

SECURITIES NOTE

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

Castle Trust PCC

In respect of the following Share Classes issued by Castle Trust Growth Housa PC:

UK Growth 2 Year February 2015 Shares; Greater London Growth 2 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 10 Year February 2015 Shares; Greater London Foundation 10 Year February 2015 Shares

The Company was incorporated as a protected cell company with limited liability in Jersey with registered number 108697 and Castle Trust Growth Housa PC is a closed-ended protected cell of the Company

What is this document?

This document is the securities note dated 20 January 2015 in respect of the Cell's Shares (the "**Securities Note**"). The date of this Securities Note is 20 January 2015.

This Securities Note, together with the registration document published by Castle Trust PCC (the "**Company**") dated 30 December 2014 (the "**Registration Document**") and the summary of the Registration Document and the Securities Note (the "**Summary**"), constitute a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended) (the "**Prospectus Directive**").

To what does this Securities Note relate?

This Securities Note relates to the issue by the Cell of redeemable preference shares (the "**Shares**") in eight classes (each a "**Share Class**"). Each Share Class will have a fixed term of two, five or ten years. On maturity, the Shares will be redeemed for amounts that are calculated by reference to the performance of the Halifax UK House Price Index or the Halifax Greater 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 Securities Note contains information on the operation of the Share Classes and the calculation of the return due on their redemption, as well material risks inherent to the Shares.

How do I use this Securities Note?

This Securities Note should be read together with:

- the Summary;
- the Registration Document; and
- the documents incorporated by reference into the Registration Document.

This Securities Note sets out how the Share Classes are administered during their terms, how the returns due to investors on the expiry of those terms is calculated, and abbreviated financial and operational information about the Company, the Cell and the counterparty with whom the subscription proceeds for Shares are invested, Castle Trust Capital plc ("**Castle Trust**").

Investors should refer to the Registration Document for further information in respect of financial and operational information on the Company, the Cell and Castle Trust.

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.

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SECURITIES NOTE

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 Registration Document as well as their own personal circumstances. Prospective investors should have particular regard to, amongst other matters, the risk factors set out in this Part I and in Part I of the Registration Document. The risk factors set out in this document and the Registration Document, alone or collectively, may 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 associated with an investment in the Shares. There may be other risks that a prospective investor should consider that are relevant to his own particular circumstances or which are not presently known to the Directors, or which the Directors currently deem immaterial, which may also have an adverse effect on the Cell's business, financial condition and results of operations. Any risk that the Directors consider to be material has been disclosed.

This Part I is arranged under the following sub-headings:

- 1 Risks relating to the return on investment**
 - 1.1 Risk to capital
 - 1.2 Risks relating to the Indices
 - 1.3 Determinations in relation to the Investment Return
 - 1.4 Changes in taxation may adversely affect the Investment Return

- 2 Risks relating to the Shares**
 - 2.1 Risk that investors may not be able to realise value of their Shares before their maturity
 - 2.2 Fluctuation of market price
 - 2.3 Ranking of Shareholders' claims Cross-Share Class liabilities
 - 2.4 Risk that the Directors may cancel the Offer
 - 2.5 Risk of conditions to the Offer not being met

- 3 Risks associated with Castle Trust, the counterparty to the Investment Product**
 - 3.1 Exposure to the creditworthiness of Castle Trust mortgage borrowers
 - 3.2 Exposure to macroeconomic factors
 - 3.3 Regulatory risk
 - 3.4 Risk of failure to match assets and liabilities
 - 3.5 Risk of losing key employees
 - 3.6 Risk in relation to third party service providers and suppliers
 - 3.7 Risk as a new business
 - 3.8 Risk of taking on further counterparty liabilities
 - 3.9 Possible exposure to fraud

- 4 Potential conflict of interest**

- 5 Liability for expenses and the risks associated with the Investment and Marketing Manager**

- 6 Regulatory limitations on marketing**

1 Risks relating to the return on investment

1.1 Risk to capital

Shareholders' capital is at risk and is not guaranteed. The shares to which this Securities Note relates (the "**Shares**") are designed to return to Shareholders an amount (the "**Investment Return**") that is greater, the same as or (in the case of Growth Housa Shares but not in the case of Foundation Housa Shares) less than their original investment, depending upon the level of the Index at the maturity of the Shares (in respect of each share class, the "**Maturity Date**").

The Shares will provide Shareholders with a positive Investment Return only if the level of the Index at the relevant Maturity Date (the "**Final Index Level**") is greater than the level of the Index at the time of the original investment (the "**Initial Index Level**"). If the Final Index Level is the same as the Initial Index Level then the Investment Return will be equal to the amount originally invested in the Shares. **Investors in Growth Housa Shares should note that if the Final Index Level is lower than the Initial Index Level then holders of Growth Housa Shares will receive an Investment Return that is less than the amount of their initial investment.** If the Final Index Level is lower than the Initial Index Level, holders of Foundation Housa Shares will receive an Investment Return equal to their initial investment.

For more information regarding the calculation of the Investment Return, see paragraph 2 of Part V of this Securities Note under the heading "Investment Return".

1.2 Risks relating to the Indices

The Investment Return of the Shares is calculated by reference to either the Halifax UK House Price Index or the Halifax Greater London House Price Index (the "**UK Index**" and "**Greater London Index**" respectively, each an "**Index**"). The amount that Investors will receive on the redemption of the Shares is therefore directly dependent on the future performance of the relevant Index. **If the level of the Index at the time the Growth Housa Shares are redeemed is lower than it was at the time of the original investment, Investors will receive less than the amount they originally invested in the Shares.** Investors in Foundation Housa Shares will receive an amount equal to their initial investment at maturity.

The Indices are designed to track the performance of the UK and Greater London housing markets by reflecting the movements in prices of UK and Greater London housing respectively. Each Index's exposure to the housing market 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 the Index-related investment (each an "**Investment Product**") made by the Cell with Castle Trust Capital plc ("**Castle Trust**") in order to create the Investment Return. In particular, Shareholders will not have any rights in respect of the relevant Index.

The Halifax (the "**Index Sponsor**") is under no obligation to continue the calculation, publication and dissemination of the relevant Index. Each Index may be terminated at any time by the Index Sponsor. Should an Index cease to exist, this may have a negative impact on the return on any investment in Shares.

The Index Sponsor may change the methodology used to calculate, and rules relating to, the relevant Index from time to time. The data utilised by the Index Sponsor will change from time to time due to market conditions, customer profile, the Index Sponsor's underwriting criteria and marketing intentions. Any such changes 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 UK Index is designed to track the UK housing market and the Greater London Index is designed to track the Greater London housing market. As such, each Index can be volatile and affected by many economic factors outside the control of the Cell, the Company and the relevant Index Sponsor. Shocks to the economy and financial system can have significant negative impacts on the UK and Greater London housing markets, and therefore, each Index. Before buying Shares, prospective investors should carefully consider the behaviour of the relevant Index and have in mind that not only economic factors such as interest rate volatility, but also geographical and political factors may affect each Index.

The Final Index Level is the level of the Index as published, in the case of the UK Index in the month

before and in the case of the Greater London Index in the quarter before, the Shares mature and are redeemed. Only the Initial Index Level and the Final Index Level are used to calculate the Investment Return. The Final Index Level may not be the highest level of the Index over the period of the Investment Term, and such higher level is not taken into consideration in calculating the Investment Return.

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

No assurance can be given that the Index will outperform any alternative strategy that might be employed.

1.3 *Determinations in relation to the Investment Return*

In certain limited circumstances, it may be necessary for the Investment Return due on the maturity of the Shares to be adjusted such that the Investment Return is different to (and, potentially, lower than) the Investment Return that an investor might have expected had such adjustment not been made.

If there is an adjustment or disruption to the Index, each Investment Product to be entered into by the Cell in order to generate the Investment Return will confer on Castle Trust a discretion (to be exercised in good faith and in a commercially reasonable manner) in making certain calculations and determinations if such calculations and determinations are required.

Castle Trust Capital Management Limited (“**CTCM**”) will perform the same role in respect of calculating the Investment Return per Share payable to Shareholders (also to be exercised in good faith and in a commercially reasonable manner). The exercise of such discretions in the making of any calculations and determinations may adversely affect the Investment Return payable in respect of such Shares.

The determination that Castle Trust or CTCM comes to may be lower than that which might otherwise have been expected under the Index had the Index continued. Without limitation to the generality of the foregoing, Castle Trust and CTCM have discretion in calculating the Index in the event of an Index Disruption Event or determining whether to use a rebased index.

Further details in relation to adjustments, calculations and determinations that Castle Trust and CTCM are authorised to make can be found on pages 35 and 36 of this Securities Note.

1.4 *Changes in taxation may adversely affect the Investment Return*

The investment structure established by Castle Trust to provide the Investment Return for Investors has been designed to accommodate tax legislation in Jersey and the UK (only) as it stands at the date of this document. **Changes to (or relating to) tax legislation may adversely affect (i) the ability of Castle Trust to fulfil its payment obligations under the Investment Products, (ii) the Cell to fulfil its payment obligations under the Shares and (iii) the tax status of Investors and consequently the net returns that Investors may expect to receive from their investment in Shares.**

This may be because of a change in the tax status of the Company or the Cell, or in taxation legislation or in the interpretation or application of tax legislation in Jersey, the UK, or in any other tax jurisdiction affecting an Investor. Such changes could affect the value of the Investment Product held by a Share Class of the Cell, the amount paid to the Cell under the Investment Products, the Cell’s ability to achieve the stated investment objective of each Share Class and/or alter the post tax returns to Shareholders.

Statements in this document concerning the taxation of Shareholders resident in Jersey or the UK are based upon current Jersey and UK tax law and practice which is subject to change, possibly with retrospective effect. Any such change could adversely affect the ability of the Cell to meet the stated investment objective or adversely affect the ability of the Cell to pay the Investment Return in relation to the Shares on the relevant Settlement Date and the net amount of the Investment Return payable to Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in Shares will endure indefinitely.

The Shares qualify to be held by Shareholders in an ISA or a SIPP to shelter them from tax that might otherwise be payable. There is a risk that the ISA Regulations may change or HMRC’s interpretation of

the existing rules may change such that any gains from the Shares held in a SIPP or ISA may become taxable.

There is not currently any withholding obligation on account of tax affecting payments made under the Investment Product. If, however, there is a change in tax legislation at any time which imposes an obligation to withhold on account of tax from payments made by Castle Trust (in its capacity as the “**Investment Provider**”) to the Cell under the Investment Product, the amount payable by the Investment Provider may be reduced by the amount of such withholding. This may affect the ability of the Cell to pay the Investment Return to Shareholders. In particular, it should be noted that if a change in taxation law were to result in the obligation to withhold on account of tax from payments to Shareholders under the Shares, the amount of the Investment Return actually received by Shareholders would be reduced. The Cell will not make any additional payments to Shareholders in the event that any withholding obligation is imposed on payments by the Cell under the Shares issued in respect of any Share Class.

Transactions involving the Shares may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. No representation is made by the Company (on behalf of the Cell) as to the tax consequences for any person of acquiring, holding or disposing of any Shares or any other transaction involving any Shares.

Prospective investors who are in any doubt about such matters or any other tax issues relating to the Shares should consult and rely on their own tax advisers.

2 Risks relating to the Shares

2.1 *Risk that investors will not be able to realise the value of their Shares before their maturity*

An investment in the Shares should be viewed as an investment for the full term of such Shares. Shareholders may not be able to sell, redeem or otherwise realise the value of their investment in Shares before their prescribed redemption dates relevant to those Share Classes (in respect of each Share Class, the “**Maturity Date**”).

Shareholders are not entitled to require the Cell to purchase or redeem the Shares prior to the Maturity Date. Castle Trust may purchase Shares from Shareholders at its sole discretion but will not provide any guarantee to investors that it will do so. Shareholders should be aware that the price offered, if any, will be based on the same principles used in the calculation of the Investment Return based upon the Index level at the time the relevant Shares are redeemed, subject to an early encashment fee, and may be below the initial purchase price in respect of those Shares.

Shareholders may request for Castle Trust to repurchase their Shares but this will be entirely at the sole discretion of Castle Trust and no assurance can be given as to whether such a request will be satisfied. Castle Trust may decide not to purchase the Shares until they reach their maturity.

Although each Share Class is admitted to trading on the Official List of the MSE, no secondary trading market (where Shares are traded between third parties, independently of Castle Trust) has developed for any Share Class since the Cell commenced operations on 4 October 2012. It is not possible to predict whether any trading market for the Shares will develop or, if it does, the price at which the Shares will trade in any secondary market or whether any such market will be liquid or illiquid. The Directors consider it to be unlikely that a secondary market for Shares will develop.

There is no assurance, and the Directors consider it to be unlikely, that a secondary trading market (independent of Castle Trust) for the Shares will develop or, if developed, be sustained until Shares reach their Maturity Date. There is currently no market maker to offer to buy and sell Shares in the secondary market, and the Directors do not anticipate that a market maker will emerge during the Shares’ Investment Term.

2.2 *The market price of the Shares may fluctuate significantly in response to a number of factors, many of which will be beyond the Cell’s control.*

If a secondary trading market does develop (although there is no expectation that such a market will develop), the market price of the Shares may fluctuate significantly in response to a number of factors, most of which are beyond the Cell's control, including trade size, volatility of the Index, cost of funding, interest rates, credit risk, supply and demand as well as a bid/offer spread. The market price of Shares will be particularly vulnerable to volatile movements in the housing market which in turn will be affected by other external macroeconomic factors. Any or all of these events could result in a material decline in the price of the Shares.

Investors should note that any Shares purchased on the secondary market (if one develops) will not be covered by the FSCS in respect of the Investment Return payable for such Shares on the maturity of such Shares. Please refer to the risk relating to the FSCS on page 8 of the Registration Document.

Even if an active trading market develops, the price which can be obtained for Shares in the market at any time may be less than the Investment Return or even the initial purchase price in respect of those Shares. **Any Shareholder who disposes of any Shares (whether Growth Housa Shares or Foundation Housa Shares) prior to their Maturity Date (whether on any secondary market (if one develops) or by requesting early redemption) may receive back less than the amount which he or she invested in the Shares.**

2.3 *Ranking of Shareholders' claims: if the Investment Return in respect of any one Share Class is deficient, all Shares of that Share Class have equal right to the Investment Return in respect of that Share Class. No Share Class has any claim against the Investment Return in respect of any other Share Class*

The Shares of a Share Class rank equally with one another. On the maturity of a Share Class, the Shares of that class will rank equally and without any preference between themselves. The structure of the Cell allows for the creation of multiple Share Classes and the Cell's articles of association provide that the assets of one Share Class are only available to holders of Shares in that Share Class.

In the event that insufficient monies are available to pay the Investment Return in respect of a Share Class, no Shareholder of that Share Class will be entitled to recover from the Investment Returns of other Share Classes and no Shareholder will have any claim against the Cell for any shortfall between the sum received and payment of their Investment Return. **Accordingly, such Shareholders 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" in the Registration Document).**

Shareholders are unsecured creditors of the Cell and have no prior rights to the Investment Return in respect of their Share Class ahead of any other creditor of the Cell (other than Shareholders of other Share Classes as described above). In the event of an insolvency of the Cell, some or all of the moneys raised by realisation of the Investment Product in respect of a Share Class may be used to satisfy the claims of other creditors of the Cell.

2.4 *Risk that the Directors may cancel the Offer*

The Directors may, in their absolute discretion, cancel the offer and issue of Shares at any time prior to the end of the Offer Period. If such a cancellation occurs, all application monies for the Shares will be returned (without interest) to each prospective investor at the prospective investor's risk by no later than 30 days after the date of such cancellation.

In this instance, Investors will not receive any Shares of the relevant Share Classes and must resubmit an application in order to invest in Shares.

2.5 *Risk of conditions to the Offer not being met*

The Offer is conditional on the Cell:

having received the approval of the MSE for the Shares of each Share Class to be admitted to the Official

List of the MSE (subject only to their issue); and

having entered into (or the Directors being satisfied that the Cell is reasonably likely to be able to enter into) the Investment Product in respect of the relevant Share Class on terms that the Directors, at the time that each such Investment Product is entered into (or, if earlier, on the Issue Date), consider to be such as to enable the Cell to meet the investment objective of each Share Class.

If either of these conditions is not satisfied in respect of the Shares of a relevant Share Class, the Cell shall not issue any Shares of that Share Class pursuant to the Offer and the application monies for the relevant Shares shall be returned (without interest) to each prospective investor at the prospective investor's risk by no later than 30 days after the date the Offer Period closes.

In this instance, Investors will not receive any Shares of the relevant Share Class and will have to reapply in order to invest in such Shares.

3 Risks associated with Castle Trust, the counterparty to the Investment Products

Castle Trust is the only counterparty for the purposes of the Investment Products entered into by the Cell in order to generate the Investment Return in respect of any particular Share Class. 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 Cell under the terms of the Investment Products. **If Castle Trust pays the Cell less than is due under an Investment Product, the Cell would be unable to pay the full Investment Return to Shareholders of the relevant Share Class.**

Various factors could adversely impact Castle Trust's solvency including the following:

3.1 Castle Trust is exposed to the creditworthiness of Castle Trust mortgage borrowers

Details of the various types of mortgage provided by Castle Trust to borrowers are included in section 7 of Part V of this Securities Note. 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 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.

Systemic default by many Mortgage borrowers would, if it occurred, have a significant impact on Castle Trust's ability to fulfil its payment obligations to the Cell under the Investment Products. If Castle Trust pays the Cell less than is due under an Investment Product, the Cell would be unable to pay the full Investment Return to Shareholders of the relevant Share Class.

3.2 Castle Trust is exposed to macroeconomic factors

Macroeconomic factors including, but not limited to, developments in the UK and global economic environment, could adversely impact Castle Trust's business and operating results. The global economy has recently been experiencing a period of significant turbulence and 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. The weak economic conditions in the UK over recent years have led to a deterioration in consumer confidence and lower volumes of residential property transactions which could reduce the level of demand for Castle Trust's Mortgages. 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 in the UK, could result in an increased risk that Mortgage 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.

This may adversely impact Castle Trust's ability to fulfil its payment obligations to the Cell under the Investment Products. If Castle Trust pays the Cell less than is due under an Investment Product, the Cell would be unable to pay the full Investment Return to Shareholders of the relevant Share Class.

3.3 *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.

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, a failure by 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 comply 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 revocation 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 (the "Directive") may lead to a change to regulations governing buy to let mortgages including those provided by Castle Trust. 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 Mortgages 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 its 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.

These risks may adversely impact on Castle Trust's ability to fulfil its payment obligations to the Cell under the Investment Products. If Castle Trust pays the Cell less than is due under an Investment Product, the Cell would be unable to pay the full Investment Return to Shareholders of the relevant Share Class.

3.4 *The risk that Castle Trust fails appropriately to match its assets with its liabilities*

Castle Trust's Mortgages are not readily tradable, and if the time between their origination and their repayment is longer than usual for the UK mortgage market, Castle Trust may not have sufficient liquid resources to meet its obligations as the Investment Provider. According to publicly available information published by the Bank of England and analysed by Castle Trust, between Q4 1999 and Q1 2013 the implied average time between the origination and the repayment of mortgages in the UK mortgage market

has increased from 4.1 years to 9.5 years.

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 seeks to match the expected duration of its balance sheet liabilities to the expected average duration of its balance sheet assets within its board risk limits which include liquidity risk limits. It does this through the management of the duration profile of the funding it raises and the assets it purchases. To provide a liquidity buffer for fluctuations around the expected average duration, Castle Trust targets retaining a minimum of 20% of the funds raised from Index linked investment products in liquid assets such as money market, cash and cash equivalents.

Castle Trust seeks to manage the interest rate exposure present in both its assets and liabilities in the same manner.

In addition to interest and duration risk, the Castle Trust balance sheet is impacted by movements in the price of UK residential property through its provision of Mortgages and issue of Index linked investment products. Castle Trust seeks to match the constituents of the Index meaning that the residential property exposure of its assets should match that of its liabilities. However, there remains the risk that the Indices 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 Indices 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, providing that such properties are a reflective sample of properties that make up the Indices, the Indices 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.

Failure by Castle Trust appropriately to match its liabilities under the Investment Products with the cashflow generated by its Mortgages may adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.

3.5 *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 equity mortgages and the Indices.

As Castle Trust develops the markets for its various Mortgages and builds on relationships with primary mortgage lenders it will need to retain additional skilled employees to maintain such relationships. An inability to attract and retain key employees could materially adversely impact on Castle Trust's business, operating results or financial condition.

A decline in Castle Trust's mortgage sales, if not adequately managed as described in risk 3.4 above, could adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.

3.6 *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. This could adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.

3.7 *Castle Trust's risk as a new business*

Castle Trust has been trading since October 2012, a period of approximately 27 months. Whilst Castle Trust has completed £49m of Mortgages as at 31 October 2014 and it is the 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.

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, 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.

Members of Castle Trust's management team and board have significant experience in establishing and running new businesses in competitive industries, 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 the following sections of the Registration Document: 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).

The ability of the Cell to pay the Investment Return on the Shares depends upon Castle Trust's ability to fulfil its obligations under the relevant Investment Product. If Castle Trust's mortgage business is not successful, this could adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.

3.8 *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, Foundation Housa and Fortress Bond 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. Please see Part V of this Securities Note for details of the Growth Housa.

An Income Housa is a 'loan note' investment issued by Castle Trust Income Housa plc, a Jersey company

("CTIH") 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 UK House Price Index with a fixed income every three months. Income Housas have not been offered to investors after 21 July 2014.

On 1 February 2014, Castle Trust launched the Protected Housa, now relaunched as the Foundation Housa. Please see Part V of this Securities Note for details of the Foundation Housa.

On 9 July 2014, Castle Trust launched the Fortress Bond range of fixed rate bonds. A Fortress Bond is an investment for a fixed term of 1, 2 or 5 years giving investors a competitive interest rate return on their capital. The Fortress Bond is a 'loan note' issued by Castle Trust Direct plc, a UK subsidiary of Castle Trust. The level of interest an investor receives depends on the term of the bond.

Castle Trust acts as counterparty in each of the Income Housa, Growth Housa and Foundation Housa 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 in relation to Fortress Bonds.

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 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 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.

The ability of the Cell to pay the Investment Return on the Shares depends upon Castle Trust's ability to fulfil its obligations under the relevant Investment Product. If Castle Trust were to act as counterparty to additional investment products, this could adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.

3.9 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 advisors 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, which could adversely affect Castle Trust's ability to access sufficient cash to fulfil its obligations to the Cell under the Investment Product and, consequently, the Cell's ability to pay the Investment Return to Shareholders.**

4 Potential conflict of interest

Castle Trust (or its Affiliate or delegate) will be the calculation agent for the purposes of the Investment

Product and CTCM will carry out the same role for the purposes of calculating the Investment Return per Share. Castle Trust and CTCM will have discretion (acting in good faith and in a commercially reasonable manner) to make certain calculations and determinations under the Investment Product for calculating the Investment Return. **The exercise of such discretion in the making of any calculations and determinations may adversely affect the value of the Shares, the price in any secondary market of the Shares and the Investment Return payable in respect of the Shares.**

5 **Liability for expenses and the risks associated with the Investment and Marketing Manager**

As detailed in the Registration Document, pursuant to the Marketing Agreement, the Marketing Manager pays on behalf of the Cell certain specified service provider fees (reasonably and properly incurred). The Marketing Manager shall also pay on behalf of the Cell other costs, fees and expenses (reasonably and properly incurred).

Prospective investors should note that the Marketing Manager is responsible for all costs and expenses incurred by the Cell. **In the event that the Marketing Manager is unable to meet such costs and expenses, then such creditors are likely to claim against the Cell.** The claims of creditors of the Cell may have to be met out of the assets of the Cell, which are likely only to consist of Investment Products. Such claims would rank higher than the claims of Shareholders to the Investment Return. **If such claims were met out of the assets of the Cell, therefore, the Cell may not be able to pay Shareholders the full Investment Return in respect of any one or more Share Classes.**

Therefore, the Shares are subject to the credit risk of the Marketing Manager because any successful claim brought by creditors may deplete the Investment Return to be received by the Cell from Castle Trust pursuant to the relevant Investment Product.

6 **Regulatory limitations on marketing**

CTCM's ability to market Shares may be constrained by regulatory limitations. The Alternative Investment Fund Managers Directive (the "AIFMD") came into force in July 2013. The AIFMD constrains the ability of an alternative investment fund manager, such as CTCM, to market a Jersey fund to investors in the European Union ("EU") after July 2013. Such marketing may be permitted pursuant to such private placement regimes as exist in individual EU Member States from time to time, subject to the existence of regulatory co-operation agreements between the JFSC and the regulators of EU Member States and certain other minimum conditions. From 2018, it is possible that such private placement regimes will be curtailed, such that continued marketing to investors into the EU must be undertaken pursuant to an EU passport system, the availability of which will be conditional upon CTCM being fully authorised under and compliant with the requirements for managers under the AIFMD. Such compliance may subject CTCM (and therefore its parent, Castle Trust) to increased costs and may require the appointment of additional service providers and other amendments to the Cell's terms. As explained in section 5 of this Part I, a deterioration in the financial position of CTCM increases the risk of a successful claim brought by creditors against the Cell and therefore the Cell not being able to pay Shareholders the full Investment Return in respect of any one or more Share Classes.

PART II

IMPORTANT INFORMATION

An investment in Shares involves a degree of risk and may not be suitable for all investors. Prospective investors should therefore 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 Summary and the Securities Note and the prospective investor's personal circumstances. Prospective investors should have regard to, among other matters, the statements and considerations described under the heading "Risk Factors" in the Registration Document and the statements set out under the heading "Risk Factors" in this Securities Note.

The contents of the Summary, this Securities Note and the Registration Document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters and prospective investors are recommended to consult their independent professional adviser.

Any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("FSMA"), the Company may be responsible to the Investor for the Prospectus under section 90 of FSMA only if the Company has consented to the use of the Prospectus by that Offeror for the sale or final placement of Shares in the United Kingdom. Each Investor should therefore enquire whether the Company has consented to such use of the Prospectus by that Offeror. The Company has consented to such use of the Prospectus by Financial Intermediaries, Castle Trust and CTCM (each as defined below). If the Company has not consented to such use of the Prospectus by the Offeror, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

This Part II is arranged under the following sub-headings:

- 1 Documents to be distributed and read together
- 2 This Prospectus as sole source of information on the Shares
- 3 Approval
- 4 Listing
- 5 Who accepts responsibility for this Securities Note?
- 6 Consent to the use of this Prospectus
- 7 Investors to use independent judgement
- 8 Who takes responsibility for this Securities Note?
- 9 Limitations on liability
- 10 Selling Restrictions
- 11 Marketing Rules
- 12 Consents given for inclusion of information in Prospectus
- 13 No incorporation of website information

1 Documents to be distributed and read together

Distribution of this Securities Note is not authorised unless accompanied by, or supplied in conjunction with the Registration Document and the Summary. These documents should be read and considered in conjunction with one another before completing an application for Shares.

2 This Prospectus as sole source of information on the Shares

Prospective investors must rely only on the information contained in (or incorporated by reference into) this document and the Registration Document. 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 Company, the Cell, Castle Trust or CTCM.

3 Approval

The Registration Document, the Summary and the Securities Note have each been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”, formerly (before 1 April 2013) the Financial Services Authority (the “**FSA**”)) made under s.73A Financial Services and Markets Act 2000, as amended (“**Prospectus Rules**” and “**FSMA**” respectively).

The Registration Document, the Summary and the Securities Note have each been filed with and approved by the FCA, each pursuant to s.85 FSMA, and will be made available to the public in accordance with rule 3.2.1 of the Prospectus Rules.

The Prospectus has been prepared in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012, and a copy of the Registration Document, the Summary and the Securities Note have each been filed with and approved by the JFSC pursuant to such Order. The JFSC does not take any responsibility for the financial soundness of the Company and the Cell or for the correctness of any statements made or expressed in the Prospectus.

4 Listing

Application will be made to the Malta Financial Services Authority as listing authority (the “**Listing Authority**”) under the Malta Financial Services Authority Act, Chapter 330, The Laws of Malta, to perform the functions set out in Part III of the Financial Markets Act, Chapter 345, The Laws of Malta for the Shares to be admitted to the Official List and traded on the Malta Stock Exchange plc (the “**MSE**”). The Official List is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. Application will be made to the Listing Authority for dealings in each Share Class to commence once the relevant Share Class has been authorised as admissible to listing by the Listing Authority.

