

**SECURITIES NOTE**  
**SECURED MULTI ASSET REPACKAGING TRUST P.L.C.**  
*(a public limited company under the laws of Ireland with registered number 465727)*  
issued under  
**EUR 20,000,000,000 Structured Note Programme**  
of  
**Series 19-2014-03**  
**GBP 15,000 Preference Share-Linked Notes linked to Class 314 Preference Shares of**  
**Sienna Finance UK Limited (to be consolidated and form a single series and be fungible**  
**with the GBP 1,194,202 Preference Share-Linked Notes linked to Class 314 Preference**  
**Shares of Sienna Finance UK Limited issued on 3 October 2014)**  
**Issue Price: 100.00 per cent.**

This Securities Note has been prepared for the purpose of providing the disclosure information with regard to the issue of GBP 15,000 Preference Share-Linked Notes linked to Class 314 Preference Shares of Sienna Finance UK Limited (the "**New Notes**") and constitutes a Securities Note for the purposes of 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**") as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 as amended (the "**Prospectus Regulations**"). This Securities Note and Summary are together the "**Securities Note**".

The New Notes are to be consolidated and form a single series and be fungible on issue with the Issuer's GBP 1,194,202 Preference Share-Linked Notes linked to Class 314 Preference Shares of Sienna Finance UK Limited (the "**Original Notes**" and, together with the New Notes, the "**Notes**").

This Securities Note shall be read in conjunction with the registration document dated 5 August 2014 with regard to the Issuer (the "**Registration Document**") in relation to its EUR 20,000,000,000 Structured Note Programme (the "**Programme**"). Together, this Securities Note and the Registration Document shall comprise the prospectus (the "**Prospectus**") for the New Notes, prepared for the purposes of the Prospectus Regulations. Terms defined in the Registration Document have the same meaning when used in this Securities Note.

This Securities Note has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the New Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given that such application will be successful. The Original Notes have been admitted to the Official List and to trading on the Irish Stock Exchange's regulated market.

The New Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the benefit of, any

**"U.S. Person".** For the purpose of transactions in the New Notes, **"U.S. Person"** means a person that (i) is a "U.S. Person" as defined in Regulation S under the Securities Act (**"Regulation S"**); or (ii) is not a "Non-United States person" as defined in Rule 4.7(a)(1)(iv) of the Rules of the U.S. Commodity Futures Trading Commission (the **"CFTC"**).

***MORGAN STANLEY***

2 December 2014

**The Issuer accepts responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**The information set out under the headings "Business of the Counterparty", "Business of the Calculation Agent" and "Business of the Registrar" has been provided to the Issuer by the parties named in those sections and the Issuer makes no representation in relation to such information. Each of the parties named in the sections headed "Business of the Counterparty", "Business of the Calculation Agent" and "Business of the Registrar" takes responsibility for the information relating to themselves under those sections and, to the best of the knowledge and belief of each of them, the information set out under the relevant heading in respect of them is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**The Issuer has only made very limited queries with regards to the accuracy and completeness of the information under the sections entitled "Business of the Counterparty", "Business of the Calculation Agent" and "Business of the Registrar" in this Securities Note. This information has been accurately reproduced from information provided by the Counterparty, Calculation Agent and the Registrar and, so far as the Issuer is aware, and is able to ascertain from information provided by the Counterparty, Calculation Agent and Registrar as applicable, no facts have been omitted which would render the reproduced information inaccurate or misleading. Prospective investors in the New Notes should not rely upon, and should make their own independent investigation and enquiries in respect of, the accuracy and completeness of such information.**

**The information relating to the Underlying Assets (as defined herein) has been accurately reproduced from publicly available information. The information relating to the Preference Share Issuer and the Preference Shares (each as defined herein) has been accurately reproduced from the constitutional documents of the Preference Share Issuer. So far as the Issuer is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

**All reproduced information herein is identified.**

**No person has been authorised to give any information or to make representations, other than those contained in this Securities Note, in connection with the issue or sale of the New Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the parties mentioned herein.**

**Neither the delivery of this Securities Note nor any sale made in connection herewith shall, under any circumstances, create any implication that the information herein is correct as of any date subsequent to the issue of this Securities Note.**

**Before making an investment decision, prospective purchasers should inform themselves about, and make a detailed evaluation of, the nature and performance of the Preference Share Issuer and the Preference Shares, the nature and financial position of the**

Counterparty, and the issuer of the Underlying Assets, the economic, social and political condition of the jurisdiction in which any such entity is located and of the terms and conditions of the Charged Assets (including the Underlying Assets) and of the Related Agreements (each as defined below). None of the Issuer, the Trustee or the Dealer has had any access to any such entity for the purposes of conducting any such investigation or makes any representations as to the financial condition or creditworthiness of any such entity. In addition, prospective purchasers should consider the nature and financial position of the Issuer as well as the terms and conditions of the New Notes and the other related transaction documents described below.

Investors should satisfy themselves as to the merits of an investment linked to the Swap Agreement, the Underlying Assets and the Preference Shares.

This Securities Note contains summaries of certain provisions of other documents to be executed in relation to the New Notes, such as the Second Supplemental Trust Deed (as defined below). Such summaries are subject to, and will be qualified by, the actual provisions of each of such documents, copies of which will be available for inspection at the specified offices of the Registrar following the Issue Date of the New Notes. Holders of the New Notes, and any other person into whose possession this Securities Note comes, will be deemed to have notice of all provisions of the documents executed in relation to the New Notes which may be relevant to a decision to acquire, hold or dispose of any of the New Notes.

There can be no assurance that the amount payable on any redemption of the Notes or any early redemption of the Notes or enforcement of the security therefor will be equal to or greater than the Principal Amount of the Notes.

This Securities Note does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation, and no action is being taken to permit an offering of the New Notes or the distribution of this Securities Note in any jurisdiction where such action is required. This Securities Note may not be used for any purpose other than the provision of information in relation to the issue of the New Notes and the related transactions described herein.

The language of the securities note is English. Certain references and terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS SECURITIES NOTE AND OFFERS OF NEW NOTES GENERALLY**

The distribution of the Securities Note and the offering or sale of the New Notes in certain jurisdictions may be restricted by law. No representation is made that this Securities Note may be lawfully distributed, or that New Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, and no responsibility is assumed for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealer or the Trustee which is intended to permit a public offering of the New Notes or the

distribution of the Securities Note in any jurisdiction where action for that purpose is required. Accordingly, the New Notes may not be offered or sold, directly or indirectly, and neither this Securities Note nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Securities Note comes are required by the Issuer and the Dealer to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of the Securities Note and the offer or sale of New Notes in the United States of America and the European Economic Area (including the United Kingdom and Ireland), see "Subscription and Sale" below.

The Securities Note has been prepared on a basis that would permit an offer of the New Notes only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of the New Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the New Notes. Accordingly any person making or intending to make an offer of the New Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised, nor do they authorise, the making of any offer of the New Notes in circumstances in which an obligation arises for the Issuer or Dealer to publish or supplement a prospectus for such offer.

The Issuer is not and will not be regulated by the Central Bank as a result of issuing the New Notes. Any investment in the New Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank or any other deposit protection scheme operated in any other jurisdiction.

Upon approval of this Securities Note by the Central Bank, this Securities Note will be filed with the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

**EACH PURCHASER OF THE NEW NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NEW NOTES OR POSSESSES OR DISTRIBUTES THIS SECURITIES NOTE AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NEW NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES. NONE OF THE ISSUER, THE TRUSTEE, THE DEALER (OR ANY OF THEIR AFFILIATES) SHALL HAVE ANY RESPONSIBILITY THEREFOR.**

**Morgan Stanley is not qualified to give legal, tax or accounting advice to investors and does not purport to do so in this document.**

**POTENTIAL INVESTORS ARE URGED TO CONSULT WITH THEIR LEGAL, REGULATORY, INVESTMENT, ACCOUNTING, TAX AND OTHER ADVISORS WITH REGARD TO ANY PROPOSED OR ACTUAL INVESTMENT IN THESE SECURITIES.**

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## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the New Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.*

### Section A – Introduction and warnings

Element	
A.1	<ul style="list-style-type: none"> <li>• <b>This summary should be read as an introduction to the Registration Document and Securities Note (together the "Prospectus").</b></li> <li>• <b>Any decision to invest in the New Notes should be based on a consideration of the Prospectus as a whole, including any documents incorporated by reference.</b></li> <li>• <b>Where a claim relating to information contained in the Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.</b></li> <li>• <b>Civil liability attaches to the Issuer solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Notes.</b></li> </ul>
A.2	Not Applicable – the New Notes are not being offered to the public as part of an offer in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (a " <b>Non-Exempt Offer</b> ").

### Section B – Issuer

Element	Title	
B.1	Legal and commercial name of the Issuer	Secured Multi Asset Repackaging Trust p.l.c. (the " <b>Issuer</b> ")
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is domiciled and incorporated in Ireland and is a public company with limited liability registered and incorporated under the Companies Acts 1963-2006 of Ireland (as amended).
B.16	Ownership of the Issuer	The authorised share capital of the Issuer is Euro 40,000 divided into 40,000 ordinary shares of Euro 1 each, all of which have been issued and fully paid up. 39,994 of the issued ordinary shares are held by Elian Trustee (Ireland) Limited as share trustee (the " <b>Share Trustee</b> ") and the remaining six

Element	Title							
		<p>by six nominee shareholders which hold such shares on trust for the Share Trustee.</p> <p>The Share Trustee holds all the issued shares held directly or indirectly by it on trust for one or more charities. The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of the Issuer.</p>						
<b>B.20</b>	Statement as to whether the Issuer has been established for the purpose of issuing asset backed securities	The Issuer was established as a special purpose vehicle for the purpose of issuing asset backed securities.						
<b>B.21</b>	Issuer's principal business activities and overview of the parties to the transaction (including direct or indirect ownership)	<p>The Issuer's business is that of a securitisation vehicle whereby it has the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions. Cash flow derived from the Charged Assets securing the Notes will be the Issuer's only source of funds to fund payments in respect of such Notes.</p> <p>Morgan Stanley &amp; Co. International plc is the Counterparty (the "<b>Counterparty</b>"), Dealer, Swap Calculation Agent and Determination Agent; Deutsche Bank AG, London Branch (which is the London branch of Deutsche Bank Aktiengesellschaft) is the Custodian, Calculation Agent and Paying Agent; Deutsche Bank Luxembourg S.A. is the Registrar and Deutsche Trustee Company Limited is the Trustee (each such entity a "<b>Programme Party</b>").</p> <p>Deutsche Trustee Company Limited is wholly owned by DB UK Bank Limited, an indirect subsidiary of Deutsche Bank Aktiengesellschaft and is therefore consolidated. Deutsche Trustee Company Limited is a separate legal entity, has its own board of directors and is separately managed and therefore acts completely independently of Deutsche Bank Aktiengesellschaft.</p> <p>Each Programme Party's relationship with the Issuer is to act in its respective capacity described above.</p>						
<b>B.22</b>	Statement regarding non-commencement of operations and no financial statements	Not applicable, the Issuer has commenced operations and prepared financial statements.						
<b>B.23</b>	Selected historical key financial information of the Issuer:	<p><b>Income Statement</b></p> <p>The summary information below is extracted from the Issuer's audited financial statements for the financial years ended 31 March 2014 and 31 March 2013:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: right;">Year Ended</th> <th style="width: 25%; text-align: right;">Year Ended</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </tbody> </table>		Year Ended	Year Ended			
	Year Ended	Year Ended						

Element	Title	31 March 2014	31 March 2013
		€	€
	Interest income	3,120,956	2,682,887
	Interest expense	(1,706,278)	(32,775)
	Net derivative expense	(1,409,948)	(2,650,129)
	Net (loss)/gain on investments at FVtPL	(2,532,101)	2,127,517
	Net gain on derivative financial instruments	3,703,499	(1,191,467)
	Net gain/(loss) on financial liabilities at FVtPL	(1,176,159)	(936,047)
	<b>Operating loss</b>	<b>(31)</b>	<b>(14)</b>
	Other operating income	1,031	23,410
	Operating fees	-	(22,396)
	<b>PROFIT BEFORE TAXATION</b>	<b>1,000</b>	<b>1,000</b>
 <b>Statement of Financial Position</b>			
The summary information below is extracted from the Issuer's audited statement of financial position as at 31 March 2014 and 31 March 2013:			
		31 Mar 2014	31 Mar 2013
		€	€
	Non-current assets	80,416,691	61,317,906
	Current assets	9,225,712	7,264,220
	<b>Total assets</b>	<b>89,642,403</b>	<b>68,582,126</b>
	Current liabilities	(2,673,894)	(2,701,712)
	Non-current liabilities	(86,924,572)	(65,837,227)
	<b>Total liabilities</b>	<b>(89,598,466)</b>	<b>(68,538,939)</b>
	<b>Net assets</b>	<b>43,937</b>	<b>43,187</b>
	Equity		
	Share capital	40,000	40,000
	Retained earnings	3,937	3,187
		<b>43,937</b>	<b>43,187</b>

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		<p>The summary information below is extracted from the Issuer's unaudited interim statements for the periods ended 30 September 2012 and 30 September 2013:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: right; width: 20%;">1 Apr 13 to 30 Sep 13 €</th> <th style="text-align: right; width: 20%;">1 Apr 12 to 30 Sep 12 €</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Operating income</td> <td style="text-align: right;">1,463,050</td> <td style="text-align: right;">1,624,964</td> <td></td> </tr> <tr> <td>Realised gains</td> <td style="text-align: right;">1,572,277</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td>Unrealised gains</td> <td style="text-align: right;"><u>9,710,602</u></td> <td style="text-align: right;"><u>3,189,429</u></td> <td></td> </tr> <tr> <td>Total income</td> <td style="text-align: right;"><u>12,745,929</u></td> <td style="text-align: right;"><u>4,814,393</u></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">1,462,550</td> <td style="text-align: right;">1,624,463</td> <td></td> </tr> <tr> <td>Realised losses</td> <td style="text-align: right;">1,572,277</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td>Unrealised losses</td> <td style="text-align: right;"><u>9,710,602</u></td> <td style="text-align: right;"><u>3,189,430</u></td> <td></td> </tr> <tr> <td>Total expenses</td> <td style="text-align: right;"><u>12,745,429</u></td> <td style="text-align: right;"><u>4,813,893</u></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;"><u>500</u></td> <td style="text-align: right;"><u>500</u></td> <td></td> </tr> </tbody> </table> <p>The summary information below is extracted from the Issuer's unaudited statement of financial position as at 30 September 2013 and 30 September 2012:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: right; width: 20%;">30 Sep 13 €</th> <th style="text-align: right; width: 20%;">30 Sep 12 €</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td style="text-align: right;">81,620,929</td> <td style="text-align: right;">80,956,548</td> <td></td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;"><u>11,557,911</u></td> <td style="text-align: right;"><u>5,707,536</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>93,178,840</u></td> <td style="text-align: right;"><u>86,664,084</u></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">2,358,571</td> <td style="text-align: right;">1,933,646</td> <td></td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;"><u>90,776,707</u></td> <td style="text-align: right;"><u>84,687,626</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>93,135,278</u></td> <td style="text-align: right;"><u>86,621,272</u></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;"><u>43,562</u></td> <td style="text-align: right;"><u>42,812</u></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>43,562</u></td> <td style="text-align: right;"><u>42,812</u></td> <td></td> </tr> </tbody> </table>			1 Apr 13 to 30 Sep 13 €	1 Apr 12 to 30 Sep 12 €		Operating income	1,463,050	1,624,964		Realised gains	1,572,277	-		Unrealised gains	<u>9,710,602</u>	<u>3,189,429</u>		Total income	<u>12,745,929</u>	<u>4,814,393</u>		 				Operating expenses	1,462,550	1,624,463		Realised losses	1,572,277	-		Unrealised losses	<u>9,710,602</u>	<u>3,189,430</u>		Total expenses	<u>12,745,429</u>	<u>4,813,893</u>		 				Profit before tax	<u>500</u>	<u>500</u>			30 Sep 13 €	30 Sep 12 €		Non-current assets	81,620,929	80,956,548		Current assets	<u>11,557,911</u>	<u>5,707,536</u>			<u>93,178,840</u>	<u>86,664,084</u>		 				Current liabilities	2,358,571	1,933,646		Non-current liabilities	<u>90,776,707</u>	<u>84,687,626</u>			<u>93,135,278</u>	<u>86,621,272</u>		 				Net assets	<u>43,562</u>	<u>42,812</u>		 				Equity	<u>43,562</u>	<u>42,812</u>	
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<b>B.24</b>	Description of any material adverse change since the date of the Issuer's last published audited financial statements	Not applicable, there has been no material adverse change in the prospects of the Issuer since 31 March 2014, the date of the last published audited financial statements.																																																																																																	
<b>B.25</b>	Description of	The Issuer's obligations under the Notes will be secured on the Charged																																																																																																	

Element	Title	
	the underlying assets	<p>Assets. The Charged Assets comprise, <i>inter alia</i>, the Issuer's rights in respect of the Swap Agreement and the Credit Support Deed and the Underlying Assets.</p> <p>On the Issue Date of the New Notes, the Underlying Assets relating to the Notes will comprise GBP 1,201,800 in principal amount of 1.75% per annum UK Gilts due 22 July 2019 issued by the UK Government (ISIN: GB00BDV0F150). The Issuer may post Underlying Assets to the Counterparty as collateral for its obligations under the Swap Agreement under the Credit Support Deed in each case as described below.</p> <p>The Issuer has entered into an amended and restated Swap Agreement with Morgan Stanley &amp; Co. International plc (the "<b>Counterparty</b>"), the purpose of which is to provide the Counterparty with amounts equal to all amounts due to be paid to the Issuer (whether or not actually paid) by way of distributions, interest or any other amount or by way of principal or redemption proceeds in each case in respect of each Underlying Asset and to provide the Issuer with amounts sufficient to fund amounts due under the Notes.</p> <p>The Issuer has also entered into an amended and restated Credit Support Deed with the Counterparty, the purpose of which is to provide collateralisation for each party's obligations to the other under the Swap Agreement.</p> <p>To the extent that any collateral is due to be posted by the Counterparty, the Counterparty will post collateral (either in the form of cash or securities issued by the UK Government) to the Issuer in accordance with the Credit Support Deed. To the extent that collateral is due to be posted by the Issuer to the Counterparty, the security over an amount of Underlying Assets will be deemed to be released in accordance with the provisions of the Trust Deed and the Issuer will post such amount of Underlying Assets as collateral to the Counterparty in accordance with the provisions of the Credit Support Deed. The Counterparty will have the right to use such posted collateral as if it were the owner of such collateral under the Financial Collateral Arrangements (No. 2) Regulations 2003.</p>
<b>B.26</b>	Parameters within which investments in respect of an actively managed pool of assets backing the issue	Not applicable, there is no actively managed pool of assets backing the issue.
<b>B.27</b>	Statement regarding fungible issues	The Issuer may from time to time issue further Notes on the same terms as the existing Notes which will be consolidated and form a single series with such existing Notes; provided that the Swap Agreement for the existing Notes will be amended to apply to both the existing and such further Notes.
<b>B.28</b>	Description of the structure of the transaction	<p>The Notes are linked to the performance of Class 314 Preference Shares of Sienna Finance UK Limited (the "<b>Preference Shares</b>"). On the Maturity Date (or on any earlier occasion of redemption, each as described below), the Issuer will redeem the Notes at the Redemption Amount. See item C.18 below for information on the Redemption Amount.</p> <p>The Notes may be redeemed early (a) on an Event of Default (b) in certain</p>

Element	Title	
		<p>limited circumstances at the option of the Issuer, (c) following the occurrence of any Mandatory Redemption Event, including (i) the occurrence of an Underlying Asset Default or an Underlying Asset Early Redemption, (ii) termination of the Swap Agreement in whole without replacement (except in circumstances of optional termination by either party in accordance with the provisions of the Swap Agreement) and (iii) the occurrence of certain tax events in respect of the Notes, the Underlying Assets or the Swap Agreement or (d) following the occurrence of a Preference Share Early Redemption Event, in each case as described below.</p> <p>If any of the events set out in (a), (b), (c) or (d) above occur, the Underlying Assets will be liquidated (or realised, as applicable) by the Determination Agent in accordance with certain specified procedures and the proceeds of such liquidation (together with any swap termination costs payable by the Counterparty to the Issuer) will be applied in accordance with the Order of Priority set out below.</p> <p>Pursuant to the terms of the Swap Agreement, (A) the Issuer will be obliged to pay or deliver (as applicable) to the Counterparty (i) amounts equal to all amounts due to be paid to the Issuer (whether or not actually paid) by way of distributions, interest or any other amount (other than as set out in (ii) below) in respect of each Underlying Asset one Business Day after the date on which each such amount is due to be paid to the Issuer and (ii) amounts equal to all amounts due to be paid to the Issuer (whether or not actually paid) by way of principal or redemption proceeds in respect of each Underlying Asset one Business Day prior to the Maturity Date and (iii) if the Underlying Assets are not redeemed when originally due, each Underlying Asset (unless and to the extent the Issuer has paid in full to the Counterparty all amounts at (ii) above) and (iv) if the Issuer purchases Notes pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date, the Underlying Assets (or <i>pro rata</i> part thereof, in the case of a purchase of some only of the Notes) and (B) the Counterparty will be obliged to pay to the Issuer (i) one Business Day prior to the Maturity Date, an amount equal to the Redemption Amount of the Notes and (ii) if the Issuer purchases Notes pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date, an amount which is sufficient to fund the purchase price payable by the Issuer. The Swap Agreement may be terminated early by either party in a number of circumstances as specified therein, including upon (i) the Notes becoming subject to early redemption in accordance with their terms, (ii) a failure to pay by either party thereto, (iii) certain insolvency-related events in respect of either party thereto, (iv) illegality, (v) certain circumstances of hedging disruption or changes in laws affecting the costs to the Counterparty associated with the Swap Agreement and (vi) the exercise by either party of an option to terminate the Swap Agreement upon giving notice to the other party in accordance with the terms thereof. If the Issuer purchases Notes pursuant to the Issuer's purchase option, the Swap Agreement will also terminate (<i>pro rata</i>, in the case of a purchase of some only of the Notes).</p> <p>Pursuant to the terms of the Credit Support Deed, the Counterparty will calculate the collateral requirements of the Issuer and the Counterparty based upon each party's exposure to the other party under the Swap Agreement on a daily basis. To the extent that any collateral is due to be posted by the Counterparty, the Counterparty will post collateral (either in the form of cash or securities issued by the UK Government) to the Issuer in accordance with</p>

Element	Title	
		<p>the Credit Support Deed. To the extent that collateral is due to be posted by the Issuer to the Counterparty, the security over an amount of Underlying Assets will be deemed to be released in accordance with the provisions of the Trust Deed and the Issuer will post such amount of Underlying Assets as collateral to the Counterparty in accordance with the provisions of the Credit Support Deed.</p> <p>Any collateral transferred by the Counterparty to the Issuer will be deposited in a cash or securities collateral account (as applicable) opened in the name of the Issuer with the Custodian. The Issuer will be able to enforce its security over the collateral accounts only upon the occurrence of an event of a default or failure by the Counterparty to comply with its obligations under the Credit Support Deed. Prior to such enforcement action being taken, funds standing to the credit of the collateral accounts will not be available for use by the Issuer for any purpose.</p> <p>Upon an early redemption of the Notes, the Issuer may not have sufficient funds to pay the Redemption Amount due on the Notes. Accordingly, the amount paid upon early redemption of the Notes may be less than the Redemption Amount and may in certain circumstances be zero.</p> <p>The Issuer may, provided that no Event of Default or Mandatory Redemption Event has occurred and is continuing, purchase Notes held by Morgan Stanley &amp; Co. International plc. Notes will not be purchased by the Issuer from any other holder or in any other circumstances. All Notes purchased will be surrendered for cancellation.</p> <p>On such purchase (a) under the Swap Agreement the Underlying Assets (or a proportionate part thereof which corresponds to the Notes to be purchased) will be delivered to the Counterparty by the Issuer and the Counterparty will pay to the Issuer an amount which will be sufficient to fund the purchase price of the Notes and (b) the Swap Agreement (or a proportionate part thereof) will terminate at no other cost to the Counterparty or the Issuer.</p>
<b>B.29</b>	Description of cashflows and information on the Counterparty	<p>See item B.28 above for information on cashflows.</p> <p>The Counterparty is Morgan Stanley &amp; Co. International plc, whose principal activity is the provision of financial services to corporations, governments and financial institutions and which is a public company incorporated with limited liability under the laws of England and Wales and an indirect wholly owned subsidiary of Morgan Stanley.</p>
<b>B.30</b>	Name and a description of the originators of securitised assets	<p>See item B.29 above for a description of Morgan Stanley &amp; Co. International plc as Counterparty under the Swap Agreement.</p> <p>The Issuer of the Underlying Assets is the UK Government.</p>

## Section C – Securities

Element	Title	
C.1	Description of New Notes and Notes/ISIN	<p><i>New Notes</i></p> <p>GBP 15,000 Preference Share-Linked Notes linked to Class 314 Preference Shares of Sienna Finance UK Limited (the "<b>New Notes</b>").</p> <p><i>Notes</i></p> <p>The New Notes are to be consolidated and form a single series and be fungible with the GBP 1,194,202 Preference Share-Linked Notes linked to Class 314 Preference Shares of Sienna Finance UK Limited (the "<b>Original Notes</b>" and together with the New Notes, the "<b>Notes</b>").</p> <p>ISIN: XS1083979937.</p> <p>Common Code: 108397993.</p> <p>The International Securities Identification Number ("<b>ISIN</b>") uniquely identifies the Notes.</p>
C.2	Currency	The Notes will be denominated in Pounds Sterling (" <b>GBP</b> ").
C.5	Restrictions on transferability	Not Applicable - There are no restrictions on the free transferability of the Notes.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>The Notes will have terms and conditions relating to, among other matters:</p> <p><b><i>Status (Ranking)</i></b></p> <p>The Notes will be secured, limited recourse obligations of the Issuer, and will rank <i>pari passu</i> without any preference among themselves.</p> <p>The Notes will be secured by, <i>inter alia</i>, the following security interests:</p> <p>(1) a first fixed charge and a mortgage over all of the Issuer's rights, title, interest and benefits (present and future) in and to the Underlying Assets held in the Custody Account and all sums derived therefrom;</p> <p>(2) a first fixed charge over the Custody Account and all of the Issuer's title and interest in and to the Custody Account and an assignment by way of security all of its rights in respect of the Custody Account;</p> <p>(3) an assignment by way of security of the Issuer's rights, title, interest and benefits (present and future) in and to the Swap Agreement to the extent they relate to the Notes and all sums derived therefrom to the extent they relate to the Notes (but subject to any rights of set-off or netting provided for in the Swap Agreement);</p> <p>(4) an assignment by way of security of the Issuer's rights, title, interest and benefits (present and future) in and to the Custody Agreement (including its rights in respect of and all sums standing to the credit of the Custody Account and other retained monies and including any interest accrued or accruing thereon to the extent they relate to the Notes);</p> <p>(5) an assignment by way of security of the Issuer's rights, title, interest and benefits (present and future) in and to the Agency Agreement to the extent they relate to the Notes (including its rights in respect of all sums held from time to time by the Registrar, for payments of principal or any other amounts payable in respect of the Notes); and</p> <p>(6) a first fixed charge over all sums held from time to time by the Registrar</p>

Element	Title	
		<p>for payments of principal or any other amounts payable in respect of the Notes.</p> <p><b><i>Taxation</i></b></p> <p>The Issuer will not be obliged to pay any additional amounts for, or on account of, any payments under the Notes that may be the subject of a deduction or a withholding for or on account of any tax (including withholding taxes imposed pursuant to FATCA, or any similar or successor legislation or any agreement entered into pursuant to any such legislation, or any law implementing an intergovernmental approach thereto).</p> <p><b><i>Negative pledge/Restrictions</i></b></p> <p>The terms of the Notes will not contain a negative pledge provision. However, so long as any of the Notes remains outstanding, the Issuer will not (subject to certain exceptions), among other things, engage in any business other than issuing the Notes and entering into related agreements, acquiring and holding other assets which impose no obligations on it, issuing other notes on terms substantially similar to the Conditions set out in the Principal Trust Deed dated 5 August 2014 (the "<b>Principal Trust Deed</b>") entered into by, <i>inter alios</i>, the Issuer and the Trustee in respect of the EUR 20,000,000,000 Structured Note Programme (the "<b>Programme</b>") and in each case performing its obligations and exercising rights thereunder and matters reasonably incidental thereto; have any subsidiaries or employees or premises; consolidate or merge with any other person; issue a series of notes which would breach the limit on total issuance under the Programme; declare or pay any dividend or make any distribution in respect of its share capital or issue additional shares; incur or permit to subsist any indebtedness for borrowed money or give any guarantee other than in respect of secured notes subject to equivalent enforcement and limited recourse provisions to the Notes; make or consent to amendments to certain agreements it has entered into without Trustee consent; permit the validity or effectiveness of the Trust Deed or the priority of the security created thereby to be amended, terminated, postponed or discharged or any obligations with respect thereto to be released; release the Counterparty from its obligations under the Swap Agreement; fail to comply with its obligations under the transaction documentation; or fail to maintain any agents as required by the Conditions.</p> <p><b><i>Events of default</i></b></p> <p>The terms of the Notes will contain, amongst others, the following events of default:</p> <p>(a) default in payment of any principal due in respect of the Notes, continuing for a specified period of time; or</p> <p>(b) non-performance or non-observance by the Issuer of any of its other obligations under the Notes or the Principal Trust Deed as supplemented by the Supplemental Trust Deed dated 3 October 2014 in respect of the Original Notes and the Second Supplemental Trust Deed in respect of the New Notes (the Second Supplemental Trust Deed, the Supplemental Trust Deed and the Principal Trust Deed, together the "<b>Trust Deed</b>"), in certain cases continuing for a specified period of time; or</p> <p>(c) events relating to the insolvency or winding up, dissolution, liquidation, examination, bankruptcy, composition, reorganisation or readjustment of the Issuer.</p>

Element	Title	
		<p><b><i>Order of Priority</i></b></p> <p>Any monies received by the Trustee (or, as the case may be, by the Issuer or its agent in respect of the Underlying Assets) upon enforcement of the security shall be applied in accordance with the Order of Priority as follows: all such proceeds shall be applied first in payment of all amounts outstanding to the Trustee and/or any attorney, manager, receiver, agent, delegate or other person appointed by it under the Trust Deed (including any taxes, the cost of realising any security, the Trustee's remuneration and (without duplication) any Trustee's fees, to the extent such fees have not been paid to the Trustee prior to the Issue Date of the Original Notes); secondly in meeting any claims of the Paying Agents for reimbursement of any amounts paid in respect of the Notes to the extent not already repaid to them; thirdly in payment of any Irish taxes payable by the Issuer and the fees, costs, charges, expenses and liabilities of the Paying Agents, the Custodian, the Determination Agent and the Calculation Agent in respect of the Notes; fourthly in meeting any claims of the Counterparty under the Swap Agreement and the Credit Support Deed, fifthly <i>pro rata</i> to the respective amounts then due, in meeting any claims of the Noteholders; and sixthly in release of the balance to the Issuer.</p> <p><b><i>Limited Recourse and Non-Petition</i></b></p> <p>The Notes are limited recourse obligations of the Issuer. Payments under the Notes will be made solely from amounts received from the Counterparty or realised in respect of the Charged Assets. If the net proceeds (if any) of any realisation of the security for the Notes is insufficient to pay amounts due to the holders of the Notes and any other secured party, either in full or at all, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, any such shortfall and the rights of the Noteholders and any such other party to receive any further amount in respect of such obligations shall be extinguished and no such party may take any further action to recover such amounts.</p> <p>None of the Noteholders, the Trustee or other creditors (nor any other person acting on behalf of any of them) shall be entitled, at any time, to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes or the other documents relating to the issue of the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.</p> <p><b><i>Meetings</i></b></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b><i>Governing law</i></b></p> <p>English law.</p>
C.11	Listing and Admission to	Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the Official List and trading on its regulated market. No

Element	Title	
	trading	assurance can be given that such application will be successful. The Original Notes have been admitted to the Official List and to trading on the Irish Stock Exchange's regulated market.
C.12	Minimum Denomination	The Notes are issued in a denomination of GBP 1.00 per Note.
C.15	How the value of the investment is affected by the value of the underlying assets	The Redemption Amount of the Notes is dependent upon the value of the Preference Shares, the value of which may fluctuate up or down depending on the performance of the FTSE 100 Index. The Redemption Amount is calculated by reference to the change in value of a Preference Share over the life of the Notes as further set out in item C.18 below. If the value of a Preference Share has fallen, the Redemption Amount will be less than a Noteholder's original investment and may in certain circumstances be GBP0.01 per Note.
C.16	Maturity	The Maturity Date is: <ul style="list-style-type: none"> <li>(1) if the Preference Shares become subject to redemption pursuant to the underlying determination provisions contained in the terms and conditions of the Preference Shares and redemption occurs (or which redemption but for the delay of the date for valuation or determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares on or about such date, would have occurred), the second Business Day following the Note Valuation Date (as defined below); or</li> <li>(2) otherwise 5 October 2020 or, if later, the second Business Day following the Note Valuation Date.</li> </ul>
C.17	Settlement Procedure	The Notes will be cash-settled.
C.18	Interest/Redemption	<p><b>Interest</b></p> <p>The Notes do not bear interest.</p> <p><b>Issue Date</b></p> <p>The Issue Date of the New Notes is 3 December 2014. The Issue Date of the Original Notes was 3 October 2014.</p> <p><b>Redemption</b></p> <p>The Notes are linked to the performance of the Preference Shares.</p> <p><b>Maturity</b></p> <p>On the Maturity Date (or on any earlier occasion of redemption), the Issuer will redeem the Notes at the Redemption Amount.</p> <p>Business Days: London and, for so long as the Notes are listed on the Irish Stock Exchange, Dublin</p> <p><i>Early redemption of the Notes</i></p> <p>(A) Mandatory Redemption Event</p> <p>Upon any determination by the Determination Agent that a Mandatory Redemption Event has occurred, the Determination Agent shall promptