,Sparrowhawk Properties 307 Limited,Spinner Limited,St Aldates (98) (No.1) Limited,St Aldates (98) (No.2) Limited,Stark Equities Ltd,STM Fiduciaire Trustees Limited,Strazo Investments Limited,Stroude Farm Properties Limited,Swan & Drake 1 Limited,Swan & Drake 2 Limited,Tabreed Project Finance One Limited,TAJRV LTD,Tanlan Limited,TEMMACS Group Limited,Temmart Limited,Temple Wood Developments Limited,Tepco UK Limited,The Ludwig Wittgenstein Asset Company Limited,Thecomponentshop.com Limited,Tic Toc Films Limited,Trans-Baltica Container Line Ltd.,Triforium Investments Limited,Tungsten Group (2) Limited,Tungsten Group Limited,Two Orchards Properties Limited,Van Reijendam Investments Limited,Velvet Heights Limited,Vesuvius Investment Holdings Limited,Victoria Services Inc,Vine Court Estates Limited,Visser Investments 1999 Limited,Volos Limited,Walden Equity Limited,Warwick Square Limited,Watermark Holdings Limited,Watermark NL Limited,WECF Funding (Jersey) Limited,Weedon Road Trustee 1 Limited,Weedon Road Trustee 2 Limited,West End Building Material S.à r.l.,Wharf Air Industries Limited,Wharf Land Investments (Jersey) Limited,Wharf Land Investments (Jersey) Limited,Whitecote Limited,Whitlow Holdings Limited,Winsley Properties Limited,Woking Participation Limited,Woodlands Holdings Limited,Worcester Retail Park (One) Limited,Worcester Retail Park (Two) Limited,Worton Grange Industrial Limited,WPFP Management Limited,Yosemite Securities Company Ltd,Zamora Limited,Zendaro Limited,zHeathcote Holdings Limited.

Saffron Harrop

Antalis US Funding Corp.,Corsaire Limited,Creake Limited,Emory Properties Limited,Flintstone Finance Limited,Gloucester Estates (Holdings) Limited,Interport Limited,Roches Properties Limited,Rosery Estates Limited,Silver Reef Properties Limited,Warwick Square Limited,Watermark Holdings Limited,SLH Investments Limited,Jersey Trust Company Limited,JTC Securities Limited,JTC Listing Services Limited,JTC (Jersey) Limited,JTC Corporate Services Limited,JTC Trustees Limited,Sophia Holdings Limited,Taliesin Limited,West End Building Material S.à r.l.,Loxodonta Properties Limited,Global Sea Trade (Luxembourg) S.à r.l.,MSF Partnership Services ICC,MSF Enterprise No.1 IC,MSF Vanguard No.1 IC,Regional Development and Investment (Jersey) Limited,MSF Vanguard No 2 IC,JTC Directors Limited,MSF Vanguard No.3 IC,Castle Directors Limited,JTC Foundations Limited,Winsley Properties Limited,Rotterdam House Limited,Firefly Limited,Knightspeed Limited,Shemara (2010) Ltd.,Tranent Limited,Red Shield Secretaries Limited,Red Shield Nominees Limited,Caledonia Financial Services Limited,Caledonia Trustees Limited,JTC Group Limited,Ingenious Senior Film Investments (Jersey) Limited,Ingenious Senior Film Fund GP Limited,Northpoint Byala IC,Northpoint Acrede IC,Northpoint Partners ICC,Albemarle Investments Limited,Eask Limited,Kuig Property Investments Stockton Limited,Kuig Property Investments Lincoln Limited,Greengate Investments Limited,College Crescent Properties Limited,Highfield Investments Limited,Meadowcroft Investments Limited,Crowley Limited,Sealink Holdings Inc,Selhurst Investments Limited,Wind Technology Capital Limited,Sagoma Investments S.à r.l.,Castle Trust Capital Management (Jersey) Limited,Castle Trust Holdings (Jersey) Limited,Hopedale Investments Limited,Sotheby Road Limited,Mayfair Mezzanine 2 Limited,Kingdom Trustee 1 Limited,Kingdom Trustee 2 Limited,Pocket Living Holdco Hong Kong Mortgage Financing Limited,Bespoke Investments Limited,Cadenza International Limited,Lateen Limited,Hudson Investment Holdings Limited,Etna Range Limited,DCLW Consulting Limited,Kitty Hawk GP Limited,Wharf Air Industries Limited,Redbank Investments Limited,Dr Pooter Limited,Baligay Limited,Chester Terrace Limited,CMS Holdings Limited,CPM Ventures Limited,DNA Holdings Limited,Haiku Releasing Limited,Infinite End Limited,Karvelen Limited,Loxley Films Limited,MFB Films Limited,MSF Leasing Limited,Phoenix Films Limited,Sherwood Films Limited,Tic Toc Films Limited,WPFP Management Limited,Red Harrison Limited,Minotaur Films Limited,Lucky Mill Holdings Limited,Ingenious (Jersey) Film Sales Limited,Temmart Limited,Franklin Global Limited,Rectory Limited,Foresight European Solar 2 Limited,BMF Investments Limited,Foresight European Solar 1 Limited,Perseus Films Limited,Trans-Baltica Container Line Ltd.,Scaramouche Investments Limited,Spacegate International Limited,SugarInvest Limited,KH Revcap (Heathcroft) Limited,Draco Brettenham Limited,Draco Kings Chase Limited,Draco Maidenhead Limited,Draco Southampton Limited,JTJH Emear Limited,Blackfriars Limited,Clapham Holdings Limited,KH Revcap (College Green) Limited,KH Revcap (Orbital) Limited,KH II Estates 118 Limited,KH II Estates 105 Limited,KH Revcap Properties 201 Limited,KH II Estates 104 Limited,KH II Estates 107 Limited,Castle Trust Holdings (Jersey) Limited,Castle Trust Capital Management (Jersey) Limited,Global Sea Trade Limited,Sabot Investments Limited,MFF Leasing Limited,Mint Green One Limited,Defiant Productions Limited,Brabazon Property Investments No.2 Limited,St Aldates (98) (No.2) Limited,Brabazon Property Investments Limited,Brabazon Property Investments (Papworth Everard) Limited,St Aldates (98) (No.1) Limited,John Sisk & Son Africa Holdings Limited,Gryphon Overseas Limited,Park Finance Limited,Picketstone Holdings Limited,Numology Limited,Hotbed (Jersey) Intermediate Limited,Hotbed (Library

	Limited,PL Marcon Place 1 Limited,Northpoint Finance IC,Sherwood Property Holdings Limited,Prime Student Housing (Edinburgh) Limited,Prime Student Housing (Birmingham) Limited,Baker Street 2012 Limited,Ingenious Senior Film Fund - B GP Limited,Baker Street 2000 Limited,Baker Street Limited,SLH (Malbec) Limited,Prime Student Housing Edinburgh Lettings Limited,JTC Group Holdings Limited,JTC Group (Malbec) Limited,SLH Finance Limited,Sherwood Thames Holdings Limited,Biscayne Management Services Limited,Abford Trustees I Limited,Abford Trustees II Limited,Baker Street Properties Limited,JTC Group Holdings (Financing) Limited,Hawkeye Oval Holdco Limited,Hawkeye HKIP Holdco Limited,Flametree Properties Limited,Hawkeye Henley Holdco Limited,Skyfall Properties Limited,HTC Purpose Trustees Limited,Sherwood Thames Ventures Limited.	Place) Limited,Hotbed (Jersey) Holdings Limited,Hotbed (Broad Street) Limited,Chlohansa Investments LLC,Forthright Property Investments (Slough) Limited,Forthright Property Investments (Swindon) Limited,Forthright Property Investments (Reading) Limited,Forthright Property Investments (Brentford) Limited,Forthright Property Investments (Birmingham) Limited,Forthright Property Investments No.6 Limited,Forthright Property Investments Limited,Forthright Property Investments No.7 Limited,Kuig Property Investments (Poyle) Limited,Kuig Property Investments (Chadderton) Limited,Kuig Property Investments No.2 Limited,Morston Hickling Limited,Kuig Property Investments (Trentham Lakes) Limited,Otterdam Limited,Kuig Property Investments (Link 414) Limited,Kuig Property Investments (Launceston) Limited,Kuig Property Investments (Paradigm) Limited,Kuig Property Investments (Ipswich) Limited,Rollerdell Limited,Morpus No.2 Limited,Kuig Property Investments Limited,Kuig Property Investments No.6 Limited,Derby Property Investments (Pride Park) Limited,Morpus No.1 Limited,Worcester Retail Park (Two) Limited,Worcester Retail Park (One) Limited,Derby Property Investments No.2 Limited,Kuig Property Investments (Queen Anne's Gate) Limited,Derby Property Investments Limited,Derby Property Investments (Wingfield House) Limited,Derby Property Investments (Magna House) Limited,Derby Property Investments (No.6) Limited,Albemarle Fairoaks Airport Limited,Wharf Land Investments (Jersey) Limited,Whitecote Limited,Sandown Isle of Wight Airport Limited,West Lodge Avenue Limited,RAD Holdings Limited,Worton Grange Industrial Limited,Berkeley Court Properties Limited,Grand Five Investments Limited,RDI Financial Services Limited,Liquid Petroleum Gas Development Ltd,Hemingways International Holding Limited,Cobden Company Limited,Hawkeye Properties 101 Limited,Ritzenna Limited,Anoka Limited,De Havilland Developments Limited,Minster Properties Limited,Panorama Properties Limited,JTC Properties (Elizabeth House) Limited.

7.1 None of the Directors have at any time within the last five years:

7.1.1 had any convictions in relation to fraudulent offences;

7.1.2 been adjudged bankrupt or been the subject of any individual voluntary arrangement;

7.1.3 been subject to any public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies);

7.1.4 been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company;

7.1.5 subject to the disclosures at 7.2 and 7.3 below, been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors either whilst he was the director of that company or within 12 months of him ceasing to be a director of that company;

7.1.6 been a partner in a partnership which has been placed in compulsory liquidation or administration or entered into any partnership voluntary arrangement, either whilst he was a partner of such partnership or within 12 months of him ceasing to be a partner in such partnership;

7.1.7 been a partner in a partnership any asset of which has been placed in receivership or been a partner of any partnership whose assets have been placed in receivership, either whilst he was a partner of such partnership or within 12 months of him ceasing to be a partner in such partnership; or

7.1.8 had a receiver appointed with respect to any assets belonging to him.

7.2 Saffron Harrop and Anthony Underwood-Whitney:

7.2.1 are, as at the date of this document, directors of Corsaire Limited, a company incorporated in the Bahamas and which was placed into liquidation in the Bahamas on 16 June 2008. The liquidation is ongoing as at the date of this document; and

7.2.2 were previously directors of Sandford Farm Properties Limited. Anthony Underwood-Whitney and Saffron Harrop were both appointed to the board on 20th March 2007; both remained as such until 2 June 2009. On 21 April 2010, following such Directors ceasing to be directors of such company, such company was placed into administration and is yet to be formally wound up. It is currently unknown what, if any, potential deficiency there might be to creditors and shareholders.

7.3 No Directors have any potential conflicts of interest between their duties to the Company and the Cell and their private interests and/or their duties to third parties save that JTC is the company secretary of both the Directors and the Company. Certain of the Directors are also directors of JTC.

7.4 With the exception of the Investment Product (details of which are set out in paragraph 11.5 of this Part X) and the Umbrella Agreement (details of which are set out in paragraph 11.6 of this Part X) neither the Company nor the Cell has entered into any related party transactions between the date of incorporation of the Company and the date of establishment of the Cell, respectively, and the date of this document.

8 Directors' service agreements

8.1 None of the Directors have entered into letters of appointment with the Company and the Cell and are instead are appointed as Directors pursuant to the Registrar's and Administrator's Agreement.

8.2 There are no service agreements with Directors which provide for benefits upon termination of employment.

8.3 There are no existing or proposed service agreements between any of the Directors and the Company or the Cell.

9 Subsidiary undertakings

Neither the Company nor the Cell has any subsidiary undertakings.

10 Pensions

Neither the Company nor the Cell has any pension provision or retirement benefit scheme.

11 Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) (together the "**Material Contracts**") have been entered into by the Cell or are expected to be entered into prior to Admission and/or are, or may be, material or contain any provision under which any member of the Cell has an obligation or entitlement which is material to the Cell as at the date of this document:

11.1 an investment management agreement (the "**Management Agreement**") between the Cell and CTCM dated 24 September 2012, under which CTCM will provide investment management services to the Cell by managing the Investment Products in which each Share Class will invest in return for an upfront fee of 3% of the subscription proceeds payable within one calendar month of the receipt of those subscription fees. Such fees will be paid to CTCM by Castle Trust under the Umbrella Agreement described below and so no cost will be borne by either the Cell, the Company or the Shareholders.

The Management Agreement is governed by, and shall be construed in accordance with, English law. The parties to the Management Agreement have submitted to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (whether contractual or non-contractual) arising out of, or in connection with, the Management Agreement.

11.2 a marketing agreement (the "**Marketing Agreement**") between the Cell and CTCM dated 24 September 2012, under which CTCM will provide marketing services to the Cell by marketing Shares to investors in the UK in return for an upfront fee of 1% of the subscription proceeds payable within one calendar month of the receipt of those subscription fees. Such fees will be paid to CTCM by Castle Trust under the Umbrella Agreement described below and so no cost will be borne by either the Cell, the Company or the Shareholders.

The Marketing Agreement is governed by, and shall be construed in accordance with, English law. The parties to the Marketing Agreement have submitted to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (whether contractual or non-contractual) arising out of, or in connection with, the Marketing Agreement.

11.3 a registrar and administrator agreement (the "**Registrar and Administration Agreement**") between the Company, the Cell and JTC dated 28 September 2012, under which JTC will manage the Register and will act as the Registrar. JTC will also carry out the administrative functions of the Company and the Cell and perform all ancillary functions including making the relevant filings to the Jersey authorities and provide company secretarial services.

In consideration for the services provided, the Company will pay the Administrator £2,000 per annum (in addition to the £2,000 per annum fee for the provision of Jersey-resident directors as mentioned under *Compensation* in paragraph 4 – Directors above). These fees will be paid for by CTCM under the Umbrella Agreement described below and so no cost will be borne by either the Cell, the Company or the Shareholders.

The Registrar and Administration Agreement is governed by and shall be construed in accordance with the laws of Jersey and the parties to the Registrar and Administration Agreement have submitted to the non-exclusive jurisdiction of the courts of Jersey.

11.4 a letter of engagement with the Sponsor (the "**MSE Sponsor Agreement**") between the Cell and the Sponsor dated 3 December 2014, under which the Sponsor has agreed to be appointed to that role for the Cell and the Company in accordance with and for the purposes of the Listing Rules of the MSE.

In consideration for the services provided, CTCM, on behalf of the Cell, will pay the Sponsor:

- for the first year an initial fee of no more than €10,000; and
- in relation to each securities note a fee of €2,500
- for subsequent years, an annual fee of no more than €5,000.

The MSE Sponsor Agreement is governed by, and shall be construed in accordance with, Maltese law.

11.5 a listing sponsorship agreement (the "**Listing Sponsorship Agreement**") between the Cell and JTC Listing Services Limited dated 28 September 2012, under which JTC Listing Services Limited has been appointed to provide CISE listing sponsorship services to the Cell in relation to the Housas issued prior to the date of this document which continue to be listed on the CISE.

In consideration for the services provided, CTCM, on behalf of the Cell, will pay JTC Listing Services Limited an annual responsibility fee (excluding disbursements) of £2,000, as well as an annual fee (excluding disbursements) for up to 36 Share classes per annum of £12,000. Each fee paid under the Listing Sponsorship Agreement will be adjusted annually in accordance with the Jersey RPI published by the States of Jersey.

The Listing Sponsorship Agreement is governed by and shall be construed in accordance with the laws of Jersey and the parties to the Listing Sponsorship Agreement have submitted to the non-exclusive jurisdiction of the courts of Jersey.

11.6 a master swap confirmation between the Cell and Castle Trust dated 27 September 2012 (as amended on or around 1 October 2014) under which those parties will enter into Investment Products. Under each Investment Product, the monies received by the Cell from Castle Trust for subscriptions of Shares in a particular Share Class, less certain fees payable to CTCM under the Management Agreement, are paid to Castle Trust, which will apply these monies for use in its Mortgage business. In consideration, Castle Trust agrees to pay the Cell at the maturity of the relevant Investment Product an amount equal to the Investment Return. There is an Investment Product for each Share Class and therefore each Investment Product matures at the same time as each Share Class matures.

The master swap confirmation is governed by English law. The parties to the master swap confirmation have submitted to the jurisdiction of the English courts with respect to any suit, action or proceedings relating to the master swap confirmation.

11.7 an umbrella agreement (the "**Umbrella Agreement**") dated 1 May 2014 between the Cell, Castle Trust and CTCM whereby sums due from Castle Trust in subscribing for the Shares issued by the Cell are set off against the sums it would be due to receive from the Cell under the related Investment Product. The Shares will initially be issued to Castle Trust nil-paid who will then pay up the Shares on receipt of the Investment Amount from investors. The subscription monies received by the Cell, less certain fees payable to CTCM under the Management Agreement and the Marketing Agreement, will then be advanced to Castle Trust under the Investment Product. The Umbrella Agreement offsets these two payments and Castle Trust will pay CTCM on behalf of the Company such marketing and investment management fees. On the maturity of an Investment Product, Castle Trust is obliged to pay the Cell under that Investment Product an amount equal to the Investment Return in respect of the relevant maturing Share and then the Cell would pay back the same sum to Shareholders on the redemption of the maturing Shares. Under the buy-back arrangement Shareholders have with Castle Trust under the Terms and Conditions, Castle Trust will repurchase the Shares for an amount equal to the Investment Return prior to the redemption of such Shares. Therefore, the redemption proceeds from the Cell are payable to Castle Trust. As the Investment Product's payment obligation on maturity occurs at the same time as the redemption of the shares, the payments are simply offset under the Umbrella Agreement. The Umbrella Agreement will also cover the fees payable to CTCM under the Management Agreement and the Marketing Agreement.

The Umbrella Agreement is governed by, and shall be construed in accordance with, English law. The parties to the Umbrella Agreement have submitted to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (whether contractual or non-contractual) arising out of, or in connection with, the Umbrella Agreement.

12 Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) nor have there been any such proceedings during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on the Company and/or the Cell's financial position or profitability.

13 Significant change

There has been no significant change in the financial or trading position of the Company or the Cell since 31 October 2014, the end of the last financial period for which financial information has been published.

14 Nature of financial information

The Company and the Cell commenced operations on 4 October 2012. The financial information of the Company and the Cell for the period 27 July 2011 to 31 October 2014 was audited by the Auditors.

15 Third Party Information

The Company and the Cell confirms that the information contained in this document sourced from any third party has been accurately reproduced and, as far as the Company and the Cell is aware and has been able to ascertain from information published by any such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Registration Document, the source of the information has been disclosed.

16 General

The total costs and expenses (exclusive of amounts in respect of VAT) payable by the Cell in connection with Admission have been and are to be paid by CTCM.

PART XI

ADDITIONAL INFORMATION ON CASTLE TRUST

This Part XI is arranged under the following subheadings:

Castle Trust and the Castle Trust Directors accept responsibility for the statements of belief attributed to them relating to Castle Trust, the information contained in this Registration Document relating to Castle Trust, the risks relating to Castle Trust and its business in Part I of this Registration Document and Parts II, IX and X of this Registration Document and declare that, to the best of the knowledge and belief of Castle Trust and the Castle Trust Directors (who have taken all reasonable care to ensure that such is the case), the statements of belief attributed to them relating to Castle Trust, the information contained in this Registration Document relating to Castle Trust, the risks relating to Castle Trust and its business in Part I of this Registration Document and Parts II, IX and X of this Registration Document is in accordance with the facts and contains no omission likely to affect its import.

1 Incorporation and General Information about Castle Trust

Castle Trust was incorporated in England on 29 November 2010 under the name of Morgan Trust Capital Limited with registered number 07454474 as a private company limited by shares under the 2006 Act. The liability of the members is limited. Castle Trust's name was changed to Castle Trust Capital Limited on 24 January 2011 and it was converted to a public limited company on 24 November 2011.

Castle Trust's registered office is at 10 Norwich Street, London EC4A 1BD, and its principal place of businesses are at 41 Lothbury, London EC2R 7HG (telephone number: +44 (0)20 7166 6260), and Belvedere House, Basing View, Basingstoke, Hampshire RG21 4HG.

2 Statutory Auditors

The auditors of Castle Trust are Ernst & Young LLP. Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. The address of Ernst & Young LLP is 1 More London Place, London SE1 2AF.

3 Organisation Structure

Castle Trust is a wholly owned subsidiary of Castle Trust Holdings (Jersey) Limited, a Jersey-based entity. Castle Trust is ultimately (but not wholly) beneficially owned and controlled by J.C. Flowers & Co., a subsidiary within the J.C. Flowers group, and for this reason it is regarded as being the arranger of the Cell's investment scheme. The significant presence of non-executive directors on the board of Castle Trust ensures that control of Castle Trust by Castle Trust Holdings (Jersey) Limited is checked.

Castle Trust has four subsidiaries: Castle Trust Capital Management Limited, Castle Trust Income Housa plc, Castle Trust Direct plc and Castle Trust Capital Nominees Limited. CTCM and CTCN are private companies limited by shares, Castle Trust Income Housa plc and Castle Trust Direct plc are each a public company limited by shares.

4 Directors

The board of directors of Castle Trust currently comprises two executive directors and seven non-executive directors. The directors of Castle Trust are as follows:

Name	Position	Date appointed to the Board
Sir Callum McCarthy	Non-executive chairman	10 January 2011
The Rt Hon The Lord Deben	Non-executive director	18 February 2011
Dame Deirdre Hutton	Non-executive director	18 February 2011
Patrick Gale	Non-executive director	1 February 2011
Dr. David Morgan	Non-executive director	10 January 2011
Tim Hanford	Non-executive director	14 December 2010
Richard Ramsay	Non-executive director	27 May 2011
Sean Oldfield	Executive director	14 December 2010
Keith Abercromby	Executive director	14 December 2010
Matthew Wyles	Executive director	18 November 2014

The business address of the Castle Trust Directors is currently 41 Lothbury, London EC2R 7HG.

Unless otherwise stated below, the Castle Trust Directors do not have any actual or potential conflicts of interests between their duties as Castle Trust Directors and their private interests or any other duties they might have. The functions (and any potential conflicts of interest) of each of the Castle Trust Directors are set out below:

Sir Callum McCarthy, Non-executive Chairman, Date of birth: 29 February 1944

Directorships:

- Industrial and Commercial Bank of China Limited
- IntercontinentalExchange, Inc
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

The Rt Hon The Lord Deben, Non-executive Director, Date of birth: 26 November 1939

Directorships:

- Veolia Voda SA
- Valpak Limited
- Valpak Holdings Limited
- Sancroft International Limited
- Association of Professional Financial Advisers
- Catholic Herald

- Globe International
- Prince Albert II of Monaco Foundation
- Blue Marine Foundation
- 2degrees Limited
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

Dame Deirdre Hutton, Non-executive Director, Date of birth: 15 March 1949

Directorships:
- Civil Aviation Authority (Chair)
- Thames Water Utilities Limited
- Cranfield University (Pro-Chancellor)
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

Patrick Gale, Non-executive Director, Date of birth: 8 March 1960

Directorships:

- Aztec Group Limited
- Heritage Properties (Oxford) Limited
- Oxfordshire Community Churches
- World Outreach
- The King's Centre Limited
- Defaqto Group Limited
- JLT Benefit Solutions Limited
- JLT EB Holdings Limited
- JLT Investment Management Limited
- JLT Wealth Management Limited
- Thistle Insurance Services
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

Dr. David Morgan AO, Non-executive Director, Date of birth: 14 March 1947

Directorships:

- HSH Nordbank AG
- NIBC Holding NV
- NIBC Bank NV
- NPG Wealth Management Sarl
- J.C. Flowers & Co. UK LLP
- JCF & Co UK Holdings Limited
- OneSavings Bank Plc
- Mittagong Limited
- Vaucluse Limited
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

Potential conflict: J. C. Flowers & Co. UK LLP and JCF & Co UK Holdings Limited are affiliated with the ultimate shareholder of Castle Trust.

Tim Hanford, Non-executive Director, Date of birth: 26 April 1964

Directorships:

- Pension Insurance Corporation Limited
- Orsu Metals Corporation
- Investment Trade Bank (Open Joint Stock Company)
- OneSavings Bank Plc
- Vitae Trading Company Limited
- Financiere Holding CEP
- LuxCo Holdings CEP II S.à r.l.
- Cabot (Group Holdings) Limited
- Carat Manager Nominee
- Carat UK Holdco Limited
- Carat UK Bidco Limited
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited

Richard Ramsay, Non-executive Director, Date of birth: 27 December 1949

Directorships:

- Northcourt Limited
- GPS Malta Limited
- John Laing Environmental Assets Group Limited
- Wolsey Group Limited
- Richard Ramsay Limited
- URICA Limited
- Seneca Global Income & Growth Trust plc
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited
- Castle Trust Income Housa plc
- Castle Trust Direct plc

Sean Oldfield, Chief Executive Officer, Date of birth: 21 January 1977

Directorships:

- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited
- Castle Trust Income Housa plc
- Castle Trust Direct plc

Keith Abercromby, Chief Financial Officer, Date of birth: 5 March 1964

Directorships:

- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited
- Castle Trust Income Housa plc

- Castle Trust Direct plc

Matthew Wyles, Retail Director, Date of birth: 25 August 1958

Directorships:

- Rossi Wyles Associates Limited
- Castle Trust Capital plc
- Castle Trust Capital Management Limited
- Castle Trust Capital Nominees Limited
- Castle Trust Income Housa plc
- Castle Trust Direct plc

5 Senior Management Team of Castle Trust

Barry Searle, Chief Operating Officer

Tony Pauley, Managing Director

Mark Banham, General Counsel

6 Corporate Governance

Compliance with the UK Corporate Governance Code ("Code")

Castle Trust is not obliged to meet the requirements of the Code. Nevertheless, the Castle Trust Board has established Audit, Risk, Remuneration and Nomination Committees with formally delegated duties and responsibilities.