APPLICATION WILL BE MADE TO THE LISTING AUTHORITY TO AUTHORISE THE ADMISSIBILITY TO LISTING OF THE SHARES AS LISTED UNITS IN A CLOSED-ENDED COLLECTIVE INVESTMENT SCHEME. AUTHORISATION SIGNIFIES THAT THE SHARES ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES OF THE MSE. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY WILL NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SHARES, AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE SHARES.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS REGISTRATION DOCUMENT, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS REGISTRATION DOCUMENT INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SHARES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED UNITS IN COLLECTIVE INVESTMENT SCHEMES. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE UNITS OF A SCHEME AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

5 Who accepts responsibility for this Securities Note?

The Company, the Directors of the Company and the Directors of the Cell, whose names appear on page 61 of this Securities Note, accept responsibility for the information contained in this Prospectus 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 Prospectus 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 Prospectus relating to Castle Trust including the risks relating to Castle Trust and its business in Part I of this Securities Note and the information and risks relating to Castle Trust and its business in Parts I, II, IX and X of the Registration Document, each forming part of this Prospectus. Castle Trust and the Castle Trust Directors 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 Prospectus relating to Castle Trust including the risks relating to Castle Trust and its business in Part I of this Securities Note and the information and risks relating to Castle Trust and its business in Parts I, II, IX and X of the Registration Document, each forming part of this Prospectus, is in accordance with the facts and contains no omission likely to affect its import.

6 Consent to the use of this Prospectus

The Company, acting for itself and in respect of the Cell, hereby consents that this prospectus published for the offer of Shares (the “**Prospectus**”) may be used for the subsequent sale or final placement of Shares in the United Kingdom from 2 February 2015 to 27 February 2015 by all financial intermediaries on the condition that the relevant financial intermediary be authorised by the FCA (i) to arrange deals in shares and (ii) to make arrangements with a view to transactions in shares, on behalf of professional and retail customers (according to whether the Investor is a professional or a retail customer) (such an authorised financial intermediary being a “**Financial Intermediary**” and, together with others, “**Financial Intermediaries**”). Investors may consult the Register kept by the FCA and available online in order to satisfy themselves as to whether a financial intermediary is so authorised by the FCA.

The Company, acting for itself and in respect of the Cell, accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placements of Shares by any Financial Intermediary which was given consent to use the Prospectus. **Any Financial Intermediary using the Prospectus must state on its website that it uses the Prospectus in accordance with this consent.** The offer period within which the later resale or final placement by Financial Intermediaries may take place shall be the Offer Period as set out in the Relevant Securities Note.

If an offer is being made by a Financial Intermediary, such a Financial Intermediary will inform investors of the terms and conditions of the offer at the time the offer is made.

The Company, acting for itself and in respect of the Cell, hereby specifically consents that the Prospectus may be used by Castle Trust Capital plc (“**Castle Trust**”) and Castle Trust Capital Management Limited (“**CTCM**”), both of 41 Lothbury, London EC2R 7HG, for the subsequent sale or final placement of Shares in the United Kingdom from 2 February 2015 to 27 February 2015.

The Company, acting for itself and in respect of the Cell, accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placements of Shares by either Castle Trust or CTCM, both of whom were given consent to use the Prospectus. **If Castle Trust or CTCM uses the Prospectus, it must state on its website that it uses the Prospectus in accordance with this consent.** The offer period within which the later resale or final placement by Castle Trust or CTCM may take place shall be the Offer Period as set out in the Relevant Securities Note.

If an offer is being made by either Castle Trust or CTCM, Castle Trust or CTCM will inform investors of the terms and conditions of the offer at the time the offer is made.

Castle Trust is an Offeror acting as an intermediary in association with the Cell.

7 Investors to use independent judgement

Any individual intending to invest in the Shares described in this Securities Note should consult his or her independent professional adviser and ensure that he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

An investment in the Castle Trust Growth Housa PC Shares is only suitable for investors who (either alone or in conjunction with an appropriate independent professional adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

This Securities Note, the Summary and the Registration Document together form a Prospectus for the purposes of the Prospectus Directive and include particulars given in compliance with the Prospectus Rules of the FCA for the purposes of giving information with regard to the Cell.

The Prospectus and the Terms and Conditions together form the Prospectus for the purposes of the Listing Rules of the MSE and include particulars given in compliance with the Listing Rules of the MSE for the purposes of giving information with regard to the Cell.

It should be remembered that the price of the Shares can go down as well as up. Tax treatment will depend on the individual circumstances of each Shareholder and may be subject to change.

Distribution of this Securities Note is not authorised unless accompanied by a copy of the Registration Document and the Summary. The Summary, this Securities Note and the Registration Document should be carefully read in their entirety before any decision with respect to Castle Trust Growth Housa PC Shares is made. Should there be any inconsistency between the contents of the Registration Document, the Summary and this Securities Note, the contents of this Securities Note shall, to the extent of any such inconsistency, prevail.

8 Who takes responsibility for this Securities Note?

The Directors of the Company and of the Cell, whose names are set out in the "Directory" in Part X of this Securities Note accept full responsibility for:

- (a) the information contained in this Prospectus and confirm, having taken all reasonable care to ensure is the case, that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import; and
- (b) the information contained in the Listing Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement therein misleading.

9 Limitations on liability

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.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY TO LISTING OF THE SHARES AS LISTED UNITS IN A CLOSED-ENDED COLLECTIVE INVESTMENT SCHEME. THIS MEANS THAT THE SHARES ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES OF THE MSE. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SHARES, AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN

THE SHARES.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SHARES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED UNITS IN COLLECTIVE INVESTMENT SCHEMES. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE UNITS OF A SCHEME AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

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.

The Shares are not in any way sponsored, sold or promoted by any relevant stock market, relevant index, related exchange, index sponsor or investment fund provider and such persons make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the relevant stock market and/or the figure at which the relevant stock market, relevant index, related exchange or investment fund level stands at any particular time on any particular day or otherwise. Such persons shall not be liable (whether in negligence or otherwise) to any person for any error in the relevant stock market, relevant index, related exchange, or relevant investment fund and shall not be under any obligation to advise any person of any error therein.

More specifically, the Index Sponsor does not make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled by the Index Sponsor.

Although the Index Sponsor will obtain information for inclusion in or for use in the calculation of the Index from sources which the Index Sponsor considers reliable, neither the Index Sponsor nor CTCM will independently verify such information and neither guarantee the accuracy and/or the completeness of the Index or any data included therein. The Index Sponsor and CTCM are under no obligation to advise any person of any error in the Index (but each may do so in its sole and absolute discretion). Any information in this Part II or in Part VIII of this Securities Note with respect to the Index is based on publicly available information and neither the Index Sponsor nor CTCM make any representation or warranty as to the accuracy or completeness of such information.

Neither the Index Sponsor nor CTCM makes any express or implied representations or warranties concerning (i) the accuracy or completeness of the information in Part VIII of this Securities Note, (ii) whether or not the Index may achieve any particular level or meet or correlate with any particular objective; or (iii) the fitness for any purpose of the Index or accuracy or completeness of the information in Part VIII of this Securities Note. Neither the Index Sponsor nor CTCM nor their respective Affiliates shall have any liability to any person for the quality, accuracy, or completeness of the information in Part VIII or for any delays, omissions or interruptions in delivery of any information relating to the Index. Neither the Index Sponsor nor CTCM shall have any liability to any person in respect of any determination, amendment, modification, adjustment or termination in respect of the Index. Neither the Index Sponsor nor CTCM makes any warranty or representation, express or implied in connection with the Index or the

purposes for which it is used, nor shall they have any liability for any losses or expenses incurred in connection with the Index, the information in Part VIII of this Securities Note or any instrument linked to the Index.

The Sponsor, as sponsor to the listing of the Shares on the MSE, is acting for the Cell and for no one else in such connection and will not be responsible to anyone other than the Cell for affording advice in relation to the contents of this document or any other matters referred to in this document.

Nothing in this Part II will:

(i) exclude or restrict any liability Castle Trust, CTCM or any Affiliate thereof may incur under the Financial Services and Markets Act 2000, or the regulatory regime thereunder; or

(ii) exclude or restrict liability the Castle Trust, CTCM or any Affiliate thereof may have due to fraud, negligence or wilful default.

The Index Sponsor owns the intellectual property rights in the Index.

10 Geographic restrictions on the sale of Shares and the use of this Prospectus

The distribution of the Summary, this Securities Note and the Registration Document and the offering or purchase of the Shares may be restricted in certain jurisdictions. Persons receiving a copy of the Summary, this Securities Note and/or the Registration Document in any jurisdiction may not treat any such document as constituting an offer, invitation or solicitation to them to subscribe for Shares unless in that jurisdiction, 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 the Summary, this Securities Note and/or the Registration Document and any persons wishing to apply for Shares pursuant to the Summary, this Securities Note and/or the Registration Document, 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. Applicants 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.

These documents do 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 "Important Information" and the section headed "Investor Restrictions" contained in Part V of the Registration 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 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.

11 Marketing Rules

An investment decision with respect to the Shares must only be made on the basis of the information contained in the Summary, this Securities Note and the Registration Document (as complemented, modified or supplemented by this Securities Note). Neither the Directors, the Company nor the Cell shall have any liability for any further information or representation given or made by CTCM as Marketing Manager, any dealer, salesman or other person in respect of the Company, the Cell or any Shares. Neither the delivery of the Summary, this Securities Note and/or the Registration Document, nor the Offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in the Summary, this Securities Note or the Registration Document (as complemented, modified or supplemented by this Securities Note) is correct as of any time subsequent to the date of this Securities Note. Statements made in the Summary, this Securities Note and the Registration Document (as complemented, modified or supplemented by this Securities Note) are based on the law and practice in force in Jersey and the United Kingdom, as applicable as at the stated date of issue of the Summary, this Securities Note and the Registration Document respectively, and are subject to changes therein.

12 Consents given for inclusion of information in Prospectus

CTCM, JTC and the Sponsor 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 Manager and Marketing Manager, Administrator and Registrar and Sponsor but otherwise are not required to authorise, and have not authorised, the issue of this document and have not accepted responsibility for, or approved, any statements in this document. None of CTCM, JTC or the Sponsor makes any representation, express or implied, as to the investment returns or performance of any Investment Product 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 the relevant Directors. Accordingly, none of CTCM, JTC or the Sponsor will be responsible to any person for any matter referred to in this document other than their respective obligations as Investment Manager, Marketing Manager, the Administrator, the Registrar and the Sponsor or in relation to the information set out in those sections for which they are responsible.

Castle Trust has given and not withdrawn its consent to the inclusion of its name in this document in the form and context in which it appears but otherwise is not required to authorise, and has not authorised, the issue of this document and has not accepted responsibility (except as stated on page 14 of this Securities Note) for, or approved, any statements in this document. Castle Trust makes no representation, express or implied, as to the investment returns or performance of any Investment Product 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 the relevant Directors. Accordingly, Castle Trust will not be responsible to any person for any matter referred to in this document other than to the extent stated on page 16 of this Securities Note.

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 Part IX of this document.

13 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 III

TIMETABLE OF SIGNIFICANT EVENTS

| Event | Description | Date |
|--------------------|--|---|
| Issue Date | Shares are issued to the Nominee (beneficially held by Castle Trust) in respect of each Offer Housa Share Class | 2 February 2015 |
| Listing Date | The Shares in respect of each Offer Housa Share Class are admitted to Official List of the MSE and to trading on the MSE | 2 February 2015 |
| Opening Date | Offer Period opens | 2 February 2015 |
| Investment Date | The Cell enters into the Investment Product with the Investment Provider in respect of each Offer Housa Share Class | 2 February 2015 |
| Allocation | Shares are allocated to applicants and beneficially transferred from Castle Trust (legal title remains with the nominee unless the Shareholder elects otherwise) | Four Business Days after receipt of cleared funds and valid application |
| Initial Index Date | The date on which the Initial Index Level is recorded | The date in February 2015 on which the UK Index is published; the most recent date prior to the Closing Date on which the Greater London Index is published |
| Closing Date | Offer Period closes | 27 February 2015 |
| Reference Date | The date in respect of which the Final Index Level is calculated | The most recent date prior to the relevant Maturity Date on which the Index is published |
| Maturity Date | The Shares in the relevant Share Class are redeemed | 7 March 2017 (for 2 year term Shares) 6 March 2020 (for 5 year term Shares) 7 March 2025 (for 10 year term Shares) |
| Settlement Date | The Investment Return is paid to Shareholders of each Share Class | At latest 21 March 2017 (for 2 year term Shares) At latest 20 March 2020 (for 5 year term Shares) At latest 21 March 2025 (for 10 year term Shares) |

PART IV

THE OFFER

This part sets of information relating to the Offer of the Shares.

This Part IV is arranged under the following sub-headings:

- 1 The Offer Share Classes
- 2 Offer price
- 3 Minimum and maximum Offer size
- 4 Minimum and maximum application size per Investor
- 5 Offer Period
- 6 Application for Shares
- 7 Conditions of Offer
- 8 Cancellation of the Offer
- 9 Listing and settlement
- 10 Final Offer details
- 11 Proceeds of Offer
- 12 Expenses and taxation charged to purchasers of shares
- 13 Enforcement of claims

1 **The Offer Share Classes**

The Offer of the Growth Housa Shares and Foundation Housa Shares is made by Castle Trust.

Investors may choose between the Growth Housa Shares and Foundation Housa Shares. Please refer to Part V of this Securities Note for a detailed comparison of the operation of the Growth Housa Shares and Foundation Housa Shares.

The key features of the Growth Housa Shares are:

- (i) the Growth Housa Shares are suitable for investors who expect that the Final Index Level will be above the Initial Index Level;
- (ii) Growth Housa Shareholders will receive an enhanced Investment Return if the Final Index Level exceeds the Initial Index Level but will also risk losing some or all of their Investment Amount if the Final Index Level is lower than the Initial Index Level;
- (iii) the Growth Housa Shares are sterling-denominated and have a fixed investment terms of 2 or 5 years;
- (iv) the Growth Housa Shares will not pay dividends;
- (v) an application has been made to list and admit to trading each Offer Growth Housa Share Class (as defined below) on the MSE;
- (vi) the Growth Housa Shares will be issued in uncertificated form; and
- (vii) the Investment Products for each Housa Share Class are the Cell's sole assets and the Investment Product is unsecured.

The key features of the Growth Housa Shares described above apply to both the UK Growth Shares (the return on which is linked to the Halifax UK House Price Index) and the Greater London Growth Shares (the return on which is linked to the Halifax Greater London House Price Index).

Four separate Growth Housa Share Classes will be created for the different fixed investment terms and linked to the performance of the relevant Index (each being a distinct "**Offer Growth Housa Share**

Class) as follows:

UK Growth 2 Year February 2015 Shares;
Greater London Growth 2 Year February 2015 shares;
UK Growth 5 Year February 2015 Shares; and
Greater London Growth 5 Year February 2015 Shares.

