

This document comprises a prospectus (the “**Prospectus**”) relating to UK Mortgages Limited (the “**Company**”) prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and made available to the public for the purposes of section 85 of FSMA. This Prospectus has been approved by and filed with the Financial Conduct Authority and made available to the public in accordance with the Prospectus Rules.

Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 17 to 34 of this Prospectus.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission (“**GFSC**”). The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Northern Trust International Fund Administration Services (Guernsey) Limited.

UK Mortgages Limited

(a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law 2008, as amended, with registered number 60440 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Prospectus relating to the Placing and Offer for Subscription of up to 250 million Ordinary Shares and the Placing Programme of a number of Ordinary Shares and/or C Shares subject to a maximum of 1 billion Ordinary Shares and C Shares in aggregate

Numis Securities Limited as Broker and Financial Adviser

Neither the GFSC nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Company, whose registered office appears on page 78 of this Prospectus, and the Directors, whose names appear on page 54 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has 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 omissions likely to affect the import of such information.

If you are in any doubt about the contents of this document you should consult your accountant, legal professional advisor or financial adviser.

Application will be made to the London Stock Exchange for any Shares issued pursuant to this Prospectus to be admitted to the Specialist Fund Market of the London Stock Exchange (“**Admission**”). It is expected that Admission will occur, and that unconditional dealings in Ordinary Shares issued pursuant to the Placing and Offer for Subscription will commence, at 8.00 a.m. on or around 7 July 2015. The International Security Identification Number (ISIN) for the Ordinary Shares to be admitted to trading is: GG00BXDZMK63. The International Security Identification Number (ISIN) for C Shares to be admitted to trading is: GG00BXDZML70.

Prospective investors should read this entire document and, in particular, the matters set out under the heading “Risk Factors” on pages 17 to 34, when considering an investment in the Company.

Neither the Ordinary Shares nor the C Shares are dealt in on any other Recognised Investment Exchange and no other such applications have been made or are currently expected.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company in connection with the issue of Ordinary Shares and C Shares (together “Shares”) as described in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis Securities Limited or for advising any such person in connection with the issue of Shares as described in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis accepts no responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it or on its behalf in connection with the Company, the Portfolio Manager or the Shares. Numis accordingly disclaims all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Numis Securities Limited that would permit an offer of the Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of Shares.

In particular, the attention of persons resident in the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan is drawn to paragraph 20 of Part 10 of this Prospectus. This Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful.

The Company will not pay commission to third parties that advise investors to subscribe for Ordinary Shares in the Company. In relation to the Placing Programme, the Ordinary Shares and C Shares will be issued to placees at the applicable Placing Programme Price and no commission will be paid to any third parties that advise investors in respect of such issues under the Placing Programme.

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and Directive 2003/7/EC. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions.

Phoenix Fund Services (UK) Limited, the Company's AIFM, has notified the FCA of its intention to market the Shares in the UK in accordance with Regulation 57 of the AIFM Regulations and has notified the Commission de Surveillance du Secteur Financier of the intention to market the Shares in Luxembourg in accordance with Article 37 of the law of 12 July 2013 on alternative investment fund managers.

The Shares may not be offered or sold to the public in the Grand Duchy of Luxembourg, except for Shares which are offered in circumstances that do not require the approval of a prospectus by the Luxembourg financial regulatory authority and the publication of such prospectus pursuant to the law of July 10, 2005 on prospectuses for securities, as amended. The Shares are offered to a limited number of high net worth individual investors or to institutional investors, in all cases under circumstances designed to preclude a distribution that would be other than a private placement. This document may not be reproduced or used for any purposes, or furnished to any persons other than those to whom copies have been sent.

The Company is targeting a raising of £200 million through the Issue.

23 June 2015

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SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These elements are numbered in sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for the Shares and the Company. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

It is possible that no relevant information can be given regarding a required Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	Introduction and warning	<p>Warning that:</p> <ul style="list-style-type: none"> ● this summary should be read as an introduction to the Prospectus; ● any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; ● where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and ● civil liability attaches only to those persons who have tabled the summary including any translation thereof but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent to use Prospectus in respect of Issue and Placing Programme	Not applicable; No consent will be given for the use of this Prospectus for the subsequent resale or final placement of Shares by financial intermediaries.
Section B – Issuer		
B.1	Legal and commercial name	UK Mortgages Limited.
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a non-cellular company limited by shares, incorporated in the Island of Guernsey under the Law and domiciled in Guernsey.
B.5	Group structure	Not applicable; the Company is not part of a group.

B.6	Notifiable interests, different voting rights and controlling interests	<p>The Directors intend to subscribe for the following Ordinary Shares:</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">Ordinary Shares</th> </tr> </thead> <tbody> <tr> <td>Christopher Waldron</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Paul Le Page</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Richard Burrows</td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table> <p>As at the date of this document, there are no persons known to the Company who, directly or indirectly, will be interested in 5.0 per cent. or more of the Company's issued share capital or voting rights on Admission.</p> <p>Major Shareholders will not have any different voting rights from other Shareholders and the Company is not directly or indirectly owned or controlled by any one person.</p>		Ordinary Shares	Christopher Waldron	5,000	Paul Le Page	20,000	Richard Burrows	5,000
	Ordinary Shares									
Christopher Waldron	5,000									
Paul Le Page	20,000									
Richard Burrows	5,000									
B.7	Historical Financial Information	Not applicable; the Company does not have any historic financial information as it has not commenced operations.								
B.8	Pro forma financial information	Not applicable; this Prospectus does not contain <i>pro forma</i> financial information.								
B.9	Profit forecasts	Not applicable; this Prospectus does not contain profit forecasts or estimates.								
B.10	Qualifications in the audit report	Not applicable; no audit reports have been published.								
B.11	Insufficiency of working capital	Not applicable; the Company is of the opinion that, on the basis that a minimum of £150 million is raised through the Issue the working capital available to it is sufficient for the Company's present requirements (that is, for at least twelve months from the publication date of this Prospectus).								
B.34	Investment objective and policy	<p><i>Investment Objective</i></p> <p>The Company's investment objective is to provide Shareholders with access to stable income returns through the application of relatively conservative levels of leverage to portfolios of UK Mortgages.</p> <p>The Company expects that income will constitute the vast majority of the return to Shareholders and that the return to Shareholders will have relatively low volatility and demonstrate a low level of correlation with broader markets.</p> <p><i>Investment Policy</i></p> <p>The Company intends to pursue its investment objective by investing in Profit Participating Notes issued by the Acquiring Entity which will acquire one or more leveraged Mortgage Portfolios, which will subsequently be securitised so that ongoing leveraged exposure to the Mortgage Portfolios will be provided by holdings of "Retention Notes", being the subordinated tranche of securities issued on the securitisation.</p> <p>The Company may also, or alternatively: (i) utilise certain derivative instruments such as credit linked notes and credit default swaps to gain leveraged exposure to Mortgage Portfolios; and/or (ii) invest in Retention Notes or similar subordinated instruments issued by Issuer SPVs where the portfolio of Mortgages which back the relevant notes is not one that the Acquiring Entity has at any time owned.</p>								

		<p>Mortgages will be selected with a view to achieving appropriate diversification across the UK housing market in terms of geographical location of the mortgaged property, as well as being diversified by Borrower (given the typically small size of Mortgages relative to the size of Mortgage Portfolios being purchased), mortgage rate type and level, and property type.</p> <p>Mortgage Portfolios are initially expected to be acquired in large secondary market transactions from building societies, banks and other holders of Mortgage Portfolios. TwentyFour is currently reviewing a number of Mortgage Portfolios that are available for sale, but there are no specific assets identified for acquisition by the Acquiring Entity.</p> <p>The Company does not intend to invest in listed closed-ended investment funds (other than money market funds as cash equivalents) or in any other investment fund and in any event shall not invest any more than 15 per cent. of its total assets in such assets (other than money market funds as cash equivalents).</p> <p>Uninvested cash or surplus capital or assets may be invested on a temporary basis in:</p> <ul style="list-style-type: none"> – Cash or cash equivalents, namely money market funds or short term money market funds (as defined in the ‘Guidelines on a Common Definition of European Money Market Funds’ published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board); and – Any UK “government and public securities” as defined for the purposes of the FCA Rules. <p>In accordance with the Company’s investment objective, Mortgage Portfolios will be acquired by the Acquiring Entity, Warehouse SPVs established for the purpose of warehousing Mortgage Portfolios and/or Issuer SPVs established for the purpose of securitising Mortgage Portfolios using leverage. A typical leverage multiple on Shareholders’ funds is expected to be 4 to 7 times, with an intention not to use leverage to the extent that this would result in RMBS Senior Notes issued by an Issuer SPV being rated less than AAA at issue.</p>
B.35	Borrowing limits	<p>It is not expected that the Company will employ leverage for investment purposes but it may, from time to time, use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending.</p> <p>The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company’s assets. In this case, the Directors will restrict borrowing to an amount not exceeding 10 per cent. of the Net Asset Value at the time of drawdown.</p> <p>The Company may also, or alternatively utilise certain derivative instruments such as credit linked notes and credit default swaps to gain leveraged exposure to Mortgage Portfolios. The Company’s exposure under such instruments will be limited to 20 per cent. of</p>

		<p>the Net Asset Value at the time such derivative instruments are entered into. The aggregate amount of borrowings and other leverage incurred by the Company will not exceed 30 per cent. of the Net Asset Value at the time such leverage is incurred.</p> <p>In accordance with the Company's investment objective, exposure to Mortgage Portfolios will be acquired by the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs using leverage. A typical leverage multiple on Shareholders' funds is expected to be 4 to 7 times, with an intention not to use leverage to the extent that this would result in RMBS Senior Notes issued by an Issuer SPV being rated less than AAA at issue, as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU.</p> <p>The Acquiring Entity may employ derivatives for investment purposes as described above and the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs may employ derivatives to swap fixed rate returns on UK Mortgages within the Mortgage Portfolios acquired into floating rate returns, and also to hedge currency exposures if the cheapest funding methodology would be to issue a securitisation in a currency other than sterling.</p>
B.36	Regulatory status	<p>The Company is not regulated by the FCA or by any financial services or other regulator but, in common with other issuers trading on the Specialist Fund Market, is subject to the London Stock Exchange Admission and Disclosure Standards, the Disclosure and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Law and FSMA. The Company is registered by the GFSC as a closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Schemes Rules 2015 made thereunder.</p>
B.37	Typical investor	<p>The typical investors for whom the Shares are intended are professional or professionally-advised investors who are capable themselves of evaluating the merits and risks of an investment in the Company and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. The Specialist Fund Market is intended for investment products targeted at such investors.</p>
B.38	Significant exposure	<p>The Company will initially invest the Net Proceeds subject to retaining appropriate levels of liquidity for its working capital requirements, into the Acquiring Entity, a company to be established in Ireland for this purpose. The Company's investment in the Acquiring Entity will be structured as Profit Participating Notes which will provide Shareholders with exposure to the Acquiring Entity's net returns and will result in substantially all of the gross assets of the Company being lent to the Acquiring Entity on the terms of the Profit Participating Notes.</p>
B.39	Investment of 40% or more in another collective investment undertaking	<p>Not applicable; whilst the Company will initially invest the Net Proceeds, subject to retaining appropriate levels of liquidity for its working capital requirements, into the Acquiring Entity, a company to be established in Ireland for this purpose, the Acquiring Entity is not a collective investment undertaking because it meets an exclusion in the Financial Services and Markets Act (2000) (Collective Investment Schemes) Order 2001.</p>

<p>B.40</p>	<p>Service providers</p>	<p>TwentyFour acts as the Portfolio Manager, under the Portfolio Management Agreement dated on or around the date of this Prospectus. A quarterly management fee is payable on the last Business Day of the quarter by the Company to TwentyFour in respect of its portfolio management services to the Company and the Acquiring Entity of 0.75 per cent. per annum of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax. For the period beginning six months after Admission and ending when at least 75 per cent of the Net Proceeds have been contractually exposed to Mortgage Portfolios the amount of the Net Proceeds which have not been contractually exposed to Mortgage Portfolios will be deducted from the NAV and the market capitalisation for the purposes of calculating the fee payable to the Portfolio Manager. Once the Acquiring Entity is incorporated and commences operations some or all of the portfolio management fee referred to above may become payable by the Acquiring Entity.</p> <p>TwentyFour will act as the Acquiring Entity Portfolio Manager under the Acquiring Entity Portfolio Management Agreement.</p> <p>The Company has appointed Phoenix as the AIFM and the parties have agreed the terms of the Alternative Investment Fund Management Agreement, under which Phoenix agrees to provide the services of an AIFM in compliance with the AIFMD Rules. A periodic fee will be payable by the Company to the AIFM to be calculated as percentages of the Company's net assets, subject to a minimum annual fee of £20,000.</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator under the Administration Agreement and among other things acts as administrator and company secretary of the Company. For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £100 million of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million, subject to a minimum annual fee of £75,000. In addition, a fixed annual fee of £45,000 will also be charged for corporate governance support, company secretarial services and accounting consolidation services provided by the Administrator to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses properly incurred by the Administrator on behalf of the Company.</p> <p>Northern Trust (Guernsey) Limited acts as Depositary for the Company under the Depositary Agreement. Northern Trust (Guernsey) Limited is a company incorporated under the laws of the Island of Guernsey, whose registered office is at PO Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3DA. The fees payable to the Depositary by the Company will be 3 basis points on net assets, subject to a minimum annual fee of £40,000. The Depositary will charge an additional fee of £20,000 for performing due diligence on any additional service provider to the Acquiring Entity. Custody fees will be charged at 1 basis point per annum subject to a minimum of £8,500 per annum.</p>
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		<p>Computershare Investor Services (Guernsey) Limited has been appointed as registrar and Computershare Investor Services plc as receiving agent to the Company. Computershare is registered in Guernsey with registration number 50855 on 3 September 2009. Under the Registrar's Agreement the fees payable to the Registrar are based on an initial set up fee of £1,500, and a fee based on the number of transactions plus properly incurred expenses, subject to a minimum annual fee of £10,000. Under the Receiving Agent's Agreement the fees payable to the receiving agent are based on the number of applications received and are subject to a minimum fee.</p>
B.41	Service providers' regulatory status	<p>TwentyFour is the Portfolio Manager and is authorised and regulated by the FCA under FSMA with firm reference number: 481888</p> <p>The Board has appointed Phoenix as the AIFM. Phoenix is authorised and regulated by the FCA under FSMA with firm reference number 469627 and has a FSMA Part 4A Permission of "managing an AIF".</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator and is licensed and regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, with GFSC reference number: 10239.</p> <p>Northern Trust (Guernsey) Limited acts as Depositary for the Company and is licensed and regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, with GFSC reference number: 33.</p>
B.42	Net asset value calculations	<p>The unaudited Net Asset Value per Ordinary Share will be calculated as at the last Business Day of every month by the Administrator and is expected to be announced through a Regulatory Information Service on, or within 2 weeks following, the last Business Day of the following month. Such unaudited NAV will be calculated on the same basis as the calculation of the NAV per Ordinary Share for the purpose of the Company's financial statements.</p> <p>The Net Asset Value per Ordinary Share will be calculated in accordance with IFRS principles, the AIC's Guide and the AIFM Rules.</p> <p>The Warehouse and/or Issuer SPVs' portfolios will be accounted for at amortised cost using the effective interest rate method, less provisions for any impairment. The amortised cost calculations will be maintained by an independent service provider using data provided by the mortgage pool servicer.</p> <p>The Acquiring Entity will also hold the Underlying Instruments issued by the Warehouse SPVs and/or Issuer SPVs at amortised cost which will drive the value of the PPNs held by the Company.</p> <p>The Administrator calculates the Net Asset Value and the Net Asset Value per Share by taking the total of the value of the PPNs and making such adjustments as are required to reflect the cash held by the Company, accrued liabilities and expenses, prepayments and any other creditors and debtors.</p> <p>The value of other assets held within the Portfolio will be determined as follows:</p>

		Over-the-counter derivative contracts such as credit linked notes, credit default swaps and interest rate swaps will be valued on a monthly basis. This may be done by reference to data supplied from an independent data source.
B.43	Cross liabilities	Not applicable; the Company is not an umbrella collective investment undertaking.
B.44	Financial Statements	Not applicable; the Company does not have any financial statements as it has not commenced operations.
B.45	Investment Portfolio	Not applicable; the Company has not commenced operations.
B.46	Net asset value	Not applicable; the Company has not commenced operations.

Section C – Securities

C.1	Description of securities	The securities which the Company intends to issue are Ordinary Shares of the Company of 1p each, whose ISIN is GG00BXDZMK63 and C Shares of no par value, whose ISIN is GG00BXDZML70.
C.2	Currency of securities	The Ordinary Shares and C Shares will be denominated in Sterling and the Issue Price or applicable Placing Programme Price will be payable in Sterling.
C3	Amount paid up and par value	The Company has 1 fully paid Ordinary Share of 1p par value in issue.
C.4	Rights attaching to the Ordinary Shares and C Shares	<p>Dividend rights: all Ordinary Shares are entitled to participate in dividends which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Ordinary Shares.</p> <p>Rights as respect to capital: all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them (including on winding up).</p> <p>Voting rights: every Shareholder shall have one vote for each Ordinary Share held by it.</p> <p>Rights attaching to the C Shares: holders of C Shares will be entitled to participate in a winding-up of the Company or on a return of capital in relation to the C Share Surplus. The holders of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the Company's assets attributable to the C Shares (as determined by the Directors).</p> <p>Dividends will be declared on C Shares only in the event that there is material net income available for distribution to the C Shares.</p>
C.5	Restrictions on free transferability of the Ordinary Shares and C Shares	<p>The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.</p> <p>In addition, the Board may refuse to register a transfer of Shares if (i) in the case of certificated Shares (a) it is in respect of more than one class of Shares, (b) it is in favour of more than four joint</p>

		<p>transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of Shares, or in relation to whom the sale or transfer of a direct or beneficial holding of Shares, would or might result in (w) the Company being required to register as an investment company under the Investment Company Act, (x) benefit plan investors (“Plan Investors”) (as defined in Section 3(42) of ERISA) acquiring an aggregate interest exceeding 25 per cent. of the value of any equity class in the Company, (y) the assets of the Company being deemed to be assets of a Plan Investor or (z) the Company being subject to withholding or other detriment under FATCA, CRS or other provision of information regimes.</p> <p>The Board may decline to register a transfer of an uncertificated Share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares is to be transferred exceeds four.</p>
C.6	Admission	<p>Applications will be made to the London Stock Exchange for the Ordinary Shares to be issued pursuant to the Placing and Offer for Subscription and for the New Ordinary Shares and/or C Shares to be issued from time to time pursuant to the Placing Programme to be admitted to the Specialist Fund Market of the London Stock Exchange.</p>
C.7	Dividend policy	<p>On the basis of market conditions as at the date of this document the Company will target dividend payments of 3.00p per Ordinary Share* in respect of the financial year ending 30 June 2016. Subject to market conditions and the level of the Company’s net income, it is intended that a first interim dividend will be paid in April 2016 and that a second interim dividend will be paid following the end of that financial year.</p> <p>In each subsequent financial year of the Company, it is intended that dividends on the Ordinary Shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). It is intended that the first three interim dividends of each financial year will be paid at a minimum of 1.5p per Ordinary Share* with the fourth interim dividend of each financial year including an additional amount such that a significant majority of the Company’s net income for that financial year is distributed to Shareholders. The Board reserves the right to retain within a revenue reserve a proportion of the Company’s net income in any financial year, such reserve then being available at the Board’s absolute discretion for subsequent distribution to Shareholders.</p> <p>The Company may offer Shareholders the opportunity to elect to receive dividends in the form of further Ordinary Shares.</p> <p>Dividends will only be paid subject to the Company satisfying the solvency test prescribed by the Law.</p>

* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company’s expected or actual current or future results. The Company’s actual return will depend upon a number of factors, including but not limited to the size of the Issue, the Company’s net income and the Company’s ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company.

Section D – Risks

<p>D.1 D.2</p>	<p>Key information on key risks</p>	<p>(a) The Company is a newly formed company incorporated under the laws of the Island of Guernsey with no operating history and no revenues, and investors have no basis on which to evaluate the Company’s ability to achieve its investment objective.</p> <p>(b) The Acquiring Entity’s failure to comply with its contractual obligations to manage its assets in accordance with its investment objective which mirrors the Company’s investment objective and policy as set out in this Prospectus could have adverse tax and other consequences which could have a significant adverse effect on the Company’s business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.</p> <p>(c) The Company and the Acquiring Entity are to a large extent reliant on TwentyFour (acting in its different capacities) and third party service providers to carry on their businesses and a failure by one or more service providers may materially disrupt the business of the Company and/or the Acquiring Entity.</p> <p>(d) In order successfully to implement the investment strategy of the Acquiring Entity, TwentyFour must be able to source and successfully negotiate the purchase of suitable Mortgage Portfolios (or otherwise acquire appropriate exposure to Mortgage Portfolios). If suitable Mortgage Portfolios (or exposure to Mortgage Portfolios) are not available or may not be purchased on economic terms compatible with the investment strategy then it may not be possible to achieve the Target Total Return and/or a Continuation Vote may be triggered which will be subject to risks.</p> <p>(e) Any returns of capital to Shareholders in the context of the Company’s discount management provisions are expected to be satisfied by the realisation of the Company’s assets, which are expected in such circumstances to be managed on a realisation basis not intended to generate cash for immediate distribution. The Company’s investments will have limited liquidity and therefore any such returns of capital may be deferred and may ultimately generate cash which is less than the published net asset value and/or the market price of the Shares.</p> <p>(f) The use of leverage by the Company and/or the Acquiring Entity may increase the volatility of returns which may decrease as a result of leverage, and financing and hedging counterparties would rank ahead of investors in the Company and/or the Acquiring Entity in the event of insolvency.</p> <p>(g) The Company’s business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares will be dependent on there being no material adverse change in applicable laws (including tax laws) or regulations (or their interpretation) that affects the Company, the Acquiring Entity, any Warehouse SPV, any Issuer SPV, any Mortgage Portfolio, any</p>
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		<p>instruments issued or held by any of them or the overall structure to be adopted to effect the investment strategy and objective of the Company and the Acquiring Entity.</p> <p>(h) The investment strategy of the Acquiring Entity includes investing predominantly in Mortgage Portfolios and Retention Notes the performance of which can be affected by a number of factors, including economic and political factors, and which are subject to the risk of a reduction in income and the risk of loss of principal.</p> <p>(i) Retention Notes are volatile and interest and principal payments payable on the Retention Notes are not fixed. Retention Notes are a limited recourse obligation of the relevant Issuer SPV. Retention Notes have limited liquidity.</p> <p>(j) The Acquiring Entity will be unable to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes to the extent that any such action would be in breach of the Retention Requirements, which in turn places limitations on the Company's ability to redeem the Profit Participating Notes.</p> <p>(k) The limitations on the availability or cost of finance will impact the ability to leverage returns and could lead to losses which in turn may have a significant adverse effect on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.</p>
<p>D.3</p>	<p>Key information on key risks</p>	<p>(a) An investment in the Shares carries the risk of loss of capital. It should be remembered that the value of a Share can go down as well as up and Shareholders may receive back less than the value of their initial investment and could lose all of their investment. The Target Total Return is based on estimates and assumptions and the actual return to Shareholders, including by way of dividends, may be materially lower.</p> <p>(b) The Shares may trade at a discount to the Net Asset Value per Share for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Acquiring Entity. Subject to the Law, under its Articles, the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline.</p> <p>(c) The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.</p> <p>(d) The Shares will be admitted to the Specialist Fund Market of the London Stock Exchange, however there can be no guarantee that a liquid market in the Shares will develop or be sustained or that the Shares will trade at prices close to Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value or at all.</p> <p>(e) The dividend payments to Shareholders may be lower than those targeted by the Company and there is a risk that the Company is unable to pay any dividends.</p>

Section E – Offer

<p>E.1</p>	<p>Net proceeds and expenses</p>	<p>Up to 250 million Ordinary Shares are available to be issued pursuant to the Placing and the Offer for Subscription at the Issue Price to raise up to £250 million before expenses. Assuming that the Issue is fully subscribed, and the expenses of the Issue are £5 million, the net proceeds of the Issue will be £245 million (inclusive of irrecoverable VAT).</p> <p>The Company intends to issue pursuant to the Placing Programme a number of New Ordinary Shares and/or C Shares equal in aggregate to 1 billion, provided that the number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate. The net proceeds of the Placing Programme are dependent on: (i) the aggregate number of New Ordinary Shares and/or C Shares issued pursuant to the Placing Programme; and (ii) the applicable Placing Programme Price at which any New Ordinary Shares are issued.</p> <p>Assuming that £100 million is raised under the Placing Programme before expenses solely through the issue of New Ordinary Shares and a Placing Programme Price of 100 pence per New Ordinary Share, the gross proceeds of the Placing Programme would be £100 million, the costs of the Placing Programme are estimated at £2 million and the net proceeds of the Placing Programme would therefore be £98 million. Under the Placing Programme, each New Ordinary Share will be made available to investors at a price calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. Any C Shares issued under the Placing Programme will be issued at a fixed price of 100p per C Share.</p>
<p>E.2</p>	<p>Use of proceeds</p>	<p>The Issue and the Placing Programme are intended to raise money for investment in accordance with the Company's investment policy.</p>
<p>E.3</p>	<p>Terms and conditions of the Issue and the Placing Programme</p>	<p>The Issue consists of a placing and an offer for subscription of Ordinary Shares which are being issued at 100p per Ordinary Share. The total number of Ordinary Shares issued under the Placing and Offer for Subscription will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the Ordinary Shares and prevailing economic and market conditions, subject to a maximum of 250 million Ordinary Shares. The Ordinary Shares issued pursuant to the Issue are expected to be issued on 7 July 2015. The Issue is only available to investors who can make certain warranties and representations as to their status as an investor, including that they are not a U.S. Person. The Placing is only available to persons of a kind described in paragraph 5 of Article 19 and paragraphs 2(a) to (d) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.</p> <p>Each investor under the Offer for Subscription is required to undertake to pay the Issue Price for the Ordinary Shares issued to such investor by cheque or bankers' draft or by electronic interbank transfer. Applications under the Offer for Subscription must be for a</p>

		<p>minimum of 1000 Ordinary Shares (representing a subscription price of £1000) and thereafter in multiples of 100 Ordinary Shares. The Directors may, in their absolute discretion, after taking into account the demand for Ordinary Shares under the Placing and Offer for Subscription and economic and market conditions, waive the minimum initial subscription requirement in respect of any particular application under the Offer for Subscription.</p> <p>An investor applying for Ordinary Shares under the Issue may elect to receive Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or in certificated form. Definitive certificates in respect of the Ordinary Shares issued in certificated form are expected to be despatched during the week commencing 13 July 2015.</p> <p>The Company intends to issue pursuant to the Placing Programme a number of Ordinary Shares and/or C Shares equal in aggregate to up to 1 billion, provided that the number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over a period of time.</p> <p>The issue of New Ordinary Shares and C Shares under the Placing Programme will be at the discretion of the Directors. The minimum subscription pursuant to the Placing Programme is intended to be £50,000.</p> <p>Each investor is required to undertake to make payment for New Ordinary Shares or C Shares, as applicable, issued to such investor pursuant to the Placing Programme in such manner as shall be directed by Numis.</p> <p>An investor applying for New Ordinary Shares or C Shares in the Placing Programme may elect to receive New Ordinary Shares or C Shares in uncertificated form, if such investor is a system-member in relation to CREST, or in certificated form. Where applicable, definitive certificates in respect of the New Ordinary Shares or C Shares are expected to be dispatched by post to the relevant holders no later than ten Business Days after the relevant issue date.</p>
E.4	Interests material to the Issue and the Placing Programme	Not applicable; there are no interests that are material to the Issue or the Placing Programme.
E.5	The offeror	The Shares are being offered by the Company.
E.6	Dilution	<p>The Company only has one issued Ordinary Share which will be transferred to a placee under the Placing.</p> <p>Assuming that 100 million New Ordinary Shares are issued under the Placing Programme, raising £100 million at a Placing Programme Price of 100 pence per New Ordinary Share and assuming that £100 million is raised pursuant to the Issue before expenses, a Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital following the Issue, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold Ordinary Shares representing approximately 2.5 per cent. of the Company's issued Ordinary Share capital.</p>

E.7	Expenses	<p>Investors will not be charged a fee in addition to the Issue Price in order to subscribe for Ordinary Shares under the Issue, as the Issue Expenses will be met out of the proceeds of the Issue. Assuming that the Issue is fully subscribed, and the expenses of the Issue are £5 million, the net proceeds of the Issue will be £245 million (inclusive of irrecoverable VAT). The Issue Expenses are therefore an indirect charge to investors.</p> <p>The Placing Programme Price of the New Ordinary Shares will include a premium intended to cover the costs and expenses of placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. By way of illustration, assuming an initial NAV of 98p, the Placing Programme Price would be expected to be approximately 100p, and the expenses indirectly borne by the investor would therefore be 2p.</p> <p>The Placing Programme Price of the C Shares will be fixed at 100p per C Share and the costs of the relevant issue of the such C Shares will be paid out of the proceeds of the issue and accordingly will be borne indirectly by investors in the relevant C Shares.</p>
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PART 1: RISK FACTORS

Investment in the Company should be regarded as a speculative investment of a long-term nature and involving a degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Prospectus and the risks relating to the Company including, in particular, the risks described below which are not presented in any order of priority and may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Directors at the date of this Prospectus have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the Company, the returns to Shareholders and the market price of the Shares. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.

Prospective investors should note that the risks relating to the Company, the Acquiring Entity and the Shares summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

RISKS RELATING TO THE COMPANY

The Company is a newly formed company incorporated under the laws of Guernsey with no operating history and no revenues, and investors have no basis on which to evaluate the Company's ability to achieve its investment objective.

The Company was incorporated under the laws of Guernsey on 10 June 2015, and is a newly formed company with no operating results. It will not commence operations until it has obtained funding through the Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective or implement its investment strategy and provide a satisfactory investment return. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence. Any failure by the Company to achieve its investment objective may adversely affect its business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The Company's returns to Shareholders will depend on many factors, including the value and performance of its investments and the Company's ability successfully to execute its investment strategy. The value and performance of the Company's investments will be affected by a broad range of factors which are described in more detail below and there can be no assurance that the Company's investment strategy will be successful.

The Target Total Return is based on estimates and assumptions that are inherently subject to significant business, economic and market uncertainties and contingencies, and the actual return to Shareholders may be materially lower than the Target Total Return and could be negative

The Target Total Return is a target only and is based on estimates and assumptions concerning the performance of the Profit Participating Notes, which will depend entirely on the performance of the Acquiring Entity and the Underlying Instruments purchased and held by it which will be subject to a variety of potential risk factors which are described in more detail below. These potential risk factors include, without limitation, the availability of investment opportunities, asset mix, value, volatility, holding periods, performance of the underlying Mortgage Portfolios, investment liquidity, borrower default rates, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and

market uncertainties and contingencies, all of which are beyond the control of the Company, and which may adversely affect the Company's ability to achieve the Target Total Return. Such a target is based on market conditions and the economic, legal, regulatory and tax environment at the time of assessing the proposed target and the assumption that the Company will be able to implement its investment policy and strategy successfully, and is therefore subject to change. There is no guarantee or assurance that a return to Shareholders can be achieved at or near the Target Total Return. Accordingly, the Company's actual rate of return may be materially lower than the target, or may result in a loss. A failure to achieve the Target Total Return set forth in this Prospectus may adversely affect the Company's business, business prospects, financial condition, return to Shareholders including dividends, NAV and/or the market price of the Shares.

An investment in the Company should be regarded as a speculative investment of a long-term nature and involving a degree of risk. Shareholders could lose all or a substantial portion of their investment in the Company. Shareholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.

The Company is to a large extent reliant on TwentyFour (acting in its different capacities) and other third party service providers to carry on its businesses and a failure by one or more service providers may materially disrupt the business of the Company

Failure by any service provider to carry out its obligations to the Company in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

In the event that it is necessary for the Company to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares. See further risk factor entitled "*The performance of the Company and the Acquiring Entity has some dependence on the skills and the personnel of TwentyFour, etc*".

The Profit Participating Notes to be issued by the Acquiring Entity and to be held by the Company are an illiquid asset

Application will be made for the Profit Participating Notes to be admitted to the official list and trading on the Global Exchange Market of the Irish Stock Exchange ("**GEM**") or such other exchange as may be agreed by the Acquiring Entity and the Company. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. Notwithstanding the foregoing, there is no expectation that any secondary market for the Profit Participating Notes will develop or, if a secondary market does develop and it is not intended that the Profit Participating Notes will represent a tradeable instrument.

Consequently, in the event of a material adverse event occurring in relation to the Acquiring Entity, any of the Underlying Instruments held by it or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in the Acquiring Entity (which is very likely to be dependent on the ability of the Acquiring Entity to realise the Underlying Instruments held by it). Any such inability of the Company to realise its investment in the Acquiring Entity could materially affect the value of the Profit Participating Notes, which may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Tax and Regulatory Risk

The performance and value of the Profit Participating Notes and consequently the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares will be dependent on there being no material adverse change in applicable laws (including tax laws) or regulations (or their interpretation) that affects the Company, the Acquiring Entity, any Warehouse SPV, any Issuer SPV, any Mortgage Portfolio, any instruments issued or held by any of them or the overall structure to be adopted to effect the investment strategy and objective of the Company and the Acquiring Entity, as outlined in this Prospectus. See also further risk factor entitled "*Risks relating to regulation and taxation with respect to the Company and the Acquiring Entity*".

Discount management provisions

Any returns of capital to Shareholders in the context of the Company's discount management provisions are expected to be satisfied by the realisation of the Company's assets, which are expected in such circumstances to be managed on a realisation basis not intended to generate cash for immediate distribution. Potential investors should be aware that the Company's investments will have limited liquidity and therefore any such returns of capital may be deferred and may ultimately generate cash which is less than the published NAV and/or the market price of the Shares.

The Company's share buyback policy is expressly subject to the Board's discretion and therefore potential investors should not place reliance on share buybacks as a source of potential exit from the Shares.

Dividend Policy

The payment of dividends to Shareholders is dependent on the level of the Company's net income and is also subject to the solvency test prescribed by the Law. There is therefore a risk that the actual dividend payments to Shareholders are lower than those targeted by the Company and there is a risk that the Company is unable pay any dividends.

