

RISK STATEMENT

Capitalised terms used in this Risk Statement shall bear the same meaning as in the Deed Poll of the Issuer and the Terms and Conditions (the "**Conditions**") attached to the Deed Poll as Schedule 1, each of the Deed Poll and the Conditions as may be amended, modified or supplemented from time to time. Before deciding whether to purchase any Cap-It Certificates (as defined in the Conditions), you need to be aware of the following:

1 GENERAL RISK WARNING

- 1.1 **Capital risk:** Cap-It Certificates are not deposit based or capital protected and your capital investment is not repayable. Cap-It Certificates are not comparable to a bank savings account and there may be no or minimal payments made on the Cap-It Certificates. There will be no repayment of the Issue Price you have paid and there is no guarantee that you will receive any returns.
- 1.2 **Liquidity risks:** Cap-It Certificates are illiquid and are not covered by the Financial Services Compensation Scheme. Investments in non-readily realisable securities such as the Cap-It Certificates are non-transferable and also "non-mainstream pooled investments" (as defined in the FCA Handbook) and are illiquid, meaning they cannot be traded, which may make them a higher risk investment than a tradeable investment.
- 1.3 **No recourse:** Holders of Cap-It Certificates will have no contractual or other relationship with the Underlying Counterparty with which Cap-It Issuer Limited may contract to acquire a Cap Investment nor any right to collect from the Underlying Counterparty on the Cap-It Certificate or the corresponding Cap Investment.
- 1.4 **No advice:** Neither Cap-It Issuer Limited nor Cap-It Financial Limited (the "**Arranger**") offers investment or tax advice. Content and information on this website (www.capit.co.uk or the "**Website**") about potential investments is designed for general use, and so cannot be considered personal to your circumstances or your financial position. Before purchasing a Cap-It Certificate you should seek expert independent financial and tax advice.
- 1.5 **Contracts (Rights of Third Parties) Act 1999:** No person shall have any right to enforce any term or condition of the Cap-it Certificates under the Contracts (Rights of Third Parties) Act 1999.

2 CAP-IT CERTIFICATES

- 2.1 **Capital at risk:** Cap-It Certificates are intended to be purchased by UK investors seeking a hedge against rising interest rates and are not comparable to a deposit, a bond or any other mainstream investment. The value of Cap-It Certificates, and any income from or relating to them, can fall as well as rise so you could receive less than you invest or even nothing at all. Past performance is no guarantee of future performance. Cap-It Certificates are not deposit based or capital protected, and your capital once invested is not redeemable. They are also illiquid, high risk, and are not covered by the Financial Services Compensation Scheme.

- 2.2 **Returns depend on the level of interest rates:** The realised rate of return on a Cap-It Certificate will depend on a number of factors which include the movement of LIBOR or other Interest Rate Benchmarks to which the cap rate is linked during the term of the Cap-It Certificate. If the Benchmark Interest Rate remains at or below the Certificate Cap Rate for the lifetime of the Cap-It Certificate, the return on the Cap-It Certificate will be zero.
- 2.3 **Returns may be subject to tax:** There may be tax implications for certain categories of investor. Prospective purchasers of Cap-It Certificates are strongly recommended to obtain independent tax advice.
- 2.4 **Payments are limited to amounts received:** Each Cap-It Certificate issued by Cap-It Issuer Limited is designed to reflect the key terms of a specific Cap Investment sold to Cap-It Issuer Limited by a counterparty. If you hold a Cap-It Certificate, Cap-It Issuer Limited will make payments on the basis described in the Terms and Conditions of the particular Cap-It Certificate; those payments will correspond to the amounts that Cap-It Issuer Limited receives in respect of the Cap Investment it has purchased in respect of the relevant Certificate, net of its fee arrangement (described in section 7 below).
- 2.5 **No repayment of the Issue Price:** The Issue Price paid by the purchaser of each Cap-It Certificate will be applied solely by the Issuer to finance the Issuer's purchase of a Cap Investment from an Underlying Counterparty and payment of its fees. Accordingly, there will be no repayment of the Issue Price on the Maturity Date of a Cap-It Certificate.
- 2.6 **Early Redemption:** If you need access to the money you have invested before the scheduled maturity date of a Cap-It Certificate, Cap-It Issuer Limited may, at its sole discretion, agree to repurchase your Cap-It Certificate at a price that it will determine (and that may be zero). Please note there is no secondary market for the Cap-It Certificates and that the Cap-It Certificates are non-transferable.
- 2.7 **Non-transferable:** The Cap-it Certificates are non-transferable save by operation of law and no application has been or will be made to any investment or stock exchange for the Cap-it Certificates to be listed or dealt in or on.

3 CERTIFICATE HOLDERS

- 3.1 **Eligible investors only:** The purchase of Cap-It Certificates is restricted to eligible investors in the UK only. Purchasers of Cap-It Certificates are required to meet all suitability standards imposed on them by applicable law.
- 3.2 **Ability to bear risk:** Purchasers of Cap-It Certificates must be able to bear the economic risk of their purchase of a Cap-it Certificate and afford a complete loss of the Issue Price paid for the Cap-it Certificate.
- 3.3 **No direct interest:** No proprietary or other direct interest in the Issuer's rights under or in respect of any Cap Investment exists for the benefit of any Certificate Holder. No Certificate Holder will have any entitlement or standing to enforce the Cap Investment or direct recourse to the Underlying Counterparty.

4 UNDERLYING COUNTERPARTIES

- 4.1 **Default Risk:** The financial servicing and performance of the terms of the Cap-it Certificates depend upon the performance by the relevant Underlying Counterparty, with which Cap-It Issuer Limited may contract to acquire a Cap Investment, of its obligations under the Cap Investment. There is a risk that the Underlying Counterparty to a Cap Investment could default resulting in a loss of protection against rises in interest rates and any related return. Should the Underlying Counterparty default or otherwise fail to pay on the Cap Investment to which the Cap-It Certificate relates, then the returns on the Cap-It Certificate will be adversely affected accordingly.
- 4.2 **No Warranty:** Neither Cap-It Issuer Limited nor Cap-It Financial Limited makes any representation or warranty in respect of the performance and observance by any Underlying Counterparty of its obligations under the relevant Cap Investment or the recoverability of any Proceeds from any Underlying Counterparty in relation to such Cap Investment. Cap-It Issuer Limited shall not at any time have any responsibility for, or obligation or liability in respect of, the condition, financial or otherwise, creditworthiness, affairs, status or nature of any Underlying Counterparty. Neither Cap-It Issuer Limited nor Cap-It Financial Limited shall at any time be liable for any representation or warranty or any act, default or omission of any Underlying Counterparty under or in respect of any Cap Investment.
- 4.3 **No Recourse:** Holders of Cap-It Certificates will have no contractual or other relationship with the Underlying Counterparty with which Cap-It Issuer Limited may contract to acquire a Cap Investment nor any right to collect from the Underlying Counterparty on the Cap-It Certificate or the corresponding Cap Investment.

5 NO ADVISORY RELATIONSHIP

- 5.1 **No investment advice:** Cap-It Financial Limited operates the Website so that it may provide Cap-It Certificates which reflect the key economic terms of the underlying Cap Investments. Neither Cap-It Issuer Limited nor Cap-It Financial Limited is acting or has acted as an agent, fiduciary or advisor to any person deciding to purchase a Cap-It Certificate.
- 5.2 **No tax advice:** Tax treatment depends on your individual circumstances and may be subject to change. If in any doubt, please seek specialist tax advice. The Website does not constitute investment, legal, tax or other advice nor is it to be relied upon in making an investment decision.
- 5.3 **No other advice:** Neither Cap-It Issuer Limited nor Cap-It Financial Limited provides any investment, legal, accounting, regulatory or tax advice with respect to the Cap-It Certificates. If in any doubt, please consult your own investment, legal, accounting, regulatory and tax advisors.

6 TAXATION

- 6.1 **Distributions subject to applicable laws:** Distributions on the Cap-It Certificates will be made subject in all cases to any applicable fiscal or other laws and regulations in any place of payment to withhold or deduct for or on account of tax.

- 6.2 **Certificate Holder responsibility:** It is the responsibility of each Certificate Holder to account for any income or corporation tax that may be payable by it. If you are in any doubt about your tax position you should seek independent tax advice.

7 FEE ARRANGEMENTS

- 7.1 **Issuer Mark-up:** Cap-It Issuer Limited charges you a fee by adding an amount to the original cost of the underlying Cap Investment, which is used to pay its third-party service providers (including the Arranger). The Issuer Mark-up is 10% of the cost of the underlying Cap Investment, subject to a Minimum Issuer Mark-up.
- 7.2 **Issuer Spread:** Cap-It Issuer Limited will earn a spread if and when the Cap Rate of a Cap-It Certificate is exceeded, which spread will be used to pay its third-party service providers (including the Arranger, the Calculation Agent and the Administrator). The Issuer Spread is not paid directly by purchasers of the Cap-It Certificates, but results from the underlying Cap Investment having lower cap rate than the associated Cap-It Certificate.

8 WEBSITE

- 8.1 **United Kingdom only:** This Website is not directed at or intended for publication or distribution to any person (natural or legal) in any jurisdiction other than the United Kingdom. Purchase of Cap-It Certificates is only available to qualifying persons or legal entities that are entitled to purchase such Cap-It Certificates under prevailing UK law and regulation and on the basis that they are not subject to any jurisdictional restrictions prohibiting access to the information on the Website.
- 8.2 **Website information:** Information posted on the Website, including about interest rates and associated indicative prices for Cap-It Certificates, is taken from or calculated by reference to publicly available information and from sources considered to be reliable but no warranty is given that such information is accurate or complete and it should not be relied upon as such. Neither Cap-It Issuer Limited nor Cap-It Financial Limited is responsible for the accuracy of this information or for any loss or damage of any kind which arises, directly or indirectly, and is caused by the use of any part of the information provided.
- 8.3 **External links:** Throughout this Website you will find links to external websites. Although we make every effort to ensure these links are accurate, up to date and relevant, we cannot take responsibility for pages maintained by external providers.
- 8.4 **Logging in:** By registering as a Member of the Website or logging on to the Website to view the investment opportunities listed, you confirm that you are legally entitled to view these investment opportunities and you agree to all applicable terms and conditions on the Website.