The key features of the Foundation Housa Shares are:

- (i) the Foundation Housa Shares are suitable for investors who expect that the Final Index Level will be above the Initial Index Level;
- (ii) Foundation Housa Shareholders will receive an Investment Return equal to or greater than the Index Return over the period (depending on the investment term) if the Final Index Level exceeds the Initial Index Level but will receive their Investment Amount if the Final Index Level is equal to or lower than the Initial Index Level;
- (iii) the Foundation Housa Shares are sterling-denominated and have a fixed investment term of 5 or 10 years;
- (iv) the Foundation Housa Shares will not pay dividends;
- (v) an application has been made to list and admit to trading each Foundation Housa Share Class (as defined below) on the MSE;
- (vi) the Foundation Housa Shares will be issued in uncertificated form; and
- (vii) the Investment Products for each Housa Share Class are the Cell's sole assets and the Investment Product is unsecured.

The key features of the Foundation Housa Shares described above apply to both the UK Foundation Shares (the return on which is linked to the Halifax UK House Price Index) and the Greater London Foundation Shares (the return on which is linked to the Halifax Greater London House Price Index).

A Foundation Housa Share Class will be created for a fixed investment term of 5 or 10 years and linked to the performance of the relevant Index (an **"Offer Foundation Housa Share Class"** and, together with the Offer Growth Housa Share Classes, the **"Offer Housa Share Classes"**) as follows:

UK Foundation 5 Year February 2015 Shares;
Greater London Foundation 5 Year February 2015 Shares;
UK Foundation 10 Year February 2015 Shares; and
Greater London Foundation 10 Year February 2015 Shares.

Under the Offer, Shares will be issued to the Nominee (to hold as nominee on behalf of Castle Trust) nil-paid and will then be allocated and the beneficial title (unless a Shareholder requests to hold legal title outright) transferred to investors on a fully paid basis only and following the receipt by Castle Trust of a fully completed application form and an amount equal to the relevant Issue Price. The Nominee will remain as the holder of legal title of shares unless Shareholders have requested for legal title to be transferred to them. Those Shares not transferred to investors and therefore remaining nil-paid, will be forfeited on the fifth business day following expiry of the Offer Period.

The currency for the Offer is pounds sterling.

Investors will purchase their Shares from Castle Trust. Castle Trust will contract with the Shareholder to repurchase their Shares on the Maturity Date for an amount equal to the Investment Return.

Castle Trust is authorised and regulated by the Financial Conduct Authority to carry out regulated activity and has been assigned a C4 conduct classification and a P3 prudential classification. Castle Trust 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. 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 because it had become insolvent) then the investor would be able to make a claim under the FSCS. Most investors, including most individuals and some small businesses, 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, please refer to Part XV of the Registration Document.

2 Offer price

Under the Offer, applicants may apply for Shares in any Offer Housa Share Class at the Issue Price of £1.00 per Share.

3 Minimum and maximum Offer size

A minimum of one thousand (1,000) Shares in aggregate will be made available under the Offer.

A maximum of 120 million (120,000,000) Shares in aggregate will be made available under the Offer.

The Proceeds of the Offer (being the aggregate Issue Price of all Shares) are expected to be £1,000 if the minimum number of Shares are issued and the subscription price paid, and £120,000,000 if the maximum number of Shares are issued and the subscription price paid (and such Shares are not forfeited for non-payment of the subscription price).

The Offer is not underwritten and the Shares that Castle Trust holds at the end of the Offer Period will be automatically redeemed by the Cell. The number of Shares available under the Offer should not therefore be viewed as indicative of the number of Shares that will remain issued after the Offer.

4 Minimum and maximum application size per Investor

The minimum application size per retail investor is £1,000 and the maximum application size per retail investor is £1,000,000.

The Directors of the Cell may, on the advice of CTCM, waive or change the minimum and/or maximum application sizes.

5 Offer Period

Castle Trust will offer Shares from the Opening Date (i.e. 2 February 2015) until 14.00 (London time) on the Closing Date (i.e. 27 February 2015) or until such earlier or later time and date as the Directors may agree and notify to the MSE. Applications received after the end of the Offer Period will not be accepted. Shares will be allocated and transferred to investors as successful applications are received and processed by Castle Trust.

No Shares of any February 2015 Offer Housa Share Class will be offered for sale after the Closing Date (unless the Directors exercise their discretion to extend or shorten the Offer Period). The Directors on behalf of the Cell may reject any application in respect of the Offer in their absolute discretion.

6 Application for Shares

Prospective investors should apply to Castle Trust to purchase Shares in the relevant Offer Period using the application form provided by Castle Trust on its website at: www.castletrust.co.uk/how-to-invest. Multiple applications under the Offer will be permitted. Shares will have been allotted nil-paid to Castle Trust. On receipt of an application and the Investment Amount, being £1.00 multiplied by the number of Shares the investor wishes to purchase, Castle Trust will send a notice within five Business Days detailing a Shareholder's right to cancel their investment. Beneficial title will be transferred to the investor (legal title will remain with the Nominee unless the Shareholder indicates that he wishes to hold legal title to the Shares as well). The Terms and Conditions governing an investor's purchase of Shares contain a buy back obligation on the part of Castle Trust who must repurchase the Shares from the Shareholder on the Maturity Date unless the Shareholder indicates that he wishes his Shares to be redeemed directly by the Company in which case there will be a later settlement date.

There is a 14 day period commencing on the receipt of such notice by the Shareholder during which a Shareholder can withdraw or reduce their investment. The right to cancel notice will be deemed to be received by the Shareholder two Business Days after it is posted by Castle Trust. Castle Trust will repurchase Shares in such instances at the Issue Price in accordance with the Terms and Conditions.

On receipt of the Investment Amount, Castle Trust will pay up the Shares to the Cell. The Cell will immediately advance the Proceeds to Castle Trust under the Investment Product (less certain costs payable by the Company). These payments will be offset in accordance with the Umbrella Agreement.

7 Conditions of Offer

The Offer is conditional upon the Cell:

- having received the approval of the MSE for the Shares in the Offer Housa Share Classes to be admitted to the Official List of the MSE and to trading on the MSE (subject only to their issue); and
- having entered into (or the Directors being satisfied that the Cell is reasonably likely to be able to enter into) the Investment Product in respect of each Offer Housa Share Class on terms that the Directors, at the time that such Investment Product is entered into (or, if earlier, on the Issue Date), consider to be such as to be reasonably likely to enable the Cell to reach the investment objective of each Offer Housa Share Class and therefore to pay Shareholders the Investment Return on the maturity of their Shares.

If either of these conditions is not satisfied in respect of the Shares in the Offer Growth Housa or Offer Foundation Housa Share Classes, Castle Trust shall not make available any Shares pursuant to the Offer and shall return the application monies (without interest) for such Shares to each applicant at the applicant's risk by no later than 30 days after the date that the Offer Period closes.

8 Cancellation of the Offer

The Directors reserve the right, in their absolute discretion, to cancel the Offer and the issue of the Shares in the Offer Housa Share Classes at any time prior to the end of the Offer Period. If such a cancellation event occurs, all application monies relating to applications for Shares under the Offer will be returned (without interest) to each applicant at the applicant's risk by no later than 30 days after the date on which the Offer of the Shares is cancelled. Application monies will be returned by cheque mailed to the applicant's address (where provided by the applicant), or by interbank credit transfer back to the bank account from which such monies were first received or by any other method as the Directors deem to be appropriate.

9 Listing and settlement

An application has been made for up to 15 million Shares in each Offer Housa Share Class to be admitted to the Official List of the MSE and to trading on its regulated market. The Official List is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. No application has been made for the Shares to be listed on any other stock exchange.

Unless an investor requests that the Shares be registered in his name, legal title to the Shares will be vested in the Nominee with the beneficial interest being held by the investor. On a transfer of the beneficial interest, the beneficial interest will vest with the transferee only when the beneficial accounts maintained by the Nominee are updated to reflect such transfer. Every transfer of beneficial title in the Shares, once entered in the Register by the Nominee, shall vest in the transferee beneficial title in the Shares transferred, notwithstanding any agreements or arrangements to the contrary, however and whenever arising and however expressed.

Neither the admission of the Shares to the Official List of the MSE, the trading on the regulated market of the MSE nor the approval of the Registration Document, the Summary and this Securities Note pursuant to the listing requirements of the MSE shall constitute a warranty or representation by the MSE as to the competence of service providers to, or any other party connected with, the Company, the Cell, the

adequacy of information contained in the Registration Document, the Summary and this Securities Note or the suitability of the Shares for investment purposes.

If the Shares in the Offer Growth and Foundation Housa Share Classes are admitted to the MSE, the Shares will be admitted with the following ISINs:

JE00BR17NQ52 (for UK Growth 2 Year February 2015 Shares)
JE00BR17NS76 (for Greater London Growth 2 Year February 2015 Shares)
JE00BR17NR69 (for UK Growth 5 Year February 2015 Shares)
JE00BR17NT83 (for Greater London Growth 5 Year February 2015 Shares)
JE00BR17NV06 (for UK Foundation 5 Year February 2015 Shares)
JE00BR17NX20 (for Greater London Foundation 5 Year February 2015 Shares)
JE00BR17NW13 (for UK Foundation 10 Year February 2015 Shares)
JE00BR17NY37 (for Greater London Foundation 10 Year February 2015 Shares)

The earliest date on which the Shares will be listed on MSE will be 2 February 2015.

10 Final Offer details

Details of the total number of Shares issued and admitted to trading on the Official List of the MSE pursuant to the Offer will be available from the MSE website (<http://www.borzamalta.com.mt/>) from and including the Listing Date.

11 Proceeds of Offer

The Offer is not underwritten. The total net proceeds of the Offer are therefore unknown.

In the highly unlikely event that the Offer is fully subscribed, the net proceeds of the Offer would be £119,997,018. The net proceeds from the offer of 150,000,000 Shares in July 2014 (the last offer for which information is available) were £168,549.

The aggregate net total of proceeds from the offers of 150,000,000 Shares in each month between (and including) October 2012 and July 2014 was £6,719,018 (£6,219,018 not counting the £500,000 subscribed by Castle Trust in January 2013 and redeemed in June 2013).

12 Expenses and taxation charged to purchasers of shares

Investors who purchase Shares through Financial Intermediaries who do not give financial advice (including platforms) may be subject to an administration charge for services provided by that Financial Intermediary of up to 3% of their Investment Amount (to be paid to the Financial Intermediary) depending on whether the Financial Intermediary agrees to waive some or all of such charge (which is generally expected to be the case).

Investors who purchase Shares directly from Castle Trust or CTCM will not be subject to any initial charge.

Investors introduced by Financial Intermediaries who give financial advice will not be subject to a charge by Castle Trust. Investors who use such Financial Intermediaries may, however, incur a separate charge payable to the Financial Intermediary in relation to any advice it has given.

A purchaser of Shares will not be subject to a tax charge pursuant to either Jersey or UK legislation as it stands at the date of this Securities Note by reference to such purchase of Shares. Please refer to Part VII of this Securities Note for a more detailed explanation of the tax regime in force in Jersey and the UK at the date of this Securities Note.

13 Enforcement of claims

Subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the Rules under that law, if a final and conclusive judgment under which a sum of money is payable (not being a

sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) were obtained in England in the High Court of Justice, Court of Appeal, House of Lords or Supreme Court of the United Kingdom against the Cell in respect of any documentation relating to the Cell in relation to which the Cell has submitted to the jurisdiction of such courts or in relation to which the said courts otherwise had jurisdiction, such judgment would, on application to the Royal Court of Jersey, be registered and would thereafter be enforceable.

Additionally, subject to the principles of private international law, by which for example foreign judgments may be impeachable, as applied by Jersey law (which are broadly similar to the principles accepted under the common law of England), if a final and conclusive judgment under which a debt or definite sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) were obtained in the courts of any territory having jurisdiction against the Cell in respect of such documentation, (a) the Royal Court would, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits and (b) such judgment of the Royal Court would thereafter be enforceable.

PART V

INFORMATION ON THE OPERATION OF THE HOUSA SHARE CLASSES

This Part describes the investment objective of the Offer Housa Share Classes and the rights (including rights on redemption) attaching to the Shares. It also sets out information in respect of the Shares being issued including how the return on the Shares is calculated, how the return is created, and how the Shares are redeemed.

This Part V is set out under the following subheadings:

- 1 Investment objective
- 2 Investment Return
- 3 Worked examples of possible Investment Returns
- 4 Suitability
- 5 Use of Proceeds
- 6 Investment Product
- 7 The Investment Provider
- 8 Market for Shares and Early Redemption
- 9 Redemption
- 10 Index Adjustment
- 11 Calculations and determinations
- 12 Taxation

1 Investment objective

The investment objective of the Growth Housa Shares and the Foundation Housa Shares is to provide a return to the Shareholders of each Share Class which is a multiple of the performance of the Index as set out below.

The Growth Housa Shares give a return which is 100 per cent (for 2 Year Growth Housa Shares); or 150 per cent (for 5 Year Growth Housa Shares) of the increase in the Index if the Final Index Level is above the Initial Index Level and a return which is 100 per cent of the decrease in the Index if the Final Index Level is lower than the Initial Index Level. There is no capital protection and the investor is exposed to downside risk at maturity.

The Foundation Housa Shares deliver 100 per cent (for 5 Year Foundation Housa Shares); or 150 per cent (for 10 Year Foundation Housa Shares) of the increase in the Index if the Final Index Level is above the Initial Index Level (i.e. less participation in the Index than the Growth Housa Shares). An investor's capital is not at (market) risk if the Final Index Level is lower than the Initial Index Level. This is attractive for an investor who seeks house price exposure, but who regards capital preservation as a priority.

There is no guarantee that the investment objective of any of the Share Classes will be achieved.

The relevant Share Class's investments in financial contracts are solely for the purposes of achieving the investment object of that Share Class, as described below under the heading "Investment Product". No other hedging transactions are undertaken by the Cell in respect of any Share Class.

2 Investment Return

The Investment Return is the amount payable as calculated under the relevant Investment Product with respect to each Growth Housa Share or Foundation Housa Share on the relevant Maturity Date calculated by CTCM as follows:

Investment Amount + (Return Multiple x Index Percentage Change x Investment Amount)

Where:

- the "Investment Amount" is the amount originally invested in Shares;

- the “**Index Percentage Change**” is equal to: $(\text{Final Index Level} - \text{Initial Index Level}) / \text{Initial Index Level}$ (subject to a minimum value of zero in relation to the Foundation Housa only);
- the “**Initial Index Level**” is the level of the Halifax UK House Price Index as published during, or the level of the Halifax Greater London House Price Index published during or prior to, the month in which the Shares are offered for sale by Castle Trust during the Offer Period;
- the “**Final Index Level**” is the level of the Halifax UK House Price Index as published during, or the level of the Halifax Greater London House Price Index published during or prior to, the month prior to the Shares being redeemed; and
- the “**Return Multiple**” is:

Growth Housa Shares

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

| Maturity Period of Growth Housa Shares | Return Multiple |
|---|------------------------|
| 2 years | 1.0 |
| 5 years | 1.5 |

(ii) if the Final Index Level is exactly the same as the Initial Index Level then the Return Multiple does not apply as the Index Percentage Change is zero;

(iii) if the Final Index Level is lower than the Initial Index Level:

| Maturity Period of Growth Housa Shares | Return Multiple |
|---|------------------------|
| 2 or 5 years | 1.0 |

Investors in Growth Housa Shares should note that, if the Final Index Level is less than the Initial Index Level then the Index Percentage Change will be negative. As a result, the Investment Return will be less than the Investment Amount and the Total Return (i.e. the Investment Return plus the aggregate total Interest) may also be less than the Investment Amount.

Foundation Housa Shares

| Maturity Period of Foundation Housa Shares | Return Multiple |
|---|------------------------|
| 5 years | 1.0 |
| 10 years | 1.5 |

The Investment Return relating to the Foundation Housa Shares will be equal to the Investment Amount if the Final Index Level is equal to or lower than the Initial Index Level on the relevant Maturity Date. **Investors in Foundation Housa Shares should note that, if a request to redeem or repurchase the Foundation Housa Shares before the relevant Maturity Date is granted by Castle Trust, the Investment Return may be less than the Investment Amount.** Investors should refer to paragraph 9 of Part V as to how the Investment Return is calculated in the case of early redemption.

The Investment Return in respect of each Growth Housa Share or Foundation Housa Share is the applicable multiple of the performance of the relevant Index and therefore the Investment Return in respect of a Share Class shall not affect the Investment Return in respect of other Share Classes.

3 Worked examples of possible Investment Returns

The following worked examples of possible Investment Returns apply to both the UK and Greater London share classes.

If an Investor were to invest £1,000 in 5 Year Growth Housa Shares, and the Index were to be 20% higher at the time at which the 5 year term expired and the Shares were redeemed, relative to the level of the Index at the time of the original investment, then the calculation would be as follows:

£1,000 (the Investment Amount)

plus 1.5 (the Return Multiple for 5 Year Shares for positive Index Percentage Change) x 20% (the Index Percentage Change) x £1,000 (the Investment Amount) (being £300)

= Investment Return of £1,300

If an Investor were to invest £1,000 in 5 Year Growth Housa Shares, and the Index were to be at exactly the same level at the time at which the 5 year term expired and the Shares were redeemed as it had been on the date of the original investment, then the calculation would be as follows:

- £1,000 (the Investment Amount)
- plus zero (the Return Multiple for all Share Classes for an Index Percentage Change of zero) x zero (the Index Percentage Change)
- = Investment Return of £1,000

However, if an Investor were to make the same investment of £1,000 in 5 Year Growth Housa Shares but the Index were to be 20% lower at the time at which the Shares were redeemed relative to its level at the time of the original investment, then the calculation would be as follows:

- £1,000 (the Investment Amount)
- minus 1.0 (the Return Multiple for 5 Year Shares for negative Index Percentage Change) x 20% (the Index Percentage Change) x £1,000 (the Investment Amount) (being £100)
- = Investment Return of £800

The following tables illustrate further examples of potential Investment Returns from an Initial Investment of £1,000 in each of the Offer Housa Shares calculated according to possible changes in the Index between the date of the initial investment and the date on which the Shares are redeemed (in other words, according to possible Index Percentage Changes).

Please note that these are worked examples based on hypothetical assumptions as to Index performance given in the table below, and should not be relied on as indicators of future performance.

Please also note that only the dates of the initial investment and maturity are taken into consideration. It is irrelevant to the calculation of the Investment Return if the Index rises and falls again between the two dates.

| 2 Year Growth Housa Shares | | | | |
|----------------------------|-----------------|-----------------|----------------------------|--|
| Investment Amount | Return Multiple | Change in Index | Growth Housa Shares Return | Value of Growth Housa Shares after 2 years |
| £1,000 | 1 | 20% rise | 1 x 20% = 20% | £1,200 |

Part V
Information on the operation of the Share Classes

| | | | | |
|--------|-----|------------------|----------------------------|--------|
| £1,000 | 1 | 10% rise | $1 \times 10\% = 10\%$ | £1,100 |
| £1,000 | 1 | 5% rise | $1 \times 5\% = 5\%$ | £1,050 |
| £1,000 | N/A | No change | NIL | £1,000 |
| £1,000 | 1 | 5% fall | $1 \times (5\%) = (5\%)$ | £950 |
| £1,000 | 1 | 10% fall | $1 \times (10\%) = (10\%)$ | £900 |
| £1,000 | 1 | 20% fall | $1 \times (20\%) = (20\%)$ | £800 |

| 5 Year Growth Houasa Shares | | | | |
|------------------------------------|------------------------|------------------------|------------------------------------|--|
| Investment Amount | Return Multiple | Change in Index | Growth Houasa Shares Return | Value of Growth Houasa Shares after 5 years |
| £1,000 | 1.5 | 20% rise | $1.5 \times 20\% = 30\%$ | £1,300 |
| £1,000 | 1.5 | 10% rise | $1.5 \times 10\% = 15\%$ | £1,150 |
| £1,000 | 1.5 | 5% rise | $1.5 \times 5\% = 7.5\%$ | £1,075 |
| £1,000 | N/A | No change | NIL | £1,000 |
| £1,000 | 1 | 5% fall | $1 \times (5\%) = (5\%)$ | £950 |
| £1,000 | 1 | 10% fall | $1 \times (10\%) = (10\%)$ | £900 |
| £1,000 | 1 | 20% fall | $1 \times (20\%) = (20\%)$ | £800 |

| 5 Year Foundation Houasa Shares | | | | |
|--|------------------------|------------------------|--|--|
| Investment Amount | Return Multiple | Change in Index | Foundation Houasa Shares Return | Value of Foundation Houasa Shares after 5 years |
| £1,000 | 1 | 20% rise | $1 \times 20\% = 20\%$ | £1,200 |
| £1,000 | 1 | 10% rise | $1 \times 10\% = 10\%$ | £1,100 |
| £1,000 | 1 | 5% rise | $1 \times 5\% = 5\%$ | £1,050 |
| £1,000 | N/A | No change | NIL | £1,000 |
| £1,000 | 0 | 5% fall | NIL | £1,000 |
| £1,000 | 0 | 10% fall | NIL | £1,000 |
| £1,000 | 0 | 20% fall | NIL | £1,000 |

| 10 Year Foundation Housa Shares | | | | |
|--|------------------------|------------------------|---------------------------------------|---|
| Investment Amount | Return Multiple | Change in Index | Foundation Housa Shares Return | Value of Foundation Housa Shares after 7 years |
| £1,000 | 1.5 | 20% rise | 1.5 x 20% = 30% | £1,300 |
| £1,000 | 1.5 | 10% rise | 1.5 x 10% = 15% | £1,150 |
| £1,000 | 1.5 | 5% rise | 1.5 x 5% = 7.5% | £1,075 |
| £1,000 | 1.5 | No change | No change | £1,000 |
| £1,000 | 1.5 | 5% fall | No change | £1,000 |
| £1,000 | 1.5 | 10% fall | No change | £1,000 |
| £1,000 | 1.5 | 20% fall | No change | £1,000 |

4 **Suitability**

Applicants should determine the suitability of an investment in any Shares in light of their own circumstances. In particular, applicants should:

- evaluate the merits and risks of investing in such Shares;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in any Shares, including the risk of loss of such investment and, where the applicant's currency is not sterling, any currency risk; and
- be able to meet the Minimum Application Size.

An investment in Growth Housa Shares is suitable for retail investors who believe that the Final Index Level will be higher than the Initial Index Level and who understand that the Index reflects the performance of the UK housing market or Greater London housing market as applicable.

An investment in Foundation Housa Shares is suitable for retail investors who believe that the Final Index Level will be higher than the Initial Index Level, but seek to avoid market risk to their capital at maturity.

5 **Use of Proceeds**

The net proceeds from the issue of Shares will be used by the Cell (acting by the Company) to invest in the Investment Product for that Share Class. This is in line with the investment objective to pay to Shareholders the Investment Return at the Maturity Date.

Castle Trust will use the funds it receives from the Cell under the Investment Product to lend Castle Trust Mortgages (about 80% of such funds) and also to invest in liquid assets (about 20% of such funds). Obligations under the Investment Product mean that Castle Trust must pay the Cell an amount equal to the Investment Return as Shares mature.

The only business that the Cell and the Company carries out is the provision of the investment opportunity

for Shareholders by investing the Proceeds (less certain costs payable by the Company) in the Investment Product. Such Shareholders will receive the Investment Return on the maturity of such Shares subject to the Investment Provider's fulfilment of its obligations under the Investment Product.

6 Investment Product

The Cell will enter into the Investment Product with the Investment Provider in respect of each Housa Share Class. The Investment Product will be in the form of a financial instrument. Descriptions of certain provisions of the Investment Product in the Summary and this Securities Note are summaries only and are subject to the detailed terms of the financial instrument and the master agreement that governs the Investment Product of each Housa Share Class.

Under the Investment Product, the Cell will pay to the Investment Provider during the Offer Period (and thereafter) as the subscription price for the Shares of the relevant Share Class is received, an amount equal to the Proceeds (less certain fees payable to the Investment Manager). Within ten Business Days of the Maturity Date, the Investment Provider will pay to the Cell (or as Cell directs) an amount expected to be equal to the Investment Return in respect of the relevant maturing Shares.

Applicants should note that the sole assets of the Cell will comprise the obligations owed to the Cell by the Investment Provider in respect of the relevant Investment Products. The Investment Provider will not provide collateral to meet its obligations under the Investment Products and the Investment Products will therefore be unsecured. Any assets or arrangements which the Investment Provider acquires or enters into, to hedge its obligations under the Investment Product do not form part of the assets of the Cell. The Investment Return payable to the Shareholders will be dependent on the Investment Provider's ability to meet its payment obligations under the relevant Investment Product. A Special Resolution of the Shareholders of the relevant Housa Share Class will be required prior to any change in the investment objectives and/or policies of that Housa Share Class.

7 The Investment Provider

Castle Trust Capital plc ("**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. Castle Trust is a wholly owned subsidiary of Castle Trust Holdings (Jersey) Limited, a Jersey incorporated private limited company.

Castle Trust provides Partnership Mortgages to homebuyers and homeowners, Buy To Let Mortgages to residential landlords and Index Profit Share Mortgages and Flexible Zero Mortgages to UK residential property homeowners and landlords, and bespoke high value mortgages to high net worth borrowers (together, "**Castle Trust Mortgages**").

A Partnership Mortgage is a mortgage for (up to) 20% of the value of a property, advanced alongside a 70% (or less) capital and interest repayment mortgage from a traditional lender. The customer must provide a minimum 10% deposit (or retain 20% equity if using a Partnership Mortgage and not purchasing a property). Partnership Mortgages are only issued to good credit quality customers for the purchase or remortgage of their primary residence. There are no monthly payments on the Partnership Mortgage. At the end of the mortgage term or on the sale of the property, Castle Trust receives its principal back:

- plus 40% of the increase in property value, if the property has increased in value; or
- less 20% of the decrease in property value, if the property has decreased in value in relation to Partnership Mortgages used to purchase a home; that is to say the homebuyer would repay less than the amount borrowed. For homeowners who take a Partnership Mortgage to remortgage an existing home, or who sell their property within 12 months, the repayment would just be the original amount of the Partnership Mortgage.

Castle Trust has withdrawn the Partnership Mortgage product on 21 November 2014 and will not accept further applications for Partnership Mortgages following the determination of a small number of ongoing applications.

A Buy To Let Mortgage is a mortgage for (up to) 20% of the value of the property. The customer must

retain a minimum of 15% equity if using a Buy To Let Mortgage. Buy To Let Mortgages are only issued to good credit quality customers for the remortgage or purchase of residential property which they let to unconnected tenants. There are no monthly payments on the Buy To Let Mortgages. At the end of the mortgage term or on the sale of the property, Castle Trust receives its principal back plus (up to) 40% of the increase in property value, if the property has increased in value. If, at the end of the mortgage term or on the sale of the property, the property has fallen in value, the repayment to Castle Trust is of the original amount of the Buy To Let Mortgage.

An Index Profit Share Mortgage is a mortgage typically for up to 30% of the value of a property or portfolio of properties. The customer must retain a minimum of 15% equity if using an Index Profit Share Mortgage. Index Profit Share Mortgages are only issued to good credit quality customers for the remortgage of residential property; no monthly payments are required. Instead at the end of the mortgage term or on sale of the property, Castle Trust receives its principal back and a deferred interest payment plus (up to) twice the increase in value of the national house price index. The product is only available to borrowers who are exempt from the Consumer Credit Act (satisfying high net worth or business exemption tests).

A Flexible Zero Mortgage is a mortgage for up to a maximum of 50% of the value of a property or portfolio of properties. The customer is limited to a maximum aggregate indebtedness of 80% loan to value (including capitalised interest due under the Flexible Zero Mortgage). Flexible Zero Mortgages are only issued to good credit quality customers typically for the remortgage of residential property; no monthly payments are required. Instead at the end of the mortgage term or on sale of the property, Castle Trust receives its principal back and a deferred interest payment. The product is only available to borrowers who are exempt from the Consumer Credit Act (satisfying buy to let, high net worth or business exemption tests).

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.

Castle Trust Mortgages are funded by retail investments in shares issued by the Company ("**Growth Housas**" and "**Foundation Housas**"), loan notes issued by Castle Trust Income Housa plc, a wholly owned Jersey-incorporated subsidiary of Castle Trust ("**Income Housas**") and fixed interest rate loan notes ("**Fortress Bonds**") issued by Castle Trust Direct plc, a wholly owned subsidiary of Castle Trust incorporated in England and Wales. Income Housas, Growth Housas and Foundation Housas have the same essential features, being fixed term investments offering returns linked to the value of the UK housing market ("**Housas**").

Housas provide those saving to buy a home with the opportunity to help avoid being priced out of the property market, by allowing them to invest in returns linked to the UK housing market (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 ISA.

8 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 of 2.5% per annum for the unexpired product term for Housas linked to the UK Index and 3% per annum for the unexpired product term for the Greater London Index provided the volume of redemption requests received does not materially exceed the volume of new issuance of the Shares, Income Housa loan notes and Fortress Bonds. **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.

9 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 Housa Shares at any time before the relevant Maturity Date will receive the relevant Investment Return. Investors redeeming Housa Shares at any time before the relevant Maturity Date will receive a price reflecting the period of investment discounted by an early encashment fee of 2.5% per annum for the unexpired term in years and part years for UK Index products, and 3% per annum for the unexpired term in years and part years for Greater London Index products.

10 Redemption

On or prior to the Maturity Date for the relevant Shares, the Investment Product will mature in order to generate the Investment Return per Share and thereafter on the Maturity Date such Shares will be redeemed in full by the Cell.

The payment obligations of the Investment Provider under the Investment Product on or around the Maturity Date are designed to enable the Cell, in turn, to pay to the relevant Shareholders on or around the Settlement Date the Investment Return in respect of their Shares. A Shareholder has no right to require the Company to redeem or purchase any of its Shares prior to the Maturity Date.

Under the Terms and Conditions, Castle Trust has a buy back obligation over Shares under which it will agree to purchase the Shares held by the Nominee 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 relevant 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. Shareholders have the option to refuse the buy-back facility and to wait for the shares to be redeemed from them directly if they wish (by giving notice to Castle Trust or CTCM in writing), 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 and so it will not apply to those Shares acquired on the secondary market. **Those Shareholders who have bought their Shares on the secondary market will not qualify for the FSCS.**

At 17.00 on the Maturity Date, following Castle Trust's purchase of the relevant Shares from the Nominee, the Cell will redeem such 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 Investment Product. Such

payments will be offset in accordance with the Umbrella Agreement and therefore will allow Castle Trust to pay the Investment Return to Shareholders directly pursuant to the buyback obligation under the Terms and Conditions. A Shareholder has no right to require the Cell to redeem or purchase any of its Shares prior to the Maturity Date.

CTCM will ensure the Investment Return is paid to the relevant Shareholders by Castle Trust to an account in the name of the relevant Shareholder with a bank as directed by such Shareholder or by cheque.

11 Index Adjustment

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:

- the circumstances giving rise to the requirement for CTCM to act or exercise its judgement;
- then prevailing market practice; and
- 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 not constitute a variation or abrogation of rights, special rights and/or terms and conditions of the relevant Shares. 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.

11.1 *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.

11.2 *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.

11.3 *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.

11.4 *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.

12 **Calculations and determinations**

CTCM, as the calculation agent, shall make calculations and determinations in its sole discretion in respect of the Investment Return, acting in good faith and in a commercially reasonable manner.

13 **Taxation**

Currently, no withholding tax will be deducted from any dividends paid by the Cell (however, no dividends are expected to be paid on any of the Shares). Further taxation information for Shareholders is set out in Part VII of this Securities Note.

PART VI

FEES AND EXPENSES

Details of the General Expenses are set out in Part V of the Registration Document under the heading "Fees and Expenses".

Certain expenses will be paid by CTCM on behalf of the Cell pursuant to the Management Agreement and the Marketing Agreement including the fees and expenses of: (a) preparing and printing the Summary and this Securities Note (including without limitation regulatory fees and the fees and expenses of legal advisers to the Company and the Cell, the auditors to the Company and the Cell); (b) obtaining the official listing of the Shares on the MSE; (c) making the Offer, allotment, issue, distribution and initial settlement of the Shares; and (d) the Investment Manager.

CTCM will also pay on behalf of the Cell the fees and expenses of the Administrator, the Sponsor and the Registrar and other service providers and advisers, in relation to the Shares and the costs of maintaining the listing of the Shares on the MSE.

The total costs and expenses (exclusive of amounts in respect of VAT) payable by the Cell in connection with the issue of the Shares the subject of the Offer and of their application for their Admission are estimated to amount to £10,000. All costs and expenses incurred by the Cell associated with the issue of Shares have and will be borne by CTCM.

Such costs will be met out of a fee payable to CTCM by the Cell under the Management Agreement and the Marketing Agreement. This will be paid out of the Proceeds from the Offer. However, it should be noted that the Investment Returns to Shareholders will be based upon their Investment Amount and not on their Investment Amount less a proportion of the fees payable to CTCM. In effect, such costs and expenses are borne by Castle Trust.

PART VII

TAXATION

This part gives a summary of the tax regimes in Jersey and the UK as they might apply to an Investor and the Company.

This Part VII is set out under the following subheadings:

- 1 **Jersey**
- 1.1 Taxation of the Company and the Cell
- 1.2 Stamp duty
- 2 **United Kingdom**
- 2.1 Taxation of the Company
- 2.2 Taxation of Shareholders
 - 2.2.1 Dividends
 - 2.2.2 Shareholders who acquire their investment in Shares through an Individual Savings Account
 - 2.2.3 Chargeable gains
 - 2.2.4 Offshore funds
 - 2.2.5 Transfer of assets abroad
 - 2.2.6 Transactions in securities
 - 2.2.7 Section 13 Taxation of Capital Gains Act 1992
 - 2.2.8 Stamp Duty and Stamp Duty Reserve tax ("**SDRT**")
 - 2.2.9 Issue of Shares
 - 2.2.10 Transfer of Shares

The following statements are by way of a general guide only to Shareholders. They are not exhaustive and do not constitute tax advice. Shareholders are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares and the receipt of distributions (whether or not on redemption) under the laws of the countries in which they are liable for taxation.

Shareholders should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Jersey and the UK at the date of this Securities Note. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Shares will endure indefinitely and prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change (possibly with retrospective effect). The following tax summary is not a guarantee to any investor of the tax results of investing in the Shares.

1 **Jersey**

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 situated 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.

1.1 *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%. Dividends on Shares may be paid without withholding or deduction for or on account of Jersey income tax by 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.

1.2 *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 situated in respect of a holder of Shares domiciled in Jersey, or situated 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.

2 **United Kingdom**

The following summary of the anticipated treatment of the Company, the Cell and Shareholders is based on United Kingdom 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 UK tax law and practice (including such tax law and practice as they apply to any land or building situated 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.

2.1 *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.

2.2 *Taxation of Shareholders*

2.2.1 *Dividends*

It is not intended that any dividends be paid on the Shares by the Company.

2.2.2 *Shareholders who acquire their investment in Shares through an Individual Savings Account*

The Shares are expected to be eligible investments for a new ISA (“**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.

2.2.3 *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 advisor.

2.2.4 *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.

2.2.5 *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.

2.2.6 *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.

2.2.7 *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.

2.2.8 *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.

2.2.9 *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.

2.2.10 *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.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

PART VIII

This Part sets out information on the index by which the Investment Return is calculated.

This Part VIII is arranged under the following sub-headings:

The Halifax UK House Price Index & Halifax Greater London House Price Index

- 1 Background
- 2 Methodology
- 3 Data
- 4 Performance of the Halifax House Price Index and Greater London Index

THE HALIFAX UK HOUSE PRICE INDEX AND THE HALIFAX GREATER LONDON HOUSE PRICE INDEX

The information stated here has been obtained from the website of the Halifax House Price Index and has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by the Index Sponsor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1 Background

The Index is the UK's longest running monthly house price series covering the whole country from January 1983. The Index is derived from the mortgage data of the country's largest mortgage lender, which provides a robust and representative sample of the entire UK market.

2 Methodology

The indices calculated are 'standardised' and represent the price of a typically transacted house. The need for 'standardisation' arises because no two houses are identical and may differ according to a variety of characteristics relating to the physical attributes of the houses themselves or to their locations.

In summary, prices are disaggregated into their constituent parts using a commonly used statistical technique called multivariate regression analysis. This allows values to be attributed to the various qualitative characteristics (type of property, region, etc.) and quantitative characteristics (age of property, number of habitable rooms, garages, bathrooms, etc.) of a property.

As a result, the technique allows Halifax to track the value of a 'typical' house over time on a like-for-like basis (i.e. with the same characteristics). This prevents the possibility of short-term changes in the set of properties sold from month to month (for example, shifts in the regional complexion of the market or a change towards more large properties being sold) giving a misleading impression of the change in the price of a 'typical' house.

Analyses of house prices based on simple arithmetic average prices (as, for example, is the case with the Land Registry) do not compare like-for-like.

3 Data

The Halifax House Price Indices are derived from information on the following house characteristics:

- purchase price
- location (region)
- type of property: house, sub-classified according to whether detached, semi-detached or terraced, bungalow, flat
- age of the property
- tenure: freehold, leasehold, feudal
- number of rooms: habitable rooms, bedrooms, living-rooms, bathrooms
- number of separate toilets
- central heating: none, full, partial
- number of garages and garage spaces

- garden
- land area if greater than one acre
- road charge liability

Although one hundred per cent coverage of all house purchase transactions financed by the Halifax is obtained, those transactions that do not constitute a fully consistent body of data for the purpose of house price analysis are excluded from the indices. These exclusions primarily cover property sales that are not for private occupation and those that are likely to have been sold at prices which may not represent 'free' or 'normal' market prices, for example, most council house sales, sales to sitting tenants, etc. Only mortgages to finance house purchase are included; remortgages and further advances are excluded.

The data refer to mortgage transactions at the time they are approved rather than when they are completed. Whilst this may cover some cases which may never proceed to completion, it has the important advantage that the price information is more up-to-date as an indicator of price movements and is on a more consistent time-base than completions data (such as the ODPM Index) given the variable time lags between approval and completion.

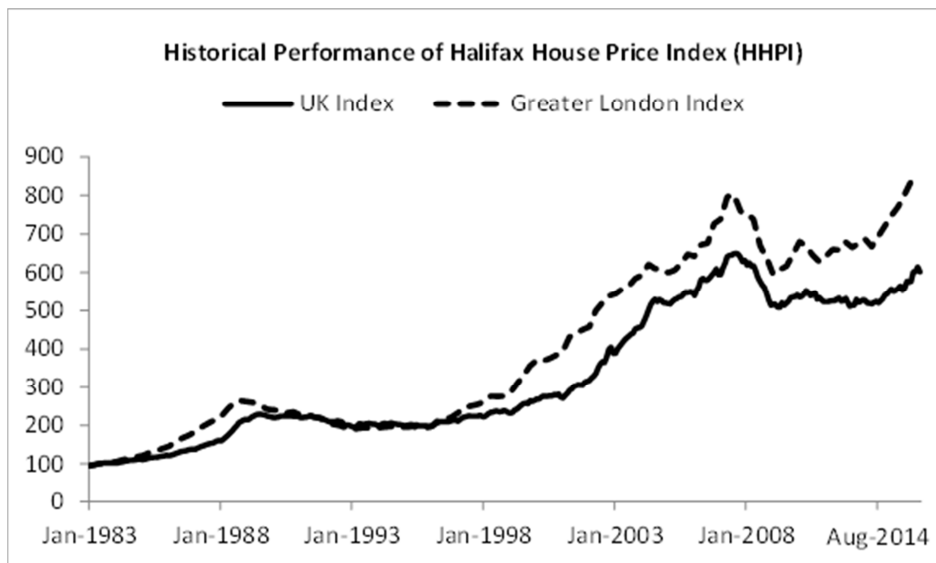
The monthly Indices (including the UK Index) cover transactions during the full calendar month and the regional quarterly indices (including the Greater London Index) cover transactions over the entire quarter.

Properties over £1 million have been included since December 2002 to reflect the increasing number of this hitherto small market segment.

The Indices are prepared from information that Halifax believes is collated with care, but Halifax do not make any statement as to its accuracy or completeness. Halifax reserves the right to vary its methodology and to edit or discontinue the indices at any time for regulatory or other reasons.

4 Performance of the UK Index and Greater London Index

The graph below shows the movement of the Indices since they were launched in 1983 until the end of August 2014.



Please note the paragraph headed "Index Disruption" in the section headed "Index Adjustment" in Part V of this Securities Note.

Further information in relation to the Index can be found at the website of the Index Sponsor:
http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp
Investors should note that information on this website is provided for information purposes only and does not form part of this prospectus.

PART IX

THE COMPANY AND THE CELL

This Part sets out corporate information about the Company and the Cell.

This Part IX is arranged under the following subheadings:

- 1 Responsibility statements
- 2 Capitalization
- 3 Proceeds of previous Offers
- 4 Indebtedness
- 5 Directors and employees of the Cell
- 6 Directors' conflicts of interest
- 7 Articles of Association
- 8 Disclosure of Interests
- 9 Material contracts
- 10 Working capital
- 11 Miscellaneous
- 12 Calculations and determinations

1 Responsibility statements

The Company, the Directors of the Company and the Directors of the Cell, whose names appear in the "Directory" at Part X of this Securities Note, accept responsibility for the information contained in this Prospectus 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 Prospectus 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 Prospectus relating to Castle Trust, the risks relating to Castle Trust and its business in Part I of the Securities Note forming part of this Prospectus and Parts II, IX and X of the Registration Document forming part of this Prospectus 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 Prospectus relating to Castle Trust, the risks relating to Castle Trust and its business in Part I of the Securities Note forming part of this Prospectus and Parts II, IX and X of the Registration Document forming part of this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Company confirms that the information contained in this Prospectus sourced from any third party has been accurately reproduced and, as far as the Company 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 Prospectus, the source of the information has been disclosed.

2 Capitalization

The capitalization of the Company as at 31 October 2014, being the date of the last published financial information on the Company (published by the Company in the Registration Document), are shown in the following table:

| | |
|------------------------|----|
| Total Current debt | £0 |
| Total Non-Current debt | £0 |
| Shareholders' equity: | |

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| | |
|------------------|----|
| • Share capital | £2 |
| • Legal reserve | £0 |
| • Other reserves | £0 |
| Total | £2 |

There has been no material change in the capitalization of the Company since 31 October 2014.

The capitalization of the Cell as at 31 October 2014, being the date of the last published financial information on the Cell (published by the Company in the Registration Document), are shown in the following table:

| | |
|------------------------|----------|
| Total Current debt | £0 |
| Total Non-Current debt | £0 |
| Shareholders' equity: | |
| • Share capital | £2 |
| • Legal reserve | £0 |
| • Other reserves | £162,117 |
| Total | £162,119 |

Since 31 October 2014, the Cell has not issued any further shares.

The Cell will, by resolution of the Board on the day prior to the Listing Date, resolve to allot a large number of shares (more than it expects will be bought by investors) in those classes to the Nominee (all nil paid) pursuant to the Offer. The Shares will be allotted under Jersey law.

The authorised share capital of the Cell comprises at the date of this Securities Note (and comprised at the date of incorporation):

- (i) two Founder Shares; and
- (ii) an unlimited number of Shares of no par value.

The Founder Shares:

- (i) carry no right to participate in the assets attributable to the Cell unless a) the Investment Return for each Share has been paid in full b) each Share has been redeemed and c) there remain assets attributable to the Investment Products,
- (ii) carry a right to vote and attend at general meetings of the Cell; and
- (iii) are not redeemable.

The Company and the Cell commenced operations on 4 October 2012 with the issue of the October 2012 Shares. Further Shares were issued by the Cell pursuant to Summaries and Securities Notes. The issued share capital of the Cell is, as at the date of this Securities Note:

- (i) two Founder Shares (issued at an issue price of £1.00 each and fully paid-up), which are beneficially held by the Trustee of The Housing Foundation Charitable Trust, a trust established under the laws of Jersey for charitable purposes; and
- (ii)

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| Date Securities Note | Share issue date | Share Class | Amount |
|-----------------------------|-------------------------|-------------------------------|---------------|
| 3 October 2012 | 4 October 2012 | 3 Year October 2012 Shares | zero |
| | | 5 Year October 2012 Shares | 5,000 |
| | | 10 Year October 2012 Shares | 13,025 |
| 31 October 2012 | 1 November 2012 | 3 Year November 2012 Shares | zero |
| | | 5 Year November 2012 Shares | zero |
| | | 10 Year November 2012 Shares | 20,075 |
| 6 December 2012 | 10 December 2012 | 3 Year December 2012 Shares | zero |
| | | 5 Year December 2012 Shares | zero |
| | | 10 Year December 2012 Shares | 15,000 |
| 28 December 2012 | 2 January 2013 | 3 Year January 2013 Shares | zero |
| | | 5 Year January 2013 Shares | zero |
| | | 10 Year January 2013 Shares | 20,000 |
| 31 January 2013 | 1 February 2013 | 3 Year February 2013 Shares | zero |
| | | 5 Year February 2013 Shares | 105,220 |
| | | 10 Year February 2013 Shares | 82,250 |
| 28 February 2013 | 1 March 2013 | 3 Year March 2013 Shares | zero |
| | | 5 Year March 2013 Shares | 85,900 |
| | | 10 Year March 2013 Shares | 6,610 |
| 27 March 2013 | 2 April 2013 | 3 Year April 2013 Shares | zero |
| | | 5 Year April 2013 Shares | 104,925 |
| | | 10 Year April 2013 Shares | 81,416 |
| 29 April 2013 | 1 May 2013 | 3 Year May 2013 Shares | 4,000 |
| | | 5 Year May 2013 Shares | 81,159 |
| | | 10 Year May 2013 Shares | 44,310 |
| 30 May 2013 | 3 June 2013 | 3 Year June 2013 Shares | zero |
| | | 5 Year June 2013 Shares | 74,768 |
| | | 10 Year June 2013 Shares | 60,810 |
| 27 June 2013 | 1 July 2013 | 3 Year July 2013 Shares | 30,893 |
| | | 5 Year July 2013 Shares | 81,120 |
| | | 10 Year July 2013 Shares | 3,500 |
| 30 July 2013 | 1 August 2013 | 3 Year August 2013 Shares | 119,520 |
| | | 5 Year August 2013 Shares | 74,520 |
| | | 10 Year August 2013 Shares | zero |
| 28 August 2013 | 1 September 2013 | 3 Year September 2013 Shares | 77,777 |
| | | 5 Year September 2013 Shares | 53,537 |
| | | 10 Year September 2013 Shares | 17,472 |
| 30 September 2013 | 1 October 2013 | 3 Year October 2013 Shares | 77,500 |
| | | 5 Year October 2013 Shares | 196,920 |

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| | | | |
|---|-----------------|---------------------------------------|------------------|
| | | 10 Year October 2013 Shares | 20,664 |
| 31 October 2013 | 1 November 2013 | 3 Year November 2013 Shares | 49,000 |
| | | 5 Year November 2013 Shares | 81,520 |
| | | 10 Year November 2013 Shares | 10,000 |
| 29 November 2013 | 2 December 2013 | 3 Year December 2013 Shares | 52,500 |
| | | 5 Year December 2013 Shares | 46,500 |
| | | 10 Year December 2013 Shares | 35,000 |
| 31 December 2013 | 2 January 2014 | 3 Year January 2014 Shares | 191,540 |
| | | 5 Year January 2014 Shares | 225,400 |
| | | 10 Year January 2014 Shares | 58,000 |
| 31 January 2014 | 3 February 2014 | Protected 5 Year February 2014 Shares | 188,040 |
| | | Growth 5 Year February 2014 Shares | 271,840 |
| | | Growth 10 Year February 2014 Shares | 13,000 |
| 28 February 2014 | 3 March 2014 | Protected 5 Year March 2014 Shares | 346,198 |
| | | Growth 5 Year March 2014 Shares | 455,248 |
| | | Growth 10 Year March 2014 Shares | 145,560 |
| 28 March 2014 | 1 April 2014 | Protected 5 Year April 2014 Shares | 666,149 |
| | | Growth 5 Year April 2014 Shares | 363,143 |
| | | Growth 10 Year April 2014 Shares | 137,340 |
| 30 April 2014 | 1 May 2014 | Protected 5 Year May 2014 Shares | 257,463 |
| | | Growth 5 Year May 2014 Shares | 233,958 |
| | | Growth 10 Year May 2014 Shares | 106,807 |
| 29 May 2014 | 2 June 2014 | Protected 5 Year June 2014 Shares | 382,947 |
| | | Growth 5 Year June 2014 Shares | 171,100 |
| | | Growth 10 Year June 2014 Shares | 96,800 |
| 30 June 2014 | 1 July 2014 | Protected 5 Year July 2014 Shares | 133,782 |
| | | Growth 5 Year July 2014 Shares | 13,932 |
| | | Growth 10 Year July 2014 Shares | 23,835 |
| Total paid up redeemable preference shares | | | 6,314,493 |

There are no measures to ensure that control vested in such Founder Shares is not abused. However, the constituting Trust Instrument contains provisions requiring that the Trustee shall not act in any way so as to prejudice the performance by the Company or the Cell of their obligations under any agreements or arrangements to which they are a party.

The Directors may, without notice to or consent of the Shareholders (subject to the provisions in the Articles in relation to the variation of rights of Shareholders), also approve the issue by the Cell of Shares of further Share Classes, from time to time.

From February 2014, the Cell has no longer issued Growth Housa shares with a fixed term of 3 years. From August 2014, the Cell has no longer issued Protected Housa shares.

3 Proceeds of previous Offers

The Company on behalf of the Cell has entered into certain arrangements with the Investment Provider, as described in the prospectus dated 3 October 2012 and in the Registration Document, in relation to the Shares sold to investors. The following table shows the amounts raised by each previous Offer before costs and expenses, which are also the amounts of the Proceeds that have been invested by the Cell in the Investment Product in respect of each monthly issue:

| Offer | Amount of Proceeds |
|-----------------------|---|
| October 2012 Shares | £18,025 |
| November 2012 Shares | £20,075 |
| December 2012 Shares | £15,000 |
| January 2013 Shares | £520,000 |
| | (Castle Trust Capital plc purchased 500,000 3 Year January 2013 Shares in order to satisfy certain regulatory requirements of CISEA; these were redeemed on 20 June 2013. The offer of January 2013 Shares without this purchase by Castle Trust raised £20,000.) |
| February 2013 Shares | £187,470 |
| March 2013 Shares | £92,510 |
| April 2013 Shares | £186,341 |
| May 2013 Shares | £129,469 |
| June 2013 Shares | £135,578 |
| July 2013 Shares | £115,513 |
| August 2013 Shares | £194,040 |
| September 2013 Shares | £148,786 |
| October 2013 Shares | £295,084 |
| November 2013 Shares | £140,520 |
| December 2013 Shares | £134,000 |
| January 2014 Shares | £474,940 |
| February 2014 Shares | £472,880 |
| March 2014 Shares | £947,006 |
| April 2014 Shares | £1,166,632 |
| May 2014 Shares | £598,228 |
| June 2014 Shares | £650,847 |
| July 2014 Shares | £171,549 |

While these figures were initially less than were anticipated by the Board and the Castle Trust Directors before the commencement of operations, they confirmed their expectations that the long lead times experienced in the intermediated investments markets would lead to a slow uptake of Shares by investors at the outset of the Company's operations.

4 **Indebtedness**

As of the date of this Securities Note, neither the Cell nor the Company (on behalf of the Cell) has any outstanding, or created but unissued, loan capital (including term loans) or any outstanding mortgages, charges, debentures or other borrowings or other indebtedness (whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent).

5 **Directors and employees of the Cell**

The Directors of the Cell are responsible for managing the business affairs of the Cell in accordance with the Articles of Association. The Directors may delegate certain functions to other parties such as the Investment Manager, the Registrar, the Administrator, the Marketing Manager, and the Sponsor. The Company shall be managed and its affairs supervised by the Directors whose details (including nationality and country of residence) are set out below. The business address of each of the Directors, all of whom are non-executive, is Elizabeth House, 9 Castle Street, St. Helier, Jersey JE2 3RT, Channel Islands.

The Administrator provides certain administrative services to the Company and Cell pursuant to the Registrar and Administration Agreement, for which services the CTCM pays on behalf of the Company a fee to the Administrator (but not to the Directors). These administrative services include the provision of a board of directors. Further details can be found in the Registration Document.

The current Directors are:

Mark Creasey;
Angus Taylor;
Saffron Harrop; and
Anthony Underwood-Whitney.

No Director has, within the last five years:

- (i) any convictions in relation to fraudulent offences;
- (ii) subject to the disclosures below, been associated with any bankruptcies, receiverships or liquidations whilst acting in their capacity as a member of an administrative, management or supervisory body or a senior manager of any body;
- (iii) had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of the Cell or from acting in the management or conduct of affairs of any company.

Saffron Harrop and Anthony Underwood-Whitney:

- (i) 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
- (ii) were previously directors of Sandford Farm Properties Limited. Anthony Underwood-Whitney and Saffron Harrop were 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.

Each of the Directors (with the exception of Saffron Harrop, who was appointed on 11 July 2014 and Angus Taylor, who was appointed on 19 September 2014) has served on the Board of the Cell since establishment of the Cell on 5 September 2012. The Directors are not entitled to any termination benefits upon termination of their role as a director of the Cell. 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; however, the Directors recognise the importance of sound corporate governance and observe the Institute of Directors Guidelines for Jersey Directors, with which they are in compliance. The Board has adopted the Model Code. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix VI of the Listing Rules.

None of the Directors hold any Ordinary Shares or Shares at the date of the Summary and this Securities Note.

The Cell has no employees.

6 **Directors' conflicts of interest**

Save as set out in the two following paragraphs, no Director has any interest in the promotion of, or any property acquired or proposed to be acquired by, the Cell.

The services of the Directors as directors of the Cell are provided as part of the Administrator's administration services to the Cell pursuant to the Registrar and Administration Agreement; and their remuneration is paid by the Company to the Administrator as part of the annual fees payable to the Administrator pursuant to such agreement.

Each of the Directors are employees of JTC. JTC receives fees from the Cell and the Company for providing administration services to the Company and the Cell pursuant to the Registrar and Administration Agreement. Certain of the Directors are also directors of JTC.

Save as disclosed in the two preceding paragraphs, there are no potential conflicts of interest between any duties owed by the Directors to the Cell and their private interests and/or other duties.

7 **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 Company's registered office details of which appear in Part X.

The Articles of the Cell contain provisions to the following effect:

7.1 *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.

7.2 *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.

7.3 *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:

1. 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;
2. 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;
3. 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
4. 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).

7.4 *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.

7.5 *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; or (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.

7.6 *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.

7.7 *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.

7.8 *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.

7.9 *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.

7.10 *Provisions relating to shares*

7.10.1 Allotment and issue of Shares

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 absolute 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.

7.10.2 Minimum holdings and transfers

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.

7.11 *Transfers and transmission of Shares*

7.11.1 Transfers of Shares

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.

7.11.2 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).

7.11.3 Shares not freely redeemable

The Shares are not redeemable at the instance of the Shareholder.

7.11.4 Purchase of Shares

Subject to the provisions of the Law, the Cell may purchase its own shares.

7.11.5 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 unrepresented 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.

7.12 *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 provided that 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 provided that 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.

7.13 *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.

7.14 *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:

- by the chairman;
- by a least two Cell shareholders having the right to vote on the resolution; or
- 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.

7.15 *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.

7.16 *Directors*

7.16.1 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.

7.16.2 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.

7.16.3 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.

7.16.4 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.

7.16.5 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.

7.16.6 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).

7.17 *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.

7.18 *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.

CTCM has taken out appropriate professional indemnity insurance cover against liability resulting from the carrying out of its functions in relation to the offer of Shares.

7.19 *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.

7.20 *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.

7.21 *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.

8 **Disclosure of Interests**

As of the date hereof and save as mentioned below, the Directors and the Cell are not aware of any persons who, following the expiration of the Offer Period, will be interested in 10% or more of the issued shares in the Cell carrying a right to vote at the general meetings of the Cell (i.e. the Founder Shares) other than the Trustee of the Housing Foundation Charitable Trust which holds the two Founder Shares in the Cell.

9 Material contracts

Please see Part X of the Registration Document to see the material contracts the Cell has entered into.

10 Working capital

The Company is of the opinion that its working capital is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

11 Miscellaneous

Save as disclosed in the Summary, this Securities Note and/or the Registration Document:

- (i) no Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Cell;
- (ii) no commissions have been paid or are payable by the Cell to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions, for the Shares pursuant to the Offer;
- (iii) at the date of this Securities Note, to the best of the knowledge of the Directors, the Cell does not have outstanding:
 - a. any listed or unlisted securities not representing share capital;
 - b. any listed or unlisted convertible securities;
 - c. any debt securities;
 - d. any borrowings or indebtedness in the nature of borrowing;
 - e. any mortgages or charges it has granted; or
 - f. any contingent liabilities or guarantees which it has given;
- (iv) other than as described in Part X of the Registration Document under the heading "Directors' Interests" or in this Part IX of this Securities Note under the heading "Directors' Conflicts of Interest", no Director is materially interested in any contract or arrangement, subsisting at the date hereof, which is unusual in its nature and significant in relation to the business of the Cell;
- (v) at the date of this Securities Note, none of the Directors, their spouses, their infant children or any connected person has any interest in the share capital of the Cell or any options in respect of such capital;
- (vi) since the establishment of the Cell, the Cell has not been involved and is currently not involved in any legal or arbitration proceedings, nor are the Directors aware of any pending or threatened legal or arbitration proceedings by or against the Cell at the date hereof which may have or have had a significant effect on the Cell's financial position;
- (vii) no shares in the Cell are under option or agreed conditionally or unconditionally to be put under option or issued or proposed to be issued under option;
- (viii) there are no rights of pre-emption relating to the offering or issue of the Shares;
- (ix) the Offer of the Shares of the Cell is not underwritten or guaranteed by any person;

- (x) the Cell does not have a place of business in the United Kingdom;
- (xi) there is no limit on the duration of the authorisation of the Directors of the Cell to issue Shares;
- (xii) save as disclosed in the Summary, this Securities Note or the Registration Document, the Cell is not dependent on any patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Cell's business;
- (xiii) the Cell has no employees and owns no buildings;
- (xiv) the Company was incorporated on 27 July 2011 as a Jersey protected cell company (which is a specialised corporate vehicle);
- (xv) the Cell was established on 5 September 2012;
- (xvi) the Cell has not loaned and does not propose to lend any money to any of the Directors. The Cell has not provided and does not propose to provide any guarantees for the benefit of the Directors; and
- (xvii) if all of the Shares currently available under this Offer are subscribed, the Proceeds shall be £120 million.

Copies of the Summary, this Securities Note and of the Registration Document are available, free of charge, during the Offer Period at the following address: Elizabeth House, 9 Castle Street, St. Helier, Jersey JE2 3RT, Channel Islands.

12 **Calculations and determinations**

In addition to making calculations and determinations under the Investment Product (acting in good faith and in a commercially reasonable manner) Castle Trust in its capacity as calculation agent shall be responsible for calculating an amount expected to be equal to the Investment Return in respect of the relevant maturing Shares. Castle Trust shall rely on the level of the Index published by the Index Sponsor. CTCM will perform the same role (acting in good faith and in a commercially reasonable manner) in calculating the Investment Return payable to Shareholders on the maturity of their Shares.

None of the Company, the Cell, CTCM, or the Administrator shall have any responsibility in respect of any error or omission or subsequent correction made in the calculation or publication of the level of the Index, whether caused by negligence or otherwise. The calculations and determinations of CTCM shall be made in accordance with the provisions described in this Securities Note, having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided by the Investment Provider and information provided to or obtained by employees or officers of CTCM responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on the Cell and on the Shareholders.

None of the Company, the Cell, CTCM, or the Administrator, any of their respective Affiliates or the respective directors and employees of such persons shall have any responsibility for good faith errors or omissions in the calculations and determinations of CTCM, whether caused by negligence or otherwise.

PART X

DIRECTORY

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|--|---|
| The Company | Castle Trust PCC Elizabeth House 9 Castle Street St. Helier Jersey JE2 3RT |
| The Cell | Castle Trust Growth Housa PC Elizabeth House 9 Castle Street St. Helier Jersey JE2 3RT |
| Directors of the Company and of the Cell | Mark Creasey Angus Taylor Saffron Harrop Anthony Underwood-Whitney |
| Investment Manager, Marketing Manager and calculation agent | Castle Trust Capital Management Limited 41 Lothbury London EC2R 7HG |
| Investment Provider | Castle Trust Capital plc 41 Lothbury London EC2R 7HG |
| Administrator and Registrar | JTC (Jersey) Limited Elizabeth House 9 Castle Street St. Helier Jersey JE2 3RT |
| Company Secretary | JTC (Jersey) Limited Elizabeth House 9 Castle Street St. Helier Jersey JE2 3RT |
| Sponsor | Calamatta Cuschieri & Co. Ltd. 5th Floor Valletta Buildings South Street Valletta VLT 1103 Malta |
| 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 | Carey Olsen 47 Esplanade |

Cell

St Helier
Jersey
JE1 0BD

**Maltese Legal Advisers to the Company and
the Cell**

GANADO Advocates
171 Old Bakery Street
Valletta VLT 1455
Malta

Auditors

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

PART XI

GLOSSARY OF TERMS AND DEFINITIONS

| | |
|---|--|
| “2006 Act” | the Companies Act 2006, as amended |
| “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 |
| “April 2013 Shares” | the Shares issued by the Cell on 2 April 2013 as described in the prospectus dated 27 March 2013 |
| “April 2014 Shares” | the shares issued by the Cell on 1 April 2014 as described in the prospectus dated 28 March 2014 |
| “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 Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales |
| “August 2013 Shares” | the Shares issued by the Cell on 1 August 2013 as described in the prospectus dated 30 July 2013 |
| “Board” | the board of directors of the Company |
| “Borrower Loan Agreement” | the facility agreement dated on or around 3 July 2014 between Castle Trust Direct plc (as lender) and Castle Trust (as borrower) pursuant to which Castle Trust Direct plc 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 Mortgages” | a mortgage product offered by Castle Trust and aimed at residential landlords |
| “Castle Trust” | Castle Trust Capital plc (with registered number 07454474) whose registered office is at 10 Norwich Street, London EC4A 1BD |

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| “Castle Trust Direct plc” | Castle Trust Direct plc (with registered number 9046984), a subsidiary of Castle Trust whose registered office is at 10 Norwich Street, London EC4A 1BD |
| “Castle Trust Directors” | the directors of Castle Trust whose names are set out in Part X of the Registration Document (each a “Castle Trust Director”) |
| “Castle Trust Mortgages” or “Mortgages” | Partnership Mortgages, Buy To Let Mortgages, Index Profit Share Mortgages and Flexible Zero Mortgages |
| “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) |
| “Cell Board” | the board of directors of the Cell |
| “CIF Law” | The Collective Investment Funds (Jersey) Law 1988, as amended |
| “CISEA” | the Channel Islands Securities Exchange Authority Limited |
| “Company” | Castle Trust PCC, a closed-ended investment company incorporated as a protected cell company with limited liability in Jersey with registered number 108697 |
| “Company Articles” | the articles of association of the Company |
| “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 |
| “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 |
| “December 2012 Shares” | the Shares issued by the Cell on 7 December 2012 as described in the prospectus dated 6 December 2012 |
| “December 2013 Shares” | the Shares issued by the Cell on 2 December 2013 as described in the prospectus dated 29 November 2013 |

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| “Directors” | the directors of the Cell and/or the Company (as the context requires) whose names are set out in Part X 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 |
| “February 2013 Shares” | the Shares issued by the Cell on 1 February 2013 as described in the prospectus dated 31 January 2013 |
| “February 2014 Shares” | the Shares issued by the Cell on 3 February 2014 as described in the prospectus dated 28 January 2014 |
| “Final Index Level” | the level of the Index on the relevant Reference Date for that Housa Share Class |
| “Financial Intermediaries” | financial intermediaries authorised by the FCA (i) to arrange deals in shares and (ii) to make arrangements with a view to transactions in shares on behalf of professional and retail customers |
| “Flexible Zero Mortgages” | as described in paragraph 7 of Part V of this Securities Note |
| “Fortress Bonds” | a fixed term investment marketed by CTCM that takes the form of loan notes issued by Castle Trust Direct plc |
| “Foundation Housa” | a Housa that 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 |
| “Foundation Housa Shareholders” | holders of Foundation Housa Shares |
| “Foundation Housa Shares” | shares of a separate Share Class issued by the Cell that correspond with the Foundation Housa, which ensures Foundation Housa Shareholders the return of their capital at the Maturity Date and delivers exposure to potential growth of the Index over the Investment Term |
| “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 |

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| | services firms |
| “FSMA” | the Financial Services and Markets Act 2000, as amended |
| “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 participation in any decrease of the Index |
| “Growth Housa Shareholders” | holders of Growth Housa Shares |
| “Growth Housa Shares” | Shares that correspond with the Growth Housa which does not ensure Growth Housa Shareholders the return of their capital, but will grant the Growth Housa Shareholder exposure to the potential growth or fall of the Index with the potential for enhanced upside or reduced downside over the Investment Term |
| “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 |
| “Income Housa” | a Housa that takes the form of a loan note issued by CTIHL and whose capital returns match the Index and they pay 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 Greater London House Price Index of the Greater London Housing market which involves all houses, all buyers, non-seasonally adjusted, quarterly data |
| “Index Disruption Event” | an event described as such under the section entitled “Adjustments” in Part V of this document |
| “Index Profit Share Mortgages” | as defined in paragraph 3.1 of Part I of this Securities Note |
| “Index Sponsor” | the Halifax, a trading name of Bank of Scotland plc, a wholly owned subsidiary of Lloyds Banking Group plc |
| “Initial Index Level” | the level of the Index for the month of the Offer |

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| | Period as published by the Index Sponsor |
| “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 Housa Share Class, the date as specified in Part III of this document relating to such Housa 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” | has the meaning given to the term on page 4 of this document |
| “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” | in relation to the Shares in each Housa Share Class, the amount payable on the redemption or repurchase of each Share in that Housa Share Class at the Maturity Date for such Housa Share Class in accordance with, and subject to, the Articles, as set out in more detail under the heading “Investment Return” of the relevant Housa Share Classes in Part V of this document |
| “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 |
| “Issue” | the issue of Shares pursuant to an offer for subscription for such Shares |
| “Issue Price” | in relation to each Housa Share Class, the fixed issue price per Share being £1.00 |
| “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 |
| “JFSC” | the Jersey Financial Services Commission |
| “January 2013 Shares” | the Shares issued by the Cell on 2 January 2013 as described in the prospectus dated 28 December 2012 |
| “January 2014 Shares” | the Shares issued by the Cell on 2 January 2014 as described in the prospectus dated 31 December 2013 |

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| “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 |
| “July 2013 Shares” | the Shares issued by the Cell on 1 July 2013 as described in the prospectus dated 27 June 2013 |
| “July 2014 Shares” | the Shares issued by the Cell on 1 July 2014 as described in the prospectus dated 30 June 2014 |
| “June 2013 Shares” | the Shares issued by the Cell on 3 June 2013 as described in the prospectus dated 30 May 2013 |
| “June 2014 Shares” | the Shares issued by the Cell on 2 June 2014 as described in the prospectus dated 29 May 2014 |
| “Law” | the Companies (Jersey) Law 1991, as amended |
| “Listing Rules” | the listing rules of the MSE |
| “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 the Registration Document or in the Relevant Securities Note |
| “March 2013 Shares” | the Shares issued by the Cell on 1 March 2013 as described in the prospectus dated 28 February 2013 |
| “March 2014 Shares” | the Shares issued by the Cell on 3 March 2014 as described in the prospectus dated 28 February 2014 |
| “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 the Registration 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 |
| “Maturity Date” | in relation to the Shares issued in respect of a Housa Share Class, the date on which such Shares will be compulsorily redeemed or repurchased as |

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| | specified in Part III of this document |
| “May 2013 Shares” | the Shares issued by the Cell on 1 May 2013 as described in the prospectus dated 29 April 2013 |
| “May 2014 Shares” | the Shares issued by the Cell on 1 May 2014 as described in the prospectus dated 30 April 2014 |
| “Minimum Application Size” | means the minimum value of Shares an investor may purchase |
| “MSE” | means Malta Stock Exchange plc of Garrison Chapel, Castille Place, Valletta VLT 1063, Malta |
| “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) |
| “November 2012 Shares” | the Shares issued by the Cell on 1 November 2012 as described in the prospectus dated 31 October 2012 |
| “November 2013 Shares” | the Shares issued by the Cell on 1 November 2013 as described in the prospectus dated 31 October 2013 |
| “October 2012 Shares” | the Shares issued by the Cell on 4 October 2012 as described in the prospectus dated 3 October 2012 |
| “October 2013 Shares” | the Shares issued by the Cell on 1 October 2013 as described in the prospectus dated 30 September 2013 |
| “Offer” | the offer for sale of Shares issued in respect of each Housa Share Class |
| “Offer Foundation Housa Share Class” | each class of Foundation Housa Shares set out in Part V of this document |
| “Offer Growth Housa Share Class” | each class of Growth Housa Shares set out in Part V of this document |
| “Offer Housa Share Class” | any Offer Growth Housa Share Class and/or any Foundation Housa Share Class |
| “Offer Period” | the period from 09.00 on 2 February 2015 to 14.00 on 27 February 2015 (or until such earlier or later time and date as the Directors may agree and notify to the MSE) during which the Offer is open for acceptance |
| “Ordinary Resolution” | a resolution of the Company in general meeting adopted by a simple majority of the votes cast at the meeting |

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| “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 |
| “Partnership Mortgages” | as described in paragraph 7 of Part V of this Securities Note |
| “Proceeds” | the proceeds of the Offer, being an amount equal to the number of Shares issued pursuant to the Offer multiplied by the Issue Price |
| “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 the Summary, this Securities Note and the Registration Document, including any supplement published from time to time by the Company |
| “Prospectus Directive” | Directive 2003/71/EC (and amendments thereto) |
| “Rebased Index” | means a revalued Index in accordance with the section entitled “Index Adjustment” in Part V of this document |
| “Reference Date” | the date by reference to which the Investment Return in relation to a Share Class is determined being (i) the most recent date of publication of the Index falling prior to the month in which Maturity Date as more particularly specified in Part III of this document or, (ii) in the case of an early redemption, the most recent date of publication of the Index falling prior to the month in which the Early Payment Date falls |
| “Register” | the register of members of the Cell, which may be inspected at the offices of the Registrar in Jersey |
| “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 XI of the Registration Document) |
| “Registration Document” | the document dated 30 December 2014 issued by the Company acting in respect of the Cell giving information relating to the Cell and the Company |

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| | 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 |
| “Regulation S” | Regulation S under the Securities Act |
| “Relevant Securities Note” | in relation to any Share Class, the securities note document issued by the Company acting in respect of 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 |
| “Securities Act” | the US Securities Act of 1933, as amended |
| “September 2013 Shares” | the Shares issued by the Cell on 1 September 2013 as described in the prospectus dated 28 August 2013 |
| “Settlement Date” | the date on which the Investment Return is paid to Shareholders as specified in Part III of this document |
| “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 |
| “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., 5th Floor Valletta Buildings, South Street, Valletta VLT 1103, Malta |
| “Terms and Conditions” | the terms and conditions on which investors will purchase their Shares from Castle Trust on their |

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| | investment in Shares |
| “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 in paragraph 9.2 of Part X of the Registration Document |
| “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% 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 |