The use of derivative instruments to gain leveraged exposure to Mortgage Portfolios may be subject to counterparty risk

The Company or the Acquiring Entity may utilise certain derivative instruments such as credit linked notes and credit default swaps to gain leveraged exposure to Mortgage Portfolios. The Company's exposure under such instruments will be limited to 20 per cent. of the Net Asset Value at the time such derivative instruments are entered into. Such instruments are subject to the risks to which Underlying Instruments are subject as described above. Although it is intended to select the counterparties with which such arrangements are entered into with due care and skill, the residual risk that the counterparty may default on its obligations remains.

RISKS RELATING TO THE ACQUIRING ENTITY

The Acquiring Entity has not yet been incorporated and therefore has no operating history and no revenues, and investors have no basis on which to evaluate the Acquiring Entity's ability to achieve its investment objective

The Acquiring Entity is not yet incorporated and has no operating results. It will not be incorporated or commence operations until the Company has obtained funding through the Issue. As the Acquiring Entity will lack an operating history, investors have no basis on which to evaluate the Acquiring Entity's ability to implement its investment strategy and provide the Company with a satisfactory investment return on the Profit Participating Notes. The Company's investment in the Acquiring Entity is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Acquiring Entity will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence. Any failure by the Acquiring Entity to do so may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The Acquiring Entity's returns to the Company will depend on many factors, including the value and performance of its Underlying Instruments and the Mortgage Portfolios, the availability and liquidity of investment opportunities falling within the Acquiring Entity's investment strategy, the level and volatility of interest rates, readily accessible short-term borrowings, a functioning securitisation market, the conditions in the financial markets and economy, the financial performance of Borrowers and TwentyFour's ability successfully to manage the portfolio of the Acquiring Entity and to execute its investment strategy. There can be no assurance that the Acquiring Entity's investment strategy will be successful.

The Acquiring Entity's failure to comply with its contractual obligations to manage its assets in accordance with its investments strategy could have adverse tax and other consequences which could have a significant adverse effect on the Company's business, business prospects, financial condition and returns to Shareholders including dividends, NAV and/or the market price of the Shares

Pursuant to the NPA and the terms of the unsecured Profit Participating Notes, the Acquiring Entity will be contractually obliged to ensure that the Acquiring Entity's Portfolio is managed in

accordance with its investment strategy which will mirror the Company's investment objective and policy as set out in this Prospectus. The success of the Company's investment objective and policy will be dependent on the Acquiring Entity complying with these contractual obligations. In the event that the Acquiring Entity fails to comply with these contractual obligations, the Company could elect for the unsecured Profit Participating Notes to become immediately due and repayable to it from the Acquiring Entity (subject to any applicable legal, contractual and regulatory restrictions). There is, however, no guarantee that the applicable legal, contractual and regulatory restrictions would permit the Acquiring Entity to repay the unsecured Profit Participating Notes immediately on the Company making such an election, and if it does, this could also have significant adverse consequences from a tax perspective both at the time of the repayment of the Profit Participating Notes and on an ongoing basis until another suitable vehicle could be introduced into the structure to own the Acquiring Entity's portfolio. The Company's election for the unsecured Profit Participating Notes to be repaid, the Acquiring Entity's failure to fully comply with its contractual obligations to do so or the Acquiring Entity being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's business, business prospects, financial condition and returns to Shareholders including dividends.

The Company's NAV will be calculated by reference to the anticipated performance of the underlying Mortgage Portfolios and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised

The Company's NAV will be calculated by reference to the performance of the underlying Mortgage Portfolios, and will therefore be subject to valuation risk. If a valuation estimate subsequently proves to be inaccurate, no adjustment to any previously calculated NAV of the Company will be made. Any acquisitions or disposals of Shares based on previous inaccurate NAVs may result in losses for Shareholders.

Underlying Instruments will be valued monthly and the anticipated Net Asset Value will be calculated based on these values. Therefore, the actual value of the Mortgage Portfolios at any given time may be different from the value based on which the latest Net Asset Value has been calculated.

It is not expected that an efficient market will exist in the Underlying Instruments so third party pricing information is not expected to be available with respect to them. Consequently the Underlying Instruments will be determined by reference to the relevant underlying Mortgage Portfolios which will be determined by a valuation agent pursuant to a valuation model on an amortised cost basis (rather than fair value basis). Any such valuation may therefore differ, sometimes significantly, from the actual realisable market value of the relevant Mortgage Portfolio at any given time or may be incorrect due to inaccuracies or errors in the valuation model, or in the calculation of the value, or in the actual performance of Mortgage Portfolios compared with performance anticipated when the NAV is calculated.

When purchasing Mortgage Portfolios the Acquiring Entity will be subject to certain attendant risks associated with such transactions

Before investing directly or indirectly in any Mortgage Portfolio TwentyFour will, on behalf of the Acquiring Entity, appoint a third party to carry out due diligence on the relevant Mortgage Portfolio. The due diligence process may not, however, reveal all facts that may be relevant in connection with the investment. Any failure to identify relevant facts through the due diligence process may lead to an inappropriate investment decision, which could have a material adverse effect on the Company's business, business prospects, financial condition and returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Where the Acquiring Entity purchases a Mortgage Portfolio from a third party vendor, it will require that the third party vendor provides certain representations and warranties as to the quality and historical performance and other attributes of the Mortgage Portfolio. If it then sells the Mortgage Portfolio to an Issuer SPV it will be required to provide similar representations and warranties to the Issuer SPV although the terms of these are likely to differ in certain material respects, for example the period of time within which a claim can be made under them. To the extent there is a mismatch between the representations and warranties given and received, the Acquiring Entity may be required to compensate an Issuer SPV for a breach but be unable to make an off-setting claim against the third party vendor that sold the Mortgage Portfolio to it. In such circumstances, the value of the Profit Participating Notes could be adversely affected which would, in turn, adversely

affect the Company's business, business prospects, financial condition and returns to Shareholders including dividend, NAV and/or the market price of the Shares.

The investment strategy of the Acquiring Entity will be dependent on the availability of investment opportunities

In order successfully to implement the investment strategy of the Acquiring Entity, TwentyFour must be able to source and successfully negotiate the purchase of suitable Mortgage Portfolios (or otherwise acquire appropriate exposure to Mortgage Portfolios). If suitable Mortgage Portfolios (or exposure to Mortgage Portfolios) are not available or may not be purchased on economic terms compatible with the investment strategy then it may not be possible to achieve the Target Total Return and/or a Continuation Vote may be triggered which will be subject to risks discussed above (see the risk factor entitled "*Discount management provisions*").

The Acquiring Entity will be unable to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes until such time as the securities of the relevant Issuer SPV have been redeemed in full (whether at final maturity or early redemption), which places limitations on the Company's ability to redeem the Profit Participating Notes

The Issuer SPVs in which the Acquiring Entity may invest are intended to be compliant with the European risk retention requirements for securitisation transactions (the "**Retention Requirements**"). Accordingly, the Company will need to ensure that either it or the Acquiring Entity commits to retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in any securitisation transaction entered into by an Issuer SPV (the "**Retention Notes**") and undertakes that, for so long as any securities of the Issuer SPV remain outstanding, it will retain such interest and will not (except to the extent permitted by the Retention Requirements) sell, hedge or otherwise mitigate its credit risk under such Retention Notes. If it were determined that the Retention Notes were not being held in accordance with the Retention Requirements, it is possible that this may negatively impact upon the third-party investors in such Issuer SPV. If such investors decided to take action as a result of any negative impact, this may have an adverse effect on the Acquiring Entity's business and financial position and, by extension, may have an adverse effect on the Company's business, business prospects, financial condition and returns to Shareholders including dividend, NAV and/or the market price of the Shares.

As a result of the above commitments expected to be given in respect of the Retention Requirements, it will not be permissible for the Company or the Acquiring Entity to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes until such time as the securities of the relevant Issuer SPV have been redeemed in full (whether at final maturity or early redemption).

RISKS INHERENT IN THE UNDERLYING INSTRUMENTS TO BE PURCHASED AND HELD BY THE ACQUIRING ENTITY

The use of leverage may increase the volatility of returns and financing and hedging counterparties would rank ahead of the Acquiring Entity in the event of insolvency

The investment objective and policy of the Company and the investment strategy of the Acquiring Entity depends on the use of leverage to increase the exposure to underlying Mortgage Portfolios so as to achieve the Target Total Return. Therefore the Acquiring Entity, Warehouse SPVs and Issuer SPVs are expected to employ leverage in order to increase investment exposure.

While the use of leverage presents opportunities for increasing total returns, it could also have the effect of increasing the volatility of the performance of the Acquiring Entity's Underlying Investments and, by extension, the Profit Participating Notes and the Shares, including the risk of total loss of the amount invested. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, the return on the Profit Participating Notes will decrease as a result of leverage having been used. The effect of the use of leverage is to increase the investment exposure, the result of which is that, where the value of the underlying investment moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used. As a result of leverage, small changes in the value of the underlying Mortgage Portfolios may cause a relatively large change in the value of the Profit Participating Notes. Leverage also exaggerates changes in the yield on investments and therefore can cause a relatively large change in the yield on the Profit Participating Notes held by the Company. Investors should be aware that the use of leverage by the Acquiring Entity, Warehouse SPVs and/or Issuer

SPVs can be considered to multiply the leverage effect on their investment returns in the Company. As described above, while this effect may be beneficial when changes in valuations are favourable, it may result in a substantial loss of capital when changes in valuations are unfavourable.

In addition, such leverage may involve granting of security or the outright transfer of Underlying Instruments of the Acquiring Entity or in Mortgage Portfolios. Since there will be no security created in respect of the Acquiring Entity's obligations under the Profit Participating Notes or in respect of Underlying Instruments issued by the Warehouse SPVs to the Acquiring Entity, on any insolvency of the Acquiring Entity, the Company is expected to rank behind any financing and hedging counterparties of the Acquiring Entity. The claims of any financing or hedging counterparties of the Acquiring Entity will be considered as indebtedness of the Acquiring Entity and may be secured, and on any insolvency of a Warehouse SPV the Acquiring Entity could rank behind the Warehouse SPV's financing and hedging counterparties, whose claims will be considered as indebtedness of the Warehouse SPV and may be secured.

Limitations on the availability or cost of finance will impact the ability to leverage returns and could lead to losses

Where the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs are either unable to obtain finance at all or are unable to do so at an appropriate cost, their ability to leverage the returns on underlying Mortgage Portfolios will be adversely affected and the Company may not be able to achieve its Total Return Target.

If there is any significant delay in an Issuer SPV being able to securitise a Mortgage Portfolio held by a Warehouse SPV, the interest rates payable by the Warehouse SPV to third party providers of loan finance are likely to increase over time leading to falls in the value and/or yield of the Underlying Instrument(s) issued by the Warehouse SPV and held by the Acquiring Entity and therefore corresponding falls in the value and/or yield of the Profit Participating Notes and of the Company. Were such a delay to continue over an extended period, the Warehouse SPV may be required to refinance transactions from time to time. On each refinancing, the applicable counterparty may choose to re-negotiate the terms of each transaction or indeed not to refinance the transaction at all. To the extent refinancing facilities are not available in the market at economic rates or at all, the Warehouse SPV may be required to sell the Mortgage Portfolio at disadvantageous prices. Any such deleveraging may result in losses which could be severe and accordingly could have a material adverse effect on the performance of the Warehouse SPV and, by extension, on the Profit Participating Notes and on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

If an Issuer SPV is not able to securitise or refinance a Mortgage Portfolio held by that Issuer SPV, the Issuer SPV may be required to sell the Mortgage Portfolio at disadvantageous prices. Any such deleveraging may result in losses which could be severe and accordingly could have a material adverse effect on the performance of the Issuer SPV and by extension, on the Profit Participating Notes and on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Changes in rating agency methodologies may affect the ability of Issuer SPVs to leverage Mortgage Portfolios

Changes made to the methodologies followed by the rating agencies that rate Senior Notes issued by Issuer SPVs may limit the degree of leverage that may be achieved by the Junior Noteholders of the Issuer SPVs, or may materially increase the cost or inefficiency of such leverage, which would in either case limit the returns that can be made under the Underlying Instruments and, by extension, the Profit Participating Notes and could therefore adversely affect the Company's ability to achieve the Target Total Return.

Retention Notes may be volatile and interest and principal payments payable on the Retention Notes will not be fixed

Retention Notes will be the most subordinated tranche of an Issuer SPV's debt and all payments of principal and interest on such Retention Notes will be fully subordinated. Interest and principal payments will not be fixed but will be based on residual amounts available to make such payments. As a result, payments on such Retention Notes will be made by the Issuer SPV to the extent of available funds, and no payments thereon will be made until amongst other things (a) the

payment of certain costs, fees and expenses have been made and (b) interest and principal (respectively) has been paid on the more Senior Notes of the Issuer SPV. Non-payment of interest or principal on such Retention Notes will be unlikely to cause an event of default in relation to the Issuer SPV. If distributions are insufficient to make payments on the Retention Notes, no other assets of the Issuer SPV will be available for payment of the deficiency and following realisation of the collateral and the application of the proceeds thereof, the obligations of the Issuer SPV to pay such deficiency shall be extinguished. Such shortfall will be borne in the first instance by the Retention Notes.

Retention Notes will represent a leveraged investment in the underlying assets of the Issuer SPV. Accordingly, it is expected that changes in the value of such Retention Notes will be greater than changes in the value of the underlying assets of the Issuer SPV, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the Retention Notes investors' opportunities for gain and risk of loss. In certain scenarios, the Retention Notes may be subject to a partial or a 100 per cent. loss of invested capital. Retention Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio of an Issuer SPV, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of such Retention Notes prior to the rest of the capital structure.

Retention Notes are a limited recourse obligation of the Issuer SPV

Retention Notes are a limited recourse obligation of an Issuer SPV and amounts payable on Retention Notes are payable solely from amounts received in respect of the collateral of the Issuer SPV. Payments on Retention Notes prior to and following enforcement of the security over the collateral of an Issuer SPV are subordinated to the prior payment of certain costs, fees and expenses of, or payable by, the Issuer SPV and to payment of principal and interest on more Senior Notes of the Issuer SPV.

In addition, at any time whilst Senior Notes are outstanding in an Issuer SPV, no Retention Notes holder shall be entitled at any time to institute against the related Issuer SPV, or join in any institution against such Issuer SPV of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding up or liquidation proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer SPV relating to the Retention Notes or otherwise owed to the Retention Notes holder, save for lodging a claim in the liquidation of the Issuer SPV which is initiated by another party or taking proceedings to obtain a declaration as to the obligations of the Issuer SPV, nor shall it have a claim arising in respect of the share capital of the Issuer SPV.

Underlying Investments are expected to have limited liquidity

In addition to the restrictions mentioned in the section entitled "*The Acquiring Entity will be unable to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes until such time as the securities of the relevant Issuer SPV have been redeemed in full (whether at final maturity or early redemption), which places limitations on the Company's ability to redeem the Profit Participating Notes*", there will usually be a limited market for the Underlying Investments. It is not expected that any party will make a secondary market in relation to the Underlying Investments. There can be no assurance that a secondary market for the Underlying Investments will develop or, if a secondary market does develop, that it will provide the holders of the Underlying Investments with liquidity of investment or that it will continue for the life of such investments. As a result, the Acquiring Entity may have to hold the Underlying Investments until their early redemption date (if any) or maturity date of the Underlying Investments or the Mortgage Portfolios. Where a market does exist, to the extent that an investor wants to sell the Underlying Investments, the price may, or may not, be at a discount to the outstanding principal amount. There may be additional restrictions on divestment in the terms and conditions of the Underlying Investments. The illiquidity of the Underlying Investments may therefore adversely affect the value of the Profit Participating Notes which would, in turn, adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The hedging arrangements of the Acquiring Entity, Warehouse SPVs and/or the Issuer SPVs may not be successful

The Company, directly or indirectly, or the Acquiring Entity or any Warehouse SPV or Issuer SPV may utilise certain derivative instruments (including, without limitation, credit default swaps, credit linked notes, interest rate swaps and currency swaps and forwards) for hedging purposes or to gain, increase or decrease exposure to Mortgages. However, even if used primarily for hedging purposes, the prices of derivative instruments can be highly volatile, and acquiring or selling such instruments involves certain leveraged risks. There may be an imperfect correlation between the instrument acquired for hedging purposes and the investments or market sectors being hedged, in which case, a speculative element is added to the leveraged position acquired through a derivative instrument primarily for hedging purposes. In particular, the underlying investments which are in the form of Mortgages may, in certain circumstances, be repaid at any time on short notice at no cost, and accordingly the hedging of interest rate or currency risk in such circumstances may be less precise than is the case with investments in the public securities market. While such hedging transactions may reduce certain risks, they may create others. The Acquiring Entity will not be permitted to enter into hedging with respect to the underlying credit risk of the Retention Notes if such hedging is in breach of the Retention Requirements.

Furthermore, default by any hedging counterparty in the performance of its obligations could subject the investments to unwanted credit and market risks. Accordingly, although the Acquiring Entity, and the Company, may benefit from the implementation of such hedging strategies, any failure or inability to properly hedge the risk in the investments and/or default of a counterparty in the performance of its obligations under a hedging contract may have a material adverse effect on the performance of the Acquiring Entity and/or the Company and therefore by extension, on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares, and such material adverse effects may exceed those which may have resulted had no hedging strategy been employed.

Under certain hedging contracts that the Acquiring Entity or any Warehouse SPV or Issuer SPV may enter into, the Acquiring Entity, Warehouse SPV or Issuer SPV may be required to grant security interests over some of its assets to the relevant counterparty as collateral

In connection with certain hedging contracts, the Acquiring Entity or a Warehouse SPV or Issuer SPV may be required to grant security interests over some of its assets to the relevant counterparty to such hedging contract as collateral. Such hedging contracts typically will give the counterparty the right to terminate the agreement upon the occurrence of certain events. Such termination events may include, among others, a failure by the Acquiring Entity to pay amounts owed when due, a failure to provide required reports or financial statements, a decline in the value of the investments secured as collateral, a failure to maintain sufficient collateral coverage, a failure to comply with its investment policy and any investment restrictions, key changes in its management, a significant reduction in its net asset value, and material violations of the terms, representations, warranties or covenants contained in the hedging contract, as well as other events determined by the counterparty. If a termination event were to occur, there may be a material adverse effect on the performance of the relevant Underlying Instruments and/or the Acquiring Entity, and by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

RISKS FROM INVESTMENTS IN MORTGAGE PORTFOLIOS

The performance of the Underlying Instruments and consequently the Profit Participating Notes will be dependent on the performance of the underlying Mortgage Portfolio

The performance and value of the Underlying Instruments and consequently the Profit Participating Notes will be derived from the performance of the relevant underlying Mortgage Portfolios which can be affected by a number of factors such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax law, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies which can have an impact on mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal with respect to the relevant Mortgage Portfolios which could, in turn, lead to a reduction in the income due under the Underlying Instruments and/or the loss of principal. Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their loans. Other factors in Borrowers' individual, personal or

financial circumstances may affect the ability of Borrowers to repay the loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the loans. In addition, the ability of a Borrower to sell a property given as security for a loan at a price sufficient to repay the amounts outstanding under that loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. These outcomes would adversely affect the value of the Underlying Instruments which, in turn, would adversely affect the Profit Participating Notes and could affect the Company's ability to achieve the Total Return Target and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The illiquidity of Mortgage Portfolios in which the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs invest may have an adverse impact on their price and the ability to trade in them

The Acquiring Entity, Warehouse SPVs and Issuer SPVs are expected to invest directly or indirectly in Mortgage Portfolios. The frequency at which such portfolios are bought and sold in the market is relatively low and it could therefore be difficult for Mortgage Portfolios to be acquired or disposed of at prices compatible with the Acquiring Entity's investment strategy. Accordingly, in circumstances where the Acquiring Entity, a Warehouse SPV or an Issuer SPV wishes, or is required, to liquidate such a portfolio it may experience adverse price movements and could produce realised losses. The Acquiring Entity, a Warehouse SPV or an Issuer SPV may wish or need to liquidate a Mortgage Portfolio, for example where (a) it has, over time, reduced in size due to repayments of principal and thereby deleveraged such that it is no longer consistent with the Company or the Acquiring Entity's investment objective or (b) where a Continuation Resolution is not passed by the Shareholders. The size of the portfolios may also magnify the effect of a decrease in market liquidity. Settlement of transactions may be subject to delay and uncertainty which may in turn delay any returns to Shareholders.

Interest only loans

Loans may be repayable either on a capital repayment basis, an interest-only basis or a combination capital repayment/interest payment basis. Where the Borrower is only required to pay interest during the term of the loan, with the capital being repaid in a lump sum at the end of the term, the Borrower is recommended to ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The original lender may not verify or require proof that such repayment mechanism is in place and may not take security over any investment policies taken out by Borrowers. The ability of such a Borrower to repay an interest-only loan at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, PEPs, ISAs or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an interest-only loan and a loss occurs, this may affect repayments on the Underlying Instruments which, in turn, would adversely affect the Profit Participating Notes and could affect the Company's ability to achieve the Total Return Target and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Buy to let loans

Some or all of the loans in a Mortgage Portfolio may be buy to let loans in relation to which the Borrowers' ability to service such Loans is likely to depend on the Borrowers' ability to lease the relevant mortgaged properties on appropriate terms. There can be no assurance that each such mortgaged property will be the subject of an existing tenancy when the relevant loan is acquired by the Warehouse SPV or Issuer SPV or that any tenancy which is granted will subsist throughout the life of the loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest and principal payment obligations in respect of the loan. Upon enforcement of a Mortgage in respect of a mortgaged property which is the subject of an existing tenancy, the servicer may not be able to obtain vacant possession of the mortgaged property, in which case the servicer will only be able to sell the mortgaged property as an investment property with one or more sitting tenants. This may affect the amount which the servicer could realise upon enforcement of the Mortgage and the sale of the mortgaged property. In such a situation, amounts received in

rent may not be sufficient to cover all amounts due in respect of the loan which may affect repayments on the Underlying Instruments which, in turn, would adversely affect the Profit Participating Notes and could affect the Company's ability to achieve the Total Return Target and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Servicing and third party risk

Each Warehouse SPV and Issuer SPV will be party to contracts with a number of third parties who will agree to perform services for them. These may include (without limitation) a corporate services provider, an account bank or banks, a servicer and a back-up servicer, a cash manager, paying agents and a registrar. In the event that any such party were to fail to perform its obligations under the respective agreements to which it is a party and/or were removed without a sufficiently experienced substitute or any substitute being appointed in their place, collections on the relevant Mortgage Portfolio and consequently payments under the Underlying Instruments could be adversely affected which, in turn, would adversely affect the Profit Participating Notes and could affect the Company's ability to achieve the Total Return Target and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Changes to UK and EU Mortgage Regulation

Changes to regulation affecting the mortgage market in the UK generally or the sale and purchase of Mortgage Portfolios (or the interpretation of existing rules and regulations) and any corresponding increase in the cost of compliance may have a material adverse effect on an Issuer SPV or the servicer of a Mortgage Portfolio (and in each case their respective businesses and operations) and/or the price at which Mortgage Portfolios may be bought and sold. This may adversely affect the payments made under Underlying Instruments which, in turn, would adversely affect the Profit Participating Notes and could affect the Company's ability to achieve the Total Return Target and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The collateral and security arrangements attached to a Mortgage may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions

The security arrangements in relation to Mortgages in which the Acquiring Entity or any Warehouse SPV or Issuer SPV may invest will be subject to such security having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the taking of security by a lender. If Mortgages do not benefit from the expected security arrangements, this may adversely affect the value of, or in the event of a default, the recovery of principal or interest from, such Mortgages. Accordingly, any such failure properly to create or perfect security interests attaching to Mortgages may adversely affect the performance of the relevant Warehouse SPV or Issuer SPV and/or the Acquiring Entity and, by extension, the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Mortgages will be based in part on valuations of property which may decline in value

The value of the security held in respect of the Mortgages in a Mortgage Portfolio may be affected by, among other things, a decline in the residential property values in the United Kingdom. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of such security being significantly reduced, particularly in respect of those Mortgages which have a high loan to value ratio, and, in the event that the security is required to be enforced, may result in an adverse effect on payments on the Underlying Instruments and may therefore adversely affect the value of the Profit Participating Notes which would, in turn, adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The Acquiring Entity or a Warehouse SPV or Issuer SPV may be subject to losses on investments as a result of insolvency or clawback legislation and/or fraudulent conveyance findings by courts

Various laws enacted for the protection of creditors may apply to Mortgages. In general, if payments on a Mortgage are voidable such payments may be recaptured either from the initial

recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Acquiring Entity or a Warehouse SPV or Issuer SPV, there will be an adverse effect on the performance of the Acquiring Entity or the Warehouse SPV and/or Issuer SPV and, by extension, on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

RISKS RELATING TO TWENTYFOUR

The performance of the Company and the Acquiring Entity will be dependent on the skills and the personnel of TwentyFour and the services it provides to the Company as Portfolio Manager and to the Acquiring Entity in its capacity as the Acquiring Entity Portfolio Manager

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Acquiring Entity will also have non-executive directors and no employees. The Portfolio Manager will, as part of the services to be provided under the terms of the Acquiring Entity Portfolio Management Agreement, be responsible for providing the Acquiring Entity with certain services to perform the functions necessary to the business of the Acquiring Entity. TwentyFour, in its capacity as Portfolio Manager, will also provide portfolio management services to the Company. Therefore, the Company and the Acquiring Entity are to a large extent reliant upon the performance of TwentyFour and other third party service providers for the performance of certain functions

In accordance with the Acquiring Entity Portfolio Management Agreement, TwentyFour (in its capacity as the Acquiring Entity Portfolio Manager) will be responsible for managing the Acquiring Entity's Portfolio. As a result, if the Acquiring Entity Portfolio Manager were no longer able to provide the services under the Acquiring Entity Portfolio Management this could have a material adverse effect on the performance of the Acquiring Entity and, by extension on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares. TwentyFour (in its capacity as Portfolio Manager) will also be responsible for managing the Company's Portfolio. Consequently, the Company and the Acquiring Entity will be dependent on the individuals employed by TwentyFour. As a result, TwentyFour will be providing services and advice (as applicable) in several different capacities, which may result in conflicts of interest. If such conflicts of interest arise, they may need to be resolved in a manner which adversely affects one of the parties to which TwentyFour provides services or advice (as applicable). This could have a material adverse effect on the performance of the Company and/or the Acquiring Entity (and, by extension on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares).

Further, the future ability of the Acquiring Entity to pursue its investment strategy successfully and the ability of TwentyFour to manage the Company's Portfolio as required under the Portfolio Management Agreement may depend on TwentyFour's ability to retain its existing staff and/or to recruit individuals of similar experience and calibre. Whilst TwentyFour has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the teams cannot be guaranteed. In the event of a departure of a key TwentyFour employee, there is no guarantee that TwentyFour would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Acquiring Entity or, by extension, the Company. Events impacting but not entirely within TwentyFour's control, such as its financial performance, its being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain key personnel. If key personnel of TwentyFour were to depart or TwentyFour were unable to recruit individuals with similar experience and calibre, TwentyFour may not be able to provide services to the requisite level expected or required by the Acquiring Entity or the Company (as applicable). This could have a material adverse effect on the performance of the Acquiring Entity and, by extension on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

Under the Portfolio Management Agreement TwentyFour agrees and under the Acquiring Entity Portfolio Management Agreement TwentyFour will agree to perform its obligations to a specified standard of care; provided that TwentyFour will not be liable for any loss or damages resulting from any failure to satisfy the standard of care except in certain limited circumstances. If a liability were to be incurred by the Acquiring Entity or Company (as applicable) in a situation where TwentyFour had acted in accordance with its standard of care, the Acquiring Entity or the

Company (as applicable) would (except in certain limited circumstances) have no recourse to TwentyFour and such liabilities would be for the account of the Acquiring Entity or the Company (as applicable). This could have a material adverse effect on the performance of the Acquiring Entity and/or on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares. Additionally, under the Acquiring Entity Portfolio Management Agreement and the Portfolio Management Agreement, the Acquiring Entity and the Company (respectively) will be required to indemnify TwentyFour and its affiliates, managers, directors, officers, partners, agents and employees, from and against all liabilities incurred in connection with the Acquiring Entity Portfolio Management Agreement or the Portfolio Management Agreement (as applicable) (except to the extent such liabilities are incurred as a result of any acts or omissions of TwentyFour that constitute a breach of such agreement or are otherwise outside the scope of such indemnities). As a result, if such liabilities arise, the Acquiring Entity or the Company (as applicable) will be required to make payment under the Acquiring Entity Portfolio Manager's or Portfolio Manager's indemnity, as applicable, which could have a material adverse effect on the performance of the Acquiring Entity and/or on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

TwentyFour will be able to resign its role as Acquiring Entity Portfolio Manager under the Acquiring Entity Portfolio Management Agreement upon 12 months' written notice to the Acquiring Entity and, in the case of the Portfolio Management Agreement, its role as Portfolio Manager upon 12 months' written notice to the Company. Whilst a resignation of the Acquiring Entity Portfolio Manager under the Acquiring Entity Portfolio Management Agreement and of the Portfolio Manager under the Portfolio Management Agreement will not be effective until the date as of which a successor portfolio manager has been appointed, it may be difficult to locate a successor to either role. If a successor cannot be found for either role, the Acquiring Entity may not have the resources it considers necessary to manage its portfolio or to make investments appropriately and, as a result, there may be a material adverse effect on the performance of the Acquiring Entity and, by extension, on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares. In addition, the Acquiring Entity Portfolio Manager under the Acquiring Entity Portfolio Management Agreement and the Portfolio Manager under the Portfolio Management Agreement, may in each case immediately resign under either agreement by providing written notice to the Acquiring Entity upon the occurrence of certain events relating to the Acquiring Entity (in respect of the Acquiring Entity Portfolio Management Agreement or the Company under the Portfolio Management Agreement) such as, amongst others, the failure of the Acquiring Entity or the Company (as applicable) to comply in any material respect with its investment policy, a wilful breach or knowing violation by the Acquiring Entity or the Company (as applicable) of a material provision of the Acquiring Entity Portfolio Management Agreement or Portfolio Management Agreement (as applicable) or the occurrence of insolvency proceedings in respect of the Acquiring Entity. If any of these events were to occur and resulted in the resignation of the Acquiring Entity Portfolio Manager or the Portfolio Manager (as applicable), the Acquiring Entity or the Company (as applicable) may not have the expertise available to it in order to manage its assets and may experience difficulty in locating an alternative manager or adviser and, as a result, there may be a material adverse effect on the performance of the Acquiring Entity and, by extension on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

RISKS RELATING TO CONFLICTS OF INTEREST

TwentyFour (acting in its various capacities), the Administrator, the Depositary, the Registrar, Numis, and the AIFM and any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on its own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the

Company, but will not in any such circumstances be liable to account for any profit earned from any such services.

RISKS RELATING TO AN INVESTMENT IN THE SHARES

The Shares may trade at a discount to the Net Asset Value per Share and Shareholders may be unable to realise their Shares on the market at the Net Asset Value per Share or at any other price

The Shares may trade at a discount to the Net Asset Value per Share for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Acquiring Entity.

Subject to the Law, under its Articles, the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline.

Shareholders have no right to have their Shares redeemed or repurchased by the Company

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

The existence of a liquid market in the Shares cannot be guaranteed

The Shares will be admitted to the Specialist Fund Market of the London Stock Exchange, however there can be no guarantee that a liquid market in the Shares will develop or be sustained or that the Shares will trade at prices close to the Net Asset Value per Share. The number of Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value per Share or at all.

The Shares will be subject to purchase and transfer restrictions in the Issue and in secondary transactions in the future

The Company intends to restrict the ownership and holding of its Shares so that none of its assets will constitute "plan assets" under the U.S. Plan Assets Regulations. The Company intends to impose such restrictions based on deemed representations in the case of a subscription of Shares. If the Company's assets were deemed to be "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the Tax Code ("**U.S. Plan**"), pursuant to Section 3(42) of ERISA and U.S. Department of Labour regulations promulgated under ERISA by the U.S. Department of Labour and codified at 29 C.F.R. Section 2510.3-101 as they may be amended or modified from time to time (collectively, the "**U.S. Plan Asset Regulations**") then: (i) the prudence and other fiduciary responsibility standards of ERISA would apply to investments made by the Company; and (ii) certain transactions that the Company or a subsidiary of the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the Tax Code and might have to be rescinded. Governmental plans and certain church plans, while not subject to Title I of ERISA or Section 4975 of the Tax Code, may nevertheless be subject to other State, local or other laws or regulations that would have the same effect as the U.S. Plan Asset Regulations so as to cause the underlying assets of the Company to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company or the Acquiring Entity (or other persons responsible for the investment and operation of the Company assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Tax Code.

Each purchaser and subsequent transferee of the Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the Shares constitutes or will constitute the assets of any U.S. Plan. The Articles of the Company provide that the Board of Directors may refuse to register a transfer of Shares to any person they believe to be a Non-Qualified Holder or a U.S. Plan investor. If any Shares are owned directly or beneficially by a person believed by the Board of Directors to be a Non-Qualified Holder or a U.S. Plan investor, the Board of Directors may give notice to such person requiring him either (i) to provide the Board of Directors within 30 days of receipt of such notice with sufficient satisfactory documentary

evidence to satisfy the Board of Directors that such person is not a Non-Qualified Holder or a U.S. Plan investor, or (ii) to sell or transfer their Shares to a person qualified to own the same within 30 days and within such 30 days to provide the Board of Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited their Shares.

In addition, to avoid being required to register as an investment company under the Investment Company Act and to avoid violating the Investment Company Act, the Company has implemented restrictions on the purchase of the Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person). For more information, refer to “*Risks relating to regulation and taxation with respect to the Company and the Acquiring Entity – The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules*” in this section of this Prospectus.

Risks relating to the C Shares

The NAV performance of the C Shares may diverge significantly from that of the Ordinary Shares between the admission of the C Shares to trading on the Specialist Fund Market and conversion of the C Shares into Ordinary Shares in accordance with the Articles.

Trading liquidity in the C Shares may be lower than in the Ordinary Shares which may affect: (i) a Shareholder’s ability to realise some or all of its investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value per Share or at all.

C Shares will be invested in segregated pool of assets and therefore C Shareholders will not, until conversion into Ordinary Shares, have exposure to the Company’s existing investments and C Shareholders’ returns will be dependent on the deployment of cash raised in a timely manner.

Dividends will be declared on C Shares only in the event that there is material net income available for distribution to the C Shares.

RISKS RELATING TO REGULATION AND TAXATION WITH RESPECT TO THE COMPANY AND THE ACQUIRING ENTITY

Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the respective businesses, investments and performance of the Company and the Acquiring Entity

The Company and the Acquiring Entity are subject to laws and regulations enacted by national and local governments.

The Acquiring Entity is subject to, and is required to comply with, certain tax requirements that are applicable to companies which are tax resident in Ireland and fall within the scope of Section 110 of the Taxes Consolidation Act 1997 (as amended) (the “TCA”). These include:

- (a) only acquiring “qualifying assets” within the meaning of Section 110 TCA (where “qualifying assets” includes financial assets such as loans, debts and securities);
- (b) acquiring qualifying assets with a value of at least €10m on the day it first acquires qualifying assets;
- (c) carrying on only the business of holding or managing qualifying assets;
- (d) only entering into arrangements which are by way of a bargain made at arms-length, apart from the interest rate payable on the Profit Participating Notes; and
- (e) complying with certain anti-avoidance tests to ensure that payments in respect of its debt obligations are deductible and do not attract Irish withholding tax.

The Acquiring Entity must also notify the Irish Revenue Commissioners within a specified time period of its intention to qualify as a company within the meaning of Section 110 of the TCA.

In order to support the position that payments by the Acquiring Entity to the Company on the Profit Participating Notes issued by the Acquiring Entity are deductible and are not subject to withholding tax, the Company must not be a “specified person” with respect to the Acquiring Entity. The term

“specified person” is defined in Section 110 of the TCA and broadly refers to a person in relation to the Acquiring Entity which is:

(a) a company which directly or indirectly:

- controls the Acquiring Entity
 - is controlled by the Acquiring Entity; or
 - is controlled by a third company which also directly or indirectly controls the Acquiring Entity,
- where “control” is defined in Section 11 of the TCA and means the power to secure (through shares and/or voting power or by virtue of powers contained in the articles of association of other document regulating the Acquiring Entity of any other company) that the affairs of the Acquiring Entity are conducted in accordance with the wishes of that person; or

(b) a person, or persons who are connected with each other:

- from whom assets were acquired; or
- to whom the Issuer has made loans or advances; or
- with whom the Issuer has entered into “specified agreements” (as defined in section 110 of the TCA and including principally swap agreements),

where the aggregate value of such assets, loans, advances or agreements represents not less than 75 per cent of the aggregate value of the qualifying assets of the Acquiring Entity.

The Company has been advised that it should not be a “specified person” with respect to the Acquiring Entity. Non-compliance with the above could potentially lead to the Company receiving a lower return from the Acquiring Entity which would adversely affect the Company’s business, financial condition, results of operations, NAV, the market price of the Shares and/or the after-tax return to its shareholders.

Although the Acquiring Entity intends to conduct its affairs with respect to Ireland in such a way so as to be regarded as a “qualifying company” under Section 110 of the TCA, no assurance can be given that the Irish Revenue Commissioners will agree with such treatment or that they will apply their long standing practice of not pursuing Irish income tax on Irish source interest income where the recipient of such interest is not tax resident in a country with whom Ireland has a tax treaty or is not tax resident in an EU Member State (other than Ireland). This long standing practice is not required where the relevant interest qualifies for the Eurobond exemption and is paid to a company that is not resident in Ireland and either (1) that company is under the control (directly or indirectly), of a person or persons who, by virtue of the law of a relevant territory, is or are resident for the purposes of tax in that relevant territory and who is or are, as the case may be, not under the control (directly or indirectly) of a person(s) who is, or who are, not so resident or (2) the principal class of shares of that company are substantially or regularly traded on a recognised stock exchange in Ireland or another relevant territory or territories or on such other stock exchange as may be approved of by the Irish Minister for Finance. For the purposes of this paragraph, a “relevant territory” means a Member State of the European Union (other than Ireland) or a country with which Ireland has a double tax treaty enforce by virtue of Section 826(1) of the Taxes Consolidation Act, 1997 or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) have been completed.

The laws and regulations affecting the Company and the Acquiring Entity are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company and /or the Acquiring Entity to carry on their respective businesses. Any such changes may also have an adverse effect on the ability of the Company and/or the Acquiring Entity to pursue the investment policies, and may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares.

The European Directive on Alternative Investment Fund Managers may impair the ability of the Company to market its Shares to EU investors

The AIFM Directive, which was due to be transposed by EU member states into national law by July 2013 (and was so transposed by, *inter alia*, Ireland and the United Kingdom), seeks to regulate alternative investment fund managers (in this paragraph, “AIFM”) and imposes obligations on managers who manage alternative investment funds (in this paragraph, “AIF”) in the EU or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFM

Directive, an AIFM needs to comply with various obligations in relation to the AIF, which may create significant additional compliance costs, some of which may be passed to investors in the AIF.

The Company is a non-EU AIF for the purposes of the AIFM Directive and related regimes in relevant EU member states. Following national transposition of the AIFM Directive in a given EU member state, the marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that EU member state will be prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant EU member state entering into regulatory co-operation agreements with one another. The Company cannot guarantee that such conditions will be satisfied. In cases where the conditions are not satisfied, the ability of the Company to market Shares or raise further equity capital in the relevant EU member states may be limited or removed. In that event the Company may be required to consider a re-domiciliation to an EU member state or to another third country which has satisfied the relevant conditions.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to carry on its business or to market future issues of its Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The potential effects of the AIFM Directive as explained herein could also apply in respect of the Acquiring Entity, being Ireland domiciled, were it to fall to be considered an EU AIF. Based on guidance issued by the Central Bank of Ireland in June 2015, the Acquiring Entity should not constitute an EU AIF.

However, if the Acquiring Entity were to constitute an AIF (either because it does not satisfy the conditions set down by the Central Bank of Ireland or because of a change in the guidance from the Central Bank of Ireland or ESMA), then it would be necessary for the Acquiring Entity to appoint an AIFM which would be subject to the AIFM Directive and would need to be appropriately regulated. The AIFM would be subject to certain duties and responsibilities in respect of its management of the Acquiring Entity's investments, which could result in significant additional costs and expenses being incurred which may be reimbursable by the Acquiring Entity and which may materially adversely affect the Acquiring Entity's ability to carry on its business.

Final regulations implementing the "Volcker Rule" in the United States of America were issued in December 2013 and became effective by operation of law on 1 April 2014, subject to a conformance period. The final Volcker Rule regulations revised the November 2011 proposed regulations and include certain changes to the treatment of foreign funds and non-U.S. bank investors. If the Volcker Rule applies to an investor's ownership of Shares, the investor may be forced to sell its shares, or the continued ownership of such shares may be subject to certain restrictions.

On 21 July 2010, U.S. President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act and certain provisions therein known as the "Volcker Rule." On 10 December, 2013, the final Volcker Rule regulations (the "**Final Regulations**") were issued by U.S. regulators. The Final Regulations are effective from 1 April 2014, subject to a conformance period ending on 21 July 2015 (which may be extended). The Volcker Rule generally restricts certain non-U.S. banks and affiliated financial firms, collectively identified as "banking entities," from investing in and sponsoring "covered funds." In the event that a non-U.S. bank is deemed to be a "banking entity" and the Company is deemed to be a "covered fund" for purposes of the Volcker Rule, the non-U.S. bank's ownership of the Shares may be subject to investment restrictions. If so, the non-U.S. bank may be required to divest the Shares by the end of the conformance period. Depending on market conditions and other factors, if an investor is required to liquidate its investment in the Shares during the conformance period, it may suffer a loss from the price at which it purchased the Shares.

If the Company becomes subject to tax on a net income basis in any tax jurisdiction, including Guernsey, the United Kingdom or Ireland, the Company's financial condition and prospects could be materially and adversely affected

The Company intends to conduct its affairs so that it will not be treated as UK or Irish resident for taxation purposes, or as being engaged in a trade, in the UK or Ireland. The Company intends that it will not be subject to tax on a net income basis in any country. There can be no assurance, however, that the net income of the Company will not become subject to income tax in one or more countries, including Guernsey, the United Kingdom and Ireland, as a result of unanticipated activities performed by the Company, adverse developments or changes in law, contrary conclusions by the relevant tax authorities, changes in the Directors' personal circumstances or management errors, or other causes. The imposition of any such unanticipated net income taxes could materially reduce the post-tax returns available for distributions on the Shares, and consequently may adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The Company may be unable to maintain its non-Irish tax resident status, which would adversely affect its financial and operating results, the value of the Shares and the after-tax return to Shareholders

In order to maintain its non-Irish tax resident status, the Company is required to be controlled and managed outside Ireland. The composition of the Board of Directors, the place of residence of the individual Directors and the location(s) in which the Board of Directors makes decisions will be important in determining and maintaining the non-Irish tax resident status of the Company. Although the Company is established outside Ireland and a majority of the Directors live outside Ireland, continued attention must be given to ensure that major decisions are not made in Ireland or the Company may lose its non-Irish tax resident status. As such, changes in Directors' personal circumstances or management errors could potentially lead to the Company being considered Irish tax resident which would adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV, the market price of the Shares and/or the after-tax return to its shareholders.

Changes in taxation legislation, or the rate of taxation, may adversely affect the Company and the Acquiring Entity

Any change in the tax status of the Company, the Acquiring Entity, any Warehouse SPV or any Issuer SPV or in taxation legislation or practice in Guernsey, the United Kingdom, Ireland or elsewhere could affect the value of the investments held by the Company or the Acquiring Entity or the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of Shareholders and/or the Company are based upon current Guernsey, United Kingdom and Irish law and published practice as at the date of this Prospectus, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objective and/or which could adversely affect the taxation of Shareholders and/or the Company.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

Further, on 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "FTT") in certain EU member states. Discussions between these member states are on-going.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply to financial transactions where at least one party is a financial institution and: (a) one party is established in a participating member state; or (b) subject to certain exceptions, the financial instrument which is subject to the transaction is issued in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including by transacting with a person established in a participating member state. The FTT will be payable by each financial institution established or deemed established in a participating member state which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including

persons other than financial institutions, will become jointly and severally liable for the payment of the FTT due.

The issuance and subscription of the Shares should, in principle, not be subject to the FTT. There are no broad exemptions for financial intermediaries or market makers. While the FTT proposal remains subject to negotiation between the participating member states, and may therefore be altered, if adopted in its current proposed form investments the Acquiring Entity, the Company, an Issuer SPV or a Warehouse SPV may be affected by the FTT and it may have an adverse effect on the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the Shares.

The FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of Shares are strongly advised to seek their own professional advice in relation to the FTT.

Different regulatory, tax or other treatment of the Company or the Shares in different jurisdictions, or changes to such treatment in different jurisdictions, may adversely impact Shareholders in certain jurisdictions

For regulatory, tax and other purposes, the Company and the Shares may be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as more akin to holding units in a collective investment scheme. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. The Company may be subject, therefore, to financially and logistically onerous requirements to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain jurisdictions. The Company may elect not to disclose such information or prepare such information in a form which satisfies such authorities. Therefore Shareholders in such jurisdictions may be unable to satisfy the regulatory requirements to which they are subject.

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the Investment Company Act. The Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to so register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act and to avoid violating the Investment Company Act, the Company has implemented restrictions on the purchase of the Shares by persons who are located in the United States or are U.S. Persons (or are acting for the account or benefit of any U.S. Person).

Certain payments to the Company will in the future be subject to 30 per cent. withholding tax unless the Company agrees to certain reporting and withholding requirements and certain Shareholders will be required to provide the Company with required information so that the Company may comply with its obligations under FATCA

Under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), Financial Institutions are required to use enhanced due diligence procedures to identify U.S. persons who have invested in either non-U.S. financial accounts or non-U.S. entities. Pursuant to FATCA, certain payments of (or attributable to) U.S.-source income, and the proceeds of sales of property that give rise to U.S.-source payments, will be subject to 30 per cent. withholding tax with effect from 1 July 2014 unless the Company agrees to certain reporting and withholding requirements.

PART 2: IMPORTANT INFORMATION

In assessing an investment in the Company, investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Portfolio Manager, Numis or any other person. Neither, the delivery of this document nor any subscription or purchase of Ordinary Shares and/or C Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained therein is correct at any time subsequent to the date of this document.

1. Regulatory Information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy New Ordinary Shares or C Shares in any jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of this document may be prohibited in some countries.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out on page 106 of this document.

2. Investment Considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matter.

Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, conversion, transfer or other disposal of Ordinary Shares or C Shares;
- any foreign exchange restrictions applicable to the purchase, holding, conversion, transfer or other disposal of Ordinary Shares or C Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, conversion, transfer or other disposal of Ordinary Shares or C Shares.

Prospective investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objective will be achieved.

As past performance of investments managed and monitored by the Portfolio Manager is not necessarily a guide to future performance and the value of an investment in the Company, and the income derived from it, if any, may go down as well as up, there can be no guarantee that the investment objective of the Company will be met. Therefore investors may not get back the full value of their investment.

This document should be read in its entirety before making any investment in the Ordinary Shares and/or C Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Incorporation and Articles of Incorporation of the Company which investors should review.

Statements made in this document are based on the law and practice currently in force and are subject to changes therein.

3. Forward Looking Statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause

actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in the “Risk Factors” section of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company’s view with respect to future events as at the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and strategy. Save as required by applicable law, or any UK, Guernsey or EU regulatory requirements (including FSMA, AIFM Directive, the Prospectus Rules and the Disclosure and Transparency Rules) the Company is under no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its exceptions or to reflect events or circumstances after the date of this document.

Given these uncertainties, investors and prospective investors are cautioned not to place any undue reliance on such forward-looking statements and should carefully consider the “Risk Factors” section of this document for a discussion of additional factors that could cause the Company’s actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this document shall in any way be taken to qualify the working capital statement contained in paragraph 18 of Part 10 of this document.

Conflicts of Interest

The Portfolio Manager and its members, directors, officers, employees and agents and the Directors will at all times have due regard to their duties owed to the Company and where a conflict arises they will endeavour to ensure that it is resolved fairly and in accordance with Part 4 (Conflicts of Interest) of the Registered Collective Investment Schemes Rules 2015, as amended.

The AIFM will comply with the requirements on conflicts set out in the AIFM Rules, including without prejudice to the generality of the foregoing taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors.

PART 3: EXPECTED TIMETABLE, STATISTICS AND DEALING CODES

1. Expected Timetable of Principal Events

Offer for Subscription opens	23 June 2015
Latest time and date for receipt of Application Forms under the Offer for Subscription	11.00 a.m. on 1 July 2015
Latest time and date for receipt of Placing orders	2.00 p.m. on 2 July 2015
Admission of the Ordinary Shares to Specialist Fund Market	8.00 a.m. on 7 July 2015
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	8.00 a.m. on 7 July 2015
Certificates despatched in respect of Ordinary Shares issued in certificated form	week commencing 13 July 2015
Placing Programme opens	23 June 2015
Placing Programme closes	22 June 2016

Notes:

- (1) References to times above and in this document generally are to London times unless otherwise specified.
- (2) All times and dates in the expected timetable and in this document may be adjusted by the Company. Any material changes to the timetable will be notified via an RIS.

2. Illustrative Issue Statistics

Issue price per Ordinary Share	100p
Estimated net asset value per Ordinary Share on Admission	98p
Placing Programme Price per New Ordinary Share	Not less than the cum income Net Asset Value per Ordinary Share at the time of issue plus a premium intended to at least cover associated issue costs (which are estimated at 2 per cent.)
Placing Programme Price per C Share	100p

3. Dealing Codes

Ordinary Shares

ISIN	GG00BXDZMK63
SEDOL	BXDZMK6
Ticker	UKML

C Shares

ISIN	GG00BXDZML70
SEDOL	BXDZML7
Ticker	UKMC

PART 4: DEFINITIONS

In this Prospectus, unless otherwise specified, all references to “sterling”, “pounds” or “£” are to United Kingdom pounds sterling and all references to “p” are to United Kingdom pence sterling.

In this Prospectus, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

Acquiring Entity	a company to be incorporated in Ireland as described in paragraph 11 of Part 10 of this Prospectus;
Acquiring Entity’s Portfolio	the portfolio of cash and Underlying Instruments held by the Acquiring Entity from time to time;
Acquiring Entity Portfolio Manager	TwentyFour acting as portfolio manager to the Acquiring Entity pursuant to the Acquiring Entity Portfolio Manager Agreement;
Acquiring Entity Portfolio Management Agreement	an agreement to be entered into between the Acquiring Entity and the Acquiring Entity Portfolio Manager pursuant to which the Acquiring Entity Portfolio Manager will manage the Acquiring Entity’s Portfolio;
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 15532);
Administration Agreement	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 10.3 of Part 10 of this Prospectus;
Admission	the date on which admission of Ordinary Shares issued pursuant to the Issue or, if the context so requires, of New Ordinary Shares or C Shares issued pursuant to the Placing Programme to trading on the Specialist Fund Market first becomes effective;
AGM	an annual general meeting of the Company;
AIC	Association of Investment Companies;
AIC Code	the AIC Code of Corporate Governance for companies incorporated in Guernsey;
AIC Guide	the AIC Corporate Governance Guide for Investment Companies;
AIFM or Phoenix	Phoenix Fund Services (UK) Limited, the Company’s alternative investment fund manager for the purposes of regulation 4 of the AIFM Regulations;
AIFM Directive	The Alternative Investment Fund Managers Directive, (2011/61/EU);
AIFM Agreement	the alternative investment management agreement between the Company and Phoenix, a summary of which is set out in paragraph 10.2 of Part 10 of this Prospectus;
AIFM Regulations	The Alternative Investment Fund Managers Regulations 2013 (S1 2013/1773);
AIFM Rules	The AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without prejudice to the generality of the foregoing the AIFM Regulations and all relevant provisions of the FCA Handbook;
Application Form	the application form for use in connection with the Offer for Subscription set out at Appendix 1 to this document;
Articles or Articles of Incorporation	the articles of incorporation of the Company, a summary of which is set out in paragraph 4 of Part 10 of this Prospectus;

Audit Committee	the Company's audit committee as described in paragraph 18.4 of Part 5 of this Prospectus;
Auditor and Reporting Accountant	PricewaterhouseCoopers CI LLP (a limited liability partnership incorporated in England and Wales with registered number OC309347);
Board or Directors	the directors of the Company whose names are set out in the paragraph headed "Directors" in paragraph 7 of Part 5 of this Prospectus;
Borrower	in relation to any residential mortgage loan, the individual or individuals who were the original borrowers together with the individual or individuals (if any) from time to time assuming an obligation to repay such loan or any part of it;
Business Days	any day on which the London Stock Exchange is open for business and banks are open for business in Guernsey and London (excluding Saturdays and Sundays);
C Shares	ordinary shares of no par value in the capital of the Company issued as C Shares and having the rights and being subject to the restrictions summarised in paragraph 4 of Part 8 of this document, which will convert into New Ordinary Shares as set out in the Articles;
Chairman	the chairman of the Board as elected from time to time;
Company	UK Mortgages Limited;
Company's Website	www.ukmortgageslimited.com ;
Continuation Resolution	an Ordinary Resolution that the Company continues its business as a closed-ended investment scheme or company, put to the Shareholders, in accordance with the Articles at the fifth AGM following Admission of the Ordinary Shares issued pursuant to the Issue, and every fifth AGM thereafter, and otherwise if: (i) 75 per cent. of the Net Proceeds have not been contractually exposed to Mortgage Portfolios within 12 months of the date of such Admission; or (ii) a Dividend Trigger Event occurs.
Controlling Interest	50 per cent. or more of the voting power in TwentyFour and "voting power" shall have the same meaning as in section 422 of FSMA;
Corporate Governance Code	the UK Corporate Governance Code published on 1 October 2012;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
CRR	Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms;
CRS	the common reporting standard as further described in paragraph 1.3.4 of Part 9 of this Prospectus;
Depository	Northern Trust (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 2651);
Depository Agreement	the depository agreement between the Company and the Depository, a summary of which is set out in paragraph 10.4 of Part 10 of this Prospectus;
Disclosure and Transparency Rules	the Disclosure Rules and Transparency Rules made by the FCA under section 72 of FSMA;

Dividend Trigger Event	the total dividend per Ordinary Share paid in respect of any financial year of the Company beginning on or after 1 July 2016 being less than 6.00p or a <i>pro rata</i> amount in respect of any period of less than or more than one year in respect of which the Company prepares audited accounts;
ERISA	the United States Employee Retirement Income Security Act of 1974, as amended;
EU or European Union	the European Union first established by the treaty made at Maastricht on 7 February 1992;
Euroclear	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
European Economic Area or EEA	the European Union, Iceland, Norway and Liechtenstein;
FATCA	the US Foreign Account Tax Compliance Act;
FCA	the Financial Conduct Authority;
FCA Handbook or FCA Rules	the handbook of rules and guidance of the FCA, as amended;
FSMA	Financial Services and Markets Act 2000;
GEM	The Official List of the Global Exchange Market of the Irish Stock Exchange;
General Meeting	a general meeting of the Company convened in accordance with the Articles;
GFSC	the Guernsey Financial Services Commission;
Gross Proceeds	the Issue Price multiplied by the number of Ordinary Shares for which subscribers have been procured pursuant to the Placing together with the Issue Price multiplied by the number of Ordinary Shares for which applications have been made pursuant to the Offer for Subscription and for the avoidance of doubt excluding the proceeds of any issues of New Ordinary Shares and/or C Shares under the Placing Programme;
Guernsey AML Requirements	The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), ordinances, rules and regulations made thereunder, and the GFSC's Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time);
HMRC	Her Majesty's Revenue and Customs;
IFRS	International Financial Reporting Standards;
Investment Company Act	the United States Investment Company Act of 1940, as amended;
IPO	initial public offering;
ISA	an investment plan for the purposes of Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 and the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended);
Issue	the issue of Ordinary Shares pursuant to the Placing and the Offer for Subscription at the Issue Price;
Issue Expenses	the costs, commissions, fees and expenses incidental to the formation of the Company and the Issue which will be borne by the Company and paid on or around Admission;
Issue Price	100p per Ordinary Share;
Issuer SPV	a special purpose vehicle which issues notes backed by a portfolio of collateral consisting primarily of Mortgages;

Junior Notes	a debt security, or bond, that ranks behind other notes or bonds in the event of liquidation and may or may not be secured on assets;
Law	the Companies (Guernsey) Law 2008, as amended;
3 Month Sterling LIBOR	the London interbank offered rate administered by ICE Benchmark Administration Limited as displayed on the relevant Thomson Reuters screen page or such other information service which publishes that rate or such other rate as the Directors shall reasonably select if that rate is not available or is not published;
Loan or residential mortgage loan	a residential mortgage loan in which the Company, the Acquiring Entity, a Warehouse SPV or an Issuer SPV has a beneficial or economic interest;
London Stock Exchange	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
Management Engagement Committee	the management engagement committee of the Company as described in paragraph 18.5 of Part 5 of this Prospectus;
Memorandum of Incorporation or Memorandum	the memorandum of incorporation of the Company;
Mortgage Portfolio	a portfolio of Mortgages acquired by a Warehouse SPV or an Issuer SPV or to which the Acquiring Entity or the Company obtains exposure through a financial instrument;
Net Asset Value or NAV	in relation to an Ordinary Share, its net asset value, in relation to Ordinary Shares the net asset value per Ordinary Share multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury), in relation to a C Share, its net asset value, in relation to C Shares the net asset value per C Share multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any C Shares held in treasury) and in relation to the Company, the net asset value of the Company as a whole, in each case calculated in accordance with the Company's normal reporting policies from time to time;
Net Proceeds	the Gross Proceeds less the Issue Expenses;
New Ordinary Shares	the new Ordinary Shares to be issued pursuant to the Placing Programme or arising upon conversion of any C Shares issued pursuant to the Placing Programme;
Note Purchasing Agreement or NPA	a note purchasing agreement to be entered into between the Company and the Acquiring Entity under which the Company will purchase Profit Participating Notes;
Numis	Numis Securities Limited;
Offer for Subscription	the offer for subscription to the public in the UK for Ordinary Shares on the terms and subject to the conditions set out in this document;
Ordinary Resolution	a resolution passed by a simple majority in accordance with the Law;
Ordinary Shares	ordinary shares of 1p each in the capital of the Company;
Ordinary Shareholders	holders of Ordinary Shares;
Other Accounts	other clients, including other investment funds and any other investment vehicles that TwentyFour may establish from time to time, and other client accounts managed by TwentyFour;
Overseas Shareholder	a Shareholder who is not a UK Shareholder, Guernsey Shareholder or Restricted Shareholder;
Panel	the UK Panel on Takeovers and Mergers;
Phoenix	Phoenix Fund Services (UK) Limited;

Placing	the conditional placing by Numis of Ordinary Shares described in this document in connection with the Company's IPO, on the terms and subject to the conditions set out in the Placing Agreement and this document;
Placing Agreement	the conditional placing agreement between the Company, the Portfolio Manager and Numis, details of which are set out in paragraph 10.5 of Part 10 of this document;
Placing Programme Price	in the case of New Ordinary Shares, such price at which the New Ordinary Shares will be issued to placees under the Placing Programme, being the prevailing cum income Net Asset Value per Ordinary Share at the time that the proposed issue is agreed, as shall be determined by the Directors in accordance with paragraph 7 of Part 8 of this Prospectus, plus a premium intended to at least cover the associated issue costs and in the case of C Shares, 100p per C Share;
Placing Programme	the proposed programme of placings in the period from 23 June 2015 to 22 June 2016 of New Ordinary Shares and/or C Shares equal in aggregate to 1 billion, provided that such number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares;
Portfolio	the Company's portfolio of assets including cash and Profit Participating Notes;
Portfolio Management Agreement	the portfolio management agreement between the Company and the Portfolio Manager, a summary of which is set out in paragraph 10.1 of Part 10 of this Prospectus;
Portfolio Manager or TwentyFour	TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015);
Profit Participating Notes or PPNs	profit participating notes to be issued by the Acquiring Entity to the Company pursuant to the NPA;
Prospectus	this prospectus;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading as amended from time to time;
Prospectus Rules	the prospectus rules made by the FCA under section 73A of FSMA;
Receiving Agent	Computershare Investor Services PLC;
Recognised Investment Exchange	an investment exchange in relation to which a recognition order of the FCA is in force;
Registrar	Computershare Investor Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 50855);
Registrar's Agreement	the registrar's agreement between the Company and the Registrar, a summary of which is set out in paragraph 10.6 of Part 10 of this Prospectus;
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and/or The Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time) (as applicable);
Reporting Period	the Company's first reporting period to 30 June 2016, and each reporting period thereafter for which the Company prepares audited accounts;

Restricted Shareholders	Shareholders who are resident in, or citizens of, a Restricted Territory;
Restricted Territory	each of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland and Japan;
Retention Notes	the most subordinated tranche of debt issued by an Issuer SPV (which may be represented by a debt or equity security) which is expected to include in accordance with the Retention Requirements notes equaling at least 5 per cent. of the maximum portfolio principal amount of the assets in an Issuer SPV to be retained by the Acquiring Entity or the Company, as described in the section entitled Risk Factors in this Prospectus;
Retention Requirements	has the meaning given to it in the section entitled Risk Factors;
RMBS	residential mortgage backed securities issued in a securitisation, including notes issued by Issuer SPVs;
RIS or Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
Securities Act	the United States Securities Act of 1933, as amended;
securitisation	the process by which a special purpose vehicle finances the purchase of a pool or pools of assets by issuing debt securities, or bonds, which are secured on those assets and are generally issued in tranches having different priorities in the event of liquidation;
Senior Notes	a debt security, or bond, that takes precedence over other notes or bonds in the event of liquidation and may or may not be secured on assets;
Shareholders	holders of Shares;
Shares	Ordinary Shares and/or C Shares;
Special Resolution	a resolution passed by not less than a 75 per cent. majority in accordance with the Law;
Specialist Fund Market	the Specialist Fund Market of the London Stock Exchange;
Takeover Code	the City Code on Takeovers and Mergers, as amended from time to time;
Target Total Return	the target net total return on the Issue Price of between 7 and 10 per cent. per annum once the Company is fully invested;
Tax Code	the United States Internal Revenue Code of 1986, as amended;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UKLA or UK Listing Authority	the FCA as the competent authority for the approval of Prospectuses in the United Kingdom;
UK Mortgage or Mortgage	a loan secured against UK residential property;
Underlying Instrument	any of: (i) Junior Notes, subordinated loans and equivalent instruments issued by a Warehouse SPV, (ii) Retention Notes, subordinated loans, debt and equity securities and equivalent instruments issued by an Issuer SPV, (iii) credit linked notes and swaps and debt and equity securities providing exposure to Mortgages, and (iv) any other equivalent instrument or security;
United States or U.S.	the United States of America, its possessions or territories, any state of the United States of America and the District of Columbia or any area subject to its jurisdiction or any political subdivision thereof;

U.S. Person
Warehouse SPV

a US person as defined by Regulation S of the Securities Act; and
a special purpose vehicle which holds a portfolio of Mortgages
following acquisition of that portfolio by the Acquiring Entity before
that portfolio is transferred to an Issuer SPV to be securitised.

PART 5: THE COMPANY

1. Introduction

The Company is a newly formed company which has been established in order to provide investors with an opportunity to access returns from highly diversified portfolios of UK Mortgages.

The Company has been incorporated in Guernsey as a non-cellular company limited by shares and registered by the GFSC as a registered closed-ended collective investment scheme in accordance with The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Application will be made to the London Stock Exchange for any Shares issued pursuant to this Prospectus to be admitted to the Specialist Fund Market of the London Stock Exchange.

UK Mortgages have traditionally been retained by the banks and building societies which originated the loans and have exhibited extremely strong performance through a number of economic cycles. The Company has been formed to capture the investment opportunity provided by two recent trends:

- (a) Regulatory changes, including restrictions on leverage and capital rule changes, have led certain lenders to refine their lending strategies, resulting in existing Mortgage Portfolios being defined as non-core, despite fundamentally strong characteristics, and therefore available for sale to market participants; and
- (b) Long term debt is available to leverage returns on UK Mortgages, for example through the issuance of residential mortgage backed securities (“**RMBS**”).

The Company intends to invest in the purchase of Mortgage Portfolios from such sellers applying a relatively conservative amount of leverage* to generate an attractive level of return for Shareholders.

TwentyFour Asset Management LLP will be responsible for sourcing suitable investment opportunities and for analysing the ongoing performance of the Mortgage Portfolios purchased.

2. Investment Objective

The Company’s investment objective is to provide Shareholders with access to stable income returns through the application of relatively conservative levels of leverage* to portfolios of UK Mortgages.

The Company expects that income will constitute the vast majority of the return to Shareholders and that the return to Shareholders will have relatively low volatility and demonstrate a low level of correlation with broader markets.

3. Target Total Return

On the basis of market conditions as at the date of the Prospectus and whilst not forming part of the Company’s investment objective, the Company will target a net total return on the Issue Price of between 7 and 10 per cent. per annum[†] once fully invested.

4. Investment Policy

The Company intends to pursue its investment objective by investing in the structure described below which will acquire one or more leveraged Mortgage Portfolios, which will subsequently be securitised so that ongoing leverage exposure to the Mortgage Portfolios will be provided by holdings of “**Retention Notes**”, being the subordinated tranche of securities issued on the securitisation.

* A typical leverage multiple on Shareholders’ funds is expected to be 4 to 7 times, with an intention not to use leverage in aggregate which would result in RMBS Senior Notes issued by an Issuer SPV being rated less than AAA at issue. It is currently estimated that AAA ratings would be available to Issuer SPVs with a leverage multiple of approximately 10 times or less. These figures compare to an implied average leverage multiple of approximately 22.5 times for the top four banks and top four building societies in the UK (Source: TwentyFour Asset Management based on most recent published balance sheets available on 15 June 2015).

† This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company’s expected or actual current or future results. The Company’s actual return will depend upon a number of factors, including but not limited to the size of the Issue, the Company’s net income and the Company’s ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company. See further under section “The use of leverage may increase the volatility of returns and financing and hedging counterparties would rank ahead of the Company or the Acquiring Entity in the event of insolvency” of the “Risk Factors”.

4.1 Diversification and Asset Type

Mortgages will be selected with a view to achieving appropriate diversification across the UK housing market in terms of geographical location of the mortgaged property, as well as being diversified by Borrower (given the typically small size of Mortgages relative to the size of Mortgage Portfolios being purchased), mortgage rate type and level, and property type.

4.2 Asset Sourcing

Mortgage Portfolios are initially expected to be acquired in large secondary market transactions from building societies, banks and other holders of Mortgage Portfolios. TwentyFour is currently reviewing a number of Mortgage Portfolios that are available for sale, but there are no specific assets identified for acquisition by the Acquiring Entity.

In due course a primary origination mechanism may be put in place under which the Acquiring Entity would make complementary purchases of newly originated UK Mortgages from an existing lender or lenders with a quality track record and robust underwriting procedures.

4.3 Other investment restrictions

The Company does not intend to invest in listed closed-ended investment funds or in any other investment fund (other than money market funds as cash equivalents) and in any event shall not invest any more than 15 per cent. of its total assets in such assets (other than money market funds as cash equivalents). For the avoidance of doubt, the Acquiring Entity, Issuer SPVs and Warehouse SPVs are not considered to be investment funds for this purpose.

4.4 Other methods of obtaining exposure to UK Mortgages

The Company or the Acquiring Entity, may also, or alternatively:

- Utilise certain derivative instruments such as credit linked notes and credit default swaps to gain exposure to Mortgage Portfolios. Shareholders' exposure to any such investments will be limited to 20 per cent. of the Net Asset Value at the time such instruments are entered into; and/or
- Invest in Retention Notes or similar subordinated instruments issued by Issuer SPVs where the portfolio of Mortgages which back the relevant notes is not one that the Acquiring Entity has at any time owned.

It is intended that any such instruments would produce a similar leverage and risk profile for the Company and the Acquiring Entity, and similar implications for the rating of Senior Notes in any relevant structure, as the structure described in paragraph 5 below.

4.5 Cash management

Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- Cash or cash equivalents, namely money market funds or short term money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds' published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and
- Any UK "government and public securities" as defined for the purposes of the FCA Rules.

4.6 Leverage and Derivatives

It is not expected that the Company will employ leverage for investment purposes but it may, from time to time, use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. In this case, the Directors will restrict borrowing to an amount not exceeding 10 per cent. of the Net Asset Value at the time of drawdown. As described above under "Other methods of obtaining exposure to UK Mortgages" the Company may also, or alternatively, utilise certain derivative instruments such as credit linked notes and credit default swaps to gain leveraged exposure to Mortgage Portfolios. The Company's exposure under such instruments will be limited to 20 per cent. of the Net Asset Value at the time such derivative

instruments are entered into. The aggregate amount of borrowings and other leverage incurred by the Company will not exceed 30 per cent. of the Net Asset Value at the time such leverage is incurred. At the date of this Prospectus, the Company has not incurred any borrowings or indebtedness or other leverage and has not granted any mortgages, charges or security over or in relation to any of its assets.

In accordance with the Company's investment objective, exposure to Mortgage Portfolios will be acquired by the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs using leverage. A typical leverage multiple on Shareholders' funds is expected to be 4 to 7 times, with an intention not to use leverage to the extent that this would result in RMBS Senior Notes issued by an Issuer SPV being rated less than AAA at issue, as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU.

The Acquiring Entity may employ derivatives for investment purposes as described above and the Acquiring Entity, Warehouse SPVs and/or Issuer SPVs may employ derivatives to swap fixed rate returns on UK Mortgages within the Mortgage Portfolios acquired into floating rate returns, and also to hedge currency exposures if the cheapest funding methodology would be to issue a securitisation in a currency other than sterling.

4.7 Material Breach of Investment Restrictions

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Portfolio Manager through a Regulatory Information Service.

4.8 Amendment to Investment Policy

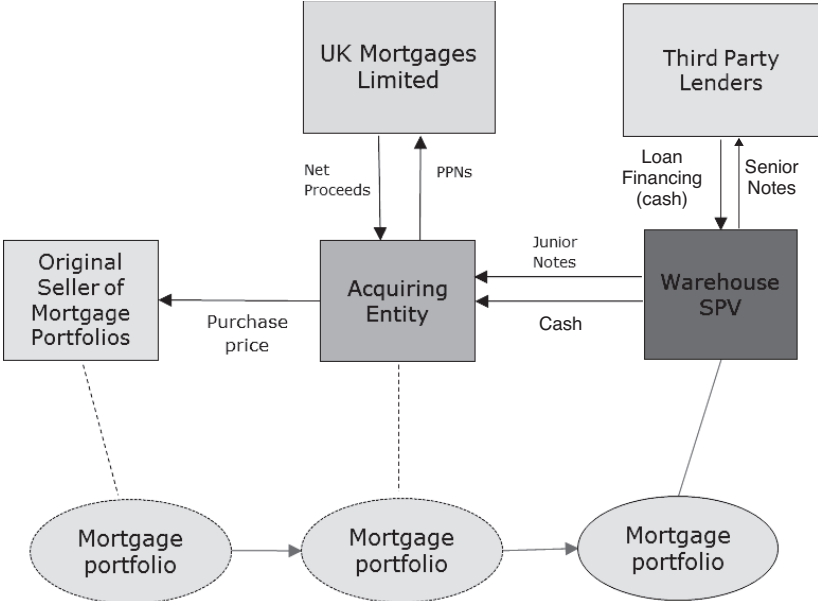
The Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution.

5. Investment Structure

In order to provide Shareholders with leveraged exposure to UK Mortgages in a manner that is compliant with applicable regulations, it is currently expected that the Company's investments will be structured as described below under which the Company will invest in Profit Participating Notes issued by the Acquiring Entity as described below:

- 5.1 The Company will initially invest the Net Proceeds, subject to retaining appropriate levels of liquidity for its working capital requirements, into the "**Acquiring Entity**", a company to be established in Ireland for this purpose. The Company's investment in the Acquiring Entity will be structured as "**Profit Participating Notes**" which will provide the Company and therefore ultimately the Shareholders with exposure to the underlying Mortgage Portfolios.
- 5.2 As suitable investment opportunities are sourced, the Acquiring Entity will acquire Mortgage Portfolios using a combination of the Company's investment and loan financing provided by third party lenders subscribing for the Senior Notes in "**Warehouse SPVs**" established for the sole purpose of warehousing Mortgage Portfolios.
- 5.3 Immediately following each purchase by the Acquiring Entity, it is currently expected that the relevant Mortgage Portfolio will be transferred to a Warehouse SPV. As consideration for this transfer, the Acquiring Entity will receive cash (provided by third party lenders as described above) and Junior Notes issued by the Warehouse SPV.

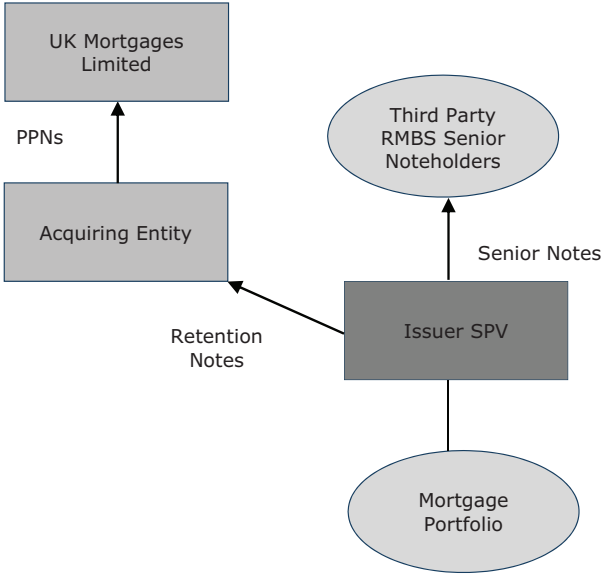
The above steps can be illustrated as follows:



5.4 As suitable opportunities for longer term refinancing are identified, the relevant Mortgage Portfolio is expected to be transferred to an Issuer SPV. It is expected that the longer term financing will take the form of RMBS debt issuance, in which case the Issuer SPV would issue tranches of RMBS debt to third parties and Retention Notes to the Acquiring Entity. Proceeds of the RMBS debt issuance or other financing will be used to repay the Senior Notes of the Warehouse SPV.

The Retention Notes would be the most subordinated tranche of an Issuer SPV's securities and payments on the Retention Notes will be based on residual amounts available to make such payments after payment of interest and principal on the RMBS debt issued by the Issuer SPV and its costs, fees and expenses.

The expected structure following the above events can be illustrated as follows:



Shareholders are therefore expected to achieve leveraged exposure to UK Mortgages as follows:

- Over the duration of an Issuer SPV, the net returns on any Mortgage Portfolio held by it will be paid first to the holders of the RMBS Senior Notes issued by the Issuer SPV and thereafter, in accordance with the RMBS terms, to the Acquiring Entity as the holder of Retention Notes issued by the Issuer SPV. As noted above the Retention Notes will be the most subordinated tranche of an Issuer SPV's securities and payment on the Retention Notes will be based on residual amounts available to make such payments after payments of interest and principal and the RMBS Senior Notes issued by the Issuer SPV and its costs, fees and expenses. The Retention Notes will therefore represent a leveraged investment in the Mortgage Portfolios issued by the Issuer SPVs;
- The Acquiring Entity will be obliged under the terms of the Profit Participating Notes to pay to the Company the excess spread between the returns from the Mortgage Portfolios and the cost of leverage, less the operating costs of the Acquiring Entity and the underlying entities described above. Net of leverage costs and estimated arrears/losses on the Mortgage Portfolios, a typical excess spread is estimated currently at 1.5 to 2.0 per cent. per annum.
- The Company intends to distribute the significant majority of its net income to Shareholders as dividend as further described in the section below headed "Dividend Policy".

The Board expects that the Net Proceeds will be substantially invested in Mortgage Portfolios within 6 to 12 months of Admission and that, under normal market conditions, each Mortgage Portfolio will be transferred to an Issuer SPV within 3 to 6 months of its acquisition by the Acquiring Entity.

The structure described above may be varied to take account of changes in regulation, regulatory interpretation, tax law or interpretation or market practice or where the Board considers that an alternative structure would be more likely to achieve the Company's investment objective and/or the Target Total Return.

Further information on the Acquiring Entity is contained in paragraph 11 in Part 10 of this Prospectus.

6. The Portfolio Manager

Discretionary portfolio management services will be provided by TwentyFour.

Phoenix, the AIFM, has delegated its responsibility for portfolio management for the Company to the Portfolio Manager in accordance with the AIFM Rules. The Portfolio Manager is therefore appointed by Phoenix on behalf of the Company to manage the Portfolio and to advise the Company and Phoenix on behalf of the Company in relation to the investment of the Portfolio.

TwentyFour is a fixed income specialist asset manager established in 2008 and based in the City of London. TwentyFour had over £4.4 billion of total funds under management as at 31 March 2015. The Portfolio Manager is authorised and regulated by the FCA. TwentyFour is 60 per cent. owned by Vontobel Asset Management, with the working partners of TwentyFour retaining 40 per cent. ownership. Vontobel Asset Management is a multi-boutique asset manager headquartered in Switzerland.

TwentyFour launched the first dedicated retail investment grade residential mortgage backed fund in 2009, the Monument Bond Fund, which had an average annual return of 4.2 per cent. over the 5 year period to 31 May 2015 *source Bloomberg*. TwentyFour also launched the first dedicated listed European Asset Backed Securities Fund, TwentyFour Income Fund, in 2013, which has achieved an average annual return of 14.79 per cent. of the NAV since launch *source Bloomberg*.

6.1 Portfolio Management Agreement

TwentyFour, under the terms of the Portfolio Management Agreement (further details of which are set out in paragraph 10.1 of Part 10 of this Prospectus), is responsible for:

- seeking out and evaluating opportunities for investment by the Company and obtaining such information as it may consider necessary from time to time;
- implementing the Company's subscription of Profit Participating Notes;
- recommending the manner in which any moneys raised by the Company might be invested, taking into account the Company's particular requirements;

- recommending the manner in which any moneys required for outgoings of the Company should be retained or realised;
- advising whether and in what manner all rights conferred by PPNs the investments held in the Portfolio should be exercised;
- analysing the performance of the investments held in the Portfolio and advising the Company and the AIFM on behalf of the Company generally in relation to investment trends, market movements and all other matters likely, or which might reasonably be considered likely, to affect the investment policy of the Company;
- devoting such time and having sufficient suitably qualified personnel and equipment as may be required to enable it to carry out its obligations under the Portfolio Management Agreement properly and efficiently, and having in place systems and controls to properly supervise the provision of portfolio management and manage any risk arising from this;
- using borrowing for short-term liquidity purposes in accordance with the Company's investment policy;
- entering into hedging transactions on behalf of the Company as described above;
- producing and publishing monthly factsheets, which will include information on the Company's performance, holdings and investment activity;
- keeping such records required to be kept by the AIFM Rules applicable to the Portfolio Manager, maintaining such books, records and reports as are necessary to provide a complete record of the provision of the Portfolio Manager's obligations under the Portfolio Management Agreement and information about executed transactions on a transaction by transaction basis;
- providing such information to the Board and the AIFM as they may reasonably request, and at such times and with such frequency as they shall reasonably request, in relation to the Company, the Portfolio or the performance by the Portfolio Manager of its duties under the Portfolio Management Agreement;
- providing such information to Phoenix as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable Phoenix to fulfil its duties under the AIFM Agreement including such information as Phoenix shall require in connection with the valuation of the portfolio of the Company, the Acquiring Entity or any Issuer SPV or Warehouse SPV;
- providing such information to the Administrator as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable the Administrator to fulfil its duties under the Administration Agreement;
- notifying the AIFM as soon as reasonably practicable of any development that may have a material impact on the Portfolio Manager's ability to carry out its obligations under the Portfolio Management Agreement in accordance with the AIFM Rules and if any material breach occurs or is reasonably considered by TwentyFour as likely to occur;
- making available in person or by telephone (as may be requested by the Board or the AIFM) the services of an appropriate person to attend meetings of the Board quarterly or at such intervals as shall be agreed between TwentyFour and the Company and the AIFM, and preparing reports or other documents as reasonably requested by the Company and the AIFM in connection with such meetings; and
- providing such information and assistance to the Company and the AIFM as it reasonably requests, and at such times and with such frequency as it shall reasonably request, in relation to the activities of the Company, the AIFM, the Administrator or the Company's brokers in promoting the Shares or any other marketing, promotional and corporate activities as may be conducted by the Company's brokers from time to time, and any issues arising from time to time in the context of relations between the Company and Shareholders, at all times subject to compliance with FSMA, the FCA Rules (including without limitation the general prohibition in section 19 of FSMA and the financial promotion restriction in section 21 of FSMA) and the AIFM Rules.

6.2 The Acquiring Entity Portfolio Management Agreement

TwentyFour will also provide discretionary portfolio management and certain other services to the Acquiring Entity pursuant to the terms of the Acquiring Entity Portfolio Management Agreement to be entered into between Acquiring Entity and TwentyFour.

TwentyFour as Acquiring Entity Portfolio Manager will be responsible pursuant to the Acquiring Entity Portfolio Management Agreement (further details of which are set out in paragraphs 10.1 and 11.5 of Part 10 of this Prospectus) for:

- implementing the issue of the Profit Participating Notes
- sourcing and bidding for suitable Mortgage Portfolios
- modelling and stress testing the Mortgage Portfolios, including assessing their suitability for securitisation
- evaluating prospective Warehouse SPVs and Issuer SPVs to which the Acquiring Entity intends to transfer its assets from time to time
- appointing servicers of Mortgages and agreeing servicing strategy
- arranging warehouse financing
- selecting the securitisation partner and managing the securitisation process to achieve optimal financing
- obtaining ratings for the Issuer SPVs
- marketing Senior Notes of the Issuer SPVs
- re-establishing the target leverage on the Company's equity in any Mortgage Portfolio as it amortises by refinancing the RMBS debt through the use of a periodic optional call
- monitoring the performance of Issuer SPVs.

6.3 Portfolio Management Fees

A quarterly management fee is payable on the last Business Day of the quarter by the Company to TwentyFour in respect of its portfolio management services to the Company and the Acquiring Entity of 0.75 per cent. per annum of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax. For the period beginning six months after Admission, and ending when at least 75 per cent. of the Net Proceeds have been contractually exposed to Mortgage Portfolios, the amount of the Net Proceeds which have not been contractually exposed to Mortgage Portfolios as described above will be deducted from the NAV and the market capitalisation for the purposes of calculating the fee payable to the Portfolio Manager. Once the Acquiring Entity is incorporated and commences operations some or all of the portfolio management fee referred to above may become payable by the Acquiring Entity but the aggregate portfolio management fees payable by the Company and the Acquiring Entity will not exceed the amount set out above.

6.4 Investment Process

The investment process adopted by TwentyFour across the entirety of its business is structured on a 'top-down/bottom-up' basis. The 'top-down' part of the process is controlled by TwentyFour's investment committee, which meets formally on a monthly basis. The meeting follows a set agenda and reviews key inputs (such as economic fundamentals, market technicals, sentiment, valuations and risk/stress analysis) and this drives the macro strategy for each portfolio and produces outputs such as strategy revisions, asset allocations, sector weighting and bespoke research to be undertaken. The investment committee also meets weekly to conduct a top-down portfolio review and a macro strategy validation or revision as necessary. The top-down portfolio review has a more specific impact on mandates or funds that have a greater range of investment flexibility, rather than one such as the Company whose objective is to obtain long-term exposure to Mortgage Portfolios. However, it will still provide valuable input into the investment process by reviewing high level drivers of Mortgage performance such as employment changes, interest rates, funding costs, house prices and inflation.

Detailed 'bottom-up' credit analysis will be carried out on each Mortgage Portfolio before it is considered as an investment. This analysis will include a comprehensive review of the underlying Mortgages in the transaction, including but not limited to a review of the original loan application

documents and approval decision, understanding the origination criteria of the lender and the credit approval process, reviewing the product suite within the mortgage pool and expected ongoing drivers of performance.

Each Mortgage Portfolio will also be run through a rating agency model to analyse portfolio risks and create an initial funding structure, a bespoke cash flow model will be built to create base case and stress scenarios, and a yield calculator will also complete the portfolio work. TwentyFour will also work with the mortgage servicers to establish the servicing standards appropriate for each Mortgage Portfolio and monitor performance against these on an ongoing basis.

The funding process for each transaction is also an integral part of the Company's investment proposition. TwentyFour will establish a committed funding line with a third party lender to allow for the purchase of each Mortgage Portfolio. The funding is expected to be a short/medium term facility utilised by the relevant Warehouse SPV which will ultimately be replaced by Senior Notes issued to securitisation investors via the relevant Issuer SPV. TwentyFour will then arrange the structuring, ratings and marketing of the Senior Notes of the relevant Issuer SPV to provide long-term funding of the Mortgage Portfolio.

6.5 Investment Monitoring

TwentyFour will monitor performance of the Mortgage Portfolios for the Acquiring Entity (pursuant to the Acquiring Entity Portfolio Management Agreement). Individual investment performance will be compared to the initial investment hypothesis, and models will be updated to reflect differences in predicted and actual performance. Differences will be analysed and discussed with the relevant servicers. TwentyFour will continue to monitor the UK residential mortgage market and the UK securitisation market for comparative performance and to validate the ongoing investment thesis. TwentyFour (pursuant to the Acquiring Entity Portfolio Management Agreement) will provide updates to the Acquiring Entity's directors in relation to the performance of the Acquiring Entity's investments.

6.6 Conflicts of Interest

TwentyFour will not invest on behalf of Other Accounts either as original subscriber or subsequent purchaser in notes issued by Issuer SPVs in respect of which the Company or the Acquiring Entity holds Retention Notes.

TwentyFour is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided its ability to perform its obligations under the Portfolio Management Agreement is not impaired.

However, TwentyFour may not provide such services to any other investment trust, company or closed-ended investment company with a similar investment policy to the Company, and with shares admitted to trading on the London Stock Exchange or AIM without first having received the prior written consent of the Company.

6.7 Biographies of the relevant Investment Personnel

In respect of the Company and the Acquiring Entity the key members of TwentyFours portfolio management team are expected to be:

Ben Hayward

Mr. Hayward is a seasoned fixed-income portfolio manager with over 17 years' experience managing asset-backed and credit securities. Mr. Hayward is one of the founding partners of TwentyFour and a member of the portfolio management team where his primary responsibility is the co-management of TwentyFour's ABS based public bond funds, as well as a number of bespoke portfolios for institutional clients.

Douglas Charleston

Mr. Charleston joined TwentyFour in 2013 and has over 8 years' experience in fixed income. Mr. Charleston is a member of the portfolio management team where his primary responsibility is the co-management of TwentyFour's ABS based public bond funds, as well as a number of bespoke portfolios for institutional clients.

6.8 TwentyFour's management board comprises

Axel Schwarzer – Chairman

Mr. Schwarzer has been Head of Asset Management at Vontobel since May 2011. Before joining Vontobel he was CEO of DWS Investments (formerly Scudder) and Head of Deutsche Asset Management Americas in New York from 2005-2009 and Vice Chairman of Deutsche Asset Management (DeAM) and Global Head of Relationship Management at DWS Investments, Frankfurt, Germany 2009-2010. Mr. Schwarzer began his career at Deutsche Bank and held various positions within the Private Banking and Retail banking division.

Dr Martin Sieg Castagnola

Dr. Castagnola has been Chief Financial Officer at Vontobel since November 2008. Before this he worked at Zürcher Kantonalbank (ZKB), Zurich, Switzerland in various roles pertaining to trading and risk, including Member of the Executive Board and Head of Investment & Private Banking 2007-2008, Head of Asset Management 2007 and Head of Treasury 2005-2006. He has also lectured at the University of Zurich in the area of empirical economic research (econometrics).

Felix Lenhard

Mr. Lenhard has been Chief Operating Officer at Vontobel since January 2010. Mr. Lenhard joined Vontobel in 2001 and has worked as Project Manager 2001-2003, Head of the Business Applications division 2003-2009 and Head of IT 2009. Prior to this he worked as a Senior Consultant to the Financial Services division of PwC in Zurich and London, was a partner at Almax AG and a member of executive management at BZ Informatik AG.

Mark Holman – Chief Executive Officer

Mr. Holman is one of the founding partners of TwentyFour which was launched in September 2008, and serves as the firm's Chief Executive. He sits on TwentyFour's Executive Committee which has the overall responsibility for the day to day running of the firm as well as the Management Board which sets the overall strategy and direction of the business.

Nick Knight-Evans – Chief Operating Officer & General Counsel

As the Chief Operating Officer, Mr. Knight-Evans has overall responsibility for a broad range of TwentyFour's functions including finance, operations, IT and facilities. As an English-qualified solicitor, Mr. Knight-Evans also serves as the firm's General Counsel. As a member of TwentyFour's Executive Committee and Management Board, Mr. Knight-Evans shares responsibility for the direction, strategy and management of the firm.

Prior to founding TwentyFour, Mr. Knight-Evans was a Legal Director at Barclays Capital with responsibility for fund-linked derivatives and prime brokerage and previously performed in-house legal roles at BNP Paribas and Societe Generale. Prior to this, Mr. Knight-Evans worked in private practice for the English law firm Wilde Sapte (now Dentons).

6.9 TwentyFour's Executive Committee comprises:

Graeme Anderson – Chairman

Mr. Anderson is one of the founding partners of TwentyFour which was launched in September 2008, and serves as the firm's Executive Committee Chairman. Mr. Anderson is also Chairman of TwentyFour's Asset Allocation Committee and is responsible for its process

Mark Holman – Chief Executive Officer

As above.

Nick Knight-Evans – Chief Operating Officer & General Counsel

As above.

Ben Hayward – Partner, Portfolio Manager

As above.

7. Directors

The Directors, all of whom are non-executive and all of whom are independent of the Portfolio Manager, are responsible for the determination of the investment policy of the Company and the supervision of the implementation of such policy. The Board currently consists of:

- 7.1 **Chris Waldron – Chairman, Independent Non-Executive Director** – Guernsey resident – Mr Waldron is the Chairman of Ranger Direct Lending Fund Plc. He is also the chairman of the investment committee of Edmond de Rothschild in the Channel Islands, having previously served as CEO of Edmond de Rothschild Group’s broking and asset management companies in Guernsey, specialising in fixed income, OTC and listed hedging strategies and alternative investment mandates. Mr Waldron formerly held a variety of investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis prior to joining the Edmond de Rothschild Group in 1999. Mr Waldron is also a member of the States of Guernsey’s Treasury and Resources Investment Sub-Committee and its Bond Management sub-committee. Mr Waldron is a director of a number of listed companies including DW Catalyst Fund Limited and JZ Capital Partners Limited.
- 7.2 **Richard A. Burrows – Independent Non-Executive Director** – UK resident – Mr Burrows works in Business Risk Services at Grant Thornton and provides risk and controls advisory solutions to financial services clients. He previously worked at Co-operative Bank plc taking the role of Chief of Staff to the CEO appointed to lead the process of recapitalisation. Prior to that, he had been the Head of Treasury Risk. Before Co-operative Bank plc Mr Burrows worked in the Technical Specialist Prudential Risk Division – Liquidity and ALM of the Financial Services Authority and led the on-site review of BIPRU firms’ Supervisory Liquidity Review Process and subsequent panel submission to agree Individual Liquidity Guidance. In 2009 – 2010, before joining the Financial Services Authority Mr Burrows worked at Northern Rock plc as Assistant Director, Marketing and Liquidity Risk as the firm prepared for and completed its formal split of the balance sheet into core banking and non-core assets. From 1994 to 2008 Mr Burrows was Director, Head of Funding at Citi Alternative Investments and was responsible for efficient funding via debt issuance from Euro and US domestic programmes and hedging of all market risk via derivatives.
- 7.3 **Paul Le Page – Audit Committee Chairman, Independent Non-Executive Director** – Guernsey resident – Mr Le Page is a director of FRM Investment Management Limited and Man Fund Management Guernsey Limited, which are subsidiaries of Man Group Plc. He is responsible for managing hedge fund portfolios, and is a director of a number of FRM funds. Mr Le Page is currently the Audit Committee Chairman for Bluefield Solar Income Fund Limited and was formerly the Audit Committee Chairman for Cazenove Absolute Equity Limited and Thames River Multi Hedge PCC Limited. He has extensive knowledge of, and experience in, the fund management and the hedge fund industry. Prior to joining FRM, he was an Associate Director at Collins Stewart Asset Management from January 1999 to July 2005, where he was responsible for managing the firm’s hedge fund portfolios and reviewing fund managers. He joined Collins Stewart in January 1999 where he completed his MBA in July 1999. He originally qualified as a Chartered Electrical Engineer after a 12-year career in industrial research and development, latterly as the Research and Development Director for Dynex Technologies (Guernsey) Limited, having graduated from University College London in Electrical and Electronic Engineering in 1987.

8. AIFM

The Company has appointed Phoenix as the AIFM to provide investment management services to the Company as required by the AIFM Rules. Phoenix is authorised and regulated by the FCA and has a Part 4A Permission for “managing an AIF”. Phoenix is a private company limited by shares with registration number 6252439. Phoenix was incorporated in England and Wales on 18 March 2007. On 15 April 2015 it was announced that Maitland International Holdings plc had agreed, subject to FCA approval which has subsequently been obtained, to acquire 100 per cent. of Phoenix.

Investment management services comprise risk management and portfolio management services. In accordance with the AIFM Rules, Phoenix will delegate the performance of the portfolio management services to TwentyFour and will monitor TwentyFour’s provision of such services in accordance with the AIFM Rules and the terms of the Portfolio Management Agreement.

Phoenix, as the AIFM, intends to cover potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFM Rules.

9. The AIFM Agreement

Alternative investment fund management services will be provided by Phoenix. The AIFM Agreement may be terminated by any party serving the other party with 3 months' prior written notice (or such shorter time as may be agreed by the parties) or immediately by the Company if (i) Phoenix's authorisation to manage alternative investment funds is not maintained by it, or is suspended or restricted by the FCA, so that the Company is not able to realise its investment objective or implement its investment policy, (ii) the Portfolio Manager ceases to maintain its authorisation from the FCA, or (iii) Phoenix fails to notify the Company of an investigation by the FCA. The AIFM Agreement will automatically terminate if the FCA requires Phoenix to stop acting as AIFM. Either party may terminate the AIFM Agreement immediately if (i) the other party is insolvent, or in the case of the Company a Continuation Resolution is not passed by the Shareholders, (ii) the other party is in material or persistent breach of the AIFM Agreement, which if capable of remedy has not been remedied within 20 days after having been required in writing by the other party so to do.

For the provision of its services under the AIFM Agreement, Phoenix will be entitled to receive an annual fee to be calculated as percentages of the Company's net assets (7 basis points on the first £49,999,999.99 of net assets, 5 basis points on net assets between £50 million and £100 million and 3 basis points on net assets in excess of £100 million, subject to a minimum annual fee of £20,000. The Company will also reimburse Phoenix for reasonable expenses properly incurred by Phoenix in the performance of its obligations under the AIFM Agreement.

Phoenix provides, among others, the following services under the terms of the AIFM Agreement:

- Provision of risk management services as required by the AIFM Rules, including the implementation of adequate risk management systems to identify, measure, manage and monitor as appropriate all risks relevant to the Company's investment strategy and to which the Company is or may be exposed and ensuring that the Company's risk management policy and its implementation of the same comply with the AIFM Rules;
- Ensuring that quantitative or qualitative risk limits are set in conjunction with the Company, which are implemented by the Company, taking into account all relevant risks;
- Monitoring on a daily basis the compliance by TwentyFour, as portfolio manager, with the Company's investment objective and investment policy and reporting any non-compliance in a timely fashion to TwentyFour and the Board;
- Appraising the performance of TwentyFour and present an analysis of the performance of TwentyFour to the Board on an annual or more frequent basis as may reasonably be requested by the Board;
- Ensuring that a depositary compliant with the AIFM Rules is appointed by or on behalf of the Company and that the assets of the Company are entrusted to the Depositary for safekeeping in accordance with the AIFM Rules and providing the Depositary with all information required to enable the Depositary to comply with its obligations under the AIFM Rules in respect of the Company;
- Ensuring that the disclosures required to be made by the Company under the AIFM Rules are made;
- Providing the Company with reports and reporting to the FCA as required under the AIFM Rules;
- Ensuring that the Company's Portfolio is valued in accordance with the AIFM Rules; and
- Ensuring that it is authorised by the FCA to market the Company in accordance with the AIFM Rules as required by the Company from time to time.

10. Administrator

The Administrator is a non-cellular company limited by shares which was incorporated in the Island of Guernsey on 29 May 1986 with registration number 15532. It is licensed by the GFSC under the

Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Administrator is a subsidiary of Northern Trust Corporation, based in Chicago. Northern Trust Corporation is a leading provider of investment management, asset and fund administration, fiduciary and banking solutions for corporations, institutions and individuals worldwide. Northern Trust Corporation is quoted on NASDAQ.

11. Administration Agreement

Administrative, secretarial and other services will be provided by the Administrator. The Administration Agreement may be terminated by either party serving the other party with 90 days' written notice or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction, amalgamation or merger) or the appointment of an administrator, examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful (including under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and in circumstances where the Administrator ceases to hold the relevant licence, consent, permit or registration to carry on the Administrator's activities), (iv) if a party is declared to be en état de désastre under the laws of Guernsey, or (v) if the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey. The Company may terminate the Administration Agreement immediately by notice if the Administrator ceases to be qualified to act pursuant to the Registered Collective Investment Schemes Rules 2015 and The Licensees (Conduct of Business) Rules 2014. Pursuant to the Registered Collective Investment Schemes Rules 2015 the removal or retirement of the Administrator shall not be effective until the GFSC varies the registration of the Company to refer to a replacement "designated administrator".

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £100 million of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million, subject to a minimum annual fee of £75,000. In addition, a fixed annual fee of £45,000 will also be charged for corporate governance support, company secretarial services and accounting consolidation services provided by the Administrator to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses properly incurred by the Administrator on behalf of the Company.

The Administrator, under the terms of the Administration Agreement provides *inter alia* the following services:

- company secretarial and administrative services;
- assistance with the implementation of corporate governance and other compliance requirements;
- calculation of Net Asset Value of the Shares;
- maintenance of adequate accounting records and management information;
- preparation of the audited annual financial statements and the unaudited interim report and publication of the same through a Regulatory Information Service;
- attending to general tax affairs of the Company in Guernsey where necessary; and
- providing certain reporting to the Depositary in order to allow the Depositary to carry out its obligations under the Depositary Agreement.

The register of members of the Company will be maintained by the Registrar and a copy of the register of members will be available to the Administrator at its registered office being PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

12. Depositary

Northern Trust (Guernsey) Limited has been appointed as Depositary for the Company under the Depositary Agreement, a summary of which is set out in paragraph 10.4 of Part 10 of this

Prospectus. Northern Trust (Guernsey) Limited is a company incorporated in Guernsey, whose registered office is PO Box 71, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, GY1 3DA. The Depositary is a bank licensed by the GFSC under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended and under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, with GFSC reference number: 33

The fees payable to the Depositary by the Company will be 3 basis points on net assets, subject to a minimum annual fee of £40,000. The Depositary will charge an additional fee of £20,000 for performing due diligence on any additional service provider to the Acquiring Entity. Custody Fees will be charged at 1 basis point per annum subject to a minimum of £8,500 per annum.

13. Registrar and Receiving Agent

Computershare Investor Services (Guernsey) Limited has been appointed as Registrar to the Company under the Registrar's Agreement. Computershare Investor Services PLC has been appointed Receiving Agent of the Company for the Offer for Subscription under the terms of the Receiving Agent's Agreement. A summary of the Registrar's Agreement is set out in paragraph 10.6 of Part 10 of this document and a summary of the Receiving Agent's Agreement is set out in paragraph 10.7 of Part 10 of this document.

The fees payable to the Registrar are based on an initial set up fee of £1,500, and a fee based on the number of transactions plus properly incurred expenses, subject to a minimum annual fee of £10,000. The fees payable to the receiving agent are based on the number of applications received and are subject to a minimum fee.

14. Capital Structure

14.1 Share capital and duration

The Company's share capital structure immediately following the Issue will consist of Ordinary Shares. The Ordinary Shares will be in registered form and may be held in certificated or in uncertificated form.

The Company may issue further New Ordinary Shares and/or C Shares pursuant to the Placing Programme.

The Company does not have a fixed winding-up date. As described below under "Discount Management", the Articles provide Shareholders with an opportunity to vote on the continuation of the Company at five yearly intervals and otherwise if certain conditions occur.

14.2 Further issues of Ordinary Shares and/or C Shares

Under the Articles further issues of Shares, of whatever class, for cash will be subject to pre-emption rights conferred on existing Shareholders, save to the extent these rights have been disapplied by an extraordinary resolution of the Company. The Directors currently have authority to issue further Shares on a non pre-emptive basis, provided that the number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate and (b) further Ordinary Shares will only be issued at prices representing not less than their prevailing NAV per Ordinary Share. The current authority will extend until the date of the first AGM expected to be held in November 2016. Further details of the Placing Programme and the Directors' intentions concerning the issue of New Ordinary Shares and/or C Shares under the Placing Programme are set out in Part 8 of this document.

The Directors currently intend to seek annual renewal of the authority to issue Ordinary Shares and/or C Shares on a non-pre-emptive basis from Ordinary Shareholders in respect of an aggregate number of Ordinary Shares and/or C Shares equal to up to 1 billion Shares or such other number as the Shareholders at a General Meeting shall approve.

Ordinary Shares and/or C Shares issued under the Placing Programme may be issued under this Prospectus provided that the prospectus is updated by a supplementary prospectus (if required) under section 87G of FSMA. The Prospectus Rules currently allow for the issue of shares representing, over a period of 12 months, less than 10 per cent. of the number of shares of the same class already admitted to trading on the same regulated market, provided that such issue is not made by way of an offer of the Company's securities to the public.

The proceeds from the issue of Ordinary Shares and/or C Shares will be used in accordance with the Company's investment objective and policy, as described in paragraphs 2 and 4 of this Part 5.

15. Discount Management

Share Buybacks:

Under the Articles, the Company may purchase Shares in the market at prices which represent a discount to the prevailing NAV per Share of that class so as to enhance the NAV per Share for the remaining holders of Shares of the same class. Subject to satisfying a statutory solvency test, the Company is authorised to make market purchases of up to 14.99 per cent. of the aggregate number of issued Shares immediately following Admission.

The Board will consider whether the Company should purchase Shares where such Shares are quoted in the market at a discount in excess of 5 per cent. to Net Asset Value per Share of that class. The making and timing of any share buybacks is at the absolute discretion of the Board and is expressly subject to the Board determining that the Company has sufficient surplus cash resources available (excluding borrowed monies).

The Board intends to seek Shareholder approval to renew its authority to make market purchases of its own issued Shares once its existing authority has expired or at subsequent AGMs.

Purchases of Shares will be made within guidelines established from time to time by the Board and only in accordance with the Law and the Disclosure and Transparency Rules. Any purchase of Shares may be made out of the available cash or cash equivalent resources of the Company or from borrowings.

Ordinary Shares bought back by the Company may be held in treasury or cancelled. Such Shares may (subject to there being in force a resolution of Shareholders to disapply the rights of pre-emption that would otherwise apply) be resold by the Company at a discount to the prevailing Net Asset Value per Ordinary Share, provided that the discount at which they are sold is less than the discount at which they were bought back (although there is no current intention to use borrowings for this purpose) by the Company and is less than 5 per cent. in absolute terms. C Shares bought back by the Company shall be cancelled.

At the date of this Prospectus, the Company does not hold any Shares in treasury.

Continuation Votes:

Shareholders will have the opportunity to vote on the continuation of the Company at the fifth AGM following Admission of the Ordinary Shares issued pursuant to the Issue, or every fifth AGM thereafter, and otherwise if: (i) 75 per cent. of the Net Proceeds have not been contractually exposed to Mortgage Portfolios within 12 months of the date of such Admission; or (ii) a Dividend Trigger Event occurs, the Articles provide that if any of those events occur a General Meeting will be convened at which the Directors will propose an Ordinary Resolution that the Company should continue as an investment company. If any such Ordinary Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by the Shareholders at a General Meeting to be convened by the Directors for a date not more than 6 months after the date of the meeting at which such Ordinary Resolution was not passed. The Directors will review the level of the dividend within the Dividend Trigger Event in the event that 3 Month Sterling LIBOR increases to beyond 2 per cent. per annum.

16. Dividend Policy

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares.

On the basis of market conditions as at the date of this document the Company will target dividend payments of 3.00p per Ordinary Share* in respect of the financial year ending 30 June 2016. Subject to market conditions and the level of the Company's net income, it is intended that a first interim dividend will be paid in April 2016 and that a second interim dividend will be paid following the end of that financial year.

In each subsequent financial year of the Company, it is intended that dividends on the Ordinary Shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). It is intended that the first three interim dividends of each financial year will be paid at a minimum of 1.5p per Ordinary Share* with the fourth interim dividend of each financial year including an additional amount such that a significant majority of the Company's net income for that financial year is distributed to Shareholders. The Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such

reserve then being available at the Board's absolute discretion for subsequent distribution to Shareholders.

The Company may offer Shareholders the opportunity to elect to receive dividends in the form of further Ordinary Shares.

Dividends will only be paid subject to the Company satisfying the solvency test prescribed by the Law.

17. Regulatory Status

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and the Registered Collective Investment Schemes Rules 2015 issued by the GFSC. The Company is not (and is not required to be) regulated or authorised by the FCA under FSMA but, in common with other issuers admitted to trading on the Specialist Fund Market, is subject to the London Stock Exchange Admission and Disclosure Standards, the Disclosure and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Law and FSMA.

18. Corporate Governance

18.1 Compliance

The Company is subject to the GFSC's Finance Sector Code of Corporate Governance which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC requires an assurance statement from the Company confirming that the Directors have considered the effectiveness of their corporate governance practices and are satisfied with their degree of compliance with the principles set out in the GFSC Code, or the alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business. As the Company will report against the Corporate Governance Code published by the Financial Reporting Council (as discussed further below), it will be deemed to meet the requirements of the GFSC Code.

The Board is committed to high standards of corporate governance and has made arrangements to enable the Company, as a newly incorporated company, to comply with the recommendations of the Corporate Governance Code published by the Financial Reporting Council. The Board intends to obtain membership of the AIC following Admission and as such, intends to comply with the UK Corporate Governance Code as recommended by the AIC Code or as otherwise may be disclosed from time to time.

As an investment company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the provisions of the Corporate Governance Code are directly applicable to the Company. The Board intends to take appropriate action to ensure that the appropriate level of corporate governance is attained and the Company's practices are consistent with the Principles of the Corporate Governance Code.

For the reasons referred to below, the Company does not intend to comply with the Corporate Governance Code provisions relating to:

- (a) the role of the chief executive;
- (b) executive directors' remuneration;
- (c) the need for an internal audit function; and
- (d) the need for a separate nomination committee.

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company will therefore not report in respect of these provisions.

* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company. See further within Part 1 of this document: "Risk Factors".

18.2 Internal Audit

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board will review annually whether a function equivalent to an internal audit is needed and it intends to monitor its systems of internal controls in order to provide assurance that they operate as intended.

18.3 Board Independence, Composition and Tenure

The Board, chaired by Chris Waldron who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of three non-executive Directors. The Board intends to appoint another director after Admission and will notify Shareholders by an RIS once this appointment has been made. The Board will meet at least four times a year and will receive full information about the Company's investment performance assets, liabilities and other relevant information in advance of Board Meetings. The Directors' biographical details, set out in paragraph 7 of this Part 5, demonstrate a breadth of investment, commercial and professional experience. The Directors will review their independence annually.

All Directors have agreed to stand for re-election annually.

Given its non-executive nature, the Board does not think it is appropriate for the Directors to be appointed for a specified term of no more than 3 years as recommended by the Corporate Governance Code.

The Chairman will regularly review the training and development needs of each Director. Directors' appointments will be reviewed formally every three years by the Board. Any Director may resign in writing to the Board at any time.

The Board will also receive regular briefings from, amongst others, the Company's auditor regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

18.4 Audit Committee

The Audit Committee will meet at least twice per year. It comprises the entire Board including the Chairman and is chaired by Paul Le Page. The Audit Committee is responsible for the review of the annual report and the half year report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them.

The Audit Committee will review the need for non-audit services and authorise such on a case by case basis.

The Audit Committee will meet representatives of the Administrator, the AIFM and the Portfolio Manager and their compliance officers who will report as to the proper conduct of business in accordance with the regulatory environment in which the Company, the Administrator, the AIFM and the Portfolio Manager operate. The Company's auditor will also attend the Audit Committee at its request and report on its work procedures, the quality and effectiveness of the Company's accounting records and its findings in relation to the Company's statutory audit. The Company will meet with the auditor, without representatives of the Administrator, the AIFM and the Portfolio Manager being present, at least once a year.

18.5 Management Engagement Committee

The Management Engagement Committee will meet at least once per year. It comprises the entire Board and is chaired by Richard Burrows. The Management Engagement Committee is responsible for the regular review of the terms of the Administration Agreement and Portfolio Management Agreement with, and the performance of, the Administrator, the AIFM and Portfolio Manager and also the Company's other service providers.

18.6 Policy on Directors' Fees

The aggregate fees of the Directors will not exceed £200,000. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

18.7 Directors' Letters of Appointment

It is the Board's policy that none of the Directors has a service contract. The terms of the Directors' appointment provide that they will retire and be subject to election at the first AGM after

their appointment and at every AGM held after the ninth anniversary of their appointment. In addition, the Articles require that any Director who was not appointed or re-appointed at one of the preceding two AGMs shall retire from office but shall remain eligible for re-appointment. Those terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. As noted above, all the Directors have agreed to stand for re-election annually.

19. Profile of typical investors

The typical investors for whom the Shares are intended are professional and professionally-advised investors who are capable themselves of evaluating the merits and risks of an investment in the Company and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. The Specialist Fund Market is intended for investment products targeted at professional and/or institutional investors and accordingly applications under the Offer for Subscription received direct from retail investors may be rejected by the Company.

20. Taxation

A summary of certain limited aspects of UK and Guernsey taxation applicable to the Company and Shareholders is contained in Part 9 of this Prospectus. Potential investors should seek tax advice from their own independent professional advisers.

21. Financial Information

21.1 Financial Reports

The audited annual financial statements of the Company will be drawn up in sterling and prepared in accordance with the Law, International Financial Reporting Standards. Financial statements prepared by the Company in accordance with IFRS will include a statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The Company's annual report and financial statements will be prepared up to 30 June each year and it is expected that copies will be sent to Shareholders within 3 months of the year-end. The first year end will be 30 June 2016. The first AGM following Admission is expected to be held in October 2016.

Shareholders will also receive an unaudited half year report covering the six months to 31 December each year which is expected to be despatched within 2 months of that date. The Company's first unaudited half year report will cover the period running from the Company's incorporation to 31 December 2015. The Net Asset Value of an Ordinary Share will be published monthly and information on performance, holdings and investment activity will be published monthly by the Portfolio Manager in the form of a factsheet to be made available on the Company's Website.

In accordance with the AIFM Rules, the AIFM will ensure that the following information in relation to the Company's Portfolio is published in the Company's annual report and audited accounts, which can be found on the Company's Website -

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company;
- the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks;
- any changes to the maximum level of leverage which the AIFM and the Portfolio Manager may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS; and
- the total amount of leverage employed by the Company.

21.2 Annual Running Expenses

In addition to management, administration and secretarial fees referred to above and in Part 10 of this document, the Company will pay all other fees and expenses incurred in the operation of its business including, without limitation:

- brokerage and other transaction charges and taxes;
- Directors' fees and expenses;
- fees and expenses for depositary, custodian, registrar, legal, auditing and other professional services;
- any borrowing costs;
- the ongoing costs of maintaining the admission of the Ordinary Shares and the C Shares to trading on the Specialist Fund Market;
- NAV publication costs;
- the ongoing costs of maintaining the Company's status as a registered closed-ended collective investment scheme;
- directors and officers insurance premiums;
- promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board); and
- costs of printing the Company's financial reports and posting them to Shareholders.

Assuming that the Issue is fully subscribed, the Company's total fixed operational costs (excluding portfolio management fees, brokerage and other transaction charges and taxes and any borrowing costs) are estimated in the first year after Admission to amount to not more than approximately 1.1 per cent. per annum of the Company's estimated Net Asset Value on Admission.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Shares.

21.3 Allocation of Ongoing Costs

Interest expenses will be recognised within 'finance costs' in the Statements of Comprehensive Income using the effective interest rate method. All other expenses will be recognised in the Statements of Comprehensive Income in the period in which they are incurred (on an accruals basis).

21.4 NAV Calculations

The unaudited Net Asset Value per Ordinary Share will be calculated as at the last Business Day of every month by the Administrator and is expected to be announced through a Regulatory Information Service on, or within 2 weeks following, the last Business Day of the following month. Such unaudited NAV will be calculated on the same basis as the calculation of the NAV per Ordinary Share for the purpose of the Company's financial statements.

The Net Asset Value per Ordinary Share will be calculated in accordance with IFRS principles, the AIC's Guide and the AIFM Rules.

The Warehouse and/or Issuer SPVs' portfolios will be accounted for at amortised cost using the effective interest rate method, less provisions for any impairment. The amortised cost calculations will be maintained by an independent service provider using data provided by the mortgage pool servicer.

The Acquiring Entity will also hold the Underlying Instruments issued by the Warehouse SPVs and/or Issuer SPVs at amortised cost which will drive the value of the PPNs held by the Company.

The Administrator calculates the Net Asset Value and the Net Asset Value per Share by taking the total of the value of the PPNs and making such adjustments as are required to reflect the cash held by the Company, accrued liabilities and expenses, prepayments and any other creditors and debtors.

The value of other assets held within the Portfolio will be determined as follows:

Over-the-counter derivative contracts such as Interest Rate Swaps will be valued on a monthly basis. This may be done by reference to data supplied from an independent data source. Where

data from an independent data source is not available, the valuation may be made using the counterparty's valuation provided that the valuation is approved or verified by a party who is approved for the purpose by the Directors and who is independent of the counterparty;

The calculation of the Net Asset Value per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable.

22. Liquidity Risk Management

The AIFM shall maintain a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Shares from the Company but may trade their Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Shares.

Further details regarding the risk management process and liquidity management shall be available from the AIFM, on request.

23. Non-mainstream pooled investment

COBS 4.12 in the FCA's Conduct of Business Sourcebook sets out rules restricting the marketing within the UK of certain pooled investments or 'funds', referred to in the rules as non-mainstream pooled investments ("**NMPIs**"), to 'ordinary retail clients'. The Directors have been advised that the Shares can be considered as "excluded securities" for the purposes of these rules because the returns to investors holding the Company's Shares are, and are expected to continue to be, predominantly based on the returns from shares and debentures held indirectly by the Company and will therefore not be subject to these marketing restrictions, although financial advisers considering recommending the Shares should seek their own advice.

24. Governing Law

The agreement between Shareholders and the Company for the acquisition of Ordinary Shares under the Issue and for the acquisition of New Ordinary Shares and/or C Shares under the Placing Programme is governed by English law and, by purchasing Ordinary Shares (including New Ordinary Shares) and/or C Shares, Shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of Ordinary Shares and/or C Shares will be in English.

PART 6: INVESTMENT OPPORTUNITY

1. The UK Mortgage Market

The UK Mortgage market is roughly £1.3 trillion in size (Source: FCA), with over 11.2 million Mortgages outstanding. However, Mortgage approval levels remain significantly below their long run average (currently 68,000 per month compared to 102,000 per month before 2007 (Source: Bloomberg)). UK Mortgages are typically issued on a long-term basis (20 to 25 years), but with a short-term initial rate at the expiry of which refinancing is possible, leading to the typical holding period being materially shorter.

The market has a strong performance history driven by strong credit criteria, good economic fundamentals, and a legislative environment that favours the lender and which has a predictable and transparent repossession and sale process that can be enforced in the event of default by the Borrower. To the extent that the repossession and sale process does not allow a full recovery of amounts owing on a Mortgage, the lender has the ongoing ability to pursue the Borrower for further recoveries for up to 12 years.

2. Market Statistics

Based on historical default rates, the performance of UK Mortgages has been extremely strong through a number of credit cycles. Since 1982 the average level of repossessions of UK Mortgages is 0.3% (Source: Council of Mortgage Lenders), with the peak of 0.78% in 1991, when the 1989-1993 housing downturn in the UK was characterised by a 20% drop in house prices, unemployment peaking above 10% and with many Borrowers paying Mortgage interest rates in the low teens percentage. (Source: Bloomberg)

More recently performance during the credit crisis and resulting recovery has been strong with average repossessions at 0.32% (during the period from 2008 to 2014) and a peak of 0.42% (2009). (Source: Council of Mortgage Lenders)

Due to the secured nature of a UK Mortgage, whereby the underlying property acts as collateral for the loan, when a UK Mortgage defaults the sale of the property allows for a significant recovery of the outstanding loan amount. Losses on both prime and buy-to-let UK Mortgages during the credit crisis did not exceed 0.15% in any 12 month period from April 2008 to June 2012. (Source: J.P Morgan)

PART 7: THE ISSUE

1. Introduction

The Issue consists of a placing and an offer for subscription of Ordinary Shares which are being issued at 100p per Ordinary Share. Investors will not be charged a fee in addition to their payment of the Issue Price in order to subscribe for Ordinary Shares, as the Issue Expenses will be met out of the proceeds of the Issue. The Issue Expenses are therefore an indirect charge to investors. The Issue constitutes the initial opportunity to purchase Ordinary Shares in the Company. The total number of Ordinary Shares issued under the Placing and Offer for Subscription will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the Ordinary Shares and prevailing economic and market conditions, subject to a maximum of 250 million Ordinary Shares.

The Placing and Offer for Subscription are conditional amongst other things on Admission having become effective on or before 8.00 a.m. on 7 July 2015 or such later time and/or date as the Company and Numis may agree (being not later than 8.00 a.m. on 28 July 2015). Neither the Placing nor the Offer for Subscription is underwritten. The decision whether to proceed with the Issue will be at the absolute discretion, and subject to the agreement, of the Directors, the Portfolio Manager and Numis.

The typical investors for whom the Shares are intended are professional or professionally-advised investors who are capable themselves of evaluating the merits and risks of an investment in the Company and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. The Specialist Fund Market is intended for investment products targeted at such investors and accordingly applications under the Offer received direct from retail investors may be rejected by the Company.

Further details on the conditions to the Placing and Offer for Subscription are set out below.

2. The Placing

Up to 250 million Ordinary Shares are available to be placed on behalf of the Company at the Issue Price to raise £250 million before expenses.

The Issue is conditional upon:

- 2.1 the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- 2.2 Admission becoming effective not later than 8.00 a.m. on 7 July 2015 or such later time and/or date as Numis and the Company may agree, (being not later than 8.00 a.m. on 28 July 2015).

Further details of the Placing Agreement are set out in paragraph 9.6 of Part 10 of this document.

The Directors have agreed to participate in the Placing by subscribing for a total of 30,000 Ordinary Shares at the Issue Price. The Directors are not proposing to apply for Ordinary Shares under the Offer for Subscription.

Placees will receive a contract note following closing of the Placing and prior to Admission of the Ordinary Shares notifying them of the number of Ordinary Shares they will receive. Dealings in the Ordinary Shares issued pursuant to the Placing will not be permitted prior to Admission.

3. The Offer for Subscription

Ordinary Shares are also being made available in the United Kingdom (other than directly to retail investors and to certain overseas investors) through the Offer for Subscription at 100p per Ordinary Share payable in full on application.

Applications under the Offer for Subscription must be for a minimum of 1,000 Ordinary Shares (representing a subscription price of £1,000) and thereafter in multiples of 100 Ordinary Shares. The Directors may, in their absolute discretion, after taking into account the demand for Ordinary Shares under the Placing and Offer for Subscription and economic and market conditions, waive the minimum initial subscription requirement in respect of any particular application under the Offer for Subscription. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The Ordinary Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through an offer to the public (such as the Offer for Subscription) or in the market, but not through the Placing. Any person wishing to apply for Ordinary Shares under the Offer for Subscription through an ISA should contact their ISA manager as soon as possible.

The terms and conditions of application under the Offer for Subscription are set out in Part 12 of this document. The procedure for applying for Ordinary Shares under the Offer for Subscription and an application form for use under the Offer for Subscription can be found at Appendix 1 to this document.

Payment must be made by cheque or banker's draft or by electronic interbank transfer (CHAPS). Payment by cheque or banker's draft must be in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on the Application Form), must be made payable to "CIS PLC re – UK Mortgages Limited" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect.

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on 0870 707 4040. Payment by CHAPS must come from a personal account in the name of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on the Application Form).

Completed Application Forms accompanied by a cheque or banker's draft for the full amount due or indicating that a CHAPS payment for the full amount has been made must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11:00 a.m. on 1 July 2015 at which time and date the Offer for Subscription will close. The Directors may, with the prior approval of the Portfolio Manager and Numis, alter such date by shortening or lengthening the offer period under the Offer for Subscription. The Company will notify investors of any such change through the publication of a notice through a Regulatory Information Service.

4. Dealings and Settlement

Application will be made to the London Stock Exchange for up to 250 million Ordinary Shares to be issued pursuant to the Issue and admitted to the Specialist Fund Market. It is expected that Admission will occur and that dealing in the Ordinary Shares will commence on 7 July 2015.

Subject to the Issue becoming unconditional, the Ordinary Shares will be issued on 7 July 2015, fully paid and in registered form, and may be delivered into CREST or in certificated form. Applicants under the Offer for Subscription wishing to have their Ordinary Shares delivered to a CREST stock account in their own name, which is expected to take place on 7 July 2015, should include their CREST details in section 5 of the Application Form. Temporary documents of title will not be issued pending the despatch of definitive certificate for Ordinary Shares issued in certificated form, which is expected to take place in the week commencing 13 July 2015. Dealings in the Ordinary Shares issued pursuant to the Issue will not be permitted prior to Admission. Subsequent to Admission, dealings in Ordinary Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the person concerned.

When admitted to trading, the Ordinary Shares will be registered with ISIN number GG00BXDZMK63 and SEDOL number BXDZMK6.

5. Announcements regarding the Placing and Offer for Subscription

The results of the Placing and the Offer for Subscription and the basis of allocation are expected to be announced by the Company through a Regulatory Information Service on or around 6 July 2015 and, in any event, prior to Admission.

6. Conditions of the Issue

The Issue is conditional on, among other things, (i) not less than £150 million being raised pursuant to the Placing and Offer for Subscription, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission and (iii) Admission occurring by 8.00 a.m. on 7 July 2015 (or such later date as the Company and Numis may agree, being in any event not later than 8.00 a.m. on 28 July 2015).

The issue of Ordinary Shares pursuant to the Placing and Offer for Subscription will be revoked if Admission has not occurred by 8.00 a.m. on 7 July 2015 (or such later date as the Company and Numis may agree, being in any event not later than 8.00 a.m. on 28 July 2015) or, if earlier, on the date on which the Issue ceases to be capable of becoming conditional. Any such revocation will be announced by the Company through a Regulatory Information Service as soon as practicable after the Company has become aware of the occurrence of the event that has resulted in such revocation.

In the event that the Issue does not proceed for whatever reason, application monies will be returned, without interest, to investors by returning an investor's cheque or by crossed cheque in favour of the first named applicant, by post at the risk of the person entitled thereto.

7. Scaling back

The Directors are authorised to issue up to 250 million Ordinary Shares pursuant to the Issue. To the extent that applications under the Offer for Subscription are made for more than 250 million Ordinary Shares, those applications will be scaled on such basis as Numis may determine.

To the extent that the subscription monies received by the Company in relation to any application for Ordinary Shares through the Offer for Subscription exceed the aggregate value, at the Issue Price, of the Ordinary Shares issued pursuant to such application, the balance of such sum will be returned without interest by crossed cheque in favour of the first named applicant, sent by post to, and at the risk of the applicant concerned.

8. Costs of the Issue

Assuming that the Issue is fully subscribed, and the expenses of the Issue are £5 million, the net proceeds of the Issue will be £245 million (inclusive of any irrecoverable VAT).

9. Use of proceeds

The net proceeds of the Issue will be invested by the Portfolio Manager on behalf of the Company in accordance with the Company's published investment policy.

10. Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the United Kingdom and in Guernsey, the Company and its agents, the AIFM, Numis or Computershare Investor Services PLC may require evidence of the identity of each investor in connection with any application for Ordinary Shares, including further identification of the applicant(s) before any Ordinary Shares are issued.

11. U.S. Purchase and Transfer Restrictions

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM or the Portfolio Manager.

The Company has elected to impose the restrictions described below on the issue and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act, so that the Company will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA, Tax Code, FATCA and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or

other transfer of the Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described below.

12. Restrictions due to lack of registration under the Securities Act and Investment Company Act restrictions

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons. There will be no public offer of the Ordinary Shares in the United States. Subject to certain exceptions, the Ordinary Shares are being offered and sold only outside the United States to persons who are not U.S. Persons in reliance on the exemption from registration provided by Regulation S under the Securities Act.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The Ordinary Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S under the Securities Act (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

PART 8: THE PLACING PROGRAMME

1. Introduction

The Company has made arrangements under which the Board has discretion to issue pursuant to the Placing Programme a number of Ordinary Shares and/or C Shares equal in aggregate to 1 billion, provided that such number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over a period of time. The Placing Programme is intended to satisfy market demand for the Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy.

2. Background to and reasons for the Placing Programme

The Company will have the flexibility to issue further Ordinary Shares or C Shares on a non-pre-emptive basis where there appears to be reasonable demand for Ordinary Shares in the market, for example if the Ordinary Shares trade at a premium to their Net Asset Value per Ordinary Share. It is expected that the Board will issue C Shares rather than New Ordinary Shares in circumstances where there is substantial investor demand such that an issue of New Ordinary Shares would have the potential to exert "cash drag" on the performance of the existing Ordinary Shares. The assets representing the net proceeds of an issue of C Shares would be accounted for as a separate pool, and the C Shares would bear a proportionate share of the Company's costs and expenses, until such pool is substantially invested in accordance with the Company's investment policy, following which the C Shares would be converted into New Ordinary Shares based on the respective NAV per Share.

For the purposes of assessing the conversion date of an issue of C Shares into New Ordinary Shares, a separate pool underlying an issue of C Shares will be deemed to have been substantially invested when at least 90 per cent. (or such other percentage as the Directors determine) of the pool has been contractually exposed to Mortgage Portfolios, regardless of the acquisition structure or nature of the debt financing.

The C Shares will carry voting rights at general meetings of the Company. The detailed terms of the C Shares are set out in paragraph 5 of Part 10 of this document.

Shareholder authority to issue further Ordinary Shares and/or C Shares on a non-pre-emptive basis was granted on 22 June 2015. In utilising its discretion under the Placing Programme and seeking such authorities in the future the Directors intend to take into account relevant factors, including the desirability of limiting the premium to Net Asset Value at which the Ordinary Shares trade in order to ensure that Shareholders and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire additional Ordinary Shares at a high premium to NAV per Ordinary Share.

3. Benefits of the Placing Programme

The Directors believe that the issue of Ordinary Shares or C Shares pursuant to the Placing Programme should yield the following principal benefits:

- maintaining the Company's ability to issue New Ordinary Shares or C Shares, so as to better manage the premium at which the Ordinary Shares may trade to NAV per Ordinary Share;
- enhancing the NAV per Ordinary Share of existing Ordinary Shares through new share issuance of New Ordinary Shares at a premium of at least 2 per cent. to the prevailing cum income NAV per Ordinary Share;
- growing the Company, thereby spreading operating costs over a larger capital base which should reduce the total expense ratio; and
- improving liquidity in the market for the Ordinary Shares.

The Directors will consider the potential impact of the Placing Programme on the payment of dividends to Shareholders and intend to ensure that it will not result in any material dilution of the dividends per Ordinary Share that the Company may be able to pay. Assuming that 100 million New Ordinary Shares are issued under the Placing Programme, raising £100 million at a Placing Programme Price of 100 pence per New Ordinary Share and assuming that £100 million is raised

pursuant to the Issue before expenses, a Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital following the Issue, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.5 per cent. of the Company's issued Ordinary Share capital.

4. The Placing Programme

The Placing Programme will open on 23 June 2015 and will close on 22 June 2016. The maximum number of New Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme will be equal in aggregate to 1 billion, provided that such number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares.

The issue of New Ordinary Shares or C Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the closing date of the Placing Programme. An announcement of each issue under the Placing Programme will be released through an RIS. It is anticipated that dealings in the New Ordinary Shares or C Shares, as applicable will commence approximately three Business Days after their issue. Whilst it is expected that all New Ordinary Shares and C Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any New Ordinary Shares or C Shares are issued in certificated form it is expected that share certificates will be despatched within ten Business Days after the relevant issue date.

The minimum subscription pursuant to the Placing Programme is intended to be £50,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of New Ordinary Shares and/or C Shares to be issued under the Placing Programme is not known. The number of New Ordinary Shares and/or C Shares available under the Placing Programme should not be taken as an indication of the number of New Ordinary Shares and/or C Shares finally to be issued.

So far as the Directors are aware as at the date of this document, no major Shareholders or Directors intend to make a commitment for New Ordinary Shares or C Shares under the Placing Programme.

Applications will be made to the London Stock Exchange for the New Ordinary Shares and C Shares issued pursuant to the Placing Programme to be admitted to the Specialist Fund Market of the London Stock Exchange. All New Ordinary Shares and C Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring. This Prospectus has been published in order to obtain Admission to the Specialist Fund Market of any New Ordinary Shares and C Shares issued pursuant to the Placing Programme. This will include any Ordinary Shares issued under the Directors' existing authority to issue Ordinary Shares and/or C Shares on a non-pre-emptive basis after the date of this Prospectus. Should the Board wish to issue New Ordinary Shares or C Shares in excess of the amount for which it is then authorised to issue, further authorities may be sought at an appropriate time by convening a General Meeting for this purpose.

The New Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant New Ordinary Shares).

The C Shares issued pursuant to the Placing Programme:

- (a) will not be entitled to any dividends payable in respect of the Ordinary Shares but on their conversion into New Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the conversion of the C Shares);
- (b) will be entitled to any dividends payable in respect of the pool of assets attributable to the relevant C Shares. It is intended that dividends will be declared on the C Shares only in the event that there is material net income available for distribution to the C Shares, but the level of dividends (if any) declared on the C Shares will depend on the actual timing and terms of the deployment of the relevant C Share issue proceeds. In the event that any net income attributable to the C Shares is not distributed as dividend, such net income will be included in

the value of the C Shares when calculating their entitlement for New Ordinary Shares upon their conversion. Dividends will only be paid subject to the Company satisfying the solvency test prescribed by the Law.

The Placing Programme will be suspended at any time when the Company is unable to issue New Ordinary Shares and/or C Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion.

5. Conditions

Each issue of Ordinary Shares and or C Shares pursuant to the Placing Programme is conditional on:

- 5.1 Shareholder authority for the disapplication of pre-emption rights in respect of the relevant issue being in place;
- 5.2 in the case of New Ordinary Shares, the Placing Programme Price being determined by the Directors as described below; and
- 5.3 Admission of the New Ordinary Shares or C Shares issued pursuant to such issue.

In circumstances in which these conditions are not fully met, the relevant issue of New Ordinary Shares or C Shares pursuant to the Placing Programme will not take place.

6. Calculation of the Placing Programme Price

The Placing Programme Price of the New Ordinary Shares will be calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to at least cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions), such costs and expenses being estimated at 2 per cent. of the amounts raised. The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each placing of New Ordinary Shares under the Placing Programme and thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares held by Shareholders. By way of illustration, assuming an initial NAV of 98 pence per Ordinary Share, the Placing Programme Price per New Ordinary Share would be expected to be at least 100 pence, and the expenses indirectly borne by an investor in such New Ordinary Shares would be at least 2 pence per Ordinary Share.

The issue price of any C Shares issued pursuant to the Placing Programme will be 100p per C Share.

The net proceeds of the Placing Programme is dependent on the number of New Ordinary Shares and/or C Shares issued pursuant to the Placing Programme and the applicable Placing Programme Price of any New Ordinary Shares issued.

Where New Ordinary Shares or C Shares are issued, the total assets of the Company will increase by that number of New Ordinary Shares or C Shares issued multiplied by the applicable Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue under the Placing Programme are expected to be invested in investments consistent with the investment objective and investment policy of the Company and the Placing Programme Price of the New Ordinary Shares is expected to represent a modest premium to the then prevailing Net Asset Value per Ordinary Share.

7. Settlement

Payment for New Ordinary Shares and C Shares issued under the Placing Programme will be made through CREST or through Numis, in any such case in accordance with settlement instructions to be notified to placees by Numis. In the case of those subscribers not using CREST, monies received by Numis will be held in a segregated client account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the placee.

8. Costs of the Placing Programme

Assuming that £100 million is raised under the Placing Programme before expenses solely through the issue of New Ordinary Shares, a Placing Programme Price of 100 pence per New Ordinary Share and costs of the Placing Programme of 2 per cent. of the gross proceeds, the gross

proceeds would be £100 million, and the net proceeds of the Placing Programme would therefore be £98 million.

9. Use of proceeds

The net proceeds of the Placing Programme will be invested by the Portfolio Manager on behalf of the Company in accordance with the Company's published investment policy. Therefore the net proceeds of the Placing Programme, subject to retaining appropriate levels of liquidity for working capital requirements, will initially be invested in the acquisition of further Profit Participating Notes issued by the Acquiring Entity.

PART 9: TAXATION

The following statements are intended only as a general guide to current UK and Guernsey tax legislation and to what is understood to be the current practice of HMRC, both of which are subject to change with retrospective effect. They do not constitute advice and summarise certain limited aspects of the UK and Guernsey taxation consequences of holding Shares and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, who may be subject to special rules. Unless expressly stated otherwise they apply only to Shareholders of the Company resident and, in the case of individuals, domiciled for tax purposes solely in the United Kingdom at all relevant times, who hold Shares as an investment (rather than as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those Shares.

Shareholders or potential investors should consult their own professional advisers immediately. Shareholders who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom should seek advice in relation to their taxation position in such jurisdiction.

1. The Company

1.1 Guernsey

1.1.1 Exempt status

The Company, as a registered closed-ended collective investment scheme, qualifies for exemption from liability to income tax in Guernsey and intends to apply to the States of Guernsey Income Tax Authority for such exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended for the current year. Exemption must be applied for annually and will be granted by the Director of Income Tax in Guernsey, subject to the payment of an annual fee which is currently fixed at £1,200 provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest.

1.1.2 Capital Taxes and Stamp Duty

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant).

No stamp duty is chargeable in Guernsey on the issue, transfer, disposal or redemption of shares.

1.2 UK

The Directors intend that the Company should be managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment situated in the UK for UK taxation purposes, the Company will not be subject to UK corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that it does not carry on a trade in the UK through such a permanent establishment.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the United Kingdom. However, there will be no UK withholding tax on interest payments made by companies on bonds which are listed on a recognised stock exchange for the relevant UK tax purposes.

1.3 International Tax Compliance (including FATCA)

1.3.1 US Foreign Account Tax Compliance Act (“FATCA”) Requirements

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment (HIRE) Act, where the Company invests directly or indirectly in U.S. assets or there are payments to the Company of U.S.-source income after 1 July 2014, gross proceeds of sales of U.S. property by the Company after 31 December 2016 and certain other payments received by the Company after 31 December 2016, will be subject to a 30 per cent. U.S. withholding tax unless the Company complies with FATCA. FATCA compliance can be achieved by entering into an agreement with the US Secretary of the Treasury under which the Company agrees to certain U.S. tax reporting and withholding requirements as regards holdings of and payments to certain investors in the Company or, if the Company is eligible, by becoming a “deemed compliant fund”.

Guernsey has entered into an intergovernmental agreement with the U.S. The aim of the intergovernmental agreement is that Guernsey institutions should be deemed compliant with FATCA by requiring them to report information to the Guernsey tax authority pursuant to domestic legislation rather than the tax authorities in the US. If they are deemed to be compliant in this way, it is not anticipated that withholding tax should arise. Any amounts of U.S. tax withheld may not be refundable by the Internal Revenue Service (IRS). Potential investors should consult their advisors regarding the application of the withholding rules and the information that may be required to be provided and disclosed to the Company and in certain circumstances to the IRS as will be set out in the final FATCA regulations. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

1.3.2 US-Guernsey Intergovernmental Agreement

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US (“US-Guernsey IGA”) regarding the implementation of FATCA, under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents or citizens of the US. Where applicable, information that will need to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The US-Guernsey IGA is implemented through Guernsey’s domestic legislation, in accordance with guidance which is currently published in draft form.

1.3.3 UK-Guernsey Intergovernmental Agreement

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (“UK-Guernsey IGA”) under which certain disclosure requirements will be imposed in respect of certain Investors in the Company who are, or are entities that are controlled by one or more, residents of the UK. Where applicable, information that will need to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The UK-Guernsey IGA is implemented through Guernsey’s domestic legislation, in accordance with guidance which is currently published in draft form.

1.3.4 Common Reporting Standard

On 13 February 2014, the Organization for Economic Co-operation and Development released the “Common Reporting Standard” (“CRS”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“Multilateral Agreement”) that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain Investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. It is expected that, where applicable, information that would need to be disclosed will include certain information about Investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the U.S. has not signed the Multilateral Agreement.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance and domestic legislation regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Company and the Company's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

FATCA AND SIMILAR MEASURES FOR THE AUTOMATIC EXCHANGE OF INFORMATION ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE COMPANY, THE SHARES AND THE SHAREHOLDERS IS SUBJECT TO CHANGE. EACH SHAREHOLDER OF SHARES SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND SIMILAR MEASURES AND TO LEARN HOW FATCA AND SIMILAR MEASURES MIGHT AFFECT EACH SHAREHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

2. Shareholders

2.1 Guernsey

Shareholders who are not resident in Guernsey for tax purposes can receive distributions without deduction of Guernsey income tax. The Company will also not be required to withhold Guernsey tax on such distributions.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm) will incur Guernsey income tax at the applicable rate on a distribution paid to them. The Company will be required to provide the Director of Income Tax in Guernsey such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Provided the Company maintains its exempt status, there would currently be no requirement for the Company to withhold tax from the payment of a distribution to a Guernsey resident Shareholder.

Section 67 of the Income Tax Act 1975 contains a wide-ranging anti-avoidance provision. This provision targets transactions where the effect of the transaction or series of transactions is the avoidance, reduction or deferral of a tax liability. At his discretion, the Director of Income Tax will make such adjustments to the tax liability to counteract the effect of the avoidance, reduction or deferral of the tax liability.

2.2 UK

2.2.1 Offshore fund rules

If the Company were deemed to meet the definition of "offshore fund" under sections 355 to 363 of the Taxation (International and other Provisions) Act 2010 ("TIOPA") in relation to any class of Shares, then the likely consequences would be that;

- (i) Shareholders which are companies subject to UK corporation tax would be treated as if their shareholding of the relevant class were a creditor relationship under the loan relationship regime under Chapter 3 Part 6 of the Corporation Tax Act 2009, such that dividends would be subject to tax as credits under that regime and debit and credits in respect of that shareholding would be brought into account on the basis of fair value accounting; and
- (ii) UK individual Shareholders would (unless the Company were a "reporting fund") be taxed on gains on Shares of the relevant class as income and not as a capital gain and dividends from Shares of the relevant class would be taxed as if interest distributions.

The Directors have been advised that, under current law, the Company should not be an "offshore fund" under sections 355 to 363 TIOPA in relation to any class of Shares and the statements below are drafted on this basis.

2.2.2 Tax on Chargeable Gains

A disposal of Shares by a Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For Shareholders who are individuals capital gains tax at the rate of tax at 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) will be payable on any chargeable gain. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which presently exempts the first £11,100 from tax for tax year 2015-16) depending on their circumstances.

For Shareholders within the charge to corporation tax, any gain will be within the charge to such tax. The main rate of corporation tax is 20 per cent. Such shareholders may benefit from indexation allowance.

Ordinary Shares received pursuant to a conversion of C Shares should be considered to have been received pursuant to a reorganisation of the Company's share capital and therefore such receipt of Ordinary Shares should not constitute a disposal by the relevant Shareholder for the purposes of the UK taxation of chargeable gains of the C Shares converted into them. Instead, the new Ordinary Shares should, generally, be regarded as the same asset as the C Shares, acquired on the same date and for the same consideration as such C Shares were deemed to be acquired.

2.2.3 Tax on Dividends

Shareholders who are individuals will be liable to UK income tax in respect of cash dividends of the Company. A Shareholder who is an individual should be entitled to claim a non-repayable dividend tax credit equal to one-ninth of the dividend received provided he/she is a "minority shareholder" within the meaning of section 397C of the Income Tax (Trading and Other Income) Act 2005. A Shareholder who is an individual should generally be a "minority shareholder" for the purposes of that section if he/she owns less than 10 per cent. of the Company's issued share capital of the same class as the share in respect of which the dividend is made.

For eligible basic rate taxpayers, who currently pay tax at the dividend ordinary rate of 10 per cent., the effect of the dividend tax credit would be to extinguish any further tax liability. For eligible higher rate taxpayers, who currently pay tax at the dividend upper rate of 32.5 per cent., the effect of the dividend tax credit would be to reduce their effective tax rate to 25 per cent. of the cash dividend received. For eligible additional rate taxpayers, who currently pay tax at the dividend additional rate of 37.5 per cent., the effect of the dividend tax credit would be to reduce their effective tax rate to approximately 30.6 per cent. of the cash dividend received.

Unless the recipient is a "small company" (see below), cash dividends paid by the Company to a Shareholder within the charge to corporation tax should generally be expected to fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemption will not necessarily apply in all cases and may be subject to anti-avoidance rules.

Shareholders within the charge to corporation tax which are "small companies" (as that term is defined in section 931S of the Corporation Tax Act 2009) will generally be liable to corporation tax on cash dividends paid to them by the Company because the Company is not resident in a "qualifying territory" for the purposes of the relevant legislation contained in the Corporation Tax Act 2009.

2.2.4 Transactions in Securities

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

2.2.5 Transfer of assets abroad

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 2 of Part 13 of the Income Tax Act 2007 that could apply in certain prescribed circumstances.

2.2.6 Controlled foreign companies rules

UK resident companies are, in certain circumstances, subject to tax on the profits of companies not so resident in which they have an interest. Generally, the relevant rules affect UK resident companies which, hold alone or together with certain other associated persons, interests which confer a right to at least 25 per cent of the profits of a non-resident company where that non-resident company is controlled by persons who are

resident in the UK and is subject to a lower level of taxation in its territory of residence. The relevant legislation provides for certain exceptions. UK resident companies holding alone or together with relevant associated persons a right to 25 per cent. or more of the profits of the Company (directly or indirectly) should take their own specific professional taxation advice. These provisions are not directed towards the taxation of capital gains.

2.2.7 Section 13 of the Taxation of Chargeable Gains Act 1992 (“Section 13”)

The attention of persons resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 13. Section 13 applies to a “participator” for UK taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Company which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a “participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company as a “participator”. No liability under Section 13 could be incurred by such a person however, where the amount apportioned to such person and to persons connected with him does not exceed one quarter of the gain.

2.2.8 ISAs and SSAS/SIPPs

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Offer for Subscription will be a qualifying investment for the stocks and shares component of an ISA. It is not possible for Shares to be allotted directly to an ISA manager pursuant to the Placing or the Placing Programme. Shares acquired in the market after Admission should be a qualifying investment for the stocks and shares component of an ISA.

The Shares may be eligible for inclusion in a SSAS or SIPP, subject to the trustees/administrators of the relevant SSAS or SIPP having firstly satisfied themselves that the proposed investment falls within the permitted investment/non-taxable property rules that apply to UK registered SSAS/SIPPs.

2.2.9 Stamp duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer are not executed, and do not relate to property situated, or matters or things done or to be done, in the United Kingdom.

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that the Shares are not paired with shares issued by a body corporate incorporated in the United Kingdom, neither the issue of the Shares nor any agreement to transfer the Shares will be subject to UK SDRT.

2.2.10 General Anti-Abuse Rule

Shareholders should be attentive to the potential application of the General Anti-Abuse Rule, contained in Part 5 and Schedule 43 of the Finance Act 2013, which targets abusive tax arrangements.

PART 10: GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears in paragraph 2.1.4 of this Part 10, and the Directors have responsibility for the information contained in this Prospectus. The Directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement in the document, whether of fact or opinion. All of the Directors accept responsibility accordingly.

2. The Company

2.1 Incorporation

2.1.1 The Company was incorporated in Guernsey on 10 June 2015 with registered number 60440 as a non-cellular company limited by shares under the Law. The Company is registered by the GFSC as a registered closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Registered Collective Investment Schemes Rules 2015 made thereunder.

2.1.2 As an investment company whose Shares will be traded on the Specialist Fund Market, the Company will not be regulated by the FCA. The Company is regulated by the GFSC and is required to provide certain information to the GFSC on an ongoing basis (including copies of the Company's audited annual report and accounts) as well as complying with certain notification requirements to the GFSC.

2.1.3 The principal legislation under which the Company operates is the Law. The Company is domiciled in Guernsey.

2.1.4 The address of the registered office and principal place of business of the Company is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, with telephone number +44 (0)1481 745001.

2.1.5 The Company has no employees and most of its day-to-day activities are delegated to third parties.

2.2 Financial Information

2.2.1 As at the date of this document, the Company has not commenced operations and no financial statements in respect of the Company have been made up.

2.2.2 The Company has no subsidiary or parent undertakings, associated companies and neither owns nor leases any premises.

2.2.3 The Memorandum of Incorporation of the Company provides that the objects of the Company are unrestricted. The Memorandum of Incorporation of the Company is available for inspection at the address in paragraph 2.1.4 of this Part 10.

3. Share Capital

3.1 The share capital of the Company consists of an unlimited number of shares with or without par value as the Directors may determine which, upon issue, the Directors may designate Ordinary Shares or C Shares or such other classes of shares as the Board shall determine, in each case of such classes and denominated in such currencies as the Directors may determine.

3.2 On incorporation, one Ordinary Share was issued to the subscriber to the Company's Memorandum of Incorporation. This Ordinary Share will be transferred to an applicant for Ordinary Shares under the Placing or Offer for Subscription.

3.3 As at the date of this document, the issued share capital of the Company consisted of one issued fully paid Ordinary Share.

3.4 By written ordinary and extraordinary resolutions of the subscriber to the Company's Memorandum of Incorporation passed on June 2015:

3.4.1 the Directors have authority to issue up to 250 million Ordinary Shares in connection with the Issue;

- 3.4.2 the Directors have authority to issue up to 1 billion Ordinary Shares and/or C Shares pursuant to the Placing Programme, provided that such number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate, without being obliged to first offer any Ordinary Shares and/or C Shares to Shareholders on a *pro rata* basis, such authority extending until the date of the first AGM; and
- 3.4.3 the Directors have authority to sell such number of treasury shares as is equal to the number of Ordinary Shares held in treasury at any time following Admission without being obliged to first offer any treasury shares sold to Shareholders on a *pro rata* basis, such authority extending until the date of the first AGM.
- 3.5 Pursuant to a written ordinary resolution of the subscriber to the Company's Memorandum of Incorporation passed on 22 June 2015, the Directors are authorised to make market purchases of up to 14.99 per cent. of the aggregate number of Ordinary Shares following the issue of Ordinary Shares pursuant to the Issue. The maximum price which may be paid for an Ordinary Share must not be more than 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made. Such authority will expire on the earlier of the conclusion of the first AGM and the date 18 months after the date on which the resolution was passed.
- 3.6 Under the Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue an unlimited number of Ordinary Shares which authority expires on the date which is five years from the date of incorporation of the Company.
- 3.7 There are no provisions of Guernsey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company.
- 3.8 Subject to the provisions of the Articles as summarised in paragraph 4 of this Part 10, the Directors are entitled to exercise all powers of the Company to issue Ordinary Shares in the Company under the Articles and are expected to resolve to do so prior to Admission in respect of the Ordinary Shares to be issued pursuant to the Issue.
- 3.9 As at the date of this document:
- 3.9.1 no subscriptions, issues or options are to be given by the Company, or are already existing, in respect of any securities of the Company, including any that have a prior right over the Ordinary Shares to a distribution of the profits or assets of the Company;
- 3.9.2 no shares which do not represent capital have been issued by the Company and remain outstanding;
- 3.9.3 no shares are held by or on behalf of the Company in treasury or otherwise;
- 3.9.4 no convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding; and
- 3.9.5 save in connection with the Issue and Placing Programme there are no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital.
- 3.10 Since the Company's incorporation, save for the Ordinary Share issued to the subscriber to the Memorandum of Incorporation of the Company referred to in paragraph 3.2 of this Part 10, no share or loan capital of the Company has been issued or, save in connection with the Issue agreed to be issued.

4. Memorandum of Incorporation and Articles of Incorporation

The Company's Memorandum of Incorporation does not limit the objects of the Company. The Memorandum of Incorporation is available for inspection at the address specified in paragraph 2.1.4 above.

The Articles contain (amongst other things) provisions to the following effect:

4.1 Share capital

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or

restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may determine. To the extent required by sections 292 and 293 of the Law, the Board is authorised to issue an unlimited number of shares (or options, warrants or other rights in respect of shares) (subject only to any limitation in the Articles) which authority shall expire five years after the date of adoption of the Articles; in the event that the restrictions in section 292(3)(a) and/or (b) of the Law are amended or removed, such authority shall be to the extent and for as long as is legally permissible. This authority may be further amended, extended in accordance with the provisions of the Law.

4.2 Alteration of share capital

The Company may from time to time by Ordinary Resolution:

- 4.2.1 consolidate and divide all or any of its share capital into shares of larger amount;
- 4.2.2 sub-divide all or any of its shares into shares of smaller amounts;
- 4.2.3 cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person;
- 4.2.4 convert the whole, or any particular class, of its shares into redeemable shares;
- 4.2.5 re-designate or convert the whole, or any particular class, of its shares into shares of another class;
- 4.2.6 convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency or former currency into fully paid shares of a nominal amount of a different currency; and
- 4.2.7 where its share capital is expressed in a particular currency or former currency, denominate or redenominate it.

4.3 Share rights

Subject to the Articles and the terms and rights attaching to shares already in issue, shares may be issued with or have attached such rights and restrictions as the Board may from time to time decide. Further the Board also has the power to determine on issue that any shares are redeemable in accordance with the Articles and the Law and may, with the approval of the relevant class of Shareholders convert any shares already in issue into redeemable shares. The rights and restrictions to be attached to any C Shares which the Company may issue under the Placing Programme are set out in paragraph 5 of this Part 10.

4.4 Continuation Vote

Shareholders will have the opportunity to vote on the continuation of the Company at the fifth AGM following Admission of the Ordinary Shares issue pursuant to the Issue, or every fifth AGM thereafter, and otherwise if:

- (i) 75 per cent. of the Net Proceeds have not been contractually exposed to Mortgage Portfolios within 12 months of the date of such Admission; or
- (ii) a Dividend Trigger Event occurs,

a General Meeting will be convened at which the Directors will propose an Ordinary Resolution that the Company should continue as an investment company. If any such Ordinary Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for submission to the members of the Company at a General Meeting to be convened by the Directors for a date not more than 6 months after the date of the General Meeting at which such Ordinary Resolution was not passed.

4.5 Issue of shares

Subject to the provisions of the Articles, the unissued shares of each class shall be at the disposal of the Board which may dispose of them to such persons, in such a manner and on such terms and conditions, and at such times as it determines. Without prejudice to the authority conferred on the Directors pursuant to the Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, up to an unlimited amount of shares in the Company, which authority shall expire on the date which is five years from the date of incorporation of the Company (unless previously renewed, revoked or varied by the Company in a General Meeting) save that the Company may before such expiry make an offer or

agreement which would or might require shares to be issued after such expiry and the Directors may issue shares in pursuance of such an offer or agreement as if the authority conferred had not expired.

4.6 Pre-emption rights

Under the Articles, the Company is not permitted to issue any shares, including treasury shares, of any class for cash unless it has first made an offer to each existing holder of the same class of shares on the same or more favourable terms and in proportion to their existing holdings of that class. These provisions do not apply to shares issued as scrip dividends.

The pre-emptive offer must remain open for a minimum of 21 days and may not be withdrawn. If the offer is not accepted within this period it will be deemed to have been declined. After the expiration of the period, or if earlier, on receipt of acceptances or refusals from all shareholders to whom the offer was made, the Board may aggregate and dispose of those shares that have not been taken up in such a manner as they determine is most beneficial to the Company.

Neither the Company nor the Board shall be obliged to extend the pre-emption rights to shareholders with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable.

The Company may disapply or modify pre-emption rights by extraordinary resolution. Furthermore, the Board has been empowered pursuant to the resolution referred to in paragraph 3.4 above to issue a number of Shares on a non-preemptive basis, provided that the number of Ordinary Shares (including New Ordinary Shares) and C Shares issued pursuant to the Issue and the Placing Programme may not exceed 1 billion Shares in aggregate.

4.7 Voting rights

Each shareholder shall have one vote for each share held by it. However, if that share is not fully paid up then the shareholder is not entitled to attend or vote at any General Meeting or separate class meeting. Further, if the shareholder fails to disclose his interest in the shares within 14 days, in a case where the shares in question represent at least 0.25 per cent. of the number of shares in issue of the class of shares concerned, and within 28 days, in any other case, of receiving notice requiring the same, then the Board may determine that the shareholder may not attend or vote at any General Meeting or separate class meeting.

Where there are joint registered holders of any share, such persons shall not have the right of voting individually in respect of that share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the share register of the Company in respect of that share shall alone be entitled to vote.

4.8 Dividends and other distributions

The Directors may from time to time authorise dividends and distributions to be paid to shareholders on a class by class basis in accordance with the procedure set out in the Law and subject to any shareholder's rights attaching to their shares. The amount of such dividends or distributions paid in respect of one class may be different from that of another class.

All dividends and distributions will be apportioned and paid proportionately to the amounts paid or credited as paid to the relevant class of shares during the portion or portions of the period in respect of which the dividend or distribution is paid. If any share class is issued on terms providing that it will rank for dividends or distributions as from a particular date, such share class will rank for dividends or distributions accordingly.

All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

4.9 Shares

Subject to the exceptions set out in paragraph 4.13 of this Part 10 under the section headed “Transfer of shares”, shares are freely transferable and shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their shares on a winding-up of the Company or a winding-up of the business of the Company.

4.10 Winding-up

On a winding-up the surplus assets remaining after payment of all creditors shall be divided amongst the classes of shares then in issue (if more than one) in the same proportions as capital is attributable to them at the relevant winding-up date as calculated by the Directors or the liquidator in their discretion and, within each such class, such assets shall be divided equally among the holders of shares of the relevant class in proportion to the number of shares of the relevant class held at the commencement of the winding-up, subject in any such case to the rights of any shares which may be issued with special rights or privileges. Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the “**transferee**”), the Company by Ordinary Resolution may confer general or specific authority on the Company’s liquidator to receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the shareholders or may enter into any other arrangement whereby the shareholders may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

4.11 Determination of NAV

A description of the policy which the Company adopts in valuing its net assets (and which is included in the Articles) can be found in paragraph 7 of this Part 10 under the section headed “Valuations”.

4.12 Variation of rights

If at any time the shares of the Company are divided into different classes, all or any of the rights at the relevant time attached to any share or class of shares (whether or not the Company may be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by those rights or, in the absence of such provision, either with the consent in writing of the holders of more than two thirds of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate General Meeting of the holders of the shares of that class. The quorum at such meeting (other than an adjourned meeting where the quorum shall be one holder entitled to vote and present in person or by proxy) shall be two persons holding or representing by proxy at least one-third of the voting rights of the issued shares (excluding any shares of that class held as treasury shares).

The rights conferred upon the holders of the shares of any class issued with preferred/deferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (i) the creation or issue of further shares ranking as regards the profits or assets of the Company in some or all respects *pari passu* with them but in no respect in priority to them; or (ii) the purchase or redemption by the Company of any of its own shares (or the holding of such shares as treasury shares).

4.13 Transfer of shares

Subject to the Articles (and the restrictions on transfer contained therein) and the terms of issue of shares, a shareholder may transfer all or any of his shares in any manner which is permitted by the Law or in any other manner which is from time to time approved by the Board.

A transfer of a certificated share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Subject to the Articles (and the restrictions on ownership contained therein), a shareholder may transfer an uncertificated share by means of a relevant system authorised by the Board or in any other manner which may from time to time be approved by the Board.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that, in the case of a listed share this would not prevent dealings in the shares of that class from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may refuse to register a transfer of shares if (i) in the case of certificated shares (a) it is in respect of more than one class of shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the sale or transfer of a direct or beneficial holding of shares, would or might result in (w) the Company being required to register as an investment company under the Investment Company Act, (x) benefit plan investors (“**Plan Investors**”) (as defined in Section 3(42) of ERISA) acquiring an aggregate interest exceeding 25 per cent. of the value of any equity class in the Company (y) the assets of the Company being deemed to be assets of a Plan Investor or (z) the Company being subject to withholding or other detriment under FATCA, CRS or other provision of information regimes.

The Board has the power to require the sale or transfer of shares in certain circumstances. Such power may be exercised to prevent (i) the Company from being in violation of, or required to register under, the Investment Company Act or being required to register the shares under the U.S. Securities Exchange Act of 1934, as amended (including in order to maintain the status of the Company as a “foreign private issuer” for the purposes of those Acts); (ii) any member of the group being in violation of, or required to register under or report pursuant to, the US Investment Adviser Act of 1940, as amended; (iii) the assets of the Company from being deemed to be assets of an employee benefit plan within the meaning of ERISA or of a plan within the meaning of Section 4975 of the Tax Code; (iii) any member of the group from being in violation of, or required to register under, the US Commodity Exchange Act of 1936 (“**CEA**”); and (iv) any member of the group from having compliance obligations under, or from being in violation of, the Hiring Incentive for Restoring Employment Act of 2010 (which incorporates the anti-avoidance revenue provisions contained in FATCA) or otherwise not being in compliance with the Investment Company Act, ERISA, the CEA, FATCA, CRS, any provision of any information regime or the Tax Code.

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

4.14 General meetings

The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Law and thereafter general meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the UK and Ireland as may be determined by the Board from time to time.

The notice must specify the date, time and place of any General Meeting and the text of any proposed Special Resolution or Ordinary Resolution.

4.15 Directors

Unless otherwise determined by the shareholders by Ordinary Resolution, the number of Directors shall not be less than two and there shall be no maximum number. At no time shall a majority of the Board be resident in the UK or Ireland for tax purposes.

A Director need not be a shareholder. A Director who is not a shareholder shall nevertheless be entitled to attend and speak at shareholders’ meetings.

Subject to the Articles, a person may be appointed as a Director by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a General Meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the Law.

No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

Subject to the Articles, at each AGM, any Director (i) who has been appointed by the Board since the last AGM, (ii) who held office at the time of the two preceding AGMs and who did not retire at either of them or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for election or re-election by the shareholders.

A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

The office of a Director shall be vacated:

- 4.15.1 if he (not being a person holding an executive office which is for a fixed term subject to termination if he ceases for any cause to be a Director) resigns his office by giving written notice signed by him sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- 4.15.2 if he dies;
- 4.15.3 if the Company requests that he resigns his office by giving him written notice;
- 4.15.4 if he absents himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 6 months and the Board resolves that his office shall be vacated;
- 4.15.5 if he becomes bankrupt or makes any arrangements or composition with his creditors generally;
- 4.15.6 if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- 4.15.7 if he is requested to resign by written notice signed by a majority of his fellow Directors (being not less than two in number) and sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- 4.15.8 if the Company by Ordinary Resolution shall declare that he shall cease to be a Director;
- 4.15.9 if he becomes resident in the UK or Ireland for tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the UK or Ireland for tax purposes; or
- 4.15.10 if he becomes ineligible to be a Director in accordance with the Law.

Any Director may, by notice in writing, appoint any other person, who is willing to act as his alternate and may remove that other person from that office.

Each alternate Director shall be either (i) resident for tax purposes in the same jurisdiction as his appointor or (ii) not be resident in the UK or Ireland for tax purposes, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director under the Law and shall sign a written consent to act.

Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

4.16 Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretions exercisable by the Board.

All meetings of the Board are to take place outside the UK and Ireland and any decision reached or resolution passed by the Directors at any meeting of the Board held within the UK or Ireland or at which a majority of the Directors present at the meeting are resident in the UK or Ireland for tax purposes shall be invalid and of no effect.

The Board may elect one of their number, who is not resident in the UK or Ireland for tax purposes, as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

Questions arising at any meeting shall be determined by a majority of votes. In the case of a tie, the chairman shall not have a casting vote.

The Board may delegate any of its powers to committees consisting of one or more Directors as it thinks fit with a majority of such Directors not being resident in the UK or Ireland for tax purposes. Committees shall only meet outside the UK and Ireland. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

4.17 Remuneration of Directors

The Directors, other than any alternate Director, shall be entitled to receive fees for their services as Directors. Those fees for all the Board collectively shall not exceed £200,000 in any financial year in aggregate (or such larger sum as the Company may, by Ordinary Resolution, determine).

The Board may grant special remuneration to any Director who performs any special or extra services to, or at the request of, the Company. Further, the Directors shall be paid all reasonable travelling, hotel and other expenses properly incurred by them in and about the performance of their duties.

4.18 Pensions and gratuities for Directors

The Board may pay gratuities, pensions or other retirement, superannuation, death or disability benefits to any Director or former Director.

4.19 Permitted interests of Directors

Subject to the provisions of the Law, and provided that he has disclosed to the other Directors in accordance with the Law the nature and extent of any material interest of his, a Director, notwithstanding his office:

- 4.19.1 may hold any other office or place of profit under the Company (other than the office of the auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- 4.19.2 may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;
- 4.19.3 may act for the Company by himself or through his firm in a professional capacity (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

4.19.4 may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and

4.19.5 shall not by reason of his office be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of the Articles:

(a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

(b) an interest of which a Director is unaware shall not be treated as an interest of his.

A Director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he has declared an interest, but shall not vote thereon unless the Board resolves that such interest is immaterial.

A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company.

Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company).

Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to breach of confidence or other duty owed to that other body corporate.

4.20 Borrowing powers

The Board may exercise the powers of the Company to incur leverage for short-term liquidity purposes including financing share repurchases or redemptions, making investments or satisfying working capital requirements. Borrowings of the Company may not exceed 10 per cent. of the NAV of the Company as at the time of drawdown unless approved by the Company by an Ordinary Resolution.

4.21 Indemnity of Directors and other officers

Subject to applicable law, the Company may indemnify any Director or a Director who has been appointed as a director of any subsidiary undertaking against any liability except such (if any) as he shall incur by or through his own default, breach of trust or breach of duty or negligence and may purchase and maintain insurance against any liability for any Director or a Director who has been appointed as a director of any subsidiary undertaking.

4.22 Untraced Shareholders

The Company may sell any share of a shareholder, or any share to which a person is entitled by transmission on death or bankruptcy, at the best price reasonably obtainable, if:

- 4.22.1 for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the shareholder or to the person entitled to the share at his address in the Company's register of shareholders or otherwise the last known address given by the shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the shareholder or the person so entitled, provided that in such 12-year period the Company has paid out at least three interim or final dividends;
- 4.22.2 the Company has at the expiration of such 12-year period by advertisement in a newspaper circulating in the area in which the address referred to in 4.22.1 above is located given notice of its intention to sell such shares;
- 4.22.3 the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the shareholder or person so entitled; or
- 4.22.4 if any part of the share capital of the Company is quoted on any stock exchange, the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

4.23 Disclosure of ownership

The Board shall have power by notice in writing to require any shareholder to disclose to the Company the identity of any person other than the shareholder who has any interest (whether direct or indirect) in the shares held by the shareholder and the nature of such interest or who has been so interested at any time during the three years immediately preceding the date on which the notice is issued. For these purposes, a person shall be treated as having an interest in shares if they have any interest in them whatsoever, including but not limited to any interest acquired by any person as a result of:

- 4.23.1 entering into a contract to acquire them;
- 4.23.2 not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;
- 4.23.3 having the right to call for delivery of the shares; or
- 4.23.4 having the right to acquire an interest in shares or having the obligation to acquire such an interest.

The Articles provide that, where an addressee of such a notice fails to give the Company the information required by the notice within the time specified in the notice, the Company may deliver a further notice on the shareholder holding the shares in relation to which the default has occurred imposing restrictions on those shares. The restrictions attaching to those defaulted shares may prevent the shareholder holding the shares from attending and voting at a meeting (including by proxy) and, where those defaulted shares represent at least 0.25 per cent. of any class of shares concerned, any dividend or other amount payable shall be retained by the Company in respect of such shares and no transfer of such shares shall be approved for registration.

5. C Shares

The rights and restrictions to be attached to any C Shares which the Company may issue under the Placing Programme are set out in the Articles. The relevant provisions governing the C Shares (including the specified conversion criteria) are summarised below:

5.1 Definitions

The following definitions apply (for the purposes of this Part 10 of this Prospectus only) in addition to, or (where applicable) in substitution for, the definitions elsewhere in this Prospectus:

Admission: the admission of the relevant C Shares to trading on the Specialist Fund Market or to such other market as the Directors shall determine at the time that C Shares of such class are first offered;

Back Stop Date: the date falling four months after the date of Admission;

C Share: C share of no par value in the capital of the Company issued as described below and carrying *inter alia* the rights summarised below;

C Share Class Account: a separate class account in the books of the Company for the C Shares;

C Share Surplus: the net assets of the Company attributable to the C Shares as determined by the Directors or the liquidator (as the case may be) at the date of winding up or other return of capital;

Calculation Time: the earliest of:

- (a) the close of business on such date as the Directors may determine, in the event that the Directors, in their discretion, resolve that any Early Investment Condition has been satisfied and that the C Shares shall be converted;
- (b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of the C Shares;
- (c) the close of business on the Back Stop Date; and
- (d) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;

Conversion: conversion of the C Shares in accordance with the Articles;

Conversion Ratio: A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$\text{"A"} = \frac{C - D}{E}$$

$$\text{"B"} = \frac{F - G}{H}$$

"C" is the aggregate value of all assets and investments of the Company attributable to the relevant C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

"D" is the amount which (to the extent not otherwise deducted in the calculation of C) in the Directors' opinion fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the relevant class of C Shares (as determined by the Directors);

"E" is the number of the C Shares of the relevant class in issue as at the relevant Calculation Time;

"F" is the aggregate value of all assets and investments of the Company attributable to the Ordinary Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;

"G" is the amount which (to the extent not otherwise deducted in the calculation of F), in the Directors' opinion, fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the Ordinary Shares (as determined by the Directors) at the relevant Calculation Time; and

"H" is the number of Ordinary Shares in issue as at the relevant Calculation Time,

Provided always that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A and/or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the relevant class of C Shares; and
- (b) the Directors may, as part of the terms of issue of the C Shares, amend the definition of Conversion Ratio;

Conversion Time: a time following the Calculation Time, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 20 Business Days after the Calculation Time;

Early Investment Condition:

the Portfolio Manager giving notice to the Directors, and the Directors agreeing, that at least 90 per cent (or such other percentage as the Directors may in their absolute discretion determine) of the assets attributable to the relevant class of C Shares have been contractually exposed to Mortgage Portfolios;

Force Majeure Circumstances: in relation to the relevant class of C Shares:

- (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable;
- (b) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them or to the persons to whom they are, and/or the terms on which they are, proposed to be issued; or
- (c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company;

Issue Date: the date on which the admission of the relevant class of C Shares becomes effective or, if later, the day on which the Company receives the net proceeds of the issue of the relevant class of C Shares;

Issue Price: means the price at which each C Share is to be issued or sold under the relevant issue, being 100p per C Share; and

Ordinary Share Surplus: the net assets of the Company attributable to the Ordinary Shares as determined by the Directors or the liquidator (as the case may be) at the date of winding up or other return of capital.

5.2 Issue of the C Shares

Subject to the Articles and the Law, the Directors have power to issue an unlimited number of the C Shares of no par value each with such C Shares being convertible into Ordinary Shares and such C Shares may be issued on more than one occasion from time to time.

The Directors shall, on the issue of the C Shares, determine the Issue Price, the latest Calculation Time and Conversion Time, and the amendments, if any, to the definition of Conversion Ratio.

5.3 Dividends

Notwithstanding any other provision of the Articles, the holders of the C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to the C Shares (as determined by the Directors). The Directors do not intend to declare any dividends in respect of the C Shares.

No dividend or other distribution shall be made or paid by the Company except as permitted by the Law or on any of its Shares between the Calculation Time and the Conversion Time (both dates inclusive) and no dividend shall be declared with a record date falling between the Calculation Time and the Conversion Time (both dates inclusive).

5.4 Ranking of the C Shares upon Conversion

The Ordinary Shares arising upon Conversion shall rank *pari passu* with all other Ordinary Shares for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time.

5.5 Rights as to capital

The capital and assets of the Company on a winding-up or on a return of capital (other than by way of the repurchase or redemption of the C Shares by the Company) prior, in each case, to Conversion shall be applied as follows:

- 5.5.1 the Ordinary Share Surplus shall be divided amongst the holders of the Ordinary Shares *pro rata* to their holdings of Ordinary Shares; and

5.5.2 the C Share Surplus shall be divided amongst the holders of the C Shares *pro rata* according to their holdings of the C Shares.

5.6 Voting and transfer

The C Shares shall carry the right to attend or vote at any general meeting of the Company in the same manner as Ordinary Shares.

Pursuant to the Articles, the C Shares shall be transferable in the same manner as the Ordinary Shares. A summary of the transfer provisions may be found at paragraph 4.13 in Part 10 of this Prospectus.

5.7 Redemption

The C Shares will be issued on the terms that the C Shares shall be redeemable by the Company at the absolute discretion of the Directors in accordance with the Articles.

At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facility and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the C Shares.

5.8 Class consents and variation rights

Without prejudice to the generality of the Articles, until Conversion the consent of the holders of the C Shares as a class shall be required in accordance with the Articles for, and accordingly the special rights attached to the C Shares shall be deemed to be varied, *inter alia*, by:

5.8.1 any alteration to the Memorandum of Incorporation of the Company or the Articles which adversely affects the holders of the C Shares; or

5.8.2 the passing of any resolution to wind up the Company.

5.9 C Share Class Account

Until Conversion and without prejudice to its obligations under the Law, the Company shall in relation to each class of C Shares establish a separate C Share Class Account for the relevant C Shares in accordance with the Articles and, subject thereto:

5.9.1 procure that the Company's records and bank accounts shall be operated so that the assets attributable to the relevant C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the relevant C Shares;

5.9.2 allocate to the assets attributable to the relevant C Shares such proportion of the income, expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the relevant C Shares; and

5.9.3 give appropriate instructions to the Portfolio Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

5.10 Conversion

The C Shares shall be converted into Ordinary Shares at the Conversion Time in accordance with the following provisions.

The Directors shall procure that within 20 Business Days after the Calculation Time:

5.10.1 the Administrator or, failing which, an independent accountant selected for the purpose by the Board, shall be requested to calculate the Conversion Ratio as at the Calculation Time and the number of new Ordinary Shares to which each holder of the relevant C Shares shall be entitled on Conversion;

5.10.2 the Auditor may, if the Directors consider it appropriate, be requested to certify whether such calculations have been performed in accordance with these Articles and are arithmetically accurate; and

5.10.3 whereupon, subject to the proviso in the definition of "Conversion Ratio", such calculations shall become final and binding on the Company and all Shareholders.

The Directors shall procure that, as soon as practicable, and following such certification (if any), an announcement is made to an RIS advising holders of the relevant class of C Shares of the applicable Conversion Time, the Conversion Ratio and the aggregate numbers of Ordinary Shares to which holders of the relevant C Shares are entitled on Conversion.

Conversion of the relevant C Shares shall take place at the Conversion Time designated by the Directors. On Conversion the relevant C Shares shall automatically convert (by redesignation, consolidation or sub-division or otherwise as the Directors consider appropriate) into such number of Ordinary Shares as equals the aggregate number of C Shares of the relevant class in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share). Share certificates will not be issued in respect of any sub-divided C Shares.

The Ordinary Shares arising upon Conversion shall be divided amongst the former holders of the relevant C Shares *pro rata* according to their respective former holdings of the C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to the Ordinary Shares, including, without prejudice to the generality of the foregoing, selling or redeeming any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of the relevant C Shares to do any other act or thing as may be required to give effect to the same, including, in the case of a share in certificated form, to execute any stock transfer form and, in the case of a share in uncertificated form, to give directions to or on behalf of the former holder of the relevant C Shares who shall be bound by them.

Forthwith upon Conversion, any certificates relating to the relevant C Shares (if any) shall be cancelled and the Company shall issue to each such former holder of the C Shares new certificates in respect of the Ordinary Shares which have arisen upon Conversion unless such former holder of the relevant C Shares elects (or is deemed to have elected) to hold such Ordinary Shares in uncertificated form.

Upon Conversion, the Company will apply for the resulting Ordinary Shares to be admitted to the Specialist Fund Market or to such other market as the Directors shall determine at the time that C Shares of such class are first offered.

References to the Auditors certifying any matter shall be construed to mean certification of their opinion as to such matter, whether qualified or not.

6. Squeeze-out and Sell-out Rules relating to the Shares

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

7. Valuation Policy

The Administrator and the AIFM, are responsible for calculating the NAV per Share of the Company. The Administrator will not act as the external valuer of the Company under the AIFM Rules. The unaudited NAV per Ordinary Share will be calculated as at the close of business on every Tuesday that is also a Business Day and the last Business Day of every month by the Administrator and will be announced by a Regulatory Information Service the following Business Day. The NAV is calculated in accordance with paragraph 21.4 of Part 5 of this Prospectus. Valuations of NAV per Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained or for regulatory reasons. Any such suspension will be announced to a Regulatory Information Service.

8. Conflicts of Interest

The Administrator, the Portfolio Manager and the AIFM, any of their respective directors, partners, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an “Interested Party”) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

9. Interests of Directors, major shareholders and related party transactions

9.1 Directors’ interests

9.1.1 As at the date of this document, none of the Directors nor their immediate families and related trusts and (insofar as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 96B of FSMA (as amended by the Financial Services and Markets Act 2000 (Amendment) Regulations 2009)) with the Directors had any interests in the share capital of the Company.

9.1.2 No Director of the Company has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company which was effected by the Company since its incorporation.

9.1.3 No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

9.1.4 There are no outstanding loans granted by the Company to any of the Directors nor is any guarantee provided by the Company for the benefit of any of the Directors.

The Directors intend to subscribe for the following number of Ordinary Shares under the Placing:

	Ordinary Shares
Chris Waldron	5000
Paul Le Page	20,000
Richard Burrows	5,000

9.2 Directors’ contracts with the Company

All the Directors of the Company are non-executive. It is the Board’s policy that none of the Directors has a service contract. The terms of their appointment provide that a Director may be removed without notice and that no compensation will be due on leaving office.

Conditional upon Admission of the Ordinary Shares to be issued pursuant to the Issue, the Directors will be entitled to aggregate annual remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted as follows:

Director	Fees
Chris Waldron	£30,000
Paul Le Page	£27,500
Richard Burrows	£25,000
Total	£82,500

The aggregate amount of remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted to the Directors for the current financial period ending 30 June 2016 is estimated to be approximately £85,000.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors.

Each of the Directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at each AGM.

9.3 Directors' other interests

Over the five years preceding the date hereof, the Directors have held the following directorships (apart from their directorships' of the Company) and/or partnerships:

Chris Waldron

Company	Position	Resigned
GBD Limited	Director	Ongoing
DW Catalysts Limited (Formerly BH Credit Catalyst Limited)	Director	Ongoing
Lancaster Investment Services Limited	Director	Ongoing
JZ Capital Partners Limited	Director	Ongoing
Multi Manager Investment Programmes PCC Limited	Director	Ongoing
<i>US Equity Holdings Limited</i>		
<i>GEF Asset Holder Limited</i>		
<i>DARF Holdings (Sterling) Limited</i>		
<i>DARF Holdings (USD) Limited</i>		
<i>UK Asset Holder (A) Limited</i>		
<i>UK Asset Holder (C) Limited</i>		
<i>Pacific Basin Asset Holder (A) Limited</i>		
<i>Pacific Basin Asset Holder (C) Limited</i>		
<i>Japanese Equity Asset Holder (A) Limited</i>		
<i>Japanese Equity Asset Holder (C) Limited</i>		
<i>European Equity Asset Holder (A) Limited</i>		
<i>European Equity Asset Holder (C) Limited</i>		
<i>NAEF Asset Holder Limited</i>		
<i>North American Asset Holder (C) Limited</i>		
<i>Global Capital Holdings 1 Limited</i>		
<i>Global Capital Holdings 2 Limited</i>		
<i>Multi-Credit Capital Holdings 1 Limited</i>		
<i>Multi-Credit Capital Holdings 2 Limited</i>		
<i>Multi-Credit Asset Holder (C) Limited</i>		
Fair Oaks Income Fund (GP) Limited	Director	Ongoing
Crystal Amber Fund Limited	Director	Ongoing
Vela Fund Limited	Director	Ongoing
Ranger Direct Lending Fund PLC	Director	Ongoing
Global High Yield Asset Holder (A) Limited	Director	Resigned*
Global High Yield Asset Holder (C) Limited	Director	Resigned*
Omnium Investments PCC Limited	Director	Resigned
Absolute Return Credit Asset Holder (A) Limited	Director	Resigned*
Absolute Return Credit Asset Holder (C) Limited	Director	Resigned*
DARF 2008 Sterling Asset Holder Limited		Resigned*
Prosperity Quest II Unlisted Limited	Director	Resigned*
LCF Edmond de Rothschild Holdings (CI) Limited	Director	Resigned
LCF Edmond de Rothschild Asset Management (CI) Limited	Director	Resigned
LCF Edmond de Rothschild (CI) Limited	Director	Resigned
Prosperity Quest II GP Limited	Director	Resigned*
Optimal Tracker Fund PCC Limited	Director	Resigned*

Paul Le Page

Company	Position	Resigned
Man Fund Management Guernsey Limited	Director	Ongoing
FRM Diversified III Fund PCC Limited	Director	Ongoing
FRM Diversified III Master Fund Limited	Director	Ongoing
FRM Credit Strategies Fund PCC Limited	Director	Ongoing

Company	Position	Resigned
FRM Credit Strategies Master Fund PCC Limited	Director	Ongoing
FRM Investment Management Limited	Director	Ongoing
Bluefield Solar Income Fund Limited	Director	Ongoing
FCA Catalyst Master Fund SPC	Director	Ongoing
FCA Catalyst Trading SPC	Director	Ongoing
FCA Catalyst Fund SPC	Director	Ongoing
Liquidity Pass Through Holding SPC	Director	Ongoing
FRM Idiosyncratic Alpha SPC	Director	Ongoing
FRM Selection Fund Limited	Director	Ongoing
ARK Masters Management Limited	Director	Ongoing
FRM Global Equity Fund SPC	Director	Ongoing
FRM Global Equity Master Fund SPC	Director	Ongoing
Financial Risk Management Matrio Fund Limited	Director	Ongoing
FRM Tail Hedge Limited	Director	Ongoing
FRM Thames General Partner Limited	Director	Ongoing
ARK Masters Fund	Director	Ongoing
Prospect Finance Limited	Director	Resigned
FRM Equity Alpha Fund Limited	Director	Resigned
Cazenove Absolute Equity Limited	Director	Resigned*
The Da Vinci Fund Limited	Director	Resigned*
Financial Risk Management Academy Fund Limited	Director	Resigned*
Searock Plus Fund Limited	Director	Resigned*
Thames River Multi Hedge PCC Limited	Director	Resigned*
Global Managed Futures Fund Limited	Director	Resigned*
FRM Premium Portfolio	Director	Resigned*
FRM Conduit Fund	Director	Resigned*

Richard Burrows

Company	Position	Resigned
CFS Management Services Limited	Director	Resigned
Platform Funding No.4 Limited	Director	Resigned
Britannia New Homes Limited	Director	Resigned
Platform Funding No.6 Limited	Director	Resigned
Britannia (Isle of Man) Limited	Director	Resigned
Platform Funding No.5 Limited	Director	Resigned
Britannia Life Direct Limited	Director	Resigned
Britannia Development and Management Company Limited	Director	Resigned
Britannia Treasury Services Limited	Director	Resigned
Platform Funding No.2 Limited	Director	Resigned
Co-Operative Commercial Limited	Director	Resigned
Platform Funding No.3 Limited	Director	Resigned
Britannia LAS Direct Limited	Director	Resigned
Verso Limited	Director	Resigned
Britannia Pension Trustees Limited	Director	Resigned

*Voluntary Liquidation or Dissolution

As at the date of this document, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties.

9.4 The Directors in the five years before the date of this Prospectus:

9.4.1 do not have any convictions in relation to fraudulent offences;

9.4.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

9.4.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

9.5 Major Shareholders

The Law imposes no requirement on shareholders in the Company to disclose holdings of 5 per cent. (or any greater limit) or more of the share capital of the Company. However, the Articles provide for the Company to issue a notice requiring disclosure of an interest in shares and the Disclosure and Transparency Rules provide that certain persons (including shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.

As at the date of this document, there are no persons known to the Company who, directly or indirectly, will be interested in 5.0 per cent. or more of the Company's issued share capital or voting rights on Admission of the Ordinary Shares issued pursuant to the Issue.

The major shareholders will not have any different voting rights from other shareholders.

9.6 Related party transactions

As at the date of this document, the Company is not a party to, nor has any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No. 1606/2002).

10. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company is a party or which contains any provision under which the Company has any obligation or entitlement which is material to it at the date of this Prospectus.

10.1 Portfolio Management Agreement

10.1.1 TwentyFour will act as the Portfolio Manager under the Portfolio Management Agreement dated on or around the date of this Prospectus.

10.1.2 The Portfolio Management Agreement may be terminated by the Company, the AIFM or the Portfolio Manager giving to the other parties not less than 12 months' written notice.

10.1.3 In any of the following circumstances the Company and the AIFM (acting jointly) are entitled immediately to terminate the Portfolio Management Agreement by notice in writing:

- (a) if TwentyFour commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required in writing by the Company or the AIFM so to do) to remedy such breach to the satisfaction of the Company;
- (b) if TwentyFour ceases to carry on business or is or comes to be prohibited by law or under any rules, regulations, order of any governmental agency, administrative agency, court, stock exchange, self-regulatory organisation or other regulatory organisation from providing its services or complying with its obligations under the Portfolio Management Agreement;
- (c) if TwentyFour files a petition for reorganisation or for the adoption of an arrangement under any insolvency legislation or has filed against it any similar proceeding by creditors and such case is not dismissed within 60 days of filing; makes an assignment for the benefit of its creditors; or has entered against it a court order appointing a receiver, trustee, liquidator, assignee, sequestrator or depositary (or similar official) for all or a substantial part of its property;

- (d) if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Shareholders;
- (e) if any one or both of Ben Hayward or Douglas Charleston cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the Company and the AIFM;
- (f) where it is in the best interests of the Company's investors to do so; or
- (g) in the event that the Portfolio Manager is no longer able to carry out the obligations under the Portfolio Management Agreement effectively or in compliance with applicable laws and the AIFM Rules.

10.1.4 In the following circumstances TwentyFour is entitled to terminate the Portfolio Management Agreement immediately by notice in writing:

- (a) if the Company commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required by TwentyFour so to do) to remedy such breach to the satisfaction of TwentyFour; or
- (b) if the Company shall have an administration order or any application for an administration order made in respect of it or if the Company shall have a receiver, liquidator or administrator appointed over the whole or any part of its undertaking or if any order shall be made or an effective resolution passed for the winding up of the Company (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Company is solvent)) and/or where, in accordance with this document and/or the Articles, any Continuation Resolution is not passed by the Shareholders or following any other event of bankruptcy, désastre, saisie or event of insolvency with respect to the Company under Parts XXI, XXII or XIII of the Law or if a distress or execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.

10.1.5 TwentyFour is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided its ability to perform its obligations under the Portfolio Management Agreement is not impaired. However, TwentyFour may not provide such services to any other investment trust, company or closed-ended investment company with a similar investment policy to the Company, and with shares admitted to trading on the London Stock Exchange or AIM without first having received the prior written consent of the Company. The Portfolio Management Agreement makes it clear that TwentyFour is permitted to effect transactions in which TwentyFour or any of its associates has, directly or indirectly, a material interest or a relationship of any description with another party which may involve a potential conflict of interest with TwentyFour's duty to the Company, again without being liable to account to the Company for its profits, provided, *inter alia*, that where there is such a conflict it shall take reasonable steps to ensure fair treatment of the Company.

10.2 AIFM Agreement

10.2.1 The Company is a party to an AIFM Agreement with Phoenix Fund Services (UK) Limited dated on or around the date of this Prospectus pursuant to which Phoenix provides the Company with alternative investment fund management services, so that the Company is compliant with the AIFM Directive.

10.2.2 For the provision of services under the AIFM Agreement, Phoenix is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (7 basis points on the first £49,999,999.99 of net assets, 5 basis points on net assets between £50 million and £100 million and 3 basis points on net assets in excess of £100 million, subject to a minimum annual fee of £20,000. The Company will also reimburse Phoenix for reasonable expenses properly incurred by Phoenix in the performance of its obligations under the AIFM Agreement.

- 10.2.3 Phoenix under the terms of the AIFM Agreement will provide, among other services, the following services:
- (a) provision of risk management services as required by the AIFM Rules;
 - (b) ensuring that risk limits are set and implemented in conjunction with the Company;
 - (c) monitors the Portfolio Manager, including reconciliation of the Company's investments against its investment policy;
 - (d) appraising the performance of TwentyFour, as portfolio manager and presenting an analysis of the performance of TwentyFour to the Board;
 - (e) ensuring that a depositary compliant with the AIFM Rules is appointed by or on behalf of the Company;
 - (f) ensuring that the disclosures required to be made by the Company under the AIFM Rules are made;
 - (g) reporting to the FCA as required under the AIFM Rules;
 - (h) ensuring that the Portfolio is valued in accordance with the AIFM Rules; and
 - (i) ensuring that it is authorised by the FCA to market the Company in accordance with the AIFM Rules as required by the Company from time to time.
- 10.2.4 The AIFM Agreement may be terminated by any party serving the other party with 3 months' prior written notice (or such shorter time as may be agreed by the parties).
- 10.2.5 The Company may terminate the AIFM Agreement immediately by notice in writing if:
- (a) Phoenix's authorisation to manage alternative investment funds is not maintained by it, or is suspended or restricted by the FCA, so that the Company is not able to realise its investment objective or implement its investment policy;
 - (b) the Portfolio Manager ceases to maintain its authorisation from the FCA or such authorisation is suspended;
 - (c) Phoenix fails to notify the Company of an investigation by the FCA;
 - (d) an order is made or an effective resolution is passed for the purpose of a winding up otherwise than for the purpose of and followed by its amalgamation or reconstruction;
 - (e) Phoenix is insolvent or stops or threatens to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; or
 - (f) a receiver or administrator of Phoenix is appointed over any of its assets.
- 10.2.6 The AIFM Agreement will automatically terminate if the FCA requires Phoenix to stop acting as AIFM.
- 10.2.7 Phoenix may terminate the AIFM Agreement immediately in the following circumstances:
- (a) if the Company shall have an administration order or any application for an administration order made in respect of it or if the Company shall have a receiver, liquidator or administrator appointed over the whole or any part of its undertaking or if any order shall be made or an effective resolution passed for the winding up of the Company (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Company is solvent);
 - (b) where a Continuation Resolution is not passed by the Shareholders and as a result proposals are formulated by the Board in order to wind up the Company; and
 - (c) following any other event of bankruptcy, désastre, saisie or event of insolvency with respect to the Company under Parts XXI, Parts XXII or Part XIII of the Law, as amended, or if a distress execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.

- 10.2.8 Either party may terminate the AIFM Agreement immediately if the other party is in material or persistent breach of the AIFM Agreement, which is either irremediable or if capable of remedy has not been remedied within 20 days after having been required in writing by the other party so to do.
- 10.2.9 Phoenix will generally not be liable for loss suffered by the Company unless such loss arises directly from the fraud, negligence, wilful default, breach of the obligations of Phoenix under the AIFM Agreement or of the rules of any competent regulatory authority having jurisdiction over Phoenix or of any statutory duty by Phoenix or any person to whom Phoenix may have delegated any of its obligations and/or functions under the AIFM Agreement. The Company has given an indemnity to Phoenix in respect of any losses or liabilities arising out of the proper performance by Phoenix of its duties under the AIFM Agreement.
- 10.2.10 Phoenix will treat all of the Company's investors fairly and will not allow any such investor to obtain preferential treatment, unless such treatment is disclosed in the Articles. Phoenix may effect transactions in which it has directly, or indirectly, a material interest, or a relationship of any description with another party which involves or may involve a potential conflict with Phoenix's duty to the Company, but it will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. Phoenix warrants and represents that it complies with and will continue to comply with the requirements on conflicts as set out in the AIFM Rules, including taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors.
- 10.2.11 The AIFM will delegate portfolio management to the Portfolio Manager in accordance with the AIFM Rules. Phoenix does not consider that any conflicts of interest arise from such delegation.

10.3 Administration Agreement

The Company is a party to an Administration Agreement with Northern Trust International Fund Administration Services (Guernsey) Limited dated on or around the date of this Prospectus pursuant to which the Administrator provides day-to-day administration of the Company and acts as secretary and administrator to the Company including maintaining accounts, preparing interim and annual accounts of the Company and calculating the Net Asset Value.

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £100 million of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £75,000. In addition, a fixed annual fee of £45,000 will also be charged for corporate governance support, company secretarial services and accounting consolidation services provided by the Administrator to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses properly incurred by the Administrator on behalf of the Company.

The Administration Agreement may be terminated by either party serving the other party with 90 days written notice or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction, amalgamation or merger) or the appointment of an administrator, examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful (including under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and in circumstances where the Administrator ceases to hold the relevant licence, consent, permit or registration to carry on the Administrator's activities), (iv) if a party is declared to be en état de désastre under the

laws of Guernsey, or (v) if the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey.

The Company may terminate the Administration Agreement immediately by notice if the Administrator ceases to be qualified to act pursuant to the Registered Collective Investment Schemes Rules 2015 and The Licensees (Conduct of Business) Rules 2014. Pursuant to the Registered Collective Investment Schemes Rules 2015 the removal or retirement of the Administrator shall not be effective until the GFSC varies the registration of the Company to refer to a replacement “designated administrator”.

The Administrator will generally not be liable for any loss, damages or liabilities incurred as a result of the proper performance by the Administrator of its obligations and duties under the Administration Agreement in the absence of its negligence, fraud, bad faith or wilful default. To the fullest extent permitted by law, the Administrator shall not be liable for any indirect, incidental, special or consequential losses including loss of profit, revenue, savings or goodwill. The Company will indemnify the Administrator against all actions, proceedings, claims, costs, demands and expenses that may be imposed on, incurred by or asserted against the Administrator in respect of any loss or damage suffered or alleged to have been suffered by any party in connection with or arising out of the proper performance by the Administrator of its obligations and duties under the Administration Agreement, otherwise than as a result of some act of negligence, fraud, bad faith or wilful default on the part of the Administrator.

Provided its ability to perform its obligations under the Administration Agreement is not impaired, the Administrator is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without accounting to the Company for its profits.

10.4 Depositary Agreement

The Depositary has been appointed by the Company under the terms of the Depositary Agreement dated on or around the date of this Prospectus to act as depositary for the Company. Northern Trust (Guernsey) Limited is licensed and regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, with GFSC reference number: 33. The Depositary will be responsible for the safe-keeping of financial instruments held on behalf of the Company and will periodically verify the ownership of other investments held directly by the Company.

Under the terms of the Depositary Agreement, the Depositary has full power to delegate the whole or any part of its depositary functions subject to and in accordance with the requirements of the AIFM Rules. In order to discharge its responsibilities under the AIFM Rules, the Depositary must exercise care and diligence in choosing and appointing a sub-custodian as a safe-keeping agent so as to ensure that the sub-custodian is a fit and proper person, and has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Depositary must maintain an appropriate level of supervision over the sub-custodian and make appropriate enquiries from time to time to confirm that the obligations of the sub-custodian continue to be completely discharged.

The Company will indemnify the Depositary (and each of its directors, officers, employees and agents) from and against any and all third party actions, proceedings, claims, costs, demands which may be brought against, suffered or incurred by Northern Trust other than as a result of Northern Trust’s bad faith, fraud, wilful default or negligence.

The Depositary Agreement provides that the appointment of the Depositary will continue in force unless and until terminated by either party giving to the other not less than six months’ (or such shorter notice period as may be agreed by the parties) prior written notice although in certain circumstances (e.g. the insolvency of the Depositary or if the Depositary is no longer permitted to perform its obligations under applicable law) the Depositary Agreement may be terminated forthwith by resolution of the Directors.

The Depositary shall be liable to the Company for any loss suffered by them as a result of the Depositary’s fraud, wilful default or negligence provided however that the Depositary shall not be liable to the Company for any indirect, special, punitive or consequential loss arising out of or in connection with the Depositary Agreement.

The fees payable to the Depository by the Company will be 3 basis points on net assets, subject to a minimum annual fee of £40,000.

10.5 Placing Agreement

In connection with the Issue and the Placing Programme, the Company, TwentyFour and Numis entered into the Placing Agreement on or around the date of this Prospectus. The Placing Agreement is conditional on, *inter alia*, Admission taking place on 7 July 2015 or such later date (not being later than 8.00 a.m. on 28 July 2015) as the Company and Numis may agree.

The principal terms of the Placing Agreement are as follows:

- (a) Numis has agreed, as agent of the Company, to use its reasonable endeavours to procure (i) placees to subscribe for Ordinary Shares under the Placing at the Issue Price; and (ii) placees to subscribe for New Ordinary Shares and/or C Shares pursuant to the Placing Programme at the applicable Placing Programme Price. The Placing and the Placing Programme are not being underwritten;
- (b) the Company has, provided the Placing Agreement becomes unconditional, agreed to pay Numis in respect of the Issue a corporate finance fee of £200,000, a placing commission equal to 2 per cent. of the Gross Proceeds less (i) an amount equal to the reasonably and properly incurred costs payable by the Company in accordance with the Placing Agreement and (ii) an amount equal to the marketing fee payable to the Portfolio Manager under the Placing Agreement and in respect of each placing under the Placing Programme a placing commission equal to 2 per cent. of the gross proceeds of the relevant placing less (i) an amount equal to the reasonably and properly incurred costs payable by the Company in respect of the relevant placing and (ii) an amount equal to the applicable marketing fee payable to the Portfolio Manager under the Placing Agreement;
- (c) the Company has agreed to pay a marketing fee equal to 12.5 per cent of the placing commission calculated and payable to Numis in respect of the Issue and each placing whether under the Placing Programme or otherwise, to TwentyFour in respect of its marketing activities;
- (d) the Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Issue and the Placing Programme and related arrangements together with any applicable VAT;
- (e) the Company has given certain warranties to Numis as to the accuracy of the information in this document and as to other matters relating to the Company. TwentyFour has also given certain warranties to Numis as to certain information in this Prospectus and as to itself. The Company has given an indemnity to Numis in respect of any losses or liabilities arising out of the proper performance by Numis of its duties under the Placing Agreement. TwentyFour has given an indemnity to Numis in respect of its obligations. In addition, the Company and TwentyFour have given an indemnity to Numis in respect of any increased liability of Numis and its affiliates to any third party that would not have arisen had any of the Company or TwentyFour not entered into any agreement or arrangement with any third party adviser in connection with the Issue and/or the Placing Programme, the terms of which provide that the liability of that adviser to the Company or TwentyFour (as the case may be) is excluded or limited in any manner, and Numis has joint or joint and several liability with such adviser;
- (f) Numis may at any time before the earliest of (i) 22 June 2016, (ii) the date on which all of the New Ordinary Shares and C Shares available for issue under the Placing Programme have been issued and (iii) such other date as may be agreed between the parties, terminate the Placing Agreement in certain circumstances, including for breach of the warranties referred to above.

10.6 Registrar's Agreement

The Registrar's Agreement dated on or around the date of this Prospectus between the Company and the Registrar whereby the Registrar has agreed to provide registrar services to the Company. The fees payable to the Registrar are based on an initial set up fee of £1,500, and a fee based on the number of transactions plus properly incurred expenses, subject to a

minimum annual fee of £10,000. The Registrar's Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company. The Registrar's liabilities under the Registrar's Agreement are subject to a financial limit.

10.7 Receiving Agent Agreement

The receiving agent agreement is dated on or around the date of this Prospectus between the Company and the Receiving Agent whereby the Receiving Agent has agreed to act as Receiving Agent to the Offer for Subscription. The fees payable to the receiving agent are based on the number of applications received and are subject to a minimum fee. The agreement contains certain standard indemnities from the Company in favour of the Receiving Agent and from the Receiving Agent in favour of the company. The Receiving Agent's liability under the agreement is subject to a financial limit.

11. The Acquiring Entity

11.1 As at the date of this Prospectus the Acquiring Entity has not been incorporated or commenced operations. No directors, auditors or service providers of the Acquiring Entity have been appointed and no contracts with the Acquiring Entity have been entered into. It is expected that the Acquiring Entity will be incorporated in Ireland under the Companies Act 1963 to 2013 (the "Irish Companies Act") with an unlimited life and will operate and issue shares in accordance with the Irish Companies Act and ordinances and regulations made thereunder.

11.2 It is expected that the shares of the Acquiring Entity will be held by a trustee (the "Share Trustee") on a charitable trust pursuant to a share trust deed. Under the share trust deed, the Share Trustee will hold the shares as nominee for and on behalf of the beneficial owner, and will waive all rights to all dividends in favour of the beneficial owner. The Share Trustee will be required to covenant that it will not:

- interfere in the management, administration or conduct of business of the Acquiring Entity;
- take any steps or actions whatsoever for the purposes, or in support of, winding-up the Acquiring Entity;
- make any assignment or conveyance for the benefit of the Acquiring Entity's creditors generally; or
- sell, transfer, mortgage, assign or otherwise dispose of, secure or deal with all or any of its shares in the Acquiring Entity.

11.3 The Share Trustee will be entitled to be indemnified out of the trust fund from and against all liabilities, losses, damages, costs, expenses, actions, proceedings, claims and demands incurred or made against them in the execution (or purported execution) of the share trust deed, or of their powers or in respect of anything done or omitted in any way relating to the share trust deed.

11.4 Note Purchasing Agreement and the Profit Participating Notes

11.4.1 It is expected that the Company and the Acquiring Entity will enter into the Note Purchasing Agreement, which will have an initial term of 5 years and will (subject to a longstop redemption date) be extended for a further 5 year term every 2 years unless the Company gives notice to the Acquiring Entity at least 12 months prior to such renewal date that it does not wish to extend the term. The NPA will provide that Profit Participating Notes to be issued pursuant to the NPA will be listed on GEM or, with the agreement of the Company and the Acquiring Entity, on another appropriate exchange which achieves the benefit of the Eurobond exemption (an "Appropriate Exchange"), and that the Profit Participating Notes will remain listed on either the GEM or an Appropriate Exchange (as applicable). The NPA will further require that the Acquiring Entity and the Profit Participating Notes comply with applicable law. The Profit Participating Notes will be unsecured obligations of the Acquiring Entity.

- 11.4.2 The NPA will also contain covenants customarily included in loan note terms and conditions (e.g. maintenance of corporate status/payment of debts as they fall due/keeping proper books/not creating security over its assets (except for security in favour of a Warehouse SPV, or any secured party in connection with the warehousing phase of an RMBS)/maintenance of its tax residency in Ireland).
- 11.4.3 The NPA will require the Acquiring Entity's Portfolio to be managed in accordance with the Acquiring Entity's investment strategy which will mirror the Company's investment objective and policy. The Acquiring Entity will not be able to amend its investment strategy without consultation with the Acquiring Entity Portfolio Manager and notification to the Company. The Acquiring Entity will be required to comply with the terms of the Acquiring Entity Portfolio Management Agreement.
- 11.4.4 Under the NPA, the Company will have the right to review and query the following but will not have any rights of veto: (i) all Issuer SPV engagement letters prior to signing by the Acquiring Entity; (ii) term sheets in relation to Issuer SPVs engagement including fees, target returns etc prior to broad marketing in relation to an RMBS; and (iii) Issuer SPV call rights.
- 11.4.5 In addition, the Acquiring Entity will, if required: (i) provide the Company with all such assistance (including the provision of information) as it might require to comply with the Disclosure and Transparency Rules and Prospectus Rules, as well as any other applicable laws or regulations and also to facilitate with the production of accounts in accordance with the Disclosure and Transparency Rules; (ii) provide to TwentyFour and the Depositary such information as may be required to satisfy obligations under the AIFM Directive; (iii) provide the Company with all such assistance as it might require in order to not reside in the UK or Ireland for tax purposes; and (iv) provide the Company with all such assistance as it might require in order to make regular announcements of its net asset value and the composition of the underlying portfolio to the market via a regulatory information service.
- 11.4.6 The Acquiring Entity will supply support services to the Company including drafting monthly factsheets to be distributed by the Company to its shareholders and drafting investment sections of interim and final accounts.
- 11.4.7 The Profit Participating Notes will have a term which matches the term of the NPA. The Profit Participating Notes will provide for events of default (each an "Event of Default") where: (i) the Acquiring Entity makes a material change to its investment strategy which would require the Company to seek approval from its shareholders to make an equivalent change to the Company's investment policy and the shareholders of the Company do not approve such change; (ii) Other Events of Default occur on default in the payment of any sum due, breach of agreement, insolvency or administration or significant court judgments. Upon the occurrence of an Event of Default, the Company may elect for the Profit Participating Notes to become immediately due and repayable subject to the conditions listed in paragraph 11.4.10 below.
- 11.4.8 "Interest" is computed as being equal to the greater of: (i) the accumulated net profits (before the variable component of interest hereunder for the relevant period but excluding an annual reserved profit for the Originator of Euro 1000) of the Acquiring Entity computed as of any time of determination under generally accepted accounting standards then applicable to the Acquiring Entity; and (ii) the accumulated taxable profits or gains (before the variable component of interest hereunder for the relevant period but excluding an annual reserved profit for the Acquiring Entity of Euro 1000) of the Acquiring Entity having properly accrued for all other income (including any gains or losses or deemed gains, if any) and expense items as computed under Irish taxation principles.
- 11.4.9 Cash in respect of interest accrued or to be accrued on the Profit Participating Notes on a quarterly basis (subject to availability of funds) shall be paid to the Company in such amount as to enable the Company to make payments due under the Company's dividend policy and to cover the Company's ongoing costs and expenses. In circumstances where the Company wishes to receive an amount of cash in respect of such interest which is less than the amount of interest which has accrued for the

account of the Company, the Company is entitled to notify the Acquiring Entity of such lesser amount of cash in respect of interest which the Company wishes to receive. The remainder of such accrued interest which is not paid to the Company may be designated by the Acquiring Entity to fund the purchase of additional assets and any funds remaining following such designation for investment shall be payable to the Company at the bottom of the Acquiring Entity's priorities of payments pursuant to the terms of the NPA. The Acquiring Entity shall, following consultation with the Acquiring Entity Portfolio Manager, have the right to redeem the Profit Participating Notes in full or in part on any payment date with the consent of the Company. The Company may also, following consultation with the Acquiring Entity and subject to the conditions referred to in paragraph 11.4.10 below, have the right to redeem in part some of its Profit Participating Notes in order to fund any share buybacks by the Company and to cover the Company's ongoing costs and expenses.

11.4.10 All payments in relation to the Profit Participating Notes, including payments following an Event of Default or partial redemption, are subject to legal, contractual and regulatory restrictions on the Acquiring Entity, including a restriction on the Acquiring Entity being able to dispose of Retention Notes to the extent that it no longer satisfies the Retention Requirements.

11.4.11 The NPA and the Profit Participating Notes will be governed by Irish Law.

11.5 Acquiring Entity Portfolio Management Agreement

11.5.1 It is expected that under the terms of the Acquiring Entity Portfolio Management Agreement, TwentyFour will provide discretionary portfolio management services and certain other services to the Acquiring Entity, and shall be entitled to receive from the Acquiring Entity, in respect of the services provided under both the Acquiring Entity Portfolio Management Agreement and the Portfolio Management Agreement, a management fee at the rate of 0.75 per cent. per annum of in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax. The Acquiring Entity Portfolio Manager under the terms of the Acquiring Entity Portfolio Management Agreement will provide, among other services, the following services:

- implementing the Company's subscription of the Profit Participating Notes
- sourcing and bidding for portfolios of suitable mortgages
- modelling and stress testing the portfolios, including assessing their suitability for securitisation
- evaluating prospective Issuer SPVs to which the Acquiring Entity intends to transfer its assets from time to time
- appointing servicers of mortgages and agreeing servicing strategy
- arranging warehouse financing
- selecting the securitisation partner and managing the securitisation process to achieve optimal financing
- obtaining ratings for the Issuer SPVs
- Marketing Senior Notes of the Issuer SPVs
- re-establish the target leverage on the Company's equity in any mortgage pool as it amortises by refinancing the RMBS debt through the use of a periodic optional call
- monitoring the performance of Issuer SPVs.

11.5.2 The Acquiring Entity Portfolio Management Agreement may be terminated by the Acquiring Entity or the Acquiring Entity Portfolio Manager giving to the other party not less than 12 months' written notice.

- 11.5.3 In any of the following circumstances the Acquiring Entity is entitled immediately to terminate the Acquiring Entity Portfolio Management Agreement by notice in writing:
- (a) if TwentyFour commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Acquiring Entity Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required in writing by the Acquiring Entity so to do) to remedy such breach to the satisfaction of the Company;
 - (b) if TwentyFour ceases to carry on business or is or comes to be prohibited by law or under any rules, regulations, order of any governmental agency, administrative agency, court, stock exchange, self-regulatory organisation or other regulatory organisation from providing its services or complying with its obligations under the Acquiring Entity Portfolio Management Agreement;
 - (c) if TwentyFour files a petition for reorganisation or for the adoption of an arrangement under any insolvency legislation or has filed against it any similar proceeding by creditors and such case is not dismissed within 60 days of filing; makes an assignment for the benefit of its creditors; or has entered against it a court order appointing a receiver, trustee, liquidator, assignee, sequestrator or depositary (or similar official) for all or a substantial part of its property;
 - (d) if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Company's shareholders;
 - (e) if any one or both of Doug Charleston or Ben Hayward cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the Company; or
 - (g) in the event that the Acquiring Entity Portfolio Manager is no longer able to carry out the obligations under the Acquiring Entity Portfolio Management Agreement effectively.
- 11.5.4 In the following circumstances TwentyFour is entitled to terminate the Acquiring Entity Portfolio Management Agreement immediately by notice in writing:
- (a) if the Acquiring Entity commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Acquiring Entity Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required by TwentyFour so to do) to remedy such breach to the satisfaction of TwentyFour; or
 - (c) if the Acquiring Entity shall have an administration order or any application for an administration order made in respect of it or if the Acquiring Entity shall have a receiver, liquidator or administrator appointed over the whole or any part of its undertaking or if any order shall be made or an effective resolution passed for the winding up of the Acquiring Entity (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Acquiring Entity is solvent) and/or where, in accordance with this document and/or the Articles, any Continuation Resolution is not passed by the Company's shareholders or following any other event of bankruptcy, désastre, saisie or event of insolvency with respect to the Company under Parts XXI or Parts XXII of the Law or if a distress or execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.
- 11.5.5 TwentyFour is entitled to carry on any business similar to, or in competition with, the Acquiring Entity or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Acquiring Entity for its profits, provided its ability to perform its obligations under the Acquiring Entity Portfolio Management Agreement is not impaired. However, TwentyFour may not provide such services to any other investment trust, company or closed-ended investment company with a similar investment policy to the Company, and with shares admitted to trading on the London Stock Exchange or AIM without first having received the prior written

consent of the Acquiring Entity. The Acquiring Entity Portfolio Management Agreement makes it clear that TwentyFour is permitted to effect transactions in which TwentyFour or any of its associates has, directly or indirectly, a material interest or a relationship of any description with another party which may involve a potential conflict of interest with TwentyFour's duty to the Company, again without being liable to account to the Company for its profits, provided, *inter alia*, that where there is such a conflict it shall take reasonable steps to ensure fair treatment of the Company.

12. Litigation

Since the Company's incorporation, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had, in the recent past significant effects on the Company or the Company's financial position or profitability.

13. Significant change in the financial or trading position

As at the date of this document, there has been no significant change in the financial or trading position of the Company since its incorporation.

14. Significant gross change

Where Ordinary Shares or C Shares are issued under the Issue or the Placing Programme, the total assets of the Company will increase by that number of Ordinary Shares or C Shares, as applicable, multiplied by the applicable Issue Price or Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue under the Placing Programme are expected to be invested in investments consistent with the investment objective and policy of the Company and, in the case of an issue of New Ordinary Shares, the Placing Programme Price will always represent at least a 2 per cent. premium to the then prevailing cum income Net Asset Value.

15. Third party information and consents

Numis, as sponsor and broker has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

Certain information contained in this document has been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. General

An anti-bribery policy in accordance with the terms of the UK Bribery Act 2010, the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 and any other applicable anti-corruption/bribery laws or regulations will be adopted by the Company. The Board attaches the utmost importance to this policy and will apply a zero tolerance approach to acts of bribery and corruption.

The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

No application is being made for the Ordinary Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

The publication or delivery of this document shall not under any circumstances imply that the information contained in this document is correct as at any time subsequent to the date of this document or that there has not been any change in the affairs of the Company since that date.

As at the date of the Prospectus the Company has no subsidiaries but may form one or more subsidiaries for the purposes of its business.

17. Auditor

The auditor of the Company is PricewaterhouseCoopers CI LLP of PO Box 321, Royal Bank Place, 1 Glatigny Esplanade, St Peter Port, Guernsey GY1 4ND.

18. Working capital

In the Company's opinion, on the basis that not less than £150 million is raised through the Issue, the working capital available to it is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus.

19. Capitalisation and indebtedness

Details of capitalisation are set out in paragraph 3 of this Part 10. As at the date of this document, the Company had no guaranteed and unguaranteed, secured and unsecured indebtedness

There are no indirect or contingent liabilities.

20. Overseas investors

If you receive a copy of this Prospectus in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for Shares, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.

Without limiting the above, the Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States. No application will be accepted if it bears an address in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or appears to have been posted from Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or otherwise where there is cause to believe you are in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States.

The Company has not been and will not be approved for distribution to non-qualified investors in or from Switzerland by the Swiss Financial Market Supervisory Authority (FINMA), nor have a Swiss representative and a Swiss paying agent been appointed in relation to the Shares placed in or from Switzerland. Accordingly, the Shares may only be placed in or from Switzerland and this document and any other document or offering material relating to the Company and/or the Shares may only be used in Switzerland in a manner which does not qualify as "distribution" within the meaning of article 3 of the Federal Act on Collective Investment Schemes of 23 June 2006 and its implementing ordinances, as amended from time to time, and the most current practice of the FINMA and the competent courts.

21. Fair Treatment of investors

The AIFM has established procedures, arrangements and policies to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the Shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and Shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and

- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implement policies and procedures designed to manage actual and potential conflicts of interest.

22. AIFM Directive Disclosures

- 22.1 The Company will be categorised as a non-EEA AIF for the purposes of the AIFM Directive and its AIFM will be an EEA AIFM. Accordingly, the AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2 and 3.2.3 of the FCA Handbook. An explanation of where each of these disclosures may be found in this Prospectus (or of the non-applicability to the Company of certain of these disclosures) is set out in this paragraph 22.1. References to “FUND” are to the FUND sourcebook of the FCA Handbook.
- 22.2 Part 5 contains a description of the investment policy, strategy and objectives of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions and the procedures by which the Company may change its investment strategy or the Investment Policy.
- 22.3 Part 5 of this Prospectus also contains a description of the circumstances in which the Company may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and the maximum level of leverage which the Company is permitted to employ. There are no collateral or reuse arrangements in place in respect of the Portfolio.
- 22.4 The key risks associated with the investment policy, strategy, objectives and techniques of the Company and with the use of leverage by the Company are contained in the section of this Prospectus entitled “Risk Factors”.
- 22.5 The Company is not a fund of funds and so there is no master AIF for the purposes of the AIFM Directive, nor will there be any underlying funds.
- 22.6 A description of the main legal implications of the contractual relationship entered into for the purpose of investment in the Company, including information on jurisdiction and applicable law, is contained in Parts 11 (Terms and Conditions of the Placing and Placing Programme) and 12 (Terms and Conditions of the Offer for Subscription) of this Prospectus. In particular, the Issue is governed by English law and subject to the jurisdiction of English courts, the same law and jurisdiction under which the Company is established. More generally, a foreign judgment obtained in an EU member state may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “**Brussels Regulation**”). A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.
- 22.7 Details of the identities of the AIFM, Portfolio Manager, Depositary, Auditors and other service providers to the Company, their duties to the Company and investors’ rights (exercised through the Company) are contained in Part 5 and in this Part 10.
- 22.8 The AIFM will cover professional liability risks by way of professional indemnity insurance.
- 22.9 The AIFM will delegate portfolio management to the Portfolio Manager. Save as aforesaid the AIFM, the Portfolio Manager and the Depositary will be responsible for their own work and there will be no delegation of AIFM management functions or safekeeping functions, as applicable, for the purposes of FUND 3.2.2R(6).
- 22.10 A description of the Company’s valuation procedures and of the pricing methodology for valuing assets, which includes the methods that will be used in valuing hard-to-value assets, is contained in Part 5 of this Prospectus.
- 22.11 The Company is a closed-ended investment company and there are therefore no redemption rights.

However, the Shares are to be admitted to trading on the Specialist Fund Market of the London Stock Exchange and will be freely transferable save as described in this Prospectus. As regards liquidity risk management, a description of the discount management mechanisms which may be employed by the Company is contained in Part 5 of this Prospectus, although it should be noted that the Directors’ exercise of these rights is entirely discretionary.

- 22.12 A description of all fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by the Company and thus indirectly by investors is contained in Part 5 and this Part 10 of the Prospectus. There are no expenses charged directly to investors by the Company.
- 22.13 As its Shares are to be admitted to trading on the Specialist Fund Market of the London Stock Exchange, the Company will be required to comply with, *inter alia*, the relevant provisions of the Disclosure and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. As at the date of this Prospectus, no investor has obtained preferential treatment or the right to obtain preferential treatment.
- 22.14 Since the Company was incorporated on 10 June 2015 and has not yet commenced operations, no financial statements or Net Asset Value have been published by the Company. No historical performance is available as the Company has no operating history.
- 22.15 The procedure and conditions for the issue and sale of Shares is contained in Parts 7, 8, 11 and 12 of this Prospectus.
- 22.16 The Company has not engaged the services of any prime broker.
- 22.17 The Depositary Agreement prohibits the transfer or reuse by the Depositary of the Company's assets.
- 22.19 The information required under paragraphs 4 and 5 of Article 23 of the AIFM Directive and FUND 3.2.5 and FUND 3.2.6 will be disclosed to investors in the Company's annual report.
- 22.20 If there are any material changes to any of the information referred to in this paragraph 22, such changes will be notified in the Company's annual report, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2.

23. Availability of Prospectus

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at www.hemscott.com/nsm.do, and for as long as Shares are available for issue under this Prospectus, copies of this Prospectus are available for collection, free of charge from the offices of the Administrator. The Prospectus will also be available on the Company's website – www.ukmortgageslimited.com.

24. Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, from the date of this Prospectus until Placing and Offer for Subscription close:

- 24.1 this Prospectus dated 23 June 2015;
- 24.2 the Memorandum of Incorporation of the Company and the Articles; and
- 24.3 the material contracts referred to in paragraph 10 of this Part 10 of the Prospectus.

PART 11: TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING AND PLACING PROGRAMME

1. Introduction

Each placee which confirms its agreement to Numis to subscribe for Ordinary Shares and/or C Shares under the Placing and/or the Placing Programme, as the case may be, will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Numis may require any placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit and/or may require any such placee to execute a separate placing letter (a “**Placing Letter**”).

References in these terms and conditions to the Ordinary Shares should be construed as reference to the New Ordinary Shares where the context permits.

2. Agreement to Subscribe for Ordinary Shares/C Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 7 July 2015 (or such later time and/or date, not being later than 8.00 a.m. on 28 July 2015, as the Company and Numis may agree) and any subsequent Admission under the Placing Programme occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and Numis prior to the closing of each placing under the Placing Programme, not being later than 22 June 2016; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 8.00 a.m. on the date of the relevant Admission; and (iii) Numis confirming to the placees their allocation of Ordinary Shares or C Shares, as applicable, a placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares or C Shares allocated to it by Numis at the Issue Price or the applicable Placing Programme Price, as the case may be. To the fullest extent permitted by law, each placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the placee may have.

3. Payment for Ordinary Shares

Each placee must pay the Issue Price or the Placing Programme Price, as applicable for the Ordinary Shares or C Shares issued to the placee in the manner and by the time directed by Numis. If any placee fails to pay as so directed and/or by the time required, the relevant placee shall be deemed hereby to have appointed Numis or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares or C Shares (as applicable) in respect of which payment shall not have been made as directed, and to indemnify Numis and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such Ordinary Shares or C Shares shall not release the relevant placee from the obligation to make such payment for relevant Ordinary Shares or C Shares to the extent that Numis or its nominee has failed to sell such Ordinary Shares or C Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price or the applicable Placing Programme Price.

4. Representations and Warranties

By agreeing to subscribe for Ordinary Shares or C Shares, each placee which enters into a commitment to subscribe for such Ordinary Shares or C Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares or C Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Portfolio Manager, the AIFM, the Registrar and Numis that:

- (a) in agreeing to subscribe for Ordinary Shares or C Shares, as applicable, under the Placing and/or the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the C Shares, the Placing and/or the Placing Programme. It agrees that none of the Company, the Portfolio Manager, the AIFM, Numis or the Registrar,

nor any of their respective officers, agents employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares or C Shares under the Placing and/or the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Portfolio Manager, the AIFM, Numis or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing and/or the Placing Programme;
- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring Ordinary Shares or C Shares on the terms and subject to the conditions set out in this Part 11 and the Articles as in force at the date of Admission of the relevant Ordinary Shares or C Shares;
- (d) it has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Numis nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a placee to participate in the Placing and/or the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing and/or the Placing Programme to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of admission of the relevant Ordinary Shares or C Shares and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company, the Portfolio Manager or the AIFM;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) it accepts that none of the Ordinary Shares or C Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, neither the Ordinary Shares nor the C Shares may be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Ordinary Shares or the C Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares or the C Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the Ordinary Shares or the C Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;

- (k) in the case of any Ordinary Shares or C Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Ordinary Shares or C Shares acquired by it in the Placing and/or the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where Ordinary Shares or C Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares or C Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing and/or the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares or C Shares pursuant to the Placing and/or the Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (m) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares or C Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the placee is a natural person, such placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such placee's agreement to subscribe for Ordinary Shares or C Shares under the Placing and/or the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing or Placing Programme is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Issue, the Placing Programme, the Ordinary Shares or the C Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (p) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- (q) it acknowledges that neither Numis nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and/or Placing Programme or providing any advice in relation to the Placing and/or Placing Programme and participation in the Placing and/or Placing Programme is on the basis that it is not and will not be a client of Numis and that Numis does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing and/or Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing and/or the Placing Programme;
- (r) it acknowledges that where it is subscribing for Ordinary Shares or C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares or C Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing and/or Placing Programme in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares or C Shares by or on behalf of any such account;
- (s) it irrevocably appoints any director of the Company and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its

subscription for all or any of the Ordinary Shares or C Shares for which it has given a commitment under the Placing and/or the Placing Programme, in the event of its own failure to do so;

- (t) it accepts that if the Placing and/or Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares or C Shares for which valid application are received and accepted are not admitted trading on the Specialist Fund Market for any reason whatsoever then none of Numis or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Placing and/or Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Legislation**") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (v) it acknowledges that due to anti-money laundering requirements, Numis and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Numis and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Numis and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (w) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for Ordinary Shares or C Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);
- (x) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
 - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares and/or C Shares;
 - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares and/or C Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;

- (iv) without limitation provide such personal data to the Company, Phoenix, the Depository and to the Portfolio Manager and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Administrator's internal administration.
- (y) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (x) above). For the purposes of this Prospectus, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
 - (z) Numis and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
 - (aa) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Numis, the Company, the Portfolio Manager, the AIFM and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares or C Shares are no longer accurate, it shall promptly notify Numis and the Company;
 - (bb) where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;
 - (cc) any of its clients, whether or not identified to Numis, will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
 - (dd) it accepts that the allocation of Ordinary Shares or C Shares shall be determined by Numis in its absolute discretion but in consultation with the Company and that Numis may scale down any placing commitments for this purpose on such basis as it may determine; and
 - (ee) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares or C Shares and to comply with its other obligations under the Placing and/or the Placing Programme.

5. United States Purchase and Transfer Restrictions

By participating in the Placing and/or the Placing Programme, each placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares or C Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Portfolio Manager, the AIFM, the Registrar and Numis that:

- (a) it is not a U.S. Person, is not located within the United States and is acquiring the Ordinary Shares or C Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act and it is not acquiring the Ordinary Shares or C Shares for the account or benefit of a U.S. Person;
- (b) it acknowledges that the Ordinary Shares and C Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the Securities Act;
- (c) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;

- (d) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or C Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the Ordinary Shares or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) that if any Ordinary Shares or C Shares offered and sold pursuant to Regulation S under the Securities Act are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“UK MORTGAGES LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.”

- (f) if in the future the placee decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares or C Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (g) it is purchasing the Ordinary Shares or C Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares or C Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (h) it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or C Shares or interests therein at any time as to such person’s status under U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under U.S. securities laws to transfer such Ordinary Shares or C Shares or interests therein in accordance with the Articles;
- (i) it acknowledges and understands that the Company may be required to comply with FATCA and other regimes requiring the provision of information and that the Company will follow FATCA’s extensive reporting and withholding requirements and the reporting requirements of any other relevant regime requiring the provision of information. The Purchaser agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA or any other regime requiring the provision of information;

- (j) it is entitled to acquire the Ordinary Shares or C Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares or C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Portfolio Manager, the AIFM, Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing and/or the Placing Programme or its acceptance of participation in the Placing and/or the Placing Programme;
- (k) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares and/or the C Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (l) if it is acquiring any Ordinary Shares or C Shares as a fiduciary or agent for one or more accounts, the placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Portfolio Manager, the AIFM, the Registrar, Numis and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

6. Supply and Disclosure of Information

If Numis, the Registrar or the Company or any of their agents request any information about a placee's agreement to subscribe for Ordinary Shares or C Shares under the Placing and/or the Placing Programme, such placee must promptly disclose it to them.

7. Miscellaneous

The rights and remedies of Numis, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a placee is a discretionary fund manager, that placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing and/or the Placing Programme will be sent at the placee's risk. They may be returned by post to such placee at the address notified by such placee.

Each placee agrees to be bound by the Articles once the Ordinary Shares or C Shares, as applicable, which the placee has agreed to subscribe for pursuant to the Placing and/or the Placing Programme, have been acquired by the placee. The contract to subscribe for Ordinary Shares or C Shares under the Placing and/or the Placing Programme and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company, the Portfolio Manager, the AIFM and the Registrar, each placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares or C Shares under the Placing and/or the Placing Programme, references to a "placee" in these terms and conditions are to each of the placees who are a party to that joint agreement and their liability is joint and several.

Numis and the Company expressly reserve the right to modify the Placing and/or the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing and/or the Placing Programme is/are subject to the

satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 10 of Part 10 of this Prospectus.

PART 12: TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

If you apply for Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, Numis and the Receiving Agent as set out in this Part 12.

2. Offer to acquire Ordinary Shares under the Offer for Subscription

Your application must be made on the Application Form set out at Appendix 1 of this document or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you complete an Application Form on behalf of another person or a corporation, that person or corporation:

- 2.1 offer to subscribe for the number of Ordinary Shares specified in section 1 of your Application Form (or such lesser number for which your application is accepted) at the Issue Price per Ordinary Share on the terms, and subject to the conditions, set out in this document (including this Part 12) and the Memorandum and Articles of Incorporation of the Company;
- 2.2 agree that, in consideration of the Company and Numis agreeing that they will not, prior to Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 31 July 2015 and shall not be revoked after Admission and that this paragraph 2.2 shall constitute a collateral contract between you, the Company and Numis which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- 2.3 warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have any Ordinary Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any Ordinary Shares applied for in certificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to issue such Ordinary Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- 2.4 agree that the crediting to a CREST account of any Ordinary Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any Ordinary Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled and monies returnable may be retained by, the Receiving Agent:
 - (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in subparagraphs 6.1, 6.2, 6.6, 6.8 or 6.9 of this Part 12 or any other suspected breach of the terms and conditions of application set out in this Part 12; or
 - (c) pending any verification of identity which is, or which the Company or Numis considers may be, required for the purposes of its money laundering obligations under the UK Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and the Handbook of Financial Services Business (together referred to as the “**Money Laundering Regulations**”) (in each case as amended) and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;

- 2.5 agree, on the request of the Company or Numis, to disclose promptly in writing to them such information as the Company or Numis may request in connection with your application and authorise the Company, Numis and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.6 agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Numis following a request therefor, the Company or Numis may terminate the agreement with you to issue Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn, or from which any electronic interbank transfer (CHAPS) was made, without interest and at your risk;
- 2.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.8 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form;
- 2.9 undertake to pay interest at the rate described in paragraph 3.3 of this Part 12 if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.10 authorise the Receiving Agent to credit the CREST account specified in section 5 of the Application Form with the number of Ordinary Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of Ordinary Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.11 agree that, in the event of any difficulties or delays in the admission of the Ordinary Shares to CREST or the use of CREST in relation to the Issue, the Company and Numis may agree that all of the Ordinary Shares should be issued in certificated form;
- 2.12 authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form at your risk;
- 2.13 confirm that you have read and complied with paragraph 8.2 of this Part 12;
- 2.14 consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, Receiving Agent or Administrator will be stored on the Receiving Agent's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Receiving Agent and the Administrator are required to specify the purposes for which they will hold personal data. The Receiving Agent and the Administrator will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
 - (a) process your personal data (including sensitive personal data) as required by or in connection with your holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;
 - (b) communicate with you as necessary in connection with your affairs and generally in connection with your holding of Ordinary Shares;
 - (c) provide personal data to such third parties as the Administrator or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (d) without limitation, provide such personal data to the Company, Numis, Phoenix, the Portfolio Manager, the Depositary, the Administrator, the Receiving Agent and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (e) process your personal data for the Administrator's internal administration.

In providing the Receiving Agent and the Administrator with information, you hereby represent and warrant to the Receiving Agent and the Administrator that you have obtained the consent of any data subjects to the Receiving Agent and the Administrator and their respective associates holding and using their personal data for the purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes set out in paragraph 2.14 (a) above). For the purposes of this document, “data subject”, “personal data” and “sensitive personal data” shall have the meanings attributed to them in the Data Protection Law; and

2.15 agree that your Application Form is addressed to the Company.

3. Acceptance of Applications

3.1 In respect of those Ordinary Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company, or Numis on behalf of the Company, either:

- (a) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
- (b) by notifying acceptance thereof to the Receiving Agent.

3.2 The basis of allocation will be determined by the Company in consultation with Numis. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application set out in this Part 12 or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with it in some other manner to apply in accordance with the terms and conditions of application in this Part 12. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 11.00 a.m. on 1 July 2015.

3.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicant’s cheques. The Company may require you to pay interest or its other resulting costs (or both) if any cheque accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus 2 per cent. per annum.

3.4 The right is reserved to reject in whole or in part or to scale down or limit, any application.

3.5 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 1,000 Ordinary Shares, or applications which are more than 1,000 but not a multiple of 100 thereafter.

4. Conditions

4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) Admission occurring and becoming effective by 8.00 a.m. on 7 July 2015 (or such later time or date, not being later than 8.00 a.m. on 28 July 2015, as the Company and Numis may agree); and
- (b) the Placing Agreement referred to in paragraph 9.6 of Part 10 of this document becoming unconditional and the obligations of Numis thereunder not being terminated prior to Admission.

4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. Return of Application Moneys

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), or if any contract created by acceptance does not become unconditional, the application moneys or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application moneys will be retained by the Receiving Agent in a separate account.

6. Warranties

By completing an Application Form, you:

- 6.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 12 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Numis, the Portfolio Manager, the AIFM or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus and any supplementary prospectus issued by the Company prior to Admission (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;
- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Numis;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company, Numis or the Receiving Agent will be sent at your risk and, in the case of documents and returned moneys to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- 6.8 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services);
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 2 of this Part 12 and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph;
- 6.10 You acknowledge and understand that the Company may be required to comply with FATCA and other regimes requiring the provision of information and that the Company will follow FATCA's extensive reporting and withholding requirements and the reporting requirements of any other relevant regime requiring the provision of information. You agree to furnish any

information and documents the Company may from time to time request, including but not limited to information required under FATCA or any other regime requiring the provision of information; and

- 6.11 agree that you are capable, or the underlying client(s) in the case of applications on behalf of professionally-advised investors are capable themselves, of evaluating the merits and risks of an investment in the Company and have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

7. Money Laundering

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations (as amended) and any other regulations applicable thereto the Company and/or the Receiving Agent may, at its/their absolute discretion, require verification of identify from any person lodging an Application Form who either:

7.1.1 tenders payment by way of banker's draft or cheque or money order drawn on, or by way of telegraphic transfer or similar electronic means from, an account in the name of another person or persons (in which case verification of your identity may be required); or

7.1.2 appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence or identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.

Without prejudice to the generality of this paragraph 7, verification of the identity of applicants will be required if the value of the Ordinary Shares applied for, whether in one or more applications, exceeds £10,000. If the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000 you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Application Form is completed.

8. Overseas Investors

The attention of investors who are not resident in, or citizens of, countries other than the United Kingdom and Guernsey is drawn to paragraphs 8.1 to 8.4 below:

- 8.1 The offer of Ordinary Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer for Subscription. It is the responsibility of all such persons receiving this Prospectus and/or wishing to subscribe for Ordinary Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territories.
- 8.2 No person receiving a copy of this Prospectus in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3 Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any U.S. Person or in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

9. Miscellaneous

- 9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.
- 9.2 The rights and remedies of the Company, Numis and the Receiving Agent, pursuant to this Part 12 are in addition to any rights and remedies, which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00 a.m. on 1 July 2015 by giving notice to the London Stock Exchange. In this event, the revised closing time will be published in such manner as Numis, in consultation with the Company, determines subject and having regard, to the Prospectus Rules and any requirements of the London Stock Exchange.
- 9.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you without interest.
- 9.5 You agree that Numis is acting for the Company in connection with the Issue and for no-one else and that Numis will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or otherwise in relation to the Offer for Subscription.
- 9.6 You authorise the Receiving Agent, Numis or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent or of Numis to execute and/or complete any document required therefor.
- 9.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations arising under or in connection therewith shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Numis or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8 The dates and times referred to in this Part 12 may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9 Save where the context requires otherwise, terms used in this Part 12 bear the same meaning as where used elsewhere in this document.

10. Joint Applicants

If you make a joint application, you will not be able to transfer your Ordinary Shares into an ISA, SIPPS or SSAS. If you are interested in transferring your Ordinary Shares into an ISA, SIPPS or SSAS, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address set out in the first paragraph of the Application Form.

11. Contact Telephone Number

Insert in section 7 of the Application Form a daytime contact telephone number, including STD, (and, if different, from the person named in section 2 of the Application Form, the name of the person to contact) in the case of any queries regarding your application.

12. Verification of Identity

Section 8 of the Application Form only applies if the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000. If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

12.1 Professional adviser or intermediary

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

12.2 Applicant identity information

Section 8.3 of the Application Form need only be completed where the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000 and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payer (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

13. Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 1 July 2015. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 11.00 a.m. on 1 July 2015 may be rejected and returned to the first-named applicant.

DIRECTORS, PORTFOLIO MANAGER, AIFM, PRINCIPAL BANKER, ADMINISTRATOR AND ADVISERS

Directors

Chris Waldron – Chairman, Independent Non-Executive

Richard A. Burrows – Independent Non-Executive

Paul Le Page – Audit Committee Chairman, Independent Non-Executive

PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Registered Office of the Company

PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Website of the Company

www.ukmortgageslimited.com

Portfolio Manager

TwentyFour Asset Management LLP

24 Cornhill

London EC3V 3ND

Telephone: +44 20 7015 8900

Website: www.twentyfouram.com

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Alternative Investment Fund Manager

Phoenix Fund Services (UK) Limited

Springfield Lodge

Colchester Road

Chelmsford CM2 5PW

Telephone: +44 1245 398950

Website: www.phoenixfundservices.com

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Principal Banker

Northern Trust (Guernsey) Limited

PO Box 71

Trafalgar Court

Les Banques

St Peter Port

Guernsey GY1 3DA

Website: www.northerntrust.com

Regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended

Administrator and Company Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited

PO Box 255

Trafalgar Court

Les Banques

St Peter Port

Guernsey GY1 3QL

Website: www.northerntrust.com

Regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended

Broker and Financial Adviser

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

UK Legal Advisers to the Company

Eversheds LLP
One Wood Street
London EC2V 7WS

Guernsey Legal Advisers to the Company

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal Advisers to Numis

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Auditor and Reporting Accountants

PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey GY1 4ND

Registrars

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Receiving Agent

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Depositary

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Authorised and Regulated by the Guernsey Financial Services Commission under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and under the Protection of Investors (Bailiwick of Guernsey) Law 1987

APPENDIX 1

APPLICATION FORM

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Before completing the Application Form, ALL APPLICANTS should read notes 1-5, 7, 8 and 9 of this Application Form. JOINT APPLICANTS should also read note 6 of this Application Form.

1. Application

Fill in (in figures) in the box in section 1 of the Application Form the number of Ordinary Shares that you wish to apply for under the Offer for Subscription. Your application must be for a minimum of 1,000 Ordinary Shares and thereafter in multiples of 100 Ordinary Shares.

2. Personal Details

Fill in (in BLOCK CAPITALS) the full name and address of the applicant. If your application is being made jointly with other persons, please read note 6 of this Application Form before completing section 2 of the Application Form.

3. Signature

The applicant named in section 2 of the Application Form must date and sign section 3 of the Application Form.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. How to Pay

The aggregate value of your application is the number inserted in the box in section 1 of the Application Form, expressed in pounds Sterling. Payment must be made by cheque or banker's draft or by electronic interbank transfer (CHAPS). Payment by cheque or banker's draft must be in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account on the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on the Application Form), must be made payable to "CIS PLC re- UK Mortgages Limited IPO" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect.

Payment by CHAPS must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on 0870 707 4040. Payment by CHAPS must come from a personal account in the name of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on section 2 of the Application Form).

Completed Application Forms accompanied by a cheque or banker's draft for the full amount due or indicating that CHAPS payment for the full amount has been made, must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by no later than 11.00 a.m. on 1 July 2015.

If you use a building society cheque or banker's draft you should ensure that the building society or bank issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United

Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Your payment must relate solely to your Application Form. No receipt will be issued.

5. CREST

If you wish to register your Ordinary Shares directly into your CREST account you should insert the relevant details in section 5 of the Application Form. If you do not complete section 5, you will receive your Ordinary Shares in certificated form.

6. Joint Applicants

If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address in section 2 of the Application Form.

7. Contact Telephone Number

Insert in section 7 of the Application Form a daytime contact telephone number, including STD, (and, only if different from the person named in section 2 of the Application Form, the name of the person to contact) in case of any queries regarding your application.

8. Verification of Identity

Section 8 of the Application Form only applies if the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000. If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

8.1 Professional Adviser or Intermediary

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

8.2 Reliable Introducer

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) £10,000, you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form unless you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

8.3 Applicant Identity Information

Section 8.3 of the Application Form need only be completed where the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000 and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

9. Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by no later than 11:00 a.m. on 1 July. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 11:00 a.m. on 1 July 2015 may be rejected and returned to the first-named applicant.

APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please return this form, duly completed, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 1 July 2015).

IMPORTANT: Before completing this form, you should read the notes set out on pages 126 to 128 of this Prospectus. All applicants must complete sections 1 to 4 of this Application Form. Joint applicants should also complete section 6 of this Application Form. If your application is for more than £10,000, section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.

If you have a query concerning completion of this Application Form, please call Computershare Investor Services PLC on 0870 707 4040 (or, if outside the UK, +44 (0) 870 707 4040). However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

To: UK Mortgages Limited

1. Application

I/We, the person(s) detailed in section(s) 2 and, in the case of joint applicants, 6 below, offer to subscribe for the number of Ordinary Shares specified in the box below at 100p per Share subject to the terms and conditions of application set out in Part 12 of the prospectus dated 23 June 2015 published by the Company (the "Prospectus") and subject to the Memorandum and Articles of Incorporation of the Company.

--

(Write, in figures, the number of Ordinary Shares that you wish to apply for – a minimum of 1,000 and thereafter in multiples of 100)

2. Personal Details (Complete in BLOCK CAPITALS)

(Mr, Mrs, Miss, Ms or Title)	(Surname)
(Forename(s), in full)	
(Address, in full)	
	(Post code)

3. Signature

(Signature)	(Date) 2015
-------------	--



4. Form of Payment

4.1 Cheque or Banker's Draft

If you are paying by cheque or banker's draft, please check the box beside this paragraph 4.1 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling equal to the number shown in the box in section 1 above, made payable to "CIS PLC re – UK Mortgages Limited IPO" and crossed "A/C Payee". Your payment must relate solely to this application. No receipt will be issued. The right is reserved to reject any Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation).

4.2 Electronic Interbank Transfer (CHAPS)

(If you are paying by electronic interbank transfer please check the box beside this paragraph 4.2.)

4.3 Payor, if not applicant

(Contact name)	(Telephone number)
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5. CREST Details (Only complete this section 5 if you wish to register the Ordinary Shares issued pursuant to your application directly into your CREST account)

(CREST Participant ID)	(CREST Member Account ID)
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6. Joint Applicants (Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete in BLOCK CAPITALS and sign this section 6)

(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)
(Surname)	(Surname)	(Surname)
(Forename(s), in full)	(Forename(s), in full)	(Forename(s), in full)
(Address)	(Address)	(Address)
(Post code)	(Post code)	(Post code)
(Signature)	(Signature)	(Signature)

7. Contact Telephone Number

(Telephone number)
(Contact name)

(Insert a daytime contact telephone number (and, only if different from the person named in section 2 above, the name of the person to contact in case of any queries regarding your application)

8. Verification of Identity *(If the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds £10,000), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)*

8.1 Professional Advisers and Intermediaries *(This section 8.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser)*

(Name of professional adviser or intermediary, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

Declaration by the professional adviser or intermediary

To: UK Mortgages Limited, Computershare Investor Services PLC and Numis Securities Limited

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for Ordinary Shares on behalf of one or more clients (“**relevant clients**”). As such, we hereby undertake to:

8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;

8.1.2 to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and

8.1.3 to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)
(Reference or other official number)

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		



8.2 Reliable Introducer (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this Application Form)

(The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “firm”) which is itself subject in its own country to the operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Australia, Belgium, Bulgaria, Canada, Cayman Islands, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Republic of South Africa, Republic of Ireland, Singapore, Spain, Sweden, Switzerland and the United Kingdom.)

Declaration by the firm

To: UK Mortgages Limited, Computershare Investor Services PLC and Numis Securities Limited

With reference to the applicant(s) detailed in section(s) 2 and, in the case of joint applicants, 6 above, all persons signing sections 3 and 6 above and the payor identified in section 4 above if not also an applicant holder (collectively the “**relevant persons**”), we hereby declare that:

- 8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
- 8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 8.2.3 each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 2 and, in the case of joint applicants, 6 above and, if details of a CREST account are included in section 5 above, that the owner thereof is the applicant named in section 2 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

having authority to bind the firm, the details of which are set out below:

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

(Full name of firm's regulatory authority)	
(Website address or telephone number of regulatory authority)	(Firm's registered, licence or other official number)

8.3 Applicant Identity Information *(Only complete this section 8.3 if your application has a value greater than £10,000 and neither section 8.1 nor 8.2 can be completed).*

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Receiving Agent, Numis and the Company reserve the right to ask for additional documents and information).



	Tick here for documents provided				
	Applicant				Payor
	1	2	3	4	
A. For each applicant who is an individual enclose:					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 2 and, in the case of joint applicants, section 6 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
B. For each holder being a company (a "holder company") enclose:					
(i) a certified copy of the certificate of incorporation of the holder company; and					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii) a statement as to the nature of the holder company's business, signed by a director; and					
(iv) a list of the names and residential addresses of each director of the holder company; and					
(v) for each director provide documents and information similar to that mentioned in A above; and					
(vi) a copy of the authorised signatory list for the holder company; and					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)					
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.					
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:					
(i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii) if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii) an explanation of the relationship between the payor and the applicant(s).					