Audit Committee

The Audit Committee's purpose is to evaluate and make recommendations to the Castle Trust Board in relation to accounting policies, internal control and financial reporting functions.

The Audit Committee's primary responsibilities include oversight of overall financial affairs of the business, accounting and financial reporting, ensuring principles and policies adopted comply with statutory requirements, effectiveness and adequacy of standards of internal control, internal audit, (including the internal audit programme), external audit (including the appointment, reappointment, remuneration and removal of external auditors), and the effectiveness and adequacy of regulatory compliance (including the compliance programme). The Audit Committee has the authority to obtain any information it requires from any employee or external adviser, and at least once a year may meet with Castle Trust's external auditors and internal audit function without any executive Castle Trust Directors being present.

The Audit Committee as at the date of this Registration Document is comprised of Richard Ramsay, Patrick Gale, and Tim Hanford. The chair of the Audit Committee is Richard Ramsay. The quorum for meetings of the Audit Committee is two members.

Risk Committee

The Risk Committee's purpose is to oversee, evaluate, challenge, and make recommendations in relation all risk matters within Castle Trust.

The Risk Committee's primary responsibilities include oversight of the risk management framework, definition of and compliance with risk appetite metrics, monitoring the risk register (including risk trends and concentration), reputational and conduct risk, Treating Customers Fairly, outsourced partner and distribution risks, systems and start up risks, risk key performance indicators, provisions experience against budget, and financial risks (ICAAP and individual liquidity adequacy assessments).

The Risk Committee as at the date of this Registration Document is comprised of Tim Hanford, Richard Ramsay, Patrick Gale, Dame Deirdre Hutton, and Sir Callum McCarthy. The chair of the Risk Committee is Tim Hanford. The quorum for meetings of the Risk Committee is two members.

Remuneration Committee

The Remuneration Committee's purpose is to evaluate and make recommendations to the Castle Trust Board in relation to remuneration policy and remuneration recommendations in respect of Castle Trust's senior executives

The primary responsibilities of the Remuneration Committee are to: approve, review, and make recommendations of changes to and the termination of incentive schemes for approval by the Castle Trust board; oversee any major changes in employee benefits structures throughout the company or group; manage the selection, appointment and setting of terms of reference for any external advisers to the Committee; receive guidance on risk weightings for performance objectives from the Risk Committee; report to the board on the annual remuneration policy statement to be submitted to the FCA.

The Remuneration Committee as at the date of this Registration Document is comprised of Dr David Morgan AO and The Rt Hon The Lord Deben. The chair of the Remuneration Committee is Dr David Morgan AO. The quorum for meetings of the Remuneration Committee is two members.

Nomination Committee

The Nomination Committee's primary responsibilities are to: consider and make recommendations to the Board regarding future appointments to the Board; evaluate the composition of the Board, considering the following factors: total number of directors, balance between executive and non-executive directors and proportion of independent non-executive directors, length of service, mix of skills versus requirements, expected time commitment of non-executive directors, succession planning.

The Nomination Committee as at the date of this Registration Document is comprised of Sir Callum McCarthy and Dame Deirdre Hutton. The chair of the Nomination Committee is Sir Callum McCarthy. The quorum for meetings of the Nomination Committee is two members.

7 Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Castle Trust is aware) nor have there been any such proceedings during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on Castle Trust's financial position or profitability.

8 Significant change

There has been no significant change in the financial or trading position of Castle Trust since 30 September 2014 (for which audited financial statements were prepared and are published at Part IX of this document).

9 Material adverse change

There has been no material adverse change in the prospects of Castle Trust since 30 September 2014, the end of the last financial period for which audited financial information is available.

10 Solvency of Castle Trust

There have been no recent events particular to Castle Trust and which are to a material extent relevant to the evaluation of the solvency of Castle Trust.

11 Material Contracts

11.1 A master swap confirmation between the Cell and Castle Trust dated 27 September 2012 (as amended on or around 1 October 2014) under which Castle Trust will be the Investment

Provider in respect of the Investment Products. As outlined above, each Investment Product is a financial contract whereby the monies received by the Cell from Castle Trust for subscriptions of Shares in a particular Share Class, less certain fees payable to CTCM under the Management Agreement, are paid to Castle Trust, which will apply these monies for use in its Mortgage business. In consideration, Castle Trust agrees to pay the Cell at the maturity of the relevant Investment Product an amount equal to the Investment Return. There is an Investment Product for each Share Class and therefore each Investment Product matures at the same time as each Share Class matures.

11.2 An umbrella agreement (the "**Umbrella Agreement**") dated 1 May 2014 between the Cell, Castle Trust and CTCM whereby sums due from Castle Trust in subscribing for the Shares issued by the Cell are set off against the sums it would be due to receive from the Cell under the related Investment Product. The Shares will initially be issued to Castle Trust nil-paid who will then pay up the Shares on receipt of the Investment Amount from investors. The subscription monies received by the Cell, less certain fees payable to CTCM under the Management Agreement and the Marketing Agreement will then be advanced to Castle Trust under the Investment Product. The Umbrella Agreement offsets these two payments and Castle Trust will pay CTCM on behalf of the Company such marketing and investment management fees. On the maturity of an Investment Product, Castle Trust is obliged to repay the Cell under that Investment Product an amount equal to the Investment Return in respect of the relevant maturing Share and then the Cell would pay back the same sum to Shareholders on the redemption of the maturing Shares. Under the buy-back arrangement Shareholders have with Castle Trust under the Terms and Conditions, Castle Trust will repurchase the Shares for an amount equal to the Investment Return prior to the redemption of such Shares. Therefore, the redemption proceeds from the Cell are payable to Castle Trust. As the Investment Product's payment obligation on maturity occurs at the same time as the redemption of the shares, the payments are simply offset under the Umbrella Agreement. The Umbrella Agreement will also cover the fees payable to CTCM under the Management Agreement and the Marketing Agreement.

12 Financial information audited and independently reported upon

The consolidated historical financial information of Castle Trust for a.) the periods 9 November 2010 (the date of incorporation) to 30 September 2011 and 1 October 2011 to 30 September 2012, and b.) the year ended 30 September 2013 incorporated by reference in Part IX have been prepared under IFRS as adopted by the EU and have been independently reported on.

The consolidated financial statements for Castle Trust and its subsidiaries for the year ended 30 September 2014 set out in Part IX of this document was prepared under IFRS as adopted by the EU and was audited by the Auditors.

13 Regulatory Status

FCA regulation

In the UK, activities carried out by Castle Trust are regulated under FSMA, together with secondary legislation and other rules made under it, including the FCA Rules. It is an offence for a person to carry on "regulated activities" in the UK unless it is an authorised person or exempt from the need to be authorised. Castle Trust is authorised and regulated by the FCA to carry on the regulated activities that it currently conducts.

Threshold conditions

A FCA authorised firm must satisfy at all times certain "threshold conditions" which are set out in FSMA. These threshold conditions include the requirement that an authorised firm must have adequate financial resources. The firm must also generally satisfy the FCA that it is "fit and proper" and otherwise suitable to be authorised.

Approved persons

The approval of the FCA is required for the performance of certain "controlled functions". Persons performing a "controlled function" in relation to a FCA authorised firm include, inter alia, the chief executive officer, the directors, persons with oversight of money laundering reporting and compliance and certain persons carrying out important management or customer facing functions.

The FCA Rules

A FCA authorised firm must comply with the principles and rules set out in the FCA Rules, which also provide guidance on the application and interpretation of these rules.

The FCA's Principles for Business ("**Principles**") are high level principles which are a general statement of the fundamental obligations of FCA authorised firms under the regulatory system. The FCA expects firms to meet the standards of behaviour set out in the Principles. These Principles include obligations to treating customers fairly. The FCA may take disciplinary action against any firm which breaches one or more of the Principles, irrespective of whether it has also breached a specific FCA rule.

If a breach of the FCA Rules occurs, the FCA has the power to take a wide range of disciplinary actions against regulated firms and any FCA approved persons, including public censure, the imposition of fines, the variation, suspension or termination of the firm's authorisations or the removal of approved status from individuals.

Regulatory capital

Regulatory capital requirements form an integral part of the FCA's prudential supervision of UK authorised firms. The regulatory capital rules oblige firms to hold a certain amount of capital at all times (taking into account the particular risks to which the firm may be exposed given its business activities), thereby seeking to ensure that firms can meet their liabilities as they fall due and safeguarding their (and their counterparties') financial stability. The FCA also expects firms to take a pro-active approach to monitoring and managing risks, consistent with its high level requirement for firms to have adequate financial resources.

Consumer credit

Castle Trust is also required to comply with the Consumer Credit Act 1974 and its regulations, which contain rules on (among other things) advertising, pre-contract disclosure, credit agreements and post-credit information.

Some of Castle Trust's consumer credit activities (in the form of a subset of its Mortgage products) are also regulated. Castle Trust holds interim permissions from the FCA to enable it to carry out such activities.

Other legislation

Castle Trust is also required to comply with a wide range of other legislation as a result of its activities, including (amongst other things) the Data Protection Act 1998, the Money Laundering Regulations 2001, and the Proceeds of Crime Act 2002.

Legal/Regulatory changes

If for any reason changes in applicable laws and regulation meant that Castle Trust was unable to issue Mortgages then the Cell may not be able to continue to issue Shares until and unless it could provide an alternative means of funding the returns for new Shares.

14 Asset and Liability Management

Regulation

As a firm authorised and regulated by the FCA, Castle Trust has a formal governance structure in place to manage and mitigate risks (including house price risk, interest rate risk and liquidity risk) in accordance with FCA requirements.

House price risk management

The Castle Trust Board sets and approves Castle Trust's house price risk management strategy. The Executive Committee, comprising senior executives of Castle Trust, monitors house price risk. Key house price risk management information is reported by the finance team and monitored by the Chief Executive Officer and Chief Financial Officer and other members of the Executive Committee on a monthly basis to review house price risk exposure.

Each month, consideration is given to the internal matching between the Mortgage assets and Housa and other liabilities to ensure compliance with risk appetite metrics as approved by the Castle Trust Directors. Matching is considered in terms of the exposure of the balance sheet to movements in house prices up or down, the expected duration profile of the assets and liabilities and the degree to which the profile of the individual properties backing the Mortgages matches the profile of the liabilities. Castle Trust seeks to mitigate house price risk. Castle Trust's intention is to manage its exposure to house price risk within operational and risk tolerances.

New business volume and mix will be used to manage the exposure to house price risk.

Interest rate risk management

Key interest rate risk management information is reported by the finance team and monitored by the Chief Executive Officer and Chief Financial Officer on a monthly basis or more frequently (as appropriate).

Liquidity risk management

The Castle Trust Board sets and approves Castle Trust's liquidity risk management policy. Castle Trust has an agreed liquidity policy under which it will maintain at all times adequate liquidity resources, both in terms of amount and quality. The Castle Trust Board routinely reviews its liquidity policy and, amongst other things, the controls in place for liquidity management.

The Executive Committee monitors liquidity risk. Key liquidity risk management information is reported by the finance team and monitored by the Chief Executive Officer and Chief Financial Officer on a monthly basis or as appropriate.

To ensure sufficient liquidity is retained by Castle Trust, a significant cash buffer is established as Castle Trust targets retaining a minimum of 20 per cent. of funds raised from Housas in liquid assets such as money market instruments, cash and cash equivalents. To reduce liquidity risk, Castle Trust intends to actively manage the blend of investments (ranging from one to ten years) with the expected duration of the mortgage portfolio (which is based on UK experience) using its systems and controls. Liquidity retained under the liquidity risk management policy will be used to satisfy contractual liabilities in the event of an unexpected mismatch between assets and liabilities.

The Executive Committee meets monthly to review liquidity risk exposure at which at which consideration is given to correcting between assets and liabilities.

Capital and funding

Castle Trust has been capitalised by shareholder equity capital and has no debt capital. Its business activities are funded through customer investments which include Growth, Protected and Foundation Housas (Shares), Fortress Bonds, and, before 30 September 2014, Income Housas (loan notes issued by CTIH). Castle Trust does not have any other funding facilities in place currently and has no exposure to the bank wholesale markets. Castle Trust is developing plans for additional house price linked investment products for distribution to institutional investors.

15 **Capital resources**

As at 30 September 2014, Castle Trust has in excess of £33m in equity capital. The FCA requires minimum amounts of capital to be held according to the quality of capital held, and equity capital is the highest level quality of capital (known as "Tier 1 capital"). As at 30 September 2014, Castle Trust was required to hold a minimum of between £1.2m and £2.2m of Tier 1 capital. At that date, Castle Trust held £32m of Tier 1 capital after deductions.

Castle Trust's capital resources comprise share capital, share premium and retained earnings/(losses). Castle Trust has no debt capital. Funding is provided through customer investments which include Growth, Protected and Foundation Housas (Shares), Fortress Bonds and, before 30 September 2014, Income Housas (loan notes issued by CTIH). This funding is a financial liability in the Statement of Financial Position contained in the audited accounts.

Castle Trust's ability to lend to Mortgage borrowers is constrained by the Tier 1 regulatory capital requirements imposed on Castle Trust and the amount of funding raised via Housa and Fortress Bond products. Prudential regulation management requires Castle Trust, as a firm regulated by the FCA under IFPRU, to hold appropriate levels of capital at all times.

Castle Trust's principal source of cash flow is the receipt of subscription proceeds from Housa sales that are invested in the Investment Product by the Company, by Castle Trust Income Housa plc and by Castle Trust Direct plc. As at 30 September 2014, £4.3m had been invested with Castle Trust by the Company in respect of subscriptions for Growth Housas (Shares), £2.0m had been invested by the Company in respect of subscriptions for Protected and Foundation Housas (Shares), £1.8m had been invested by Castle Trust Income Housa plc in respect of subscriptions for Income Housas (Notes) and £38m had been lent by Castle Trust Direct plc in respect of subscriptions for Fortress Bonds (Notes), giving an aggregate total of £46m.

Castle Trust's liquidity policy targets retaining a minimum of 20 per cent of funds raised from Housas and Fortress Bonds in liquid assets such as money market, cash, and cash equivalents, with the remaining funds loaned to borrowers as Mortgages. As at 30 September 2014, 407 Mortgages have been issued in an amount of £38.0m. The remainder of the subscription proceeds is invested in accordance with Castle Trust's liquidity policy.

Castle Trust receives investment income from the liquid assets in which its capital is invested such as money market, cash and cash equivalents, being £137,000 in the period from 1 October 2013 to 30 September 2014 (4 October 2012 to 30 September 2013: £176,000). The Mortgage business is expected to provide further sources of cash flow through arrangement fees on sales together with the eventual redemption of the Mortgages. Mortgages may be redeemed at the expiry of the terms for which they are issued, which may be between 1 and 30 years; they may also be redeemed before the expiry of the term, without penalty, at the option of the borrower. As at the date of this document, Castle Trust has received £638,000 fee from the sale of the Mortgages referred to above, and two Mortgages have been redeemed.

Before Castle Trust commenced operations on 4 October 2012, it was funded by capital injections provided by Castle Trust's parent company, Castle Trust Holdings (Jersey) Limited. These were used to fund the costs incurred in establishing the business platform and infrastructure of Castle Trust and launching the business and the issue of Housa products. No further such capital injections are due or foreseen.

The historical financial information for Castle Trust sets out the cash flow in the statement of cash flow. Castle Trust has no other sources of cash flow. To gain a more complete view of Castle Trust's liquidity, consideration should be given to Castle Trust's cash and cash equivalents, (£8.8m as at 30 September 2014), its long term deposits (£5.0m as at 30 September 2014), and amounts invested in sterling liquidity fund (£24.6m as at 30 September 2014). Amounts in the sterling liquidity fund provide daily liquidity. Long term deposits were for no more than 12 months.

16 **Financial Information**

No quarterly or half yearly information has been published since the date of Castle Trust's last audited financial statements (dated 30 September 2014), and none is currently planned.

Castle Trust has paid no dividend since incorporation. Castle Trust started trading on 1 October 2012 and does not anticipate paying a dividend in respect of its second year of trading. Thereafter, prior to approving a dividend, the board of Castle Trust will satisfy itself that after any such dividend had been paid, Castle Trust would retain surplus capital resources in excess of its regulatory capital requirements.

PART XII

INFORMATION ON THE HOUSING FOUNDATION CHARITABLE TRUST

This Part XII is arranged under the following subheadings:

1 General

1.1 The Trustee of the Housing Foundation Charitable Trust, JTC Trustees Limited, was incorporated in Jersey on 23 March 1987 under the name of Praetor Trust Company Limited with registered number 37295 as a private company limited by shares under the Law. The Trustee is registered to undertake trust company business services under the Financial Services Law.

1.2 The Housing Foundation Charitable Trust was established on 12 August 2011 by the Trustee. The Housing Foundation Charitable Trust is governed by the Trust Instrument and the Trust Law.

1.3 The Trustee's registered office and principal place of business is at Elizabeth House, 9 Castle Street, St Helier Jersey JE2 3RT (telephone number: +44 (0) 1534 700000).

2 Additional information in relation to The Housing Foundation Charitable Trust

2.1 The Trustee of The Housing Foundation Charitable Trust holds 100% of the Ordinary Shares in the capital of the Company and 100% of the Founder Shares in the capital of the Cell. Accordingly, the Trustee of The Housing Foundation Charitable Trust will be the sole and controlling shareholder for the purposes of general meetings of each of the Company and the Cell.

2.2 The Trustee, when acting in its capacity as the trustee of the Housing Foundation Charitable Trust (the "**Trust**"), has duties under the Trust Law to (amongst other things) carry out and administer the Trust in accordance with its terms and, so far as is reasonable, preserve the Trust's property. The trust instrument documenting and governing the Trust includes express provision that the Trustee shall not:

2.2.1 dispose of or otherwise deal with any shares in the Company or the Cell (i) as long as any borrowings or indebtedness in the nature of borrowings by the Company or the Company acting in respect of the Cell are outstanding, or (ii) until after the time that any redeemable preference shares in the issued share capital of the Company or the Cell have been redeemed in full; or

2.2.2 act in any way so as to prejudice or which may be inconsistent with the performance by the Company or the Company acting in respect of the Cell of their respective obligations under any agreements or arrangements to which they may be a party.

2.3 Under Article 21(1) of the Trust Law, the trustee of a Jersey law trust is required when executing its duties and exercising its powers to act with due diligence, as would a prudent person, to the best of its ability and skill and to observe the utmost good faith.

2.4 As an entity regulated under the Financial Services Law to undertake trust company business services, the Trustee must comply with the "Codes of Practice for Trust Company Business" published by the JFSC in exercise of its powers under that Law (the "**Codes**") for the purpose of establishing sound principles for the conduct of trust company business. A failure by a registered person to comply with the principles of the Codes represents grounds on which enforcement action may be taken by the JFSC.

2.5 As a result of the duties and obligations outlined above, it is not considered necessary to put in place further measures to ensure control of the Company is not abused by the Trustee.

PART XIII

INFORMATION ON CASTLE TRUST CAPITAL MANAGEMENT LIMITED

This Part XIII is arranged under the following subheadings:

1 Incorporation and general
2 Regulatory Status
3 Directors

1 Incorporation and general

1.1 CTCM was incorporated in England on 25 January 2011 under the name of Castle Trust Capital Management Limited with registered number 07504954 as a private company limited by shares under the 2006 Act. The liability of the members is limited.

1.2 CTCM's registered office is at 10 Norwich Street, London EC4A 1BD, and its principal place of business is at 41 Lothbury, London EC2R 7HG (telephone number: +44 (0)20 7166 6260).

2 Regulatory Status

CTCM is authorised and regulated by the FCA to provide investment management services to the Company.

3 Directors

The board of directors of CTCM currently comprises two executive directors and seven non-executive directors. The directors of CTCM are as follows:

Name	Position	Date appointed to the Board
Sir Callum McCarthy	Non-executive chairman	28 January 2011
The Rt Hon The Lord Deben	Non-executive director	17 March 2011
Dame Deirdre Hutton	Non-executive director	17 March 2011
Dr. David Morgan	Non-executive director	28 January 2011
Patrick Gale	Non-executive director	17 March 2011
Tim Hanford	Non-executive director	28 January 2011
Richard Ramsay	Non-executive director	27 May 2011
Sean Oldfield	Executive director	28 January 2011
Keith Abercromby	Executive director	28 January 2011
Matthew Wyles	Executive director	18 November 2014

The business address of the directors is currently 41 Lothbury, London EC2R 7HG. As the board of directors for CTCM is the same as for Castle Trust, please see Part X above for information in relation to the directorships of the directors of CTCM.

The directors of CTCM do not have any actual or potential conflicts of interests between their duties as directors of CTCM and their private interests or any other duties they might have (save for those already disclosed in their capacity as Castle Trust Directors).

PART XIV

INFORMATION ON CASTLE TRUST CAPITAL NOMINEES LIMITED

This Part XIV is arranged under the following subheadings:

1 Incorporation and general

1.1 CTCN was incorporated in England on 7 October 2011 under the name of Castle Trust Capital Nominees Limited with registered number 7801931 as a private company limited by shares under the 2006 Act. The liability of the members is limited.

1.2 CTCN's registered office is at 10 Norwich Street, London EC4A 1BD, and its principal place of business is at 41 Lothbury, London EC2R 7HG (telephone number: +44 (0)20 7166 6260).

1.3 CTCN will hold the legal title for all Shares issued by the Company on trust for the beneficial owner pursuant to a nominee agreement unless a Shareholder elects to take legal title to the Shares as well when he acquires them.

PART XV

APPLICATION OF THE FINANCIAL SERVICES COMPENSATION SCHEME

The FSCS is a compensation fund of last resort for customers of firms authorised by the Financial Conduct Authority. The FSCS will be available because Castle Trust will have an obligation to buy-back Shares bought from Castle Trust during the applicable Offer Period in accordance with the Terms and Conditions that govern that initial purchase. If due to insolvency Castle Trust failed to repurchase the Shares for an amount equal to the Investment Return on the Maturity Date and was declared "in default", then Castle Trust would have breached its contractual obligation and the Shareholder would be able to seek compensation of up to £50,000 from the FSCS. This right to compensation would only apply to Shareholders who have the benefit of this repurchase obligation, i.e. those who purchased their Shares from Castle Trust (or inherited them from someone who purchased them from Castle Trust) and have not opted out from Castle Trust's repurchase obligation. Shareholders who have opted out or who purchased their Shares on the secondary market (if one has developed) would not be able to apply to the FSCS if Castle Trust failed to repurchase their Shares. For further information relating to the FSCS, including the amounts covered and eligibility to claim, please ask Castle Trust for more detail or refer to the FSCS website (www.fscs.org.uk).

PART XVI

GLOSSARY OF TERMS AND DEFINITIONS

The following terms apply throughout this document unless the context otherwise requires

“2006 Act”	the Companies Act 2006, as amended
“2013 Supplementary Prospectus”	the supplementary prospectus published by CTIH dated 31 December 2013 relating to the Income Housa programme
“Administrator”	JTC or such other person or persons as may from time to time be appointed by the Company or the Cell (as applicable) as its administrator or secretary
“Admission”	the admission of the Shares to the Official List of the MSE
“Affiliate”	has the meaning given to the term “affiliated company” or any other equivalent term in the glossary of the FCA’s Handbook
“Articles of Association” or “Articles”	the articles of association of the Cell from time to time
“Auditors”	Ernst & Young LLP, or such other person or persons as may from time to time be appointed by the Company or the Cell (as applicable) as its auditors
“Board”	the board of directors of the Company
“Bonus Scheme”	any of the discretionary bonus schemes operated by Castle Trust in relation to certain employees(each a “**Bonus Scheme**”)
“Borrower Loan Agreement”	the facility agreement dated on or around 3 July 2014 between CTD (as lender) and Castle Trust (as borrower) pursuant to which CTD makes advances to Castle Trust using the proceeds of issuance of each series of Fortress Bonds
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which commercial banks in Jersey and London are normally open for business
“Buy to Let Investors”	investors in tenanted residential property, one of the two categories of target customer for Castle Trust Mortgages
“Castle Trust”	Castle Trust Capital plc (with registered number 07454474) whose registered office is at 10 Norwich Street, London EC4A 1BD
“Castle Trust 2011 and 2012 Financial Information”	the consolidated historical financial information of Castle Trust for the period 29 November 2010 (the date of incorporation) to 30 September 2011 and for the year ended 30 September 2012

"Castle Trust 2013 Financial Information"	the consolidated historical financial information of Castle Trust for the year ended 30 September 2013
"Castle Trust 2014 Financial Information"	the consolidated historical financial information of Castle Trust for the year ended 30 September 2014
"Castle Trust Board"	the board of directors of Castle Trust
"Castle Trust Directors"	the directors of Castle Trust whose names are set out in Part X of this document (each a "Castle Trust Director")
"Castle Trust Mortgage" or "Mortgage"	an equity loan or interest bearing mortgage (or combination thereof) advanced by Castle Trust and secured on UK property
"Cell 2012 Financial Statements"	the Directors' Report and Audited Financial Statements of the Cell for the year ended 31 October 2012 together with the audit report on those financial statements
"Cell 2013 Financial Statements"	the Directors' Report and Audited Financial Statements of the Cell for the year ended 31 October 2013 together with the audit report on those financial statements
"Cell 2014 Financial Statements"	the Directors' Report and Audited Financial Statements of the Cell for the year ended 31 October 2014 together with the audit report on those financial statements
"Cell Board"	the board of directors of the Cell
"Cell Meeting"	a meeting of the Shareholders of the Cell convened and held by the Cell in accordance with the Articles
"Cell"	Castle Trust Growth Housa PC, a protected cell of the Company established by special resolution of the Company in accordance with the Law and the Company Articles for the purpose of segregating and protecting cellular assets and representing the assets of that cell in the manner provided by the Law (such term to include, where the context requires, the Company acting in respect of Castle Trust Growth Housa PC)
"certificated" or "in certificated form"	recorded in the register of members of the Company or the Cell (as applicable) and evidenced by the issue of a share certificate
"CIF Law"	the Collective Investment Funds (Jersey) Law 1988, as amended
"CISEA"	the Channel Islands Securities Exchange Authority Limited
"Codes"	the Codes of Practice for Trust Company Business published by the JFSC
"Company 2012 Financial Statements"	the Directors' Report and Audited Financial Statements of the Company for the year ended 31

	October 2012 together with the audit report on those financial statements
"Company 2013 Financial Statements"	the Directors' Report and Audited Financial Statements of the Company for the year ended 31 October 2013 together with the audit report on those financial statements
"Company 2014 Financial Statements"	the Directors' Report and Audited Financial Statements of the Company for the year ended 31 October 2014 together with the audit report on those financial statements
"Company Articles"	the articles of association of the Company
"Company"	Castle Trust PCC, a closed-ended investment company incorporated as a protected cell company with limited liability in Jersey with registered number 108697
"CTCM"	Castle Trust Capital Management Limited (with registered number 07504954) whose registered office is at 10 Norwich Street, London EC4A 1BD
"CTCN"	Castle Trust Capital Nominees Limited (with registered number 7801931) whose registered office is at 10 Norwich Street, London EC4A 1BD
"CTD"	Castle Trust Direct plc (with registered number 9046984) whose registered office is at 10 Norwich Street, London EC4A 1BD
"CTIH"	Castle Trust Income Housa plc (with registered number Jersey 107163) whose registered address is at Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT
"CTIH Base Prospectus"	the base prospectus published by CTIH dated 3 October 2012
"December Note"	the securities note published by the Company dated 6 December 2012
"Directors"	the directors of the Cell and/or the Company (as the context requires) whose names are set out in Part V of this document (each a "Director")
"Early Payment Date"	In relation to the Shares issued in respect of a Share Class, any date prior to the Maturity Date on which the Shares will be repurchased or redeemed in accordance with the terms of the Relevant Securities Note
"Executive Committee"	the committee of management of Castle Trust established to assist the Chief Executive Officer in managing the business of Castle Trust
"February Note"	the securities note published by the Company on 28 January 2014

"Final Index Level"	in relation to an Index, shall be as specified in the Relevant Securities Note
"Financial Services Law"	the Financial Services (Jersey) Law 1998, as amended
"Fortress Bonds"	a fixed term investment marketed by CTCM that takes the form of a note issued by CTD under the £1,500,000,000 Castle Trust Direct programme pursuant to a base prospectus dated 3 July 2014
"Foundation Housa"	a Housa which takes the form of a Share issued by the Cell whose capital return matches the Index if the Index rises over the Investment Term, and equals the original amount invested if the Index declines over the Investment Term
"Founder Shareholder"	holder of Founder Shares
"Founder Shares"	founder shares of no par value in the capital of the Cell held by the Trustee of the Housing Foundation Charitable Trust, or such other person from time to time
"FCA"	the Financial Conduct Authority, in its capacity as the competent authority for the purposes of Part VI FSMA
"FSCS"	the Financial Services Compensation Scheme as created under FSMA and is the UK's statutory fund of last resort for customers of authorised financial services firms
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Expenses"	fees and expenses incurred by the Cell relating to the establishment and ongoing general administration of the Company and the Cell
"Growth Housa"	a Housa that takes the form of a Share issued by the Cell and delivers a multiple of any increase of the Index and participates in any decrease of the Index
"HMRC"	Her Majesty's Revenue and Customs
"Housa"	fixed term investment marketed by CTCM offering returns linked to the value of the UK or London housing market (as applicable) by reference to the performance of the Index
"The Housing Foundation Charitable Trust"	The Housing Foundation Charitable Trust, a trust established by the Trustee on 12 August 2011 which has charitable purposes and is governed by the Trust Instrument and the Trust Law
"ICAAP"	internal capital adequacy assessment process
"IFDS"	International Financial Data Services (UK) Limited, a third party contracted to provide investment

	administration services
"IFPRU"	the FCA prudential standards sourcebook for investment firms
"Income Housa"	a Housa that takes the form of a loan note issued by CTIH and whose capital returns match the Index and pays a fixed quarterly coupon
"Index"	the relevant index by reference to which the Investment Return for each Share issued in respect of a Share Class will be determined, which shall be (unless otherwise stated in the Relevant Securities Note) the Halifax House Price Index of the UK national housing market which includes all houses, all buyers, non-seasonally adjusted, monthly data or the Halifax London House Price Index
"Index Disruption Event"	an event described as such under the section entitled "Adjustments" in Part VI of this document
"Index Sponsor"	shall have the meaning set out in the Relevant Securities Note in relation to the relevant Index
"Initial Index Level"	in relation to an Index, shall be as specified in the Relevant Securities Note
"Investment Amount"	the price paid for each Share by a Shareholder whether the Share is acquired pursuant to the relevant Issue or subsequent to the relevant Issue
"Investment Date"	in relation to each Share Class, the date specified in the Relevant Securities Note relating to such Share Class
"Investment Manager"	CTCM or such other person or persons from time to time appointed by the Cell as the Investment Manager of the Cell
"Investment Product"	an investment in a financial contract as specified in the Relevant Securities Note made or to be made by the Cell in respect of a Share Class which is intended to generate the funds required to pay the relevant Investment Return, a summary of which can be found on page 33
"Investment Provider"	the investment counterparty for the Investment Product in which the assets of that Cell are invested, being Castle Trust and/or any other person approved by the Cell, the Administrator and, if required by applicable law and regulation, the JFSC
"Investment Return" and "Investment Return per Share"	in relation to the Shares in each Share Class, the amount payable on the redemption or repurchase of each Share in that Share Class at the Maturity Date for such Share Class in accordance with, and subject to, the Articles, as set out in the Relevant Securities Note for that Share Class
"Investment Term"	in respect of Shares issued in respect of each Share Class, the period from the Investment Date to the

	Maturity Date for the relevant Shares
"ISA"	an account within the meaning of (and which satisfies the requirements set out in) the ISA Regulations
"ISA Regulations"	the Individual Savings Account Regulations 1998 (SI 1998/1870), as amended from time to time
"Issue"	the issue of Shares pursuant to an offer for subscription for such Shares
"Issue Price"	in relation to each Share Class, the issue price per Share set out in the Relevant Securities Note
"JFSC"	the Jersey Financial Services Commission
"JTC"	JTC (Jersey) Limited (incorporated in Jersey with registered number 37293) whose registered office is at Elizabeth House, 9 Castle Street, St Helier, Jersey JE2 3RT Channel Islands
"Law"	the Companies (Jersey) Law 1991, as amended
"Listing Rules"	the listing rules of the MSE
"Listing Sponsorship Agreement"	a listing sponsorship agreement between the Cell and JTC Listing Services Limited dated 28 September 2012, under which JTC Listing Services Limited has been appointed to provide CISE listing sponsorship services to the Cell in relation to the Housas issued prior to the date of this document which continue to be listed on the CISE
"Management Agreement"	the agreement between the Cell and CTCM (and any amendment thereto) or, in the event that some other person is or persons are appointed by the Cell as the Investment Manager in relation to the management of each Share Class, the agreement or agreements between such person or persons and the Cell, a summary of which is set out in paragraph 11.1 of Part X of this document or in the Relevant Securities Note
"Marketing Agreement"	the agreement between the Cell and CTCM (and any amendment thereto) or, in the event that some other person is or persons are appointed by the Cell as the Marketing Manager in relation to the marketing of Shares, the agreement or agreements between such person or persons and the Cell, a summary of which is set out in paragraph 11.2 of Part X of this document or in the Relevant Securities Note
"Marketing Manager"	CTCM, or such other person as may be appointed from time to time by the Cell with, if required, the approval of the JFSC and the FCA, to act as marketing manager to the Shares issued in respect of a Share Class, as set out in this document or in the Relevant Securities Note

"Material Contracts"	means the contracts and agreements set out in Part X of this document
"Maturity Date"	in relation to the Shares issued in respect of a Share Class, the date on which such Shares will be compulsorily redeemed or repurchased as specified in the Relevant Securities Note
"Mortgage"	see "Castle Trust Mortgage"
"MSE"	Malta Stock Exchange plc of Garrison Chapel, Castille Place, Valletta VLT 1063, Malta
"MSE Sponsor Agreement"	the letter of engagement with the Sponsor dated 3 December 2014, under which the Sponsor has agreed to be appointed to that role for the Cell and the Company in accordance with and for the purposes of the Listing Rules of the MSE
"NISA"	a New Individual Savings Account within the meaning of (and which satisfies the requirements set out in) the ISA Regulations
"Nominee"	the nominee, being CTCN, who holds shares on behalf of Shareholders (unless the Shareholder requests otherwise)
"Offer"	the offer for the purchase of Shares issued in respect of the relevant Share Class, on the terms set out in the Relevant Securities Note
"Offer Period"	the offer period for the purchase of Shares issued in respect of the relevant Share Class, as set out in the Relevant Securities Note
"OFT"	the Office of Fair Trading
"Ordinary Resolution"	a resolution of the Company in general meeting adopted by a simple majority of the votes cast at the meeting
"Ordinary Shareholder"	holder of Ordinary Shares
"Ordinary Shares"	ordinary shares of no par value in the capital of the Company held by the Trustee of the Housing Foundation Charitable Trust, or such other person from time to time
"Plan"	the long term incentive plan approved by Castle Trust's remuneration committee to support Castle Trust's business strategy in the future
"Proceeds"	in relation to a Share Class, as specified in the Relevant Securities Note
"Profit Share"	in respect of a Mortgage, an amount equal to up to 40 per cent of the increase in the value of the property relating to that Mortgage
"Prohibited Person"	any person who by virtue of his holding of Shares might, in the opinion of the Directors, cause or be

	likely to cause the Company or the Cell, as the case may be: (i) some pecuniary, tax or regulatory disadvantage; or (ii) to be in breach of the law or requirements of any country or governmental authority applicable to the Company or the Cell, as the case may be, including, without limitation, any exchange control regulations applicable thereto
"Prospectus"	together this Registration Document, the Relevant Summary and the Relevant Securities Note, including any supplement published from time to time by the Cell
"Prospectus Directive"	Directive 2003/71/EC (and amendments thereto)
"Publication Cut-off Date"	the last day of the month prior to the month in which the relevant Maturity Date or an Early Payment Date falls
"Rebased Index"	means a revalued Index in accordance with the section entitled "Adjustments" in Part VI of this document
"Reference Date"	the date by reference to which the Investment Return is determined as specified in the Relevant Securities Note
"Register"	the register of members of the Cell
"Registrar"	JTC or such other person as the Cell appoints as its registrar to maintain the Register
"Registrar and Administration Agreement"	the agreement between JTC, the Company and the Cell (a summary of which can be found in paragraph 11.3 of Part X of this document)
"Registration Document"	this document issued by the Cell giving information relating to the Cell and the Company and general information about the offer and issue of Shares issued in respect of Share Classes in the Cell as the same is amended and/or supplemented from time to time
"Relevant Securities Note"	in relation to any Share Class, the securities note document issued by the Cell describing the rights attaching to the Shares issued in respect of that Share Class, the terms and conditions of the relevant Shares, the basis on which the relevant Shares are offered, risk factors and other information specific to the relevant Shares
"Relevant Summary"	in relation to any Share Class, the summary document describing the key information relating to the Shares issued in respect of that Share Class issued by the Cell in connection with the Offer of such Shares

"Return Multiple"	the multiple by which the Index Percentage Change is multiplied when calculating the Investment Return due on the redemption of Shares
"Risk Committee"	a committee of the board of directors of Castle Trust
"Securities Act"	the US Securities Act of 1933, as amended
"Settlement Date"	the date on which the Investment Return is paid to Shareholders as specified in the Relevant Securities Note
"Share Class"	a class of Shares that is linked to the relevant Investment Product created by the Directors of the Cell in accordance with the Articles
"Share Class Expenses"	fees and expenses incurred by the Cell relating to the offer, issue and ongoing administration in respect of Shares
"Share Class Meeting"	a meeting of the Shareholders of a given Share Class convened and held by the relevant Share Class in accordance with the Articles and the Law
"Shareholders"	in relation to a Share Class, the holders of Shares issued in respect of that Share Class
"Shares"	redeemable preference shares of no par value in the capital of the Cell
"SIPP"	self-invested personal pension plan
"Special Resolution"	a resolution of the Cell or the relevant Share Class, as the case may be, which is passed by a majority of not less than two-thirds of the votes cast by Shareholders who (being entitled to do so) vote in person, or by proxy, at the relevant meeting
"Sponsor"	Calamatta Cuschieri & Co. Ltd. of 5th Floor, Valletta Buildings, South Street, Valletta 1103, Malta
"Target Group"	Target Group Limited, a third party contracted to provide mortgage administration services
"Terms and Conditions"	the terms and conditions on which investors will purchase their Shares from Castle Trust on their investment in Shares
"Trust"	the Housing Foundation Charitable Trust
"Trust Instrument"	the instrument of trust dated 11 August 2011 made by the Trustee, documenting and governing the terms of the Housing Foundation Charitable Trust
"Trust Law"	the Trusts (Jersey) Law 1984, as amended
"Trustee"	JTC Trustees Limited (incorporated in Jersey with registered number 37295) whose registered office is at Elizabeth House, 9 Castle Street, St Helier, Jersey JE2 3RT Channel Islands, such term to include, where the context requires, the Trustee

	acting in its capacity as the trustee of the Housing Foundation Charitable Trust
"Umbrella Agreement"	the agreement governing the offset of equal payments to be made by the Cell to Castle Trust and vice versa under the Investment Product and the paying up of and redemption of Shares, further details of which can be found on page 162
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US Person"	means, unless otherwise determined by the Directors: (i) a natural person who is a resident of the United States, (ii) a corporation, partnership or other entity other than an entity organised principally for passive investment, organised under the laws of the United States and which has its principal place of business in the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the United States; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who qualify as US persons or otherwise as qualified eligible persons represent in the aggregate 10 per cent. or more of the beneficial interests in the entity and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the US Commodity Futures Trading Commission's regulations by virtue of its participants being non-US Persons; or (vi) any other US Person as such term may be defined in Regulation S under the US Securities Act of 1933, as amended, or in regulations adopted under the US Commodity Exchange Act of 1922, as amended

PART XVII

DOCUMENTS AVAILABLE FOR INSPECTION

1 Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT and Carey Olsen 47 Esplanade, St Helier, Jersey JE1 0BD during usual business hours on any weekday (Saturdays and public holidays excepted) for a period of 12 months from the date of this document:

1.1 the memorandum and articles of association of each of the Company and the Cell and Castle Trust;

1.2 the Directors' letters of appointments;

1.3 the audited financial statements of Castle Trust for the financial periods ended 30 September 2011, 30 September 2012 and 30 September 2013 as originally prepared under UK GAAP;

1.4 the financial information of Castle Trust for the financial periods ended 30 September 2011, 30 September 2012 and 30 September 2013 restated to IFRS together with the independent accountants' report;

1.5 the financial information of Castle Trust for the financial period ended 30 September 2013 prepared under IFRS;

1.6 the financial information of Castle Trust for the year ended 30 September 2014;

1.7 the written consent of Castle Trust, CTCM and JTC referred to in paragraph 1 of Part III;

1.8 each of the material contracts referred to in paragraph 11 of Part IX and paragraph 9 of Part X (including, amongst others, each Investment Product made between the Cell and CTC);

1.9 the financial statements of the Company and of the Cell;

1.10 the Relevant Securities Note;

1.11 the Terms and Conditions; and

1.12 this document.

Potential investors may obtain and inspect the documents referred to above. Potential investors should seek independent professional advice before making any decision to invest and carefully consider such an investment decision in the light of the information contained in the Registration Document, the Relevant Summary and the Relevant Securities Note and the prospective investor's personal circumstances.