

## **Securities Note for Protected Cell 267**

This Securities Note forms part of a tripartite prospectus for Guaranteed Investment Products 1 PCC Limited (the "**Company**") and sets out specific information on, and the terms and conditions applicable to, the Cell Shares. The tripartite prospectus in respect of the Company's offer for the Cell Shares comprises the registration document dated 20 April 2016 April 2016 and a supplementary prospectus dated 10 May 2016 (the "**Registration Document**"), the Summary dated 31 May 2016 and this Securities Note (together the "**Prospectus**").

A copy of this document, which has been prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 85(1) of the Financial Services and Markets Act 2000 (the "**FSMA**"), has been filed with the Financial Conduct Authority (the "**FCA**") in accordance with rule 3.2.1 of the Prospectus Rules.

This Securities Note includes particulars given in compliance with the Prospectus Rules of the UK Listing Authority and the Listing Rules of the Channel Islands Securities Exchange Authority Limited (the "**CISEAL**") for the purposes of giving information with regard to the Company and the relevant Shares being offered. The information contained in this Securities Note should be read in the context of, and together with, the information contained in the Registration Document and the Summary and distribution of this Securities Note is not authorised unless accompanied by, or supplied in conjunction with, copies of the Registration Document and the Summary. The Directors of the Company, whose names appear at page 60 of this Securities Note, and the Company itself, accept responsibility for the information contained in the Prospectus and declare that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. Santander Guarantee Company (the "**Guarantor**") accepts responsibility for the information contained in Part E of the Registration Document and Section E of this Securities Note and declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part E of the Registration Document and Section E of this Securities Note, and for which the Guarantor is responsible, is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Santander UK plc accepts responsibility for the information contained in Part F of the Registration Document and Section F of this Securities Note and declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part F of the Registration Document and Section F of this Securities Note, and for which Santander UK plc is responsible, is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Abbey National Treasury Services plc accepts responsibility for the information contained in Part G of the Registration Document and Section G of this Securities Note and declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part G of the Registration Document and Section G of this Securities Note, and for which Abbey National Treasury Services plc is responsible, is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

# **Guaranteed Investment Products 1 PCC Limited**

*(a protected cell company incorporated with limited liability  
under the laws of Guernsey with registered number 42754)*

## **Offer for Subscription of up to 500 million Protected Cell 267 Cell Shares**

The Company is authorised as an Authorised Closed Ended Investment Scheme by the Guernsey Financial Services Commission (the "**GFSC**") under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008. 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. Notification of the offer of the Cell Shares has been made to the GFSC. The GFSC has not reviewed this document and it together with the States of Guernsey Policy Council continue to take no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

The number of Cell Shares being offered should not be taken to be indicative of the number of Cell Shares which will be issued. The minimum subscription under the Offer for Subscription is £1,500.

This document is not an offer of securities for sale in the United States. The Cell Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, such registration. The Cell Shares will not be registered under the relevant securities laws of Canada, Australia or Japan. Accordingly, unless an exemption under such acts or laws is applicable, the Cell Shares may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan. Investors should also be aware of further sale restrictions on the Cell Shares (see the section headed "Investor Restrictions" in Part A of the Registration Document). Application has been made to the CISEAL for up to 500 million Cell Shares to be admitted for block listing on the CISEAL. Admission is subject to allotment and issue of the Cell Shares. Dealings in the Cell Shares for normal settlement will commence on Admission of the relevant Cell Shares. Mourant Ozannes Securities Limited is acting as sponsoring member in relation to the application for listing on the CISEAL. No application is being made for the Cell Shares to be listed, or dealt in, on any stock exchange or investment exchange other than the CISEAL.

**An investment in the Cell Shares involves complex risks and is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.**

**Before making any investment decision with respect to the Cell Shares, any investors should consult their own stockbroker, bank manager, solicitor, accountant or other financial adviser and should carefully review and consider such an investment decision in the light of the foregoing and the investor's personal circumstances.**

**The attention of potential investors is drawn to "Risk Factors" set out on pages 3 to 18 of this document. For an explanation of defined terms see "Definitions" on pages 57 to 60 of this document.**

31 May 2016

0030144-0000388 ICM:24230886.6

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## RISK FACTORS

**Investment in the Cell Shares issued by the Company in respect of the Protected Cell is subject to certain risk factors. Investors should carefully consider both the risks generally associated with investing in the Company and the risks associated in investing in the Cell Shares.**

**The risks listed below and in the Registration Document are those risks that the Company, as at the date of this Securities Note, is aware of and considers to be material and should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Cell Shares. Risks that the Company considers to be immaterial or of which it is not aware have not been included and potential investors should be aware that an investment in the Cell Shares may be exposed to other risks not considered material by the Company based on information currently available to it or which it is not currently able to anticipate. Investors should read the detailed information set out elsewhere in this Securities Note and in the Registration Document and Summary and reach their own views prior to making any investment decision.**

**Where information has been sourced from a third party within these risk factors the third party source of such information is identified in a footnote and the Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

- *Plan Investments and Investment Objective*

Investors should be aware that the Company's only investments for the Protected Cell will be in Plan Investments and that there may be no counterparty risk diversification. The obligations of each Investment Counterparty under the Plan Investments will not be collateralised. There can be no assurance that the Company's full investment objective in respect of the Protected Cell will be achieved.

- *Performance Return Risk and Extent of Guaranteed Return*

Investors should note that the Guaranteed Return for the Protected Cell extends only to an amount equal to the aggregate of the Investment Amount and the Fixed Return and the guarantee does not extend to the full amount of the Investment Return in respect of the Cell Shares if the Performance Return, rather than the Fixed Return, is payable.

There can be no assurance that Shareholders will receive the Performance Return in respect of the Cell Shares. Any Performance Return in respect of the Cell Shares will be dependent on the performance of the Index (i.e. the Index Growth multiplied by the Participation Rate has to exceed 2.50 per cent.).

Investors should note that the calculation of the Performance Return is calculated by reference to the closing level of the Index on the Initial Valuation Date and on each Scheduled Trading Day during the Final Valuation Period. The performance of the Index at any other time or on any other day will not be included in the calculation of the Performance Return.

Investors should note that any Performance Return per Cell Share will be limited to a maximum amount of £0.16 per Cell Share. Any positive performance of the Index that would otherwise produce a return greater than £0.16 per Cell Share if an investor was to have direct exposure to the index will not be reflected in the Investment Return paid to investors.

Investors should note that the Cell Guarantee applicable to the Cell Shares is a guarantee of payment only of an amount equal to the relevant Guaranteed Return by the Company to Shareholders on the Maturity Date. Under the terms of such Cell Guarantee, Santander Guarantee Company does not guarantee or give any other assurance as to the performance of the Index by reference to which the Investment Return in relation to the Cell Shares is to be determined.

Performance of the Cell Guarantee is dependent on the continued solvency of Santander Guarantee Company and Santander UK plc.

- *Long Term Investment*

Investors should be aware that investment in any Cell Shares should be viewed as an investment for the full Investment Term of such Shares. The value of the Cell Shares can fall as well as rise and there is no assurance that investors will be able to sell their Cell Shares prior to the relevant Maturity Date or as to the price at which any sale may be possible (please see further the sub-section headed "Liquidity" below).

- *Liquidity*

Dealings in the Cell Shares on the CISEAL will only commence on Admission of the relevant Cell Shares.

The Directors do not anticipate that an active secondary market will develop in the Cell Shares. Although a market maker may offer to buy and sell the Cell Shares in the secondary market during their Investment Term, investors should be aware that such market maker may cease to undertake any market making activities at any time at its sole discretion. For example, the market maker may decide not to buy Cell Shares if it determines that market conditions are unfavourable or it is likely to be in breach of applicable laws and regulations or its internal policies and limits. Accordingly, there can be no assurance that at any time there will be a secondary market for the Cell Shares, and if there is, the secondary market price in respect of the Cell Shares will reflect numerous factors including trade size, volatility of the Index, cost of funding, interest rates, credit risk, supply and demand as well as a bid/offer spread. Accordingly investors should not expect that any secondary market price for any Cell Shares will be calculated entirely or almost entirely by reference to the Net Asset Value per Cell Share or an index of any description, or by reference to any index or asset referred to in the terms of the Cell Shares.

The return to any Shareholder who disposes of his or her Cell Shares prior to their Maturity Date will depend on the price which can be obtained for those Shares in the market at that time and may be less than the Investment Return or even the Investment Amount. **Any Shareholder who disposes of his or her Cell Shares prior to their Maturity Date will not be covered by the Cell Guarantee in respect of such disposal and may receive back less than the amount which he or she invested in the Shares.**

- *Limitation or Cancellation of the Offer*

The Company reserves the right to limit the number of Cell Shares available under the Offer, as set out in Section A of this Securities Note.

The Company may also cancel the Offer by compulsorily redeeming any Cell Shares in issue, as set out in Section A of this Securities Note.

- *Change in Taxation*

Any change in the Company's tax status, or in taxation legislation or in the interpretation or application of tax legislation in Guernsey or the UK, or in any other tax jurisdiction affecting the Company, a Shareholder or investor, could affect the value of the investments held by the Protected Cell of the Company, the amount paid to the Company under any of the Plan Investments, the Company's ability to achieve the stated investment objective of the Protected Cell, the amounts guaranteed or payable under the Cell Guarantee applicable to the Cell Shares and/or alter the post tax returns to Shareholders. Statements in this Securities Note concerning the taxation of Shareholders resident in Guernsey or the UK are based upon current Guernsey and UK tax law and practice which is subject to change, possibly with retrospective effect. Any such change could adversely affect the ability of the Company to meet the stated investment objective or adversely affect the ability of the Company to pay the Investment Return payable in respect of the Cell Shares on the Maturity Date and the net amount of the Investment Return paid to Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

It is not currently anticipated that there will be any withholding obligation on account of UK or Guernsey tax affecting payments made under the Plan Investments. If, however, there is a change in UK or Guernsey tax legislation or an introduction of or change in any other tax legislation, regulations thereunder or official interpretations thereof at any time which imposes an obligation to withhold on account of tax from payments by the Investment Counterparty to the Company under the Plan Investments (including but not limited to the US Foreign Account Tax Compliance Act), the amount payable by the Investment Counterparty may be reduced by the amount of such withholding. This may affect the ability of the Company to pay the Investment Return to Shareholders. In particular, it should be noted that if a change in or introduction of taxation law, regulations thereunder or official interpretations thereof (including but not limited to the US Foreign Account Tax Compliance Act) were to result in the obligation to withhold on account of tax from payments to Shareholders under the Cell Shares, the amount of the Investment Return actually received by Shareholders would be reduced. The Company will not make any additional payments to Shareholders in the event that any withholding obligation is imposed on payments by the Company under the Cell Shares issued in respect of any Cell. In circumstances where the amounts payable to Shareholders are reduced as a result of a change in or introduction of tax legislation, regulations thereunder or official interpretations thereof as described in this paragraph and those amounts are consequently less than the Guaranteed Return for the relevant Cell, the liability of the Guarantor under the Cell Guarantee applicable to the Cell Shares will be reduced accordingly.

- *Entity Risk*

The Company was constituted as a protected cell company pursuant to the Companies (Guernsey) Law, 1994 to 1996, as amended and The Protected Cell Companies Ordinance 1997. With effect from 1 July 2008 the Companies (Guernsey) Law, 1994 to 1996, as amended and The Protected Cell Companies Ordinance 1997 were repealed and replaced with the Companies (Guernsey) Law, 2008, as amended (the “**Companies Law**”). A protected cell company is a multi-cellular company whose principal feature is that each cell has its own distinct assets which are not available to creditors of other cells of that company or the company as a whole. Jurisdictions other than Guernsey may not be prepared to accept that creditors of a particular cell are prevented from gaining access to the cellular assets of other cells, or that creditors of the company as a whole do not have access to those assets specifically designated as cellular assets. In order to minimise this risk (i) service providers to the Company will generally be required to agree that their fees will be paid solely from the assets of the particular Cell to which the services relate and (ii) each Shareholder will be required to agree when subscribing for Shares that any liability to the Shareholder will be satisfied only out of assets

of the particular Cell to which the liability relates. However, a court could determine that such agreements are not enforceable.

Other Cells may be introduced by the Company from time to time. A separate portfolio will be maintained for each Cell and each Cell will bear its own liabilities. Each Cell will remain ultimately liable to third parties for its own liabilities and the assets of one Cell will not be available to meet the liabilities of any other Cell(s).

- *Cross-Cell Liabilities*

The structure of the Company allows for the creation of multiple Cells. Generally, the assets of each Cell are segregated, so that the assets of one Cell are not available to satisfy the liabilities of any other Cell. In the event of a particular Cell's portfolio suffering severe losses such that the liabilities of the Cell exceeded the assets of the Cell, under the law currently in effect in Guernsey, creditors of that Cell could not seek to recover from the assets of other Cells. However, there can be no assurance that such law will not change and thus that there will never be any cross-cell liability risk.

- *Determination Agent's discretion*

The Determination Agent has a very broad discretionary authority to make various determinations and adjustments under the Cell Shares, any of which may have an adverse effect on the Investment Return. For example, the Determination Agent has a broad discretion, without limitation, (i) to determine whether a Disrupted Day, a Market Disruption Event and/or other event and/or matter so specified in the section headed "Market Disruption and Adjustment" in Part B of the Registration Document or this Securities Note, has occurred, (ii) to determine any resulting adjustments, determinations and calculations as described in the section headed "Market Disruption and Adjustment" in Part B of the Registration Document or this Securities Note and (iii) in respect of any other matters as may be specified in the Prospectus. Prospective investors should be aware that any determinations made by the Determination Agent may have an impact on the Investment Return.

If the Determination Agent determines that any Scheduled Valuation Date (i) is a Disrupted Day or any other day which is subject to adjustment in accordance with the terms and conditions of the Cell Shares and/or (ii) falls on a day in respect of which a disruption, adjustment or correction or similar event has occurred in respect of the Index which affects the valuation of the Index, the Determination Agent has broad discretion to make any consequential postponement or omission of, or any alternative provision for, valuation of the Index provided for in the terms and conditions of the Cell Shares, including a determination of the value of such Index by the Determination Agent in its discretion, each of which may have an adverse effect on the Investment Return.

- *Bank Account Credit Risk*

The Company intends to place any subscription monies it receives prior to the Investment Date on deposit in its bank account held in respect of the Protected Cell with Royal Bank of Scotland International Limited (Guernsey Branch). **If Royal Bank of Scotland International Limited (Guernsey Branch) (or any other bank with which the Original Subscription Proceeds were to be deposited) were to be wound-up or otherwise suffer an insolvency-related event between the start of the Offer Period and the Drawdown Date in respect of the Cell Shares, the Plan Investments will not become effective and the Company may lose some or all of its subscription monies in which case, Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect to the Royal Bank Scotland International Limited (Guernsey Branch) as at the date of this Prospectus.**

The realisation proceeds of any Plan Investments shall be paid into a bank account of the Company acting in respect of the protected Cell at Santander UK plc over which the Guarantor has a first

charge pursuant to the Cell Security Documents for the Protected Cell. **If Santander UK plc (or any other bank with which the realisation proceeds of any Plan Investment were to be deposited) were to be wound-up or otherwise suffer an insolvency-related event at a time when it held proceeds (which is expected to be on the Maturity Date, between the time the returns on the Plan Investments are paid into the account and the time they are utilised to make payments to Cell Shareholders), the Company may not be able to utilise all the monies in the account to make payments to Shareholders in respect of the redemption of their Shares and the Guarantor may not be able realise its security interest in respect of all the monies in the account, in which case Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect to Santander UK plc as at the date of this Prospectus.**

- *Cell Guarantee Risks*

Shareholders will receive an amount at least equal to the Guaranteed Return in respect of their Cell Shares held on the Maturity Date only if either:

- (i) the obligations of Abbey National Treasury Services plc, as the Investment Counterparty, are satisfied in relation to the repayment of an amount equal to the Net Issue Proceeds under the Term Loan Agreement on the Maturity Date and the Forward Cash Settlement Amount is paid under the Forward Transaction on the Maturity Date; or
- (ii) Santander Guarantee Company satisfies its obligations under the Cell Guarantee applicable to the Cell Shares on the Maturity Date if the Company, acting in respect of the Protected Cell, fails to pay an amount at least equal to the Guaranteed Return to Shareholders in respect of their Cell Shares held until the Maturity Date and, if necessary, Santander UK plc satisfies its obligations to Santander Guarantee Company under the Conditional Share Subscription Agreement.

**If the Company does not lend the Net Issue Proceeds to Abbey National Treasury Services plc under the Term Loan Agreement on the Drawdown Date because the Term Loan Conditions Precedent are not satisfied or for any other reason whatsoever, the Forward Transaction will not become effective and the Company will compulsorily redeem all the Cell Shares and investors will receive back all subscription monies held (plus any net interest earned thereon), save where the Company is unable to recover some or all of its subscription monies as explained in the sub-section headed "Bank Account Credit Risk" above. The Cell Guarantee applicable to the Cell Shares will not apply to any such redemption of the Cell Shares.**

**If the obligations of Abbey National Treasury Services plc under the Term Loan Agreement and/or the Forward Transaction are not satisfied and Santander Guarantee Company were to default under the Cell Guarantee applicable to the Cell Shares (whether as a result of insolvency or otherwise), Shareholders could lose some or all of their investment.**

The obligation of Santander Guarantee Company to pay Shareholders any shortfall between the redemption amount they receive from the Company and the Guaranteed Return in respect of their Cell Shares under the Cell Guarantee applicable to the Cell Shares will apply only in respect of Cell Shares held until they are redeemed on the Maturity Date. Prior to this date, such Cell Guarantee will not apply. Shareholders who dispose of their Cell Shares prior to the Maturity Date will not be covered by such Cell Guarantee in respect of such disposal and may receive less than the Guaranteed Return or the amount which they invested in the Cell Shares.

The obligations of Santander Guarantee Company to make payments under the Cell Guarantee applicable to the Cell Shares will be limited to the extent that it is illegal for such payment to be made to Shareholders. In addition, if there is a change of tax legislation at any time resulting in a

withholding tax or other tax deduction affecting payments under any Plan Investment or any tax is imposed on the Company on the proceeds of any Plan Investment, the amount payable under the Cell Guarantee applicable to the Cell Shares will be reduced accordingly. In the event that the amount paid by the Company to the Shareholders on redemption of Cell Shares at the Maturity Date becomes subject to any withholding tax, Shareholders will not be entitled to claim against the Guarantor under such Cell Guarantee for payment of the amounts withheld or deducted. Payments under the Cell Guarantee applicable to the Cell Shares will also be made net of any withholding tax or other tax deduction.

**If Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company were to be wound-up or otherwise suffer an insolvency-related event at any time, Shareholders may lose some or all of their investment.**

Potential investors should ensure that they have carefully read and understood Section D of this Securities Note which sets out a summary of the agreements constituting the Cell Guarantee applicable to the Cell Shares and the Cell Security Documents for the Protected Cell.

- *The Santander UK Group*

Santander Guarantee Company, Abbey National Treasury Services plc, and Santander UK plc are each part of the Santander UK Group. Set out below are risks related to economic conditions in the UK, Europe and global financial markets that may materially and adversely affect the Santander UK Group's financial condition and prospects.

**Because of the roles of Santander Guarantee Company (as Guarantor), Abbey National Treasury Services plc (as Investment Counterparty) and Santander UK plc (as counterparty to the Conditional Share Subscription Agreement and account bank) described above, if, as a result of any such material and adverse effects or otherwise, Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company were to be wound-up or otherwise suffer an insolvency-related event at any time, Shareholders may lose some or all of their investment. The Company has no knowledge of any insolvency-related event with respect to Santander Guarantee Company, Abbey National Treasury Services plc and Santander UK plc as at the date of this Prospectus.**

- *The Santander UK Group's financial condition and prospects may be materially impacted by economic conditions in the UK*

The Santander UK Group's business activities are concentrated in the UK and with the offering of a range of banking and financial products and services to UK retail and corporate customers. As a consequence, the Santander UK Group's financial condition and prospects are significantly affected by the general economic conditions in the UK.

The financial performance of the Santander UK Group is intrinsically linked to the UK economy and the economic confidence of consumers and corporates. The sustainability of the UK economic recovery, along with its concomitant impacts on Santander UK's profitability, remains a risk. Conversely, a strengthened UK economic performance may increase the possibility of a higher interest rate environment. In such a scenario other market participants might offer more competitive product pricing resulting in increased customer attrition. Adverse changes in global growth may pose the risk of a further slowdown in the UK's principal export markets which would have an adverse effect on the broader UK economy. In addition, adverse changes in the credit quality of the Santander UK Group's borrowers and counterparties or a general deterioration in UK or global economic conditions could reduce the recoverability and value of the Santander UK Group's assets and require an increase in the Santander UK Group's level of provisions for bad and doubtful debts. Likewise, a significant reduction in the demand for the Santander UK Group's products and services



could negatively impact its business and financial condition. UK economic conditions and uncertainties may have an adverse effect on the quality of the Santander UK Group's loan portfolio and may result in a rise in delinquency and default rates. There can be no assurance that the Santander UK Group will not have to increase its provisions for loan losses in the future as a result of increases in non-performing loans or for other reasons beyond its control. Material increases in the Santander UK Group's provisions for loan losses and write-offs/charge-offs could have an adverse effect on its financial condition and prospects.

The UK government has taken measures to address the rising and high level of national debt, including reducing its borrowing and public spending cuts. Credit quality could be adversely affected by a renewed increase in unemployment. Any related significant reduction in the demand for the Santander UK Group's products and services, could have a material adverse effect on its financial condition and prospects.

- *Exposure to UK political developments could have a material adverse effect on the Santander UK Group*

Any significant changes in the UK public policy environment could have an impact on the Santander UK Group's business. The UK government has committed to hold a referendum on the UK's membership of the European Union (EU) on 23 June 2016. Future UK political developments, including but not limited to changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the Santander UK Group is subject and also therefore its financing availability and terms. Consequently, no assurance can be given that its operating results, financial condition and prospects would not be adversely impacted as a result.

- *The Santander UK Group is vulnerable to disruptions and volatility in the global financial markets*

Over the past eight years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to reduced liquidity, greater volatility (such as volatility in spreads) and, in some cases, a lack of price transparency on interbank lending rates.

Uncertainties remain concerning the outlook and the future economic environment despite recent improvements in certain segments of the global economy, including the UK. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly or at all. Such economic uncertainties could have a negative impact on the Santander UK Group's business and results of operations. The acute economic risks in the Eurozone are being addressed by on-going policy initiatives, and the prospects for many of the European economies are improving. Investors remain cautious and a slowing or failing of the economic recovery would likely aggravate the adverse effects of difficult economic and market conditions on the Santander UK Group and on others in the financial services industry.

In particular, the Santander UK Group may face, among others, the following risks related to any future economic downturn:

- Increased regulation of its industry. Compliance with such regulation will continue to increase its costs, may affect the pricing for its products and services, and limit its ability to pursue business opportunities.
- Reduced demand for its products and services.
- Inability of its borrowers to comply fully or in a timely manner with their existing obligations.

- The process it uses to estimate losses inherent in its credit exposure requires complex judgements, including forecasts of economic conditions and how such economic conditions may impair the ability of its borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of its estimates, which may, in turn, impact the reliability of the process and the sufficiency of its loan loss allowances.
- The value and liquidity of the portfolio of investment securities that it holds may be adversely affected.
- Any worsening of the global economic conditions may delay the recovery of the international financial industry and impact its financial condition and prospects.
- Adverse macroeconomic shocks may negatively impact the household income of its retail customers, which may adversely affect the recoverability of its retail loans, and result in increased loan losses.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Santander UK Group, including its ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Santander UK Group may be forced to raise the rates it pays on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding costs or deposit rates could have a material adverse effect on the Santander UK Group's interest margins, liquidity and profitability.

If all or some of the foregoing risks were to materialise, this could have a material adverse effect on the Santander UK Group.

- *The Santander UK Group may suffer adverse effects as a result of the economic and sovereign debt tensions in the eurozone.*

Conditions in the capital markets and the economy generally in the Eurozone, although improving recently, continue to show signs of fragility and volatility. Interest rate differentials among eurozone countries are affecting government finances and borrowing rates in those economies. This could have a material adverse effect on the Santander UK Group's financial condition and prospects.

The European Central Bank (the "ECB") and European Council have taken actions with the aim of reducing the risk of contagion in the eurozone and beyond and improving economic and financial stability. These included the creation of the Open Market Transaction facility of the ECB and the decision by eurozone governments to progress towards the creation of a banking union. In January 2015, the ECB announced an extensive quantitative easing scheme which has been supplemented since that date and supported by a policy of lowering interest rates. Notwithstanding these measures, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by eurozone (and other) nations which are under severe financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilised, resulting in the further spread of the recent economic crisis.

The high cost of capital for some European governments impacted the wholesale markets in the UK, which resulted in an increase in the cost of retail funding and greater competition in the savings market. In the absence of a permanent resolution of the eurozone crisis, conditions could deteriorate.

Although the Santander UK Group conducts the majority of its business in the UK, it has direct and indirect exposure to financial and economic conditions throughout the eurozone economies (as market instability surrounding Greece's membership of the eurozone demonstrated in the earlier part

of 2015). While concerns relating to sovereign defaults or a partial or complete break-up of the European Monetary Union, including potential accompanying redenomination risks and uncertainties, seemed to have abated during 2014, such concerns resurfaced to some extent in the earlier part of 2015 with the election of a new government in Greece. In addition, general financial and economic conditions in the UK, which directly affect the Santander UK Group's financial condition and prospects, may deteriorate as a result of conditions in the eurozone.

- *The Banking Act may adversely affect the Santander UK Group's business. The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company. The exercise of any of these actions may negatively affect the ability of the Company to meet its obligations in respect of the Shares and/or the ability of Santander Guarantee Company to meet its obligations in respect of any Cell Guarantee.*

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority (the "**FCA**") and the Prudential Regulation Authority (the "**PRA**" and together with the other entities listed (each an "**Authority**"), the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers can be exercised, as applicable, by the Authorities in respect of a UK bank (such as Santander UK plc or Abbey National Treasury Services plc), UK building society, UK investment firm or UK recognised central counterparty (each a "**relevant entity**") in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power) for example, to protect and enhance the stability of the financial system of the UK. Various of these tools can also be used in respect of a wider range of UK entities, including investment firms and certain banking group companies, provided that certain conditions are met. These entities include UK incorporated companies which meet certain conditions and are in the same group as a relevant entity, EU incorporated credit institutions or investment firms or a third country incorporated credit institutions or investment firms (a "**UK banking group company**") (such as Santander Guarantee Company which is a direct subsidiary of Santander UK plc).

The Financial Services (Banking Reform) Act (the "**Banking Reform Act**") amended the Banking Act to introduce a UK 'bail-in power'. Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), which entered into force on 2 July 2014, contains a similar bail-in power and requires Member States to provide resolution authorities with the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured claims to equity (subject to certain parameters). The UK Government decided to implement the BRRD bail-in power from 1 January 2015. The new PRA and FCA rules and supervisory statements took effect from 19 January 2015, with the exception of the rules that require a contractual clause recognising bail-in powers in foreign law liabilities. These rules were phased in, with the first phase, which applies to debt instruments, having commenced on 19 February 2015. The second phase, which applies to all other relevant liabilities commenced on 1 January 2016.

The SRR as amended consists of five stabilisation options and two special insolvency procedures (bank administration and bank insolvency) which may be commenced by HM Treasury, the Bank of England, the Prudential Regulation Authority or Secretary of State, as the case may be. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank wholly owned by the Bank of England; (iii) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England; (iv) writing down certain claims of unsecured creditors of the relevant entity and/or converting certain unsecured debt claims to equity (the "**bail-in option**"), which equity could also be subject to any future

application of the bail-in option; and (v) temporary public ownership (nationalisation) of all or part of the relevant entity or its UK holding company. In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retroactive effect) to enable the stabilisation powers under the Banking Act to be used effectively.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR under (a) and (b).

*(a) The SRR may be triggered prior to insolvency of Santander UK plc, Abbey National Treasury Services or Santander Guarantee Company*

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the relevant stabilisation options may be exercised if (a) the relevant Authority is satisfied that a relevant entity (such as Santander UK plc or Abbey National Treasury Services plc) is failing, or is likely to fail, (b) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will result in the condition referred to in (a) ceasing to be met and (c) the relevant regulator considers the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors).

It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to Santander UK plc or Abbey National Treasury Services plc could be initiated. In relation to Santander Guarantee Company (a UK banking group company), the stabilisation options may be exercised against it if the stabilisation conditions referred to in (a) and (b) above are satisfied in relation to a relevant entity within the same group and the condition referred to in (c) is satisfied in relation to it.

The bail-in power is a specific power available to the Authorities as part of the SRR to enable them to recapitalise a failed institution by allocating losses to such institution's shareholders and unsecured creditors, subject to the rights of such shareholders and unsecured creditors to be compensated under a bail-in compensation order, which is based on the principle that such creditors should receive no less favourable treatment than they would have received had the bank entered into insolvency immediately before the coming into effect of the bail-in power. The bail-in power includes the power to cancel or write down (in whole or in part) certain liabilities or to modify the terms of certain contracts for the purposes of reducing or deferring the liabilities of a UK bank entity under resolution and the power to convert certain liabilities from one form to another. The conditions for use of the bail-in option are generally that (i) the relevant Authority determines the relevant UK bank entity is failing or likely to fail; (ii) it is not reasonably likely that any other action can be taken to avoid such a UK bank entity's failure; and (iii) the relevant Authority determines that it is in the public interest to exercise the bail-in power. Certain liabilities are excluded from the scope of the bail-in powers, including liabilities to the extent that they are secured.

Under the Banking Act, the Authorities also have the power to require institutions and groups to make structural changes to ensure legal and operational separation of 'critical functions' from other functions where necessary, or to require institutions to limit or cease existing or proposed activities

in certain circumstances. As a result of changes to the PRA Rulebook made to implement the BRRD, Santander UK plc and Abbey National Treasury Services plc are now required to identify such 'critical functions' as part of its resolution and recovery planning. If used in respect of either entity, these ex ante powers could have a negative impact on the business.

*(b) The Financial Instruments, the Cell Guarantee or the Conditional Share Subscription Agreement may be affected by the exercise of a stabilisation option.*

If the stabilisation options were exercised under the SRR in respect of Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company, HM Treasury or the Bank of England may exercise extensive powers including, share transfer powers (applying to a wide range of securities), property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections) and resolution instrument powers (including powers to make special bail-in provisions).

When exercising the bail-in option, the relevant Authority should have regard to the insolvency treatment principles. The insolvency treatment principles are that (i) the exercise of the bail-in power should be consistent with treating all liabilities of the bank in accordance with the priority that they would enjoy on a liquidation and (ii) any creditors who would have equal priority on a liquidation should bear losses on an equal footing with each other. HM Treasury may, by order, specify further matters or principles to which the relevant Authority must have regard when exercising the bail-in option. These principles may be specified in addition to, or instead of the insolvency treatment principles. If the relevant Authority departs from the insolvency treatment principles when exercising the bail-in option, it must report to the Chancellor of the Exchequer stating the reasons for its departure.

Exercise of these powers could involve taking various actions in relation to any Cell Guarantee, Financial Instruments, or the Conditional Share Subscription Agreement without the consent of the Company or Shareholders, including (among other things) modifying or disapplying the terms of such agreements or writing down obligations.

Any such actions may negatively affect the ability of the Company to meet its obligations in respect of the Shares and/or the ability of Santander Guarantee Company to meet its obligations in respect of any Cell Guarantee.

In such circumstances, the Company and/or Shareholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that the Company and/or Shareholders would thereby recover compensation promptly or equal to any loss actually incurred.

A partial transfer of the business of Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company may result in a deterioration of its creditworthiness

If any of Santander UK plc, Abbey National Treasury Services plc or Santander Guarantee Company were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with such entity (which may include the Cell Guarantee, Financial Instruments, or the Conditional Share Subscription Agreement (as applicable)) may result in a deterioration in the creditworthiness of such entity and, as a result, increase the risk that it may be unable to meet its obligations in respect of such agreements and/or eventually become subject to administration (or, in the case of Santander UK plc and Abbey National Treasury Services plc, insolvency proceedings) pursuant to the Banking Act.

In such circumstances, the Company and/or Shareholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can

be no assurance that the Company and/or Shareholders would thereby recover compensation promptly or equal to any loss actually incurred.

At present, the relevant Authorities have not made an instrument or order under the Banking Act relating to the Santander UK Group and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that the Company and the Shareholders will not be adversely affected by any such order or instrument if made in the future.

- *Depositor preference under the Insolvency Act 1986 may affect the amount that is received by the Company in respect of the Financial Instruments or by Santander Guarantee Company in respect of the Conditional Share Subscription Agreement upon the insolvency or resolution of Abbey National Treasury Services plc or Santander UK plc. This may therefore negatively affect the ability of the Company to meet its obligations in respect of the Shares and/or the ability of Santander Guarantee Company to meet its obligations in respect of any Cell Guarantee*

Amendments to the Insolvency Act 1986 have introduced changes to the treatment and ranking of certain preferential debts with the result that certain eligible deposits will rank in priority to the claims of ordinary (i.e. non-preferred) unsecured creditors in the event of an insolvency. This means that the claims of the Company in respect of the Financial Instruments and Santander Guarantee Company in respect of the Conditional Share Subscription Agreement would rank junior to the claims in respect of liabilities afforded preferred status and accordingly, in the event of insolvency or resolution of Abbey National Treasury Services plc or Santander UK plc, the obligations under the Financial Instruments and the Conditional Share Subscription Agreement would be available to absorb losses ahead of liabilities which benefit from such preference.

- *The ring-fencing legislation introduced in the UK through the Banking Reform Act will require banking groups to restructure so that certain deposit taking activities are conducted within a Ring-Fenced Bank which is unable to engage in certain investment banking activities.*

The Banking Reform Act implements the recommendations of the Independent Commission on Banking and of the Parliamentary Commission on Banking Standards, which include:

- Establishing a ring-fencing framework under FSMA pursuant to which UK banking groups that hold significant retail deposits are required to separate their retail banking activities from their wholesale banking activities by 1 January 2019 (the "**Ring-fencing Requirement**")
- Introducing a Senior Managers Regime and Certification Regime from 7 March 2016, replacing the Approved Persons Regime established under FSMA (as amended by the Financial Services Act 2012)
- Introducing a new criminal offence for reckless misconduct in the management of a bank
- Establishing a new Payment Systems Regulator
- Amending the Banking Act to include a bail-in stabilisation power forming part of the special resolution regime. For more information, see the Risk factor on the Banking Act above.

The Ring-fencing Requirement introduced into FSMA by the Banking Reform Act have been supplemented by two statutory instruments that define the ring-fence perimeter: the Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014 defines the UK banks that are subject to the Ring-fencing Requirements (a "**Ring-fenced Bank**") and the core deposits (broadly deposits from individuals and small businesses) that must be held within a ring-fenced bank and the Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions)

Order 2014 defines the activities that a ring-fenced bank is prohibited from undertaking, including dealing in investments or commodities as principal, incurring exposures to certain financial institutions and maintaining non-EEA branches or holding participating interests on non-EEA undertakings, subject in each case to limited exceptions (together with the Ring-fencing Requirement in FSMA, the "**Ring-fencing Rules**"). FSMA requires the PRA to make ring-fencing rules that essentially set the ring-fence height and are designed to ensure, as far as reasonably practicable, that a ring-fenced bank is not adversely affected by the acts or omissions, and would be able to continue on the insolvency of other members of its group and is able to take decisions independently of other members of its group in carrying on its business.

The Ring-fencing Requirement applies to banking groups with a large retail deposit base which are active in the UK to structure their operations so as to carry out certain deposit-taking activities in a Ring-fenced Bank which will be subject to the Ring-fencing Rules to limit its activities and ensure its legal, financial and operational independence from other members of its group to the extent specified in the Ring-fencing Rules.

In October 2015, the PRA published a consultation paper (CP37/15) entitled "the implementation of ring-fencing: prudential requirements, intragroup arrangements and use of financial market infrastructures" in which it outlined its 'near-final' ring-fencing rules and related supervisory statement. The PRA plans to publish the final ring-fencing rules and supervisory statement by mid-2016, in advance of the implementation date for ring-fencing of 1 January 2019 to provide firms with sufficient time for implementation. Finally, the Banking Reform Act introduced a new form of transfer scheme, the ring-fencing transfer scheme, under Part VII of FSMA to enable UK banks to implement the ring-fencing requirements. This is a court process that requires the PRA to approve the scheme (in consultation with the FCA) and provide a certificate of adequate financial resources in relation to the transferee and an independent expert (approved by the PRA, after consultation with the FCA) to provide a scheme report that any adverse effect on persons affected by the scheme is not greater than is necessary to achieve the ring-fencing purposes of the scheme.

The Santander UK Group is subject to the Ring-fencing Requirement under the Banking Reform Act and, as a consequence, the Santander UK Group will need to separate its core activities from its prohibited activities. The Santander UK Group continues to work closely with regulators on developing its business and operating model to comply with the Ring-fencing Requirements and submitted its plans to both the PRA and FCA on 29 January 2016. The ring-fencing model that the Santander UK Group ultimately implements will depend on a number of factors and is likely to entail a legal and organisational restructuring of the Santander UK Group's businesses and operations, including transfers of customers and transactions through a ring-fencing transfer scheme to a Ring-fenced Bank. In light of the scale and complexity of this process, the operational and execution risks for the Santander UK Group may be material. This restructuring and migration of customers and transactions could have a material impact on how the Santander UK Group conducts its business. The Santander UK Group is unable to predict with certainty the attitudes and reaction of its customers.

The restructuring of the Santander UK Group's business pursuant to the developing ring-fencing regime will take a substantial amount of time and cost to implement, the separation process and the structural changes which may be required could have a material adverse effect on its business, financial condition, profitability and prospects.

**Dependent upon the approach which the Santander UK Group takes to the Ring-fencing Requirement, the effect of the Ring-fencing Requirement could be to restrict the ability of Santander Guarantee Company to provide the Cell Guarantee applicable to the Cell Shares and of Santander UK plc from guaranteeing the obligations of Abbey National Treasury Services plc under the Plan Investments. It is possible that the guarantee arrangements associated with the Cell Shares and the Plan Investments could have to be transferred,**

**restructured or terminated in connection with the Ring-fencing Requirement. Any such transfer, restructuring or termination could adversely affect the value of an investment in the Cell Shares.**

- *Index Risk*

No representation or warranty, express or implied, is given on any aspect of the Index by the Company, the Directors, the Investment Advisor, any Investment Counterparty, the Determination Agent, the Marketing Manager, the Guarantor or Santander UK plc. Investors should seek independent financial advice on the suitability for their purposes of having an investment giving investment exposure to the Index and the nature of such investment exposure.

None of the Company, the Directors, the Investment Advisor, the Marketing Manager, any Investment Counterparty, the Determination Agent, the Guarantor or Santander UK plc gives any assurance whatsoever nor is under any obligation regarding:

- (a) the continuity of the Index;
- (b) the continuity in the methodology used in calculating the Index;
- (c) the continuity in the calculation, publication and dissemination of the Index;
- (d) the precision, integrity or lack of errors in the composition or calculation of the Index; or
- (e) the accuracy of the Index.

Shareholders should note that the Determination Agent will be involved in calculating the value of the Index applicable to the Cell Shares and, in the event of any Market Disruption Event, if the Index Sponsor makes a material modification to the Index or fails to calculate and announce the Index at a Valuation Time, may be involved in determining the level of the Index. Any determination made by the Determination Agent in the context of any such event or circumstance will be binding on the Company (in the absence of manifest error) and may affect the Investment Return applicable to the Cell Shares. Any such event or circumstance occurring on or prior to the Maturity Date for the Cell Shares may delay the calculation of the Index values and, as a consequence, the payment of the Investment Return to the Shareholders may be delayed.

The Investment Return payable will depend on the level of the Index on specific dates as set out in Section C of this Securities Note. Accordingly, prospective investors in the Cell Shares should ensure that they fully understand how the performance of the Index may affect an investment in the Cell Shares.

Any increase or fall in the level of the Index at any time or on any date other than the closing level of the Index on the applicable specified dates will not be reflected in the determination of the Initial Index Level or Final Index Level. There can be no assurance that the closing level of the Index on the Initial Valuation Date or during the Final Valuation Period will reflect the then prevailing trend (if any) for the level of the Index or the market price for the shares comprised in it.

The level of the Index is dependent upon the values of its component securities, the values of which are subject to market fluctuations. The level of the Index may go down as well as up. Furthermore, the level of the Index may not reflect its performance in any prior period. The level of the Index at any time does not include the reinvestment of the yield on the shares comprised in the Index. Dividends paid to holders of shares comprised in the Index will not be paid to the Company or to Shareholders. Consequently, the investment return on the Cell Shares may be less than the return from a direct investment in the shares comprised in the Index.



In recent years the performance of the Index has been volatile. Volatility could have a positive or negative effect on the Investment Return. There can be no assurance as to the future performance of the Index.

In particular, the level of the Index may move significantly in very short periods of time. As such, prospective investors should be aware that the value observed for the Index may not reflect the value of the Index which has prevailed at other times on the relevant Valuation Date or in the period immediately preceding or following such Valuation Date. For example, this may occur if the Valuation Time occurs during a period where the relevant market moves significantly downwards or upwards before subsequently correcting shortly afterwards. Whilst the terms and conditions of the Cell Shares (as set out in the Registration Document and in this Securities Note) include provisions to allow for postponement of valuation in the event of certain disruptions in the market, not all significant market movements will be covered by these provisions. Levels of the Index at the opening or closing of relevant markets may also be particularly volatile as traditionally many trades are executed at such times. Any such movements could have an effect on the value of the Index and consequently the Investment Return.

Accordingly, before making an investment decision with respect to the Cell Shares, prospective investors should carefully consider whether an investment linked to the Index and the manner of such linkage are suitable for them.

- *Averaging Risk*

The Performance Return under the Cell Shares is subject to averaging.

The use of an average closing level of the Index for the final six months of the Investment Term is designed to smooth the performance of the Index and shelter the Performance Return from any sudden fluctuations in the Index. However, investors should be aware that if the Index rises continually through the final six months of the Investment Term, the use of an average could mean that the Performance Return is less than it might otherwise have been.

- *Conflicts of Interest*

Abbey National Treasury Services plc has a number of roles in relation to the Protected Cell and the Cell Shares and as a result has a number of potential conflicts of interest.

In respect of the Protected Cell, Abbey National Treasury Services plc will be appointed by the Company to provide calculation agency services to the Company as Determination Agent in accordance with the Determination Agency Agreement, will be the Investment Counterparty in respect of the Plan Investments, will, subject to the overall policy, control and supervision of the Board of Directors, act as investment advisor to the Company pursuant to the Investment Advisory Agreement and will act as Market Maker.

Abbey National Treasury Services plc and/or its Affiliates may contract with the Company (acting in respect of itself or any protected cell in the Company) and/or enter into transactions which relate to the Protected Cell, the Cell Shares and the Plan Investments and as a result Abbey National Treasury Services plc may face a conflict between its obligations as Determination Agent and its interests and/or its Affiliates' interests in other capacities. Abbey National Treasury Services plc will have regard to its obligations to act in accordance with the rules of the FCA and PRA and any other regulatory regime to which it is subject and its obligations to other clients. In the event that such conflicts do arise, Abbey National Treasury Services plc shall use its reasonable endeavours to procure that any such conflicts of interest are resolved fairly and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. However, where any such conflict is

resolved in this way, such resolution may be adverse to the Company, the Protected Cell and the Shareholders or to the interests of the Company, the Protected Cell and the Shareholders.

- *Rating Agency Credit Ratings*

The long-term issuer credit ratings of Santander UK plc are provided for information purposes only. No credit ratings are provided in respect of the Cell Shares or the Company. Investors should note that a credit rating assigned to Santander UK plc may not reflect the potential impact of all of the risks related to the structure, market, type of return, Plan Investments and additional factors discussed in a Prospectus may affect the value of the Cell Shares. Any rating agency may lower its ratings or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of Santander UK plc has declined or is in question. In addition, at any time any rating agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to Santander UK plc may be lowered. If any rating assigned to Santander UK plc is lowered or withdrawn, the secondary market value of any Cell Shares may reduce. A rating is not a recommendation to buy, sell or hold any Cell Shares and may be subject to suspension or withdrawal (or, as noted above, revision) at any time.

- *European Regulated Investors and the CRA Regulation*

In general, European-regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in Part A of the Registration Document. S&P, Moody's and Fitch are each established in the European Union and are each registered under the CRA Regulation. As such, S&P, Moody's and Fitch are included in the list of the credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

## IMPORTANT INFORMATION

If you are in any doubt about the contents of this document you are recommended to seek your own personal advice from an appropriately qualified independent adviser duly authorised under the FSMA if in the United Kingdom or otherwise regulated under the applicable laws of your own country.

The Cell Shares may be offered in circumstances where there is no exemption from the obligation under the Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**") to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**".

In the context of a Non-exempt Offer of Cell Shares, the Company accepts responsibility in the United Kingdom, for the contents of the Prospectus under section 90 of the FSMA in relation to any person (an "**Investor**") who acquires any Cell Shares in a Non-exempt Offer made by any person to whom the Company has given consent to the use of the Prospectus (an "**Authorised Offeror**") in that connection, provided that the conditions to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "*Consent*" and "*Conditions to Consent*" below.

The Company does not make any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and the Company does not have any responsibility or liability for the actions of that Authorised Offeror.

**Save as provided below, the Company has not authorised the making of any Non-exempt Offer by any offeror and the Company has not consented to the use of the Prospectus by any other person in connection with any Non-exempt Offer of Cell Shares. Any Non-exempt Offer made without the consent of the Company is unauthorised and the Company does not accept any responsibility or liability for the actions of the persons making any such unauthorised offer.** If, in the context of a Non-exempt Offer, an Investor is offered Cell Shares by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for the Prospectus for the purposes of section 90 of the FSMA in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

### ***Consent***

Subject to the conditions set out below under "*Conditions to Consent*", the Company consents to the use of the Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of the Cell Shares by the Marketing Manager and Santander UK plc (to whom the Marketing Manager has delegated certain of its obligations under the Marketing Agreement).

### ***Conditions to Consent***

The conditions to the Company's consent are that such consent:

- (i) is only valid during the period from 1 June 2016 to 16 September 2016; and
- (ii) only extends to the use of the Prospectus to make Non-exempt Offers of the Cell Shares in the United Kingdom.

***An Investor intending to acquire or acquiring any Cell Shares in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Cell Shares to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. The Company will not be a party to any such arrangements with such Investors in connection with the Non-exempt Offer or sale of the Cell Shares concerned and, accordingly, the Prospectus will not contain such information. The Investor must look to the Authorised Offeror at the time of such offer for the provision of such information and the Authorised Offeror will be responsible for such information. The Company does not have any responsibility or liability to an Investor in respect of such information.***

Neither the listing of the Cell Shares of the Company on the CISEAL nor the approval of this document pursuant to the listing requirements of the CISEAL shall constitute a warranty or representation by the CISEAL as to the competence of service providers to, or any other party connected with, the Company, the adequacy or accuracy of information contained in this document or the suitability of the Company for investment or for any other purposes.

The distribution of this document and the offering or purchase of the Cell Shares may be restricted in certain jurisdictions. No persons receiving a copy of this document or the Application Form in any such jurisdiction may treat this document or such Application Form as constituting an invitation to them to subscribe for Cell Shares, nor should they in any event use this document or such Application Form unless, in the relevant jurisdiction, such an invitation could lawfully be made to them and this document or such Application Form could lawfully be used without compliance with any registration or other legal requirement. Accordingly, this document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this document and any persons wishing to apply for Cell Shares pursuant to this document or the accompanying Application Form to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Potential subscribers and purchasers of Cell Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements, and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the country of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Cell Shares.

Prior to investing in the Cell Shares, a potential investor should consider whether it is appropriate to discuss with their professional advisers how such investment would or could affect them. Potential investors with any questions regarding the impact of an investment in the Cell Shares on their tax position should consult their tax adviser. The Company does not provide tax, accounting or legal advice as to the consequences of an investment in the Cell Shares.

Abbey National Treasury Services plc, Santander Guarantee Company, Santander ISA Managers Limited and Santander UK plc have consented to the inclusion of their names in this document in the form and context in which they appear and solely in their respective capacities as Investment Advisor, Investment Counterparty, Determination Agent, Guarantor and/or party to the Conditional Share Subscription Agreement, and Marketing Manager, but otherwise are not required to authorise, and have not authorised, the issue of this document and have not accepted responsibility (except as disclosed on page 1 above) for, or approved, any statements in this document. None of Abbey National Treasury Services plc, Santander Guarantee Company or Santander UK plc makes any representation, express or implied, as to the investment returns or performance of the Plan Investments or the Cell Shares and such statements in this document, as well as all other statements regarding the Company or a Cell (including without limitation and where applicable their respective constitution, objectives and investment policy) are the sole responsibility of the Company and its Directors and not Santander Guarantee Company, Abbey National Treasury Services plc or Santander UK plc. Accordingly, none of Santander Guarantee Company, Abbey National Treasury Services plc or Santander UK plc will be responsible to any person for any matter referred to in this document other than their respective obligations as Guarantor, Investment Counterparty, Determination Agent, Investment Advisor or party to the Conditional Share Subscription Agreement.

Mourant Ozannes Securities Limited, as sponsor to the listing of the Cell Shares on the CISEAL, is acting for the Company and for no one else in connection with the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Mourant Ozannes Securities Limited or for affording advice in relation to the contents of this document or any other matters referred to in this document.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Incorporation of the Company, copies of which are available as mentioned in Part J of the Registration Document. A summary of the principal provisions of the Articles of Incorporation is set out in Part D of the Registration Document and Section D of this document.

Unless the context otherwise requires or as otherwise provided in this document, capitalised words and expressions used in this document shall have the respective meanings attributed to them in the Definitions section of the Registration Document. Certain capitalised words and expressions used in this document are defined in Section C and Section J of this Securities Note.

All references to time in this Securities Note are to time in Guernsey.

Where parts only of documents are incorporated by reference into this Securities Note, any non-incorporated parts of such document are either deemed not relevant for an investor or are otherwise covered elsewhere in this Securities Note.

**This Securities Note should be read in conjunction with the Registration Document. The information set out in this Securities Note updates corresponding information in the Registration Document in relation to the Offer of Cell Shares.**

## OVERVIEW OF THE OFFER

*The following overview does not purport to be a complete description of the Offer and is taken from, and is qualified in its entirety by, the remainder of this Prospectus, including the Registration Document and Summary.*

Issuer/the Company:	Guaranteed Investment Products 1 PCC Limited.
Guarantor:	Santander Guarantee Company.
Investment Counterparty and Determination Agent:	Abbey National Treasury Services plc.
Marketing Manager:	Santander ISA Managers Limited.
Securities:	The participating redeemable preference shares of 0.0001p, each issued by the Company in respect of Protected Cell 267 ( <b>Cell Shares</b> ).
Currency:	Sterling.
Index:	FTSE 100 Index (Capital Return)
Investment Date:	19 September 2016.
Maturity Date:	21 December 2020.
Investment Term:	The period from the Investment Date to the Maturity Date.
Investment Amount:	£1.00 per Cell Share.
Rights:	<p>Cell Shareholders shall be paid an amount per Cell Share on the Maturity Date calculated by the Determination Agent equal to the Investment Return for each Cell Share.</p> <p>The Investment Return for each Cell Share is equal to the Investment Amount of £1.00 per Cell Share plus the greater of:</p> <p>(a) the Fixed Return of £0.025 per Cell Share; and</p> <p>(b) the Performance Return per Cell Share, which is £1.00 multiplied by the growth of the Index over the course of the Investment Term multiplied by the participation rate of 100 per cent., subject to a maximum Performance Return of £0.16 per Cell Share, where the growth of the Index over the course of the Investment Term will be the percentage change (if any) from (i) the closing level of the Index on the Investment Date; to (ii) the average closing level of the Index for the period beginning on 18 June 2020 and ending on 17 December 2020.</p> <p>Such calculations are subject to the occurrence of a market disruption event, adjustment to index and correction to stock prices or index levels.</p>
Guarantee:	<p>Pursuant to the Cell Guarantee, the Guarantor has guaranteed to Cell Shareholders that they will receive a minimum amount equal to the Guaranteed Return (being the aggregate of the Investment Amount of £1.00 and the Fixed Return) for each Cell Share held until it is redeemed on its Maturity Date.</p> <p>Performance of the Cell Guarantee is dependent on the continued solvency of the Guarantor and Santander UK plc.</p>
Investment objective and policy:	<p>The investment objective for the Protected Cell is to achieve the capital growth necessary to be able to redeem each Cell Share held on the Maturity Date for an amount equal to the Investment Return.</p> <p>In order to achieve its investment objective, the Company will place the aggregate subscription proceeds from the offer of Cell Shares received prior to the Investment Date on deposit in the Company's bank account with Royal Bank of Scotland International Limited (Guernsey Branch) and will, subject to certain conditions, invest the aggregate subscription proceeds, plus any interest earned</p>

	<p>thereon during the Offer Period, less the Investment Advisor's fee, in financial instruments initially consisting of a term loan agreement and a forward transaction (the <b>Plan Investments</b>) in each case with the Investment Counterparty.</p> <p>The amounts realised from the Plan Investments will be paid into a bank account at Santander UK plc over which the Guarantor has a first charge pursuant to the Charge Agreement dated 31 May 2016. Under the terms of the Charge Agreement, the Company is not permitted, without the prior consent of the Guarantor, to utilise the monies in the account for any purpose other than to make payments to Cell Shareholders in respect of the redemption of their Cell Shares.</p>
Offer Period:	The period from 1 June 2016 to 16 September 2016.
Issue Price:	The issue price for the Cell Shares is a range of prices from £0.9994 per Cell Share for investors who subscribe on 1 June 2016 (on or before 2.30 p.m.) to £1.00 per Cell Share for investors who subscribe on 16 September 2016 (on or before 12 noon). Investors who subscribe between these dates will pay an Issue Price on a sliding scale between £0.9994 and £1.00 per Cell Share.
Offer and Issue:	<p>The minimum level of subscription applicable to each investor who subscribes for Cell Shares is £1,500. The maximum number of Cell Shares available under this offer is 500,000,000. The Directors reserve the right, at their absolute discretion (taking into consideration such factors as they deem to be relevant, which may include, amongst other things, market conditions), to limit the number of Cell Shares available under this offer to 15,000,000 and to stop accepting subscription applications for Cell Shares above such limit even if the Offer Period has not closed. The Directors shall determine, at their absolute discretion, the manner in which any scaling back shall be applied.</p> <p>Applications for the Cell Shares should be made by completing an Application Form for the Protected Cell. Application Forms can be obtained from the Administrator. The terms and conditions of application under the offer are attached to the Application Form.</p> <p>The Marketing Manager has agreed to market the Cell Shares to investors in the United Kingdom, in association with and as authorised by the Company. The Marketing Manager has delegated certain of its obligations to Santander UK plc and will, by virtue of such delegation, agree to market the Cell Shares to investors in the United Kingdom, in association with and as authorised by the Company.</p> <p>Once a subscription application and payment for Cell Shares is accepted by the Company, Cell Shares will be allotted and issued to the relevant investor on the relevant date for subscription of that application, subject to Admission (the <b>Issue Date</b>).</p>

**SECTION A**  
**INFORMATION ON THE OFFER**

**SHARE CLASS**

The Cell Shares will be the only class of shares offered and issued by the Company in respect of the Protected Cell. The Cell Shares are participating redeemable preference shares which have an investment term of approximately four and a quarter years. All Cell Shares still in issue on the Maturity Date will be compulsorily redeemed by the Company for an amount equal to the Investment Return. No investor will be afforded any special or preferential rights in respect of its Cell Shares compared to any other investor in the Cell Shares.

**ISSUE PRICE**

The Issue Price for the Cell Shares offered pursuant to the Prospectus is a range of prices from £0.9994 per Cell Share for investors who subscribe on 1 June 2016 (on or before 2.30 p.m.) to £1.00 per Cell Share for investors who subscribe on the last day of the Offer Period (on or before 12.00 noon). Investors who subscribe between these dates will pay an Issue Price on a sliding scale between £0.9994 and £1.00 per Cell Share. The Issue Price per Cell Share varies for each Date of Subscription as specified in the table below:

<b>Date of Subscription</b>	<b>Subscription Price</b>	<b>Date of Subscription</b>	<b>Subscription Price</b>
Wed 1-Jun-2016	£0.9994	Tue 26-Jul-2016	£0.9997
Thu 2-Jun-2016	£0.9994	Wed 27-Jul-2016	£0.9997
Fri 3-Jun-2016	£0.9994	Thu 28-Jul-2016	£0.9997
Mon 6-Jun-2016	£0.9994	Fri 29-Jul-2016	£0.9997
Tue 7-Jun-2016	£0.9994	Mon 1-Aug-2016	£0.9997
Wed 8-Jun-2016	£0.9994	Tue 2-Aug-2016	£0.9997
Thu 9-Jun-2016	£0.9994	Wed 3-Aug-2016	£0.9997
Fri 10-Jun-2016	£0.9995	Thu 4-Aug-2016	£0.9998
Mon 13-Jun-2016	£0.9995	Fri 5-Aug-2016	£0.9998
Tue 14-Jun-2016	£0.9995	Mon 8-Aug-2016	£0.9998
Wed 15-Jun-2016	£0.9995	Tue 9-Aug-2016	£0.9998
Thu 16-Jun-2016	£0.9995	Wed 10-Aug-2016	£0.9998
Fri 17-Jun-2016	£0.9995	Thu 11-Aug-2016	£0.9998
Mon 20-Jun-2016	£0.9995	Fri 12-Aug-2016	£0.9998



Tue 21-Jun-2016	£0.9995	Mon 15-Aug-2016	£0.9998
Wed 22-Jun-2016	£0.9995	Tue 16-Aug-2016	£0.9998
Thu 23-Jun-2016	£0.9995	Wed 17-Aug-2016	£0.9998
Fri 24-Jun-2016	£0.9995	Thu 18-Aug-2016	£0.9998
Mon 27-Jun-2016	£0.9995	Fri 19-Aug-2016	£0.9998
Tue 28-Jun-2016	£0.9996	Mon 22-Aug-2016	£0.9999
Wed 29-Jun-2016	£0.9996	Tue 23-Aug-2016	£0.9999
Thu 30-Jun-2016	£0.9996	Wed 24-Aug-2016	£0.9999
Fri 01-Jul-2016	£0.9996	Thu 25-Aug-2016	£0.9999
Mon 04-Jul-2016	£0.9996	Fri 26-Aug-2016	£0.9999
Tue 05-Jul-2016	£0.9996	Tue 30-Aug-2016	£0.9999
Wed 06-Jul-2016	£0.9996	Wed 31-Aug-2016	£0.9999
Thu 07-Jul-2016	£0.9996	Thu 1-Sep-2016	£0.9999
Fri 08-Jul-2016	£0.9996	Fri 2-Sep-2016	£0.9999
Mon 11-Jul-2016	£0.9996	Mon 5-Sep-2016	£0.9999
Tue 12-Jul-2016	£0.9996	Tue 6-Sep-2016	£0.9999
Wed 13-Jul-2016	£0.9996	Wed 7-Sep-2016	£0.9999
Thu 14-Jul-2016	£0.9996	Thu 8-Sep-2016	£0.9999
Fri 15-Jul-2016	£0.9997	Fri 9-Sep-2016	£1.0000
Mon 18-Jul-2016	£0.9997	Mon 12-Sep-2016	£1.0000
Tue 19-Jul-2016	£0.9997	Tue 13-Sep-2016	£1.0000
Wed 20-Jul-2016	£0.9997	Wed 14-Sep-2016	£1.0000
Thu 21-Jul-2016	£0.9997	Thu 15-Sep-2016	£1.0000
Fri 22-Jul-2016	£0.9997	Fri 16-Sep-2016	£1.0000
Mon 25-Jul-2016	£0.9997		

Investors should note that, as an early bird incentive, applicants who submit their applications earlier in the Offer Period will pay a lower Issue Price for their Cell Shares. The maximum Issue Price payable will be £1.00.

The amount of the Issue Price per Cell Share in excess of its nominal value of 0.0001p represents a premium.

#### **MINIMUM SUBSCRIPTION AMOUNT AND MAXIMUM OFFER SIZE**

The minimum level of subscription applicable to each investor who subscribes for Cell Shares is £1,500. The maximum number of Cell Shares available under this Offer is 500,000,000. The Directors reserve the right, at their absolute discretion (taking into consideration such factors as they deem to be relevant, which may include, amongst other things, market conditions), to limit the number of Cell Shares available under this Offer to 15,000,000 and to stop accepting subscription applications for Cell Shares above such limit even if the Offer Period has not closed. The Directors shall determine, at their absolute discretion, the manner in which any scaling back shall be applied. If the number of Cell Shares made available under this Offer is limited to less than 500,000,000, the Company will make this number available for inspection at the address referred to in Part J of the Registration Document. The capital raised pursuant to the Offer of the Cell Shares will be applied in accordance with the investment policy of the Protected Cell as set out above.

The Issue is not underwritten.

#### **OFFER PERIOD – EXPECTED TIMETABLE**

Start of Offer Period pursuant to this Securities Note	1 June 2016
Allotment of Cell Shares in respect of valid applications	On the relevant Date of Subscription
Admission of Cell Shares to listing on the CISEAL	The Business Day following the relevant Date of Subscription
Closing Date (latest time and date for receipt of Application Forms and payment in full under the Offer for Subscription for Cell Shares)	12.00 noon on 16 September 2016
Investment Date	19 September 2016

#### **CONDITIONS OF THE OFFER AND CANCELLATION**

If the number of Cell Shares in issue on the Investment Date would be less than 10,000 Shares, all Cell Shares in issue will be compulsorily redeemed at their Issue Price (plus any net interest earned thereon) and the listing of such Cell Shares on the CISEAL will be cancelled.

The obligations of the parties under each of the Term Loan Agreement and the Forward Transaction are subject to the satisfaction or waiver of the Term Loan Conditions Precedent and the occurrence of the Drawdown Date.

#### **DETAILS OF THE APPLICATION PROCEDURE**

Applications for the Cell Shares should be made by completing an Application Form for the Protected Cell. Application Forms can be obtained from the Administrator. The terms and conditions of application under the Offer for Subscription are attached to the Application Form.

Completed Application Forms must be posted or delivered by hand (during normal business hours) to JTC (Guernsey) Limited, Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT so as to be received by 12 noon on 16 September 2016. Payment may be made by cheque or banker's draft

accompanying your Application Form or by interbank electronic transfer (CHAPS) but in all cases payment must be received in cleared funds no later than 12 noon on 16 September 2016.

The arrangements for the return of subscription moneys in respect of applications which are not successful are set out in the terms and conditions attached to the Application Form.

## **MARKETING AND SPONSORSHIP**

Santander ISA Managers Limited have agreed to market the Cell Shares to investors in the UK, in association with and as authorised by the Company. Santander ISA Managers Limited has delegated certain of its obligations to Santander UK plc and will, by virtue of such delegation, agree to market the Cell Shares to investors in the UK, in association with and as authorised by the Company.

Mourant Ozannes Securities Limited is the Sponsor for Admission to Listing on the CISEAL.

## **ALLOTMENT**

Once a subscription application and payment for Cell Shares is accepted by the Company, Cell Shares will be allotted and issued to the relevant investor on the relevant Date of Subscription for that application, subject to the CISEAL having agreed to admit such Cell Shares to block listing on the Official List of, and to trading on, the CISEAL (subject only to allotment).

The Company will notify investors in writing of the number of Cell Shares in respect of which their application has been successful prior to the commencement of dealings in the Cell Shares on CISEAL.

The Register in relation to the Protected Cell will be established by the first day of the Offer Period.

## **SCALING BACK ARRANGEMENTS**

A maximum of 500,000,000 Cell Shares are available under the Offer. In the event that valid applications under the Offer reach, or are about to reach, 500,000,000 Cell Shares or, if lower, the limit on subscriptions agreed with the Marketing Manager under the Marketing Agreement, the last subscription applications received will, if necessary, be scaled back at the Directors' discretion and thereafter no further subscription applications for Cell Shares will be accepted even if the Offer Period has not closed.

If any application is scaled back in whole or in part, the Receiving Agent will, at the risk of the applicant, return any subscription monies (without interest) or the balance thereof within seven Business Days of the scaling back by returning the applicant's cheque to the applicant (if not processed) or by interbank credit transfer back to the bank account from which such monies were first received, or, at the cost of the applicant, by telegraphic transfer, in each case at the risk of the applicant.

## **ISIN**

The ISIN number for the Cell Shares is GG00BZBW2476.

## **LISTING AND SETTLEMENT**

The Cell Shares will be issued in registered form and may be held either in inscribed form or in certificated form. Temporary documents of title will not be issued.

Application has been made to the CISEAL for up to 500,000,000 Cell Shares to be admitted for block listing on the CISEAL. Admission is subject to allotment and issue of the Cell Shares. Dealings in the Cell Shares for normal settlement will commence on Admission of the relevant Cell Shares.

No application is being made for any of the Cell Shares to be listed or dealt with in or on any stock exchange or investment exchange other than the CISEAL.

The Cell Shares are not in any way sponsored, endorsed, sold or promoted by the CISEAL. Furthermore, the CISEAL shall not be liable (whether in negligence or otherwise) to any person under any obligation to advise any person of any error therein.

### **MARKET FOR SHARES**

The Cell Shares may be sold through or to the Market Maker only from the Investment Date onwards. The attention of Shareholders is drawn to the risk factors "*Long Term Investment*" and "*Liquidity*" above.

## SECTION B

### INVESTMENT OBJECTIVE AND POLICY

#### INVESTMENT OBJECTIVE

The investment objective of the Protected Cell is to invest the capital contributed by subscribers of the Cell Shares in order to achieve the capital growth necessary to provide Shareholders with an investment return that is equal to the amount payable on the redemption of each Cell Share on the Maturity Date (being the **Investment Return**). The Protected Cell does not allow for investors to exercise a right of redemption other than at the Maturity Date, as provided therein. Details of how the Investment Return is calculated is set out under the sub-section headed "Investment Return" in Section C of this Securities Note.

In the opinion of the Directors, the investment objective for the Cell Shares should be achieved through the purchase of the Plan Investments as described below.

The only source of funding that will be available to the Company to acquire and/or enter into and/or support the investments designed to fund the amounts payable in respect of the Cell Shares and/or any other amounts payable by the Company in connection with the Cell Shares will derive from the capital contributed by the subscribers of the Cell Shares.

The Company has no capacity to pay any dividend in respect of any Cell Share.

#### INVESTMENT POLICY AND REDEMPTION

In order to achieve its investment objective:

- (a) The Company, on behalf of the Protected Cell, will place the aggregate amount paid to the Company during the Offer Period by way of subscriptions for Cell Shares under the Offer (being the **Original Subscription Proceeds**) on deposit in the Company's bank account with Royal Bank of Scotland International Limited (Guernsey Branch). On the Drawdown Date, the Company will lend the Original Subscription Proceeds plus any interest thereon, less the Investment Advisor fee (being the **Net Issue Proceeds**) to the Investment Counterparty under a term loan agreement (being the **Term Loan Agreement**).
- (b) The Company, on behalf of the Protected Cell has also entered into a forward contract with the Investment Counterparty (being the **Forward Transaction**) designed, together with the Term Loan Agreement, to generate the Investment Return payable in respect of the Cell Shares on the Maturity Date. This type of forward contract is, in summary, a contract to pay an amount (determined by reference to the Investment Return) at a specified point in the future. The obligations of the parties under each of the Forward Transaction and the Term Loan Agreement are subject to the satisfaction or waiver of the Term Loan Conditions Precedent and the occurrence of the Drawdown Date (please see Section J "Definitions" for descriptions of these terms).
- (c) On the Maturity Date the Investment Counterparty shall repay an amount equal to the Net Issue Proceeds to the Company under the Term Loan Agreement and shall pay an amount under the Forward Transaction which, together with the repayment of the Net Issue Proceeds, will generate the Investment Return payable in respect of the Cell Shares (being the **Forward Cash Settlement Amount**).

Any such amounts received by the Company will be paid into the bank account of the Company in respect of the Protected Cell at Santander UK plc over which Santander Guarantee Company has a first charge pursuant

to the Cell Security Documents for the Protected Cell. Under the terms of the Cell Security Documents, the Company is not permitted, without the prior consent of Santander Guarantee Company, to utilise the monies in the account for any purpose other than to make payments to Shareholders in respect of the redemption of their Cell Shares.

The payment obligations of the Investment Counterparty under the Plan Investments in combination with the account arrangement described above are designed to enable the Company, in turn, to pay the Investment Return to Shareholders at the Maturity Date.

The Term Loan Agreement and the Forward Transaction will constitute the Plan Investments and will be the only investments of the Protected Cell.

The Company and the Directors, in consultation with the Investment Advisor, are responsible for the formulation of the investment policy of the Protected Cell and any subsequent change to that policy, and the Company and its Directors conduct its portfolio and risk management.

The investments of each Cell established after 20 April 2016 consist solely of Financial Instruments. Descriptions of the Financial Instruments entered into by the Company in respect of each Cell referred to in the table below are set out in the Relevant Securities Note relating to each such Cell on the pages specified in the table below and are incorporated by reference into this Securities Note. The Relevant Securities Notes are available for inspection at the address referred to in Part J of the Registration Document and on the website of the Administrator at <http://www.jtcgroup.com/GIPL>.

	Description of Financial Instruments
Securities Note for Cell 266 (approved by the UKLA on 22 April 2016)	Pages 26, 28 and 29

## **REALISATION OF INVESTMENT**

On the Maturity Date, the Company is scheduled to compulsorily redeem all Cell Shares in issue for an amount per Cell Share equal to the Investment Return.

Subject to the receipt in cleared moneys by the Company of an amount equal to the aggregate Investment Return payable in respect of the outstanding Cell Shares under the Plan Investments on or around the Maturity Date from the Investment Counterparty, the Directors will procure that the Paying Agent pays to each Shareholder the redemption proceeds for his or her Cell Shares within three Business Days of the Maturity Date or such later date on which the aggregate Investment Return is actually received by the Company in cleared moneys. Payment of such redemption proceeds will be made by the Paying Agent to Shareholders in such manner as is set out in the section headed "Payment At Maturity" in Part B of the Registration Document. The Paying Agent is Anson Registrars Limited, PO Box 426, Anson House, Haviland Street, St. Peter Port, Guernsey GY1 3WX.

In the event that the proceeds of the relevant Plan Investments are insufficient to pay the Guaranteed Return to Shareholders, the Guarantee Claims Agent will act on behalf of the holders of Cell Shares in asserting claims against the Guarantor under the Cell Guarantee for the shortfall as set out in the sub-section headed "Cell Guarantee" in Section C of this Securities Note.

Following distribution of the proceeds described above on redemption of the Cell Shares, notification will be made by the Company to the GFSC and an application will be made to the CISEAL for the delisting of the Cell Shares.

## **FURTHER INFORMATION ON THE PLAN INVESTMENTS**

The obligations of Abbey National Treasury Services plc under each Plan Investment will be guaranteed by Santander UK plc pursuant to a deed poll guarantee dated 8 May 2015.

In the absence of unforeseen circumstances, the investment objective and policies of the Company with respect to the Protected Cell will be adhered to for its Investment Term.

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

If the realised assets of the Cell are greater than the amounts payable on the relevant Shares and the Shareholder has been paid the amounts payable, the Shareholder shall have no entitlement to any such surplus.

## SECTION C

### REDEMPTION AT MATURITY

The definitions set out below apply to the Protected Cell and to the Cell Shares, unless the context otherwise requires and supplement the section headed "Definitions" of this Securities Note. Any definitions set out on pages 26 to 36 of the Registration Document which are not set out in this document will also apply to the Protected Cell and to the Cell Shares. In the event of any inconsistency between a definition in the Registration Document and the definition specified below, the definition specified below will prevail in relation to the Protected Cell, the Cell Shares and the Offer of the Cell Shares.

All references to time in this Securities Note are to time in Guernsey.

<b>"Exchange"</b>	the London Stock Exchange
<b>"Final Index Level"</b>	as determined by the Determination Agent, the arithmetic average of the closing levels of the Index at the Valuation Time on each Scheduled Trading Day during the Final Valuation Period, subject to adjustment pursuant to the Market Disruption, Adjustment to Index or Correction to Stock Prices or Index Levels provisions in Part B of the Registration Document
<b>"Final Valuation Period"</b>	18 June 2020 to 17 December 2020 (inclusive), provided that (i) if the first day of the Final Valuation Period is not a Scheduled Trading Day, then such day shall be deemed to be the next following Scheduled Trading Day, subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document, and/or (ii) if the final day of the Final Valuation Period is not a Scheduled Trading Day, then such day shall be deemed to be the immediately preceding Scheduled Trading Day, subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document
<b>"Fixed Return"</b>	£0.025 per Cell Share
<b>"Guaranteed Return"</b>	in respect of each Cell Share held at the Maturity Date, an amount equal to the aggregate of the Investment Amount and the Fixed Return per Cell Share
<b>"Index"</b>	FTSE 100 Index (Capital Return), an index comprising 100 of the largest companies (in terms of market capitalisation) listed on the London Stock Exchange which is compiled and calculated by the Index Sponsor
<b>"Index Growth"</b>	an amount (expressed as a percentage) calculated by the Determination Agent as:  (Final Index Level/Initial Index Level) – 1,  rounded up to the nearest four decimal places. For the avoidance of doubt, the Index Growth may be a negative number
<b>"Index Sponsor"</b>	FTSE International Limited, or such other corporation or entity that (i) is responsible for setting and reviewing the rules and procedures and the



methods of calculation and adjustments, if any, related to the Index and (ii) announces (directly or through an agent) the level of the Index on a regular basis during each day on which the Exchange is scheduled to be open for trading for its regular trading sessions, as determined by the Determination Agent

<b>"Initial Index Level"</b>	as determined by the Determination Agent, the closing level of the Index at the Valuation Time on the Initial Valuation Date, subject to adjustment pursuant to the Market Disruption, Adjustment to Index or Correction to Stock Prices or Index Levels provisions in Part B of the Registration Document
<b>"Initial Valuation Date"</b>	the date which is 1 Business Day after the Closing Date (which is expected to be 19 September 2016) or, if such Business Day is not a Scheduled Trading Day or is a Disrupted Day, the next following Business Day which is a Scheduled Trading Day but is not a Disrupted Day subject to adjustment pursuant to the Market Disruption provisions in Part B of the Registration Document
<b>"Investment Amount"</b>	£1.00 per Cell Share
<b>"Investment Date"</b>	the date which is 1 Business Day after the Closing Date (which is expected to be 19 September 2016)
<b>"Investment Return"</b>	the Investment Amount plus the greater of (a) the Fixed Return and (b) the Performance Return
<b>"Investment Term"</b>	the period from the Investment Date to the Maturity Date
<b>"Maturity Date"</b>	21 December 2020, provided that if such date is not a Business Day the Maturity Date shall be the next following Business Day
<b>"Participation Rate"</b>	for the purposes of calculating the Performance Return, 100 per cent.
<b>"Performance Return"</b>	a return per Cell Share calculated by the Determination Agent equal to the lesser of:  (i) £1.00 x the Participation Rate x the Index Growth; and  (ii) £0.16
<b>"Related Exchange"</b>	the London International Financial Futures and Options Exchange
<b>"Valuation Time"</b>	in relation to a Scheduled Trading Day, the time at which the Index Sponsor normally calculates and publishes the closing level of the Index for such Scheduled Trading Day

## INVESTMENT RETURN

Holders of the Cell Shares shall not be entitled to any dividends but shall be paid an amount per Cell Share on the Maturity Date calculated by the Determination Agent equal to the Investment Return, which shall be equal to the Investment Amount (£1.00) plus the greater of (a) the Fixed Return (£0.025) and (b) the Performance Return.

The Performance Return is equal to the lesser of:

- (i) £1.00 x the Participation Rate x the Index Growth; and
- (ii) £0.16.

The Determination Agent's determination of the Investment Return is final.

The following table sets out illustrative values of the Investment Return assuming different values for the Index Growth.

<b>Index Growth</b>	<b>Investment Return</b>
100%	£1.16
80%	£1.16
50%	£1.16
40%	£1.16
30%	£1.16
25%	£1.16
20%	£1.16
15%	£1.15
5%	£1.05
0%	£1.025
-20%	£1.025

As can be seen from the illustration above, the minimum possible Investment Return is £1.025 and the maximum possible Investment Return is £1.16 for each Cell Share held until the Maturity Date.

The Cell Shares are intended to appeal to all classes of investors who are willing to invest their money for four and a quarter years and are seeking a return linked to equities but with an element of capital protection at the end of the Investment Term, although the Cell Shares are intended to be primarily marketed to retail investors seeking investment exposure of this type.

## **GUARANTEED RETURN**

Pursuant to the Cell Guarantee applicable to the Cell Shares provided by Santander Guarantee Company in favour of the Shareholders, Shareholders are guaranteed to receive (subject to the continued solvency of Santander Guarantee Company and Santander UK plc) an amount equal to the Investment Amount and the Fixed Return (referred to as the "**Guaranteed Return**") for each Cell Share held until the Maturity Date, subject to the terms and conditions of that Cell Guarantee, but no greater amount is guaranteed (see the section headed "Cell Guarantee" below).

## **WITHHOLDING TAX**

Under current taxation legislation applicable in Guernsey and the UK, the Company is not required to withhold for or on account of any tax on the payment of the Investment Return to Shareholders at the Maturity Date. In the event that a subsequent change in UK or Guernsey tax legislation or an introduction of,

change in or application of any other tax legislation, regulation thereunder or official interpretation thereof were to result in the need to withhold for or on account of tax on such payments to Shareholders, the amount of the Investment Return actually received by Shareholders would be reduced. Similarly, an introduction of, change in or application of, taxation law, regulation thereunder or official interpretation thereof may impose a withholding obligation on payments to the Company under the Plan Investments, which may reduce the amounts capable of being paid to Shareholders. In such circumstances, the Investment Return shall be calculated on an after-tax basis. In each case, if the amounts payable to Shareholders are less than the Guaranteed Return, the amount guaranteed pursuant to the Cell Guarantee will be amended accordingly. Payments under the Cell Guarantee will also be made net of any withholding tax or other tax deduction.

**Shareholders should therefore be aware that, in such circumstances, their Investment Return would be reduced and any payment due under the Cell Guarantee may be reduced.**

## **CALCULATION OF NET ASSET VALUE**

The Net Asset Value per Cell Share will be calculated on a monthly basis as at the close of trading on the London Stock Exchange on the 7th day of each calendar month during the Investment Term of the Protected Cell, provided that, if such valuation day is not an Exchange Business Day, the Net Asset Value will be calculated as at the close of trading on the London Stock Exchange on the immediate following day which is an Exchange Business Day. The Net Asset Value per Cell Share will be announced to the CISEAL.

## **CELL GUARANTEE**

Under the terms of the Cell Guarantee applicable to the Cell Shares, Shareholders will be guaranteed to receive (subject to the continued solvency of Santander Guarantee Company and Santander UK plc) the Guaranteed Return in respect of all Cell Shares which are held until they are redeemed on the Maturity Date.

A demand will be made by the Guarantee Claims Agent under the Cell Guarantee if the Company has insufficient assets or resources in the Protected Cell to allow payment of the Guaranteed Return on or around the Maturity Date or if the Company otherwise fails to make payment of the Guaranteed Return to Shareholders. The Company may have insufficient assets or resources in the Protected Cell if there is a default by the Investment Counterparty in making payments under any Plan Investment or if any Plan Investment terminates for any reason prior to its maturity date.

However, the liability of the Guarantor to make payment under the Cell Guarantee applicable to the Cell Shares will be reduced to the extent that the value of the Investment Return less:

- (a) the reduction (if any), expressed as an amount per Cell Share, in the value of the assets of the Protected Cell arising as a result of the imposition or proper payment of any withholding tax which is levied or imposed by any agency having jurisdiction in the United Kingdom, or the imposition of any tax, withholding or other charge in Guernsey, on any payments under any Plan Investment; and
- (b) the amount (if any) expressed as an amount per Cell Share, of any withholding tax or deduction which is levied or imposed by any agency having jurisdiction in the United Kingdom and/or Guernsey on payments by the Company to holders of the Cell Shares in connection with the redemption of such Cell Shares held by them as at the Maturity Date; and
- (c) the extent to which it is unlawful for the Guarantor to remain under any (or any further) obligations under that Cell Guarantee,

is less than the Guaranteed Return.

In addition, if any payment required to be made by the Guarantor under the Cell Guarantee is subject to any deduction or withholding in respect of tax, the Guarantor will be entitled to deduct the amount of such

deduction or withholding from the relevant payment so that the relevant Shareholders who are entitled to receive such payment will receive an amount net of such deduction or withholding. The Guarantor will not be under any obligation to make any additional payment under the Cell Guarantee in respect of such deduction or withholding.

Investors should note that the Company has agreed to indemnify the Guarantor for payments under the Cell Guarantee applicable to the Cell Shares and such indemnity will be secured on the assets of the Protected Cell. The Guarantor will have first recourse to the assets of the Protected Cell in relation to any payment it makes under the Cell Guarantee. This means that, if a payment is made under the Cell Guarantee, the assets of the Protected Cell will not be available to pay any non-guaranteed element of the Investment Return due in relation to the Cell Shares until the Guarantor has been reimbursed in full for its payment under the Cell Guarantee.

## **MARKET DISRUPTION AND ADJUSTMENT**

The provisions of Market Disruption, Adjustment to Index and Correction to Stock Prices or Index Levels, each as specified in Part B in the Registration Document, apply to the Cell Shares.

## **INFORMATION ON THE INDEX**

The following description of the Index has been derived from publicly available information on the website of the Index Sponsor ([www.ftse.com](http://www.ftse.com)). The description has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the Index Sponsor, no facts have been omitted which would render the description inaccurate or misleading.

The FTSE 100 is a market-capitalisation weighted index representing the performance of the 100 largest UK listed blue chip companies, which pass screening for size and liquidity. The Index is managed according to a transparent and public set of index rules, and overseen by an independent committee of leading market professionals. The committee ensures that the rules are correctly applied and adhered to. Regular index reviews are conducted to ensure that a continuous and accurate representation of the market is maintained.

The Index is calculated based on a price (or capital return) methodology, meaning that the index value only uses the share prices traded in the market. The Index is not calculated on a total return methodology (where the calculation methodology assumes that dividends are re-invested into the index constituents).

The Cell Shares are in no way sponsored or endorsed by the Index Sponsor.

## SECTION D

### INFORMATION ON THE COMPANY

#### SHARE CAPITAL

On 27 May 2016, the Directors resolved, conditional on Admission, to issue up to 500,000,000 shares pursuant to the Issue of Cell Shares.

#### ARTICLES OF INCORPORATION

The Articles contain the following provisions concerning the specific rights attributable to the Cell Shares:

The Directors have established the Protected Cell as a new Cell in the Company in accordance with the Companies Law and to issue Shares in respect of the Protected Cell (referred to as "**Cell Shares**").

##### *Income*

The holders of Cell Shares are not entitled to receive, and do not participate in, any dividends or other distributions out of the profits of the Protected Cell of the Company available for distribution. The Directors shall not resolve to distribute any dividends or any other income to the holders of Cell Shares.

##### *Capital*

Upon the redemption of Cell Shares (or upon any other return of capital on or after the Maturity Date for Cell Shares), after paying all debts attributable to, and satisfying all liabilities of, the Protected Cell, holders of Cell Shares shall be entitled to receive by way of capital the Investment Return per Cell Share.

Notwithstanding the above:

- (a) to the extent that the Company is required to make any withholding or deduction in respect of tax in respect of any distribution to holders of Cell Shares upon the redemption of such Shares, holders of such Shares shall not be entitled to seek to recover from the Company any amounts so withheld or deducted and shall be deemed to have been satisfied in full; and
- (b) the Investment Return per Cell Share shall be reduced by an amount equal to the reduction arising as a result, directly or indirectly, of the imposition or proper payment of any withholding tax levied or imposed by an agency having jurisdiction in the United Kingdom on payments to the Company under any Plan Investment or the imposition of any tax in Guernsey on the Company on the proceeds of any Plan Investment received by the Company, provided that any such reduction is applied first against any Performance Return or Fixed Return and then against the Investment Amount.

On a winding-up of the Protected Cell (or on any other return of capital) prior to the Maturity Date for the Cell Shares after paying all debts attributable to, and satisfying all liabilities of, the Protected Cell, holders of Cell Shares shall be entitled to receive by way of capital any surplus assets of the Protected Cell in proportion to their holdings of Cell Shares.

The holders of Cell Shares are only entitled to participate in the assets of the Protected Cell and have no entitlement to participate in the distribution of any assets attributable to any other Cell or, except as provided under the Companies Law, to the assets not attributable to any Cell, in meeting their capital entitlement.

### *Voting*

The rights as to voting attributable to the Cell Shares are identical to those of the Cell Shares generally, as set out in paragraph 6.2 of Part D of the Registration Document.

### *Restriction on Transfer*

Cell Shares may not be transferred prior to the Investment Date.

### *Compulsory Redemption prior to Maturity Date*

If any of the following events occur, the Directors shall compulsorily redeem all Cell Shares in issue at the Issue Price (plus any net interest earned thereon) and cancel the listing of such Cell Shares on the CISEAL:

- (a) if no Drawdown Date occurs on or prior to the Drawdown Cut-off Date; or
- (b) if the Net Issue Proceeds are not lent to the Investment Counterparty on the Drawdown Date,

for any reason other than as a result of the Company being unable to recover some or all of its subscription monies placed on deposit with the Royal Bank of Scotland International Limited (Guernsey Branch).

If the Company is unable to recover some or all of its subscription monies placed on deposit with the Royal Bank of Scotland International Limited (Guernsey Branch) on or prior to the Drawdown Cut-off Date, the Directors shall compulsorily redeem all Cell Shares in issue at their net asset value and cancel the listing of such Cell Shares on the CISEAL.

Further information on voting rights is set out in paragraph 6.2.1 of Part D of the Registration Document.

## **MATERIAL CONTRACTS**

In addition to those Material Contracts specified on pages 88 to 104 of the Registration Document that are applicable to the Cell Shares, the Company has entered into the Listing Sponsor's Agreement and the Series Deed which, amongst other things, constitutes the ISDA Master Agreement, the Forward Transaction, the Term Loan Agreement, the Charge Agreement and the Determination Agency Agreement, each as described below.

### **Protected Cell Documentation**

The ISDA Master Agreement governs each of the Term Loan Agreement and the Forward Transaction for the Protected Cell. Each of the ISDA Master Agreement, the Term Loan Agreement and the Forward Transaction are constituted by the execution of the Series Deed for the Protected Cell.

The ISDA Master Agreement contains standard events of default and termination events, including failure to pay and insolvency related events. Under the terms of the ISDA Master Agreement, the Investment Counterparty has agreed to limit its recourse for payments due to it from the Company under the ISDA Master Agreement to the assets of the Protected Cell. The ISDA Master Agreement, Term Loan Agreement and Forward Transaction are expressed to be governed by English law and each party submits to the jurisdiction of the English courts. Enforcement of foreign judgements in Guernsey is governed by the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957, as amended (the **Judgements Law**). England and Wales is a reciprocating country for the purposes of the Judgements Law. A judgement obtained in the Supreme Court and the Senior Courts of England and Wales, excluding the Crown Courts, is likely to be recognised and enforced by the Royal Court of Guernsey, subject to compliance with procedural and other requirements of the Judgements Law, unless any judgement is obtained by fraud, is in conflict with Guernsey

public policy, has already been satisfied wholly or could not be enforced by execution in the jurisdiction of origin.

Performance by the Investment Counterparty of any obligation or liability to make any payment in cash which is or becomes payable by it under the ISDA Master Agreement is unconditionally and irrevocably guaranteed by Santander UK plc pursuant to a deed poll guarantee dated 8 May 2015. It should be noted that the guarantee is a guarantee of payments due under the ISDA Master Agreement to the Company and not a guarantee of the Investment Return for the Protected Cell.

The Company and Maurant Ozannes Securities Limited have entered into an agreement dated 27 May 2016 for the Protected Cell under which Maurant Ozannes Securities Limited has agreed to act as sponsor in connection with the application for Admission of the Cell Shares (the "**Listing Sponsor's Agreement**"). In consideration of the services provided by it under the Listing Sponsor's Agreement, Maurant Ozannes Securities Limited will be paid an initial fee of £400 and then an annual fee of £400 for the Protected Cell.

The Listing Sponsor's Agreement contains certain warranties and indemnities, which are of a customary nature, given by the Company in favour of Maurant Ozannes Securities Limited. The agreement may be terminated by either party by not less than 60 days' notice in writing. In certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other and may, in certain circumstances, be terminated prior to such Admission.

The Company and Abbey National Treasury Services plc have entered into an agreement dated 31 May 2016 for the Protected Cell under which Abbey National Treasury Services plc has been appointed to undertake a calculation agency role in connection with the Cell Shares and to make all the determinations specified in this Prospectus to be made by the Determination Agent (the "**Determination Agency Agreement**").

The Determination Agency Agreement contains certain warranties and indemnities, which are of a customary nature, given by the Company in favour of Abbey National Treasury Services plc. The agreement may be terminated by either party by not less than 90 days' notice in writing. In certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

The Company and Santander Guarantee Company entered into a charge agreement on 31 May 2016 (the "**Charge Agreement**") under which the Company grants a fixed charge over the Plan Investments for the Protected Cell, and bank accounts at Santander UK plc in respect of such Cell ("**Charged Assets**") into which it will pay the proceeds of Plan Investments for the Protected Cell, in favour of Santander Guarantee Company as security for its indemnity obligations to Santander Guarantee Company under the Guarantee Facility Agreement in relation to the Cell Guarantee applicable to the Cell Shares. Under the terms of the Charge Agreement for the Protected Cell, the Company is entitled to make payments out of the bank accounts only where such payments have been countersigned by a duly authorised officer of Santander Guarantee Company.

In the event that the Company fails to repay Shareholders the Guaranteed Return in respect of the relevant Cell Shares redeemed on the Maturity Date for the relevant Cell, Santander Guarantee Company will be entitled to enforce its security over the Charged Assets for the relevant Cell to assist it in meeting its obligations to pay Shareholders under the Cell Guarantee applicable to the Cell Shares.

## **TAXATION**

Information relating to Guernsey and United Kingdom taxation is set out in Part D of the Registration Document under the heading "Taxation".

The description of the tax position in relation to the Cell Shares which is set out in Part D of the Registration Document under the heading "Taxation" (as supplemented by information contained in this Securities Note),

is based on the Company's current understanding of current legislation and practice as at the date of this Securities Note and may be subject to change.

Prospective investors should note that the information relating to United Kingdom Taxation set out in Part D of the Registration Document forming a part of this Prospectus under the section headed "United Kingdom" under the heading "Taxation" should be read subject to the following.

The Cell Shares should be eligible for inclusion within a stocks and shares ISA.

Prospective investors should note that the section entitled "Dividends" under "(b) Shareholders - Individual UK tax resident and domiciled Shareholders" is not applicable in respect of the Cell Shares.

Furthermore, prospective investors should note that the Section entitled "Dividends" under "(c) Shareholders – UK tax resident corporate Shareholders" is only applicable to the extent that it relates to the tax treatment of the excess of any redemption proceeds received on the Cell Shares over the amount of capital treated as repaid on the Cell Shares on their redemption.

## **DIRECTORS' INTERESTS**

John Le Prevost, a director of the Company, is also a director of Anson Registrars Limited (the Registrar, Transfer Agent, Paying Agent and the Guarantee Claims Agent). John Le Prevost is also the Chief Executive Officer and the majority shareholder of Anson Group Limited, the holding company of Anson Registrars Limited. Gavin Farrell is a partner of Mourant Ozannes, the Advocates to the Company, and a director of Mourant Ozannes Securities Limited, the Sponsor of Admission to Listing.

## **DIRECTORSHIPS**

The following information supersedes and replaces the information contained in Section 4.12 of Part D of the Registration Document.

In addition to their directorships of the Company, the Directors hold directorships in other companies and are members of various partnerships. Details of those directorships (apart from the Company) and partnerships as well as details of the Directors' directorships and partnerships during the five years preceding the date of this document are set out below:

### **Gavin John Farrell**

#### *Current Directorships and Partnerships*

Altima Advisors (Guernsey) Limited  
Arle (Guernsey) GP Limited  
AXA Property Trust Limited  
BBOF II SLP G.P. Limited  
BBOF III SLP G.P. Limited  
BBOF IV GP Limited  
BBOF V GP Limited  
Brockton Capital Central London Property GP Limited (in liquidation)  
Candover 2005 Fund (Guernsey) Limited  
Candover 2008 GP Limited  
Cheshire Business Insurance Limited  
E.I. Sturdza Funds Plc  
E.I. Sturdza Strategic Management Limited  
European Forest Resources Limited

#### *Past Directorships and Partnerships*

Alternative Risk Management (Guernsey) Limited (formerly Thomas Miller Risk (Guernsey) Management Limited)  
Altima Agriculture Equity Fund Limited  
Altima Agriculture Equity Master Fund Limited  
Altima Asia Fund Limited  
Altima Asia Master Fund Limited  
Altima Central Asia Fund Limited  
Altima Central Asia Master Fund Limited  
Altima Emerging Markets Fund Limited (formerly Altima European Special Situations Fund Limited)  
Altima Emerging Markets Master Fund Limited (formerly Altima European Special Situations Master Fund Limited)



European Forest Resources Holdings GP Limited	Altima Global Emerging Markets Fund Limited
European Forest Resources Holdings Limited	Altima Global Special Opportunities Fund Limited
Fairfield (Guernsey) Limited	Altima Global Special Opportunities Master Fund Limited
HitecVision Asset Solutions (GP) Limited	Altima Global Special Situations Fund Ltd
HitecVision V (GP) Limited	Altima Global Special Situations Fund I Ltd
HitecVision VI (GP) Limited	Altima Global Special Situations Master Fund Ltd
HitecVision VII (GP) Limited	Altima India Fund Limited
HVPE IV (GP) Limited	Altima India Master Fund Limited
InfraRed NF China Investors Limited (formerly HSBC NF China Investors Limited)	Altima Latin America Fund Limited
John Mowlem (Guernsey) Limited	Altima Latin America Master Fund Limited
Lakestar (G.P.) Limited	Altima One World Agriculture Fund Limited
Lakestar II (G.P.) Limited	Altima One World Agriculture Master Fund Limited
Mourant Ozannes (Partner)	Altima Situational Credit Fund Limited
Mourant Ozannes Property Holdings (Guernsey) Limited	Altima Situational Credit Fund S.A.
Mourant Ozannes Securities Limited	Altima Situational Credit Vehicle S.a.r.l
Nippon Growth Fund Limited	AQH Dundee GP Limited (Alternate)
Norvestor IV (GP) Limited (formerly NVPE IV G.P. Limited)	AQH Edward Street GP limited (Alternate)
Norvestor V (GP) Limited	AQH Edward Street Properties Limited (Alternate)
Norvestor VI (GP) Limited	Arle Expro (Guernsey) Limited
Norvestor VII (GP) Limited	Arle Heritage (Guernsey) Limited
OMP Asset Yield (GP) Limited	Associated Partners GP Limited (Alternate)
Panda GP Limited	B-Haig Acquisitions (Lux) S.a.r.l
Panther GP Limited	Bermuda Holdco Lux 1 S.a.r.l
Parallel Insurance Services Limited	Bermuda Holdco Lux 2 S.a.r.l
Real Asset Insurance Limited	Bermuda Holdco Lux 3 S.a.r.l
Smithfield Capital (Guernsey) Limited (formerly Arle Capital (Guernsey) Limited)	Bermuda Holdco Lux 4 S.a.r.l
Smithfield Offshore Power and Control GP Limited	Brockton Capital Fund I GP (Guernsey) Limited
Strategic Evarich Japan Fund Limited	Brockton Capital Fund II GP (Guernsey) Limited
The Accelerated Return Fund Ltd (Alternate)	Candover 2008 Alpha GP Limited
Topi Insurance Company Limited	Candover 2008 Beta Limited
VCP IV (GP) Limited	Candover 2008 CEE GP Limited
VCP V-A GP (Guernsey) Limited	CHG Insurance Limited
VCP VI GP (Guernsey) Limited	Directorco One Limited
VCP VII A GP Limited (in liquidation)	Directorco Two Limited
VCP VII GP Limited	Donald Luxco Sarl (formerly VCP VII Luxco 5 S.a.r.l)
Vision Capital Management Limited	Eliot Luxembourg Holdco S.à.r.l. (formerly Tulip Luxembourg Holdco S.a.r.l)
Vision Gatsby GP Limited (formerly VCP VII D GP Limited)	Eredene General Partner Limited
	Fennel Acquisition (Lux) S.a.r.l
	Glendevon King (Guernsey) Limited (formerly King Capital Management (Guernsey) Limited)
	Haig Luxembourg Holdco S.a.r.l
	JD Selector S.a.r.l (formerly H-Haig Acquisitions (Lux) S.a.r.l)
	Kinetrics Holdings S.a.r.l
	Markland Thorpe Park Limited (Alternate)

Markland Thorpe Park Investments Limited  
(Alternate)  
Memberco One Limited  
Memberco Two Limited  
Mourant Ozannes Corporate Services  
(Guernsey) Limited  
M&J Properties Limited (Alternate)  
Nelson Luxco S.a.r.l (formerly VCP VII Luxco  
1 S.a.r.l)  
New Super Selector S.a.r.l (formerly C-Haig  
Acquisitions (Lux) S.a.r.l)  
Nippon Growth Fund CHF Class Limited  
Pantheon Cipio V Limited (Alternate)  
Park Cakes Acquisition (Lux) S.a.r.l (formerly  
Caterpillar Acquisition (Lux) S.a.r.l)  
Pasia V GP Limited (Alternate)  
Peuro V GP Limited (Alternate)  
Peuro VI GP Limited (Alternate)  
PGIF GP Limited (Alternate)  
PGSF III GP Limited (Alternate)  
Pi Selector S.a.r.l  
Po Selector S.a.r.l  
Poppy Acquisition (Lux) S.a.r.l  
Portman Group International S.a.r.l (formerly Q-  
Haig Acquisitions (Lux) S.a.r.l)  
Psource Capital Guernsey Limited  
Sage Acquisition (Lux) S.a.r.l.  
Secretaryco Limited  
Sphinx Luxco A S.a r.l.  
Sphinx Luxco B S.a r.l.  
Sphinx Luxco C S.a r.l.  
Sphinx Luxco D S.a r.l.  
Sphinx Luxco S.a r.l.  
Strategic Anaconda Fund Limited  
Strategic Blue Star Euro Holdings Limited  
Strategic Blue Star Resources Fund Limited  
Strategic Evarich USD Holdings Limited  
Strategic Fund Limited  
Strategic Global Growth Fund Limited  
Strategic Global Innovation Euro Holdings  
Limited  
Strategic Global Innovation Fund CHF Class  
Limited  
Strategic Global Innovation Fund Limited  
Strategic Global Opportunities Euro Holdings  
Limited  
Strategic US Growth Fund Limited  
Super Selector S.a.r.l  
Sweeper Selector S.a.r.l  
Teesland Thorpe Park (Guernsey) Limited  
(Alternate)  
Terphane Holdco Lux S.a.r.l (formerly VCP VII  
Luxco 3 S.a.r.l)

T-Haig Acquisitions (Lux) S.a.r.l  
THC Acquisition Lux S.a.r.l (formerly VCP VII  
Luxco 4 S.a.r.l)  
TRF Guernsey PCC Limited (formerly the King  
Capital Management Total Return Fund  
Limited)  
Trio Luxco 3 S.a.r.l  
VC Offshore Limited  
VCI (General Partner) Limited  
VCP Finance Limited  
VCP JET GP Limited  
VCP V-A (GP) Limited  
VCP VI A-R GP Limited  
VCP VI A General Partner Limited  
VCP VI B GP (Guernsey) Limited  
VCP VI E GP (Guernsey) Limited  
VCP VI S GP (Guernsey) Limited  
VCP VII B GP Limited  
VCP VII C GP Limited  
VCP VII Holdco Lux S.a.r.l (formerly VCP VII  
Luxco 2 S.a.r.l)  
VCP VII Luxco 6 S.a.r.l  
VCP VII Luxco 7 S.a.r.l  
Vision Capital (CI) Holdings Limited  
Vision Capital GP Holdings Limited

## **John Reginald Le Prevost**

### *Current Directorships and Partnerships*

AA4P Alpha Limited  
AA4P Beta Limited  
AA4P Delta Limited  
AA4P Gamma Limited  
AA4P Epsilon Limited  
AA4P Zeta Limited  
Amedeo Air Four Plus Limited  
Anson Capital Limited  
Anson Custody Limited  
Anson Group Limited  
Anson Operations (UK) Limited  
Anson Registrars (BVI) Limited  
Anson Registrars (Cayman) Limited  
Anson Registrars (UK) Limited  
Anson Registrars Limited  
DNA Alpha Limited  
Doric Nimrod Air Finance Alpha Limited  
Doric Nimrod Air One Limited  
Doric Nimrod Air Two Limited  
Doric Nimrod Air Three Limited  
Granite Fund Management Limited  
Guernsey Sailing Trust  
High Banks Property Limited  
Lincoln Unit Trust  
Markland Thorpe Park Investments Limited (I.V.L.)  
Markland Thorpe Park Limited  
Montgomery Holding Limited  
MSN077 Limited  
MSN090 Limited  
MSN105 Limited  
Nottingham Unit Trust  
Thai Prime Fund Limited  
Twenty Fifteen Limited  
University Capital Trust

### *Past Directorships and Partnerships*

Anson Fund Services (UK) Limited  
Breton Limited  
Close Asset Funds Limited  
Close Enhanced Commodities Fund Limited  
Close European Accelerated Fund Limited (I.V.L.)  
Close Fund Management Portfolios II PCC Limited (I.V.L.)  
DIF S3 General Partners Limited  
Equity Partnerships Fund Management (Guernsey) Limited  
German Aktiv Co-op Limited  
German Aktiv General Partner Limited  
Harewood Structured Investment PCC Limited  
Highbridge Multi-Strategy Fund Limited (formerly BlueCrest AllBlue Fund Limited)  
JTC Administration (UK) Limited (formerly Anson Administration (UK) Limited)  
JTC (Guernsey) Limited (formerly Anson Fund Managers Limited)  
Louvre Group Limited  
Nordic Aktiv Co-op 2 Limited  
Nordic Aktiv Coop Limited  
Nordic Aktiv General Partner 2 Limited  
Nordic Aktiv General Partner Limited  
TAPP Property Limited  
The Advantage Property Income Trust Limited  
TOPP Bletchley Limited  
TOPP Holdings Limited  
TOPP Property Limited  
University Properties Limited

## **Paul Jonathan Meader**

### *Current Directorships and Partnerships*

Allez Property Limited  
Apax Guernsey Managers Limited  
Bluefield European Solar Fund Limited  
Canopus Group A.G.  
Dampfeet Investments Limited (formerly Milroy & Meader Holdings Limited)  
Frontier Capital Bermuda Limited  
Frontier Commercial Property Fund plc

### *Past Directorships and Partnerships*

ABD General Partner Limited  
Arle Expro (Guernsey) Limited  
Arle Heritage (Guernsey) Limited  
Canopus Group Limited  
Corazon Absolute Return Fund Limited  
Corazon Capital Group Limited  
Corazon Capital Limited  
Guernsey Finance LBG

Frontier Global Real Estate Fund plc  
Guernsey Employment Trust LBG  
Highbridge Multi-Strategy Fund Limited  
(formerly Bluecrest AllBlue Fund Limited)  
ICG-Longbow Senior Secured UK Property  
Debt Investments Limited  
Island Forestry and Countryside Services  
Limited  
JP Morgan Global Convertibles Income Fund  
Limited  
Schroder Oriental Income Fund Limited  
Sompo Canopious A.G.  
Spitfire Asset Managers (Bermuda) Limited  
Spitfire Funds (Bermuda) Limited:  
- Spitfire British Property Recovery Fund  
- Spitfire International Property Recovery Fund  
Volta Finance Limited

International Capital Accumulation Fund IC  
Limited (formerly Corazon Capital  
Accumulation Fund IC Limited)  
International Investments ICC Limited  
International P&I Reinsurance Company  
Limited  
Smithfield Capital (Guernsey) Limited  
(formerly Arle Capital (Guernsey) Limited)  
Talisman Guernsey Management Limited  
The TDM Fund  
The TDM Fund L.P.  
The TDM Master Fund

## **AIFM REGULATIONS**

Information relating to the UK Alternative Investment Fund Managers Regulations 2013 is set out in Part A of the Registration Document under the heading "Information on the Company" and Part K of the Registration Document under the heading "AIFM Regs Matters".

## **OTHER INFORMATION**

Save for the issue of Cell 263 to Cell 266 Cell Shares, in respect of which the Company raised aggregate gross issue proceeds of £103,979,641 as at 24 May 2016 and the redemption of Cell 143 Cell Shares to Cell 148 Cell Shares, Cell 150 Cell Shares to Cell 152 Cell Shares, Cell 154 Cell Shares to Cell 157 Cell Shares, Cell 159 Cell Shares to Cell 162 Cell Shares, Cell 164 Cell Shares to Cell 167 Cell Shares, Cell 169 Cell Shares to Cell 172 Cell Shares, Cell 175 Cell Shares, Cell 177 Cell Shares, Cell 179 Cell Shares, Cell 181 Cell Shares, Cell 219 Cell Shares, Cell 221 Cell Shares, Cell 223 Cell Shares, Cell 225 Cell Shares, Cell 227 Cell Shares, Cell 229 Cell Shares and Cell 231 Cell shares in respect of which the aggregate gross redemption proceeds paid out were £720,005,233.83 as at 24 May 2016, there has been no significant change in the trading or financial position of the Company since the last published financial report of the Company, being the unaudited interim financial statements for the six month period ended 30 September 2015.

## SECTION E

### INFORMATION ON SANTANDER GUARANTEE COMPANY

#### MATERIAL CONTRACTS

In addition to those Material Contracts specified on pages 117 to 125 of the Registration Document that are applicable to the Cell Shares, the Guarantor has entered into the Charge Agreement and Deed of Guarantee described below.

#### Deed of Guarantee

Santander Guarantee Company entered into a Deed of Guarantee on or around 31 May 2016 which sets out the obligations of Santander Guarantee Company under the Cell Guarantee applicable to the Cell Shares and the terms and conditions of such Cell Guarantee as described more fully under the sub-section headed "Cell Guarantee" in Section C of this Securities Note. The Deed of Guarantee is constituted by the execution of the Series Deed.

#### Charge Agreement

The Company and Santander Guarantee Company entered into a Charge Agreement on or around 31 May 2016 over the Charged Assets as described more fully in Section D of this Securities Note. The Charge Agreement is constituted by the execution of the Series Deed.

#### DIRECTORS OF SANTANDER GUARANTEE COMPANY

The following information supersedes and replaces the information contained in Section 6.6 of Part E of the Registration Document:

"In addition to their directorships of the Guarantor the directors of the Guarantor hold directorships in other companies and are members of various partnerships. Details of those directorships (apart from the Guarantor) and partnerships as well as details of any directorships and partnerships held by the Guarantor's directors during the five years preceding the date of this document are set out below:

#### Richard Truelove

##### *Current directorships and partnerships*

A N (123) Limited  
Abbey National Beta Investments Limited  
Abbey National North America Holdings Limited  
Abbey National Property Investments  
Abbey National Treasury Services Investments Limited  
Abbey National Treasury Services Overseas Holdings  
Abbey National UK Investments  
Cater Allen Holdings Limited  
Cater Allen Lloyd's Holdings Limited  
Cater Allen Syndicate Management Limited  
Penmanshiel Energy Limited  
Santander (CF Trustee) Limited

##### *Past directorships and partnerships*

Abbey National (America) Holdings Limited  
Abbey National Investments  
Abbey National Investments Holdings Limited (formerly Santander Limited)  
Abbey National Legacy Holdings Limited  
Abbey National Legacy Limited  
Abbey National North America LLC  
Abbey National September Leasing (3) Limited  
Abbey National Treasury Investments  
Abbey National Treasury Services (Transport Holdings) Limited  
Santander Secretariat Services Limited (formerly Abbey National Legacy Leasing Limited)

Santander (CF Trustee Property Nominee)  
Limited  
Santander Equity Investments Limited  
Santander Estates Limited  
Sheppards Moneybrokers Limited

**Andrew Honey**

*Current directorships and partnerships*

Abbey National (America) Holdings Limited  
Abbey National Beta Investments Limited  
Abbey National Business Office Equipment  
Leasing Limited  
Abbey National Nominees Limited  
Abbey National North America Holdings  
Limited  
Abbey National PLP (UK) Limited  
Abbey National Property Investments  
Abbey National Treasury Investments  
Abbey National Treasury Services Investments  
Limited  
Abbey National Treasury Services Overseas  
Holdings  
Abbey National UK Investments  
Alliance & Leicester Cash Solutions Limited  
A & L CF (December) 10 Limited  
A & L CF (December) 11 Limited  
A & L CF (Jersey) Limited  
A & L CF (March) 6 Limited  
A & L CF (September) 3 Limited  
Alliance & Leicester Commercial Bank plc  
Alliance & Leicester Limited  
AN (123) Limited  
ANITCO LIMITED  
Carfax (Guernsey) Limited  
Cater Allen Holdings Limited  
Cater Allen International Limited  
Cater Allen Lloyd's Holdings Limited  
Cater Allen Syndicate Management Limited  
First National Motor Business Limited  
First National Motor Contracts Limited  
First National Motor Facilities Limited  
First National Motor Finance Limited  
First National Motor Leasing Limited  
Liquidity Limited  
Santander Equity Investments Limited  
Santander Financial Exchanges Limited  
Santander Secretariat Services Limited  
Santander UK Investments  
Sheppards Moneybrokers Limited  
Solarlaser Limited

*Past directorships and partnerships*

Abbey National North America LLC

## SECTION F

### INFORMATION ON SANTANDER UK PLC

#### DIRECTORS OF SANTANDER UK PLC

The following information reflects recent developments in relation to the information contained in Section 5 headed "*Directors of Santander UK plc*" in Part F (*Information on Santander UK plc*) of the Registration Document forming part of this Prospectus. The recent developments relate to changes in relation to the directors of Santander UK plc and their principal activities:

The following table sets forth the directors of Santander UK plc:

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Chairman	Baroness Shriti Vadera	Chair of Santander UK Group Holdings plc Non-Executive Director of BHP Billiton plc Non-Executive Director of AstraZeneca plc
Deputy Chairman and Non-Executive Director	Juan Rodríguez Inciarte	Non-Executive Director of Santander UK Group Holdings plc Executive Director Banco Santander SA Director Santander Consumer Finance SA Director Vista Capital de Expansion SA Chairman Saarema Inversiones SA
Executive Director and Chief Executive Officer	Nathan Bostock	Chief Executive Officer of Santander UK Group Holdings plc Director of Santander Fintech Limited Member of the PRA Practitioner Panel Member of the Financial Services Trade and Investment Board (FSTIB)
Banco Santander nominated Non- Executive Director	Ana Botín	Non-Executive Director of Santander UK Group Holdings plc Executive Chair of Banco Santander SA Non-Executive Director of The Coca-Cola Company Founder and Vice-Chair of the Empresa y Crecimiento Foundation Member of the UK Prime Minister's Business Advisory Board Member of the MIT's CEO Advisory Board Vice-Chair of the World Business Council for Sustainable Development
Banco Santander nominated Non- Executive Director	Bruce Carnegie-Brown	Non-Executive Director of Santander UK Group Holdings plc



<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
		Vice Chair and Lead Independent Director of Banco Santander SA Chair of Moneysupermarket.com Director of Historic Royal Palaces Director of Shakespeare's Globe Trust Director of Jardine Lloyd Thompson Group plc
Independent Non-Executive Director	Alain Dromer	Independent Non-Executive Director of Santander UK Group Holdings plc Director of Moody's Investors Service Ltd Director of Moody's Investor Service EMEA Ltd Independent Member of the Board of Moody's Deutschland GmbH Independent Member of the Board of Moody's France SAS Non-Executive Director of Majid Al Futtaim Trust LLC Non-Executive Director of Henderson European Focus Trust plc
Banco Santander nominated Non-Executive Director	Manuel Soto	Non-Executive Director of Santander UK Group Holdings plc Director of Cartera Industrial REA SA Member of advisory board of Grupo Barceló Member of advisory board of Befesa Medio Ambiente SA
Independent Non-Executive Director	Scott Wheway	Independent Non-Executive Director of Santander UK Group Holdings plc Independent Non-Executive Director of Aviva plc Chairman of Aviva Insurance Limited Director of Centrica plc
Independent Non-Executive Director	Chris Jones	Independent Non-Executive Director of Santander UK Group Holdings plc Non-Executive Director of Redburn (Europe) Ltd Chairman of the Advisory Board of the Association of Corporate Treasurers Investment Trustee of the Civil Service Benevolent Fund

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Independent Non-Executive Director	Ed Giera	Independent Non-Executive Director of Santander UK Group Holdings plc Non-Executive Director of ICBC Standard Bank Plc Non-Executive Director of the Real Estate Finance Fund managed by GAM International Management Limited Non-Executive Director of Pension Insurance Corporation Group Limited
Independent Non-Executive Director	Annemarie Durbin	Independent Non-Executive Director of Santander UK Group Holdings plc Non-Executive Director of WH Smith PLC Member of the Listing Advisory Panel
Independent Non-Executive Director	Genevieve Shore	Independent Non-Executive of Director Santander UK Group Holdings plc Non-Executive Director of Moneysupermarket.com Group plc Non-Executive Director of Scottish Television (STV) Group plc Non-Executive Director Next Fifteen Communications Group plc. Member of the Parliamentary Digital Advisory Board Member of the Advisory Board for LEGO Education
Independent Non-Executive Director	Peter Jackson	Director of Aire Labs Ltd Director of Paddy Power Betfair plc LLP member of BMB Battersea LLP LLP member of Redux Laboratories LLP
Non-Board Executive	Antonio Roman	Director of Abbey National Treasury Services plc Management Board Member of Abbey Covered Bonds LLP Member of the British Bankers Association's Financial and Risk Policy Committee

## SECTION G

### INFORMATION ON ABBEY NATIONAL TREASURY SERVICES PLC

#### Directors of Abbey National Treasury Services plc

The following information reflects recent developments in relation to the information contained in Section 4 headed “*Directors*” in Part G (*Information on Abbey National Treasury Services plc*) of the Registration Document forming part of this Prospectus.

The following table sets forth the directors of Abbey National Treasury Services plc:

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Executive Director	Karim Hajjaji	Chief Operating Officer of Santander Global Corporate Banking UK
Executive Director	Marcelo Castro	Head of Santander Global Corporate Banking UK
Executive Director	Antonio Roman	Finance Director of Santander UK plc
Executive Director	Juan Garrido	Head of Markets, Santander Global Corporate Banking UK
Non-Executive Director	Christopher Sullivan	Head of Corporate Banking, Santander UK plc

## **SECTION H**

### **FEES AND EXPENSES**

#### **INVESTMENT ADVISOR**

In respect of the Protected Cell, the Investment Advisor shall be entitled to be paid a fee by the Company in respect of the Protected Cell not exceeding 1.00 per cent. of an amount equal to the number of Cell Shares in issue on the Investment Date multiplied by £1.

The Investment Advisor may perform these activities at their discretion in accordance with the terms of the Investment Advisory Agreement and the Company has no information beyond that disclosed in the Prospectus and the terms of the Investment Advisory Agreement in respect of the performance of these activities and how the Investment Advisor may use the fees referred to above in respect of such performance.

#### **MARKETING MANAGER**

The Marketing Manager will not be paid a fee by the Company in respect of its activities in marketing the Cell Shares to investors in the UK.

The Marketing Manager may perform these activities at their discretion in accordance with the terms of the Marketing Agreement and the Company has no information beyond that disclosed in the Prospectus and the terms of the Marketing Agreement in respect of the performance of these activities and how the Marketing Manager may use the fees, if any, referred to above in respect of such performance.

#### **DIRECTORS' FEES**

Gavin John Farrell and John Reginald Le Prevost will be entitled to be paid a fee of £500 per annum in respect of the Protected Cell. Paul Jonathan Meader will be entitled to be paid a fee of £250 per annum in respect of the Protected Cell. The Investment Advisor has agreed to pay this fee out of the proceeds it receives under the terms of the Investment Advisory Agreement.

#### **ESTIMATE OF EXPENSES**

Based on an estimated issue size of £15,000,000 for the Protected Cell, the total estimated costs and expenses (including VAT, where relevant) of and incidental to the Issue of Cell Shares would be, in aggregate, approximately £75,000 and the estimated Net Issue Proceeds for the Protected Cell would be approximately £14,925,000. The Net Issue Proceeds for the Protected Cell will be applied as described under the sub-section headed "Investment Policy and Redemption" in Section B of this Securities Note.

**SECTION I**  
**OTHER INFORMATION**

**GENERAL**

Mourant Ozannes Securities Limited has given and not withdrawn its consent to the issue of this Securities Note with the inclusion of its name and references to it in the form and context in which they appear.

Save in relation to the Offer for Subscription of Cell Shares, the Cell Shares have not been marketed to, and are not available in whole or in part to, the public in conjunction with each Issue.

JTC (Guernsey) Limited is the Designated Manager for the purposes of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed Ended Investment Schemes Rules 2008.

## CAPITALISATION AND INDEBTEDNESS

The following table shows the Company's unaudited gross indebtedness as at 24 May 2016. The information below has been extracted without material adjustment from internal management accounting records:

	<b>£'000</b>
<b>Total current debt</b>	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	0
	<hr/>
	0
	<hr/>
<b>Total non-current debt (excluding current portion of non-current debt)</b>	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	0
	<hr/>
	0
	<hr/>

The following table shows the capitalisation of the Company as at 30 September 2015. The information has been sourced from the Company's unaudited interim financial report for the six month period ended 30 September 2015:

	<b>£</b>
<b>Shareholders' equity</b>	
Share capital <sup>1</sup>	1,333,154,698
Legal reserve	0
Other reserves	
	157,523,712
Total	1,490,678,410

Notes:

1. While IAS 32 interprets the share capital and share premium as debt, they represent the equity securities admitted under the Listing Rules of the CISEAL. Therefore they are classified under Shareholders' Equity in the above statement of Capitalisation and Indebtedness.

The following table shows the capitalisation of the Company as at 24 May 2016. The information has been extracted without material adjustment from internal management accounting records:

	<b>£'000</b>
<b>Shareholders' equity</b>	
Share capital <sup>1</sup>	845,436
Legal reserve	0
Other reserves	56,351
Total	901,787

Notes:

1. While IAS 32 interprets the share capital and share premium as debt, they represent the equity securities admitted under the Listing Rules of the CISEAL. Therefore they are classified under Shareholders' Equity in the above statement of Capitalisation and Indebtedness.

As at 24 May 2016 the Company has no indirect or contingent indebtedness.

The following table shows the Company's unaudited net indebtedness as at 24 May 2016. The information below has been extracted without material adjustment from internal management accounting records:

	<b>£'000</b>
A. Cash	7,583
B. Cash equivalent	0
C. Trading securities	0
<b>D. Liquidity (A + B + C)</b>	<hr/> 7,583 <hr/>
<b>E. Current financial receivable</b>	
F. Current bank debt	0
G. Current position of non-current debt	0
H. Other current financial debt	0
<b>I. Current financial debt (F + G + H)</b>	<hr/> 0 <hr/>
<b>J. Net current financial (indebtedness)/cash (I - D)</b>	<hr/> 7,583 <hr/>
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
<b>N. Non-current financial (indebtedness)/cash (K + L + M)</b>	<hr/> 0 <hr/>
<b>O. Net financial indebtedness (J + N)</b>	<hr/> 7,583 <hr/>

## **WORKING CAPITAL**

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

## **AVAILABILITY OF THE PROSPECTUS**

In addition to the documents set out in Part J of the Registration Document, a copy of this Securities Note, the Summary and any supplement thereto will also be made available at the address specified therein. Further copies of the Registration Document, Securities Note, Summary and any supplement thereto will also be available on the website of the Company at <http://www.jtcgroup.com/GIPL>.

**SECTION J**  
**DEFINITIONS**

The definitions set out below apply to the Protected Cell and to the Cell Shares, unless the context otherwise requires. Any definitions set out on pages 26 to 36 of the Registration Document which are not set out in this document will also apply to the Protected Cell and to the Cell Shares. In the event of any inconsistency between a definition in the Registration Document and the definition specified below, the definition specified below will prevail in relation to the Protected Cell, the Cell Shares and the Offer of the Cell Shares.

All references to time in this Securities Note are to time in Guernsey.

<b>"Admission"</b>	admission of the Cell Shares to the Official List of, and to trading on, the CISEAL
<b>"Cell Shares"</b>	the participating redeemable preference shares of 0.0001p each issued by the Company in respect of the Protected Cell (which may also be referred to as the "Protected Cell 267 Cell Shares")
<b>"Closing Date"</b>	16 September 2016
<b>"Company"</b>	Guaranteed Investment Products 1 PCC Limited.
<b>"Date of Subscription"</b>	<p>the date on which an application for the subscription of Cell Shares and the payment of the Issue Price shall be deemed to be made by the investor and received by the Company which shall be determined as follows:</p> <ul style="list-style-type: none"><li>(i) An application received by or on behalf of the Company on or prior to 2:30 p.m. on a Business Day during the Offer Period (save for the Closing Date) shall be treated as being received on the same day; and</li><li>(ii) An application received by or on behalf of the Company after 2:30 p.m. on a Business Day, or on a day which is not a Business Day, during the Offer Period shall be treated as being received on the next following Business Day, provided that the Directors shall be entitled not to accept applications received after 12.00 noon on the Closing Date</li></ul>
<b>"Derivatives"</b>	any transaction between the Company and an Investment Counterparty which is a forward transaction, a term loan agreement governed by an ISDA master agreement, rate swap transaction, zero coupon swap, basis swap, forward rate transaction, equity swap, index swap, equity option, index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction, currency option, credit derivative or any other similar transaction or any combination of such transactions
<b>"Determination Agency Agreement"</b>	a determination agency agreement dated 31 May 2016 entered into between the Company for and on behalf of the Protected Cell and the



Determination Agent. The Determination Agency Agreement is constituted by the execution of the Series Deed for the Protected Cell

<b>"Drawdown Cut-off Date"</b>	the date falling 21 Business Days following the Investment Date
<b>"Drawdown Date"</b>	the first Business Day (if any) in the period from, and including, the Investment Date to, and including, the Drawdown Cut-off Date on which the Term Loan Conditions Precedent have been satisfied or waived by the Company in accordance with the terms of the Term Loan Agreement.
<b>"Forward Cash Settlement Amount"</b>	means the amount payable on the Maturity Date under the terms of the Forward Transaction
<b>"Forward Transaction"</b>	a share forward transaction dated 31 May 2016 entered into between the Company for and on behalf of the Protected Cell and the Investment Counterparty. The confirmation in respect of the Forward Transaction is constituted by the execution of the Series Deed for the Protected Cell and forms part of, and supplements, the ISDA Master Agreement
<b>"Gross Issue Proceeds"</b>	the Original Subscription Proceeds, and any interest earned from placing the Original Subscription Proceeds on deposit in the Company's bank account with the Royal Bank of Scotland International Limited (Guernsey Branch) during the Offer Period
<b>"Investment Counterparty"</b>	Abbey National Treasury Services plc (or any other party to a Plan Investment, save for the Company)
<b>"ISDA Master Agreement"</b>	a master agreement dated 31 May 2016 entered into between the Company for the Protected Cell and the Investment Counterparty constituted by the execution of the Series Deed, in the form of the Master Agreement Master Terms as amended and/or supplemented by the Series Deed
<b>"Issue"</b>	the issue of Cell Shares pursuant to the Offer for Subscription for such Cell Shares
<b>"Issue Price"</b>	a range of prices between £0.9994 and £1.00 per Cell Share as set out in the sub-section headed "Issue Price" under the section headed "Information on the Offer" in this Securities Note
<b>"Master Agreement Master Terms"</b>	the standard Master Agreement Master Terms (July 2015 Edition) under which the Company and the Investment Counterparty expect to enter into derivative transactions in respect of the Protected Cell except to the extent amended and/or supplemented in the relevant Series Deed and which are based on the 1992 International Swaps and Derivatives Association's Multicurrency Cross-Border Agreement
<b>"Net Issue Proceeds"</b>	the Gross Issue Proceeds less the Investment Advisor's fee payable by the Company in respect of the Protected Cell as set out in the section headed "Fees and Expenses" of this Securities Note
<b>"Offer" or "Offer for Subscription"</b>	the offer for subscription of Cell Shares on the terms set out in the Prospectus

<b>"Offer Period"</b>	the period from, and including, 1 June 2016 to, and including, the Closing Date (pursuant to the terms set out in the Prospectus)
<b>"Original Subscription Proceeds"</b>	the aggregate amount paid to the Company during the Offer Period by way of subscriptions for the Cell Shares under the Offer
<b>"Plan Investments"</b>	comprise the Term Loan Agreement and the Forward Transaction (and any other notes, securities, investments or assets acquired by the Company for the Protected Cell prior to the Maturity Date with the proceeds of any Plan Investment)
<b>"Prospectus"</b>	together the Registration Document, the Summary and this Securities Note, including any supplement thereto published, from time to time, by the Company
<b>"Protected Cell"</b>	Protected Cell 267, being a protected cell in the Company established in accordance with the laws of Guernsey and the Company's memorandum and articles of incorporation
<b>"Registration Document"</b>	the registration document issued by the Company dated 20 April 2016.
<b>"Securities Note"</b>	this document, as amended or supplemented from time to time
<b>"Series Deed"</b>	means the deed dated 31 May 2016 entered into between the Company acting on behalf of the Protected Cell, the Investment Counterparty, the Guarantor and the Determination Agent the execution of which constitutes, amongst other things, the ISDA Master Agreement, the Forward Transaction, the Term Loan Agreement, the Deed of Guarantee, the Charge Agreement and the Determination Agency Agreement in respect of the Cell Shares
<b>"Shareholders"</b>	holders of the Cell Shares
<b>"Summary"</b>	the summary document in respect of the Company and the Offer issued by the Company on 31 May 2016
<b>"Term Loan Agreement"</b>	a term loan agreement dated 31 May 2016 entered into between the Company for and on behalf of the Protected Cell and the Investment Counterparty. The Term Loan Agreement is constituted by the execution of the Series Deed for the Protected Cell and forms part of, and supplements, the ISDA Master Agreement
<b>"Term Loan Conditions Precedent"</b>	each of the following conditions: <ul style="list-style-type: none"> <li>(a) the Prospectus has been approved by the UKLA and filed with the GFSC;</li> <li>(b) the Cell Shares issued in respect of the Protected Cell are admitted to the Official List of the CISEAL;</li> <li>(c) the Guarantor has executed the Cell Guarantee in respect of the Guaranteed Return payable in respect of the Cell Shares;</li> </ul>

- (d) the Company acting for and on behalf of the Cell and the Investment Counterparty have executed the Forward Transaction Confirmation;
- (e) the number of Cell Shares in issue on the Investment Date equals or exceeds 10,000; and
- (f) the Company acting for and on behalf of the Cell has access to a readily available amount in GBP equal to the Net Issue Proceeds that the Company acting for and on behalf of the Cell is able to lend to the Investment Counterparty on such date.

The Company acting for and on behalf of the Cell does not have the ability to waive the satisfaction of sub-paragraph (f) above under the Term Loan Agreement.

## SECTION K

### DIRECTORS AND ADVISERS

#### **Directors**

Gavin John Farrell

John Reginald Le Prevost

Paul Jonathan Meader

*All of the Directors are non-executive*

#### **Registered office**

Ground Floor, Dorey Court

Admiral Park

St. Peter Port

Guernsey

GY1 2HT

01481 702400

#### **Administrator, Receiving Agent and Secretary**

JTC (Guernsey) Limited

Ground Floor, Dorey Court

Admiral Park

St. Peter Port

Guernsey

GY1 2HT

01481 702400

#### **Registrar, Transfer Agent, Paying Agent and Guarantee Claims Agent**

Anson Registrars Limited

PO Box 426

Anson House

Haviland Street

St. Peter Port

Guernsey GY1 3WX

01481 711301

#### **Sponsor of Admission to Listing**

Mourant Ozannes Securities Limited

PO Box 186

1 Le Marchant Street

St. Peter Port

Guernsey GY1 4HP

01481 723466

#### **Investment Advisor**

Abbey National Treasury Services plc

2 Triton Square

Regent's Place

London

NW1 3AN

England

#### **Marketing Manager**

Santander ISA Managers Limited

287 St. Vincent Street

Glasgow

G2 5NB

Scotland

#### **Guarantor**

Santander Guarantee Company

2 Triton Square

Regent's Place

London

NW1 3AN

England

#### **Determination Agent**

Abbey National Treasury Services plc

2 Triton Square

Regent's Place

London

NW1 3AN

England

#### **Solicitors to the Company**

*(as to English Law)*

Allen & Overy LLP

One Bishops Square

London E1 6AD

England

**Advocates to the Company**

*(as to Guernsey Law)*

Mourant Ozannes

PO Box 186

1 Le Marchant Street

St. Peter Port

Guernsey GY1 4HP

**Auditors and Reporting Accountants**

Ernst & Young LLP

PO Box 9

14 New Street

St. Peter Port

Guernsey GY1 4AF

**31 May 2016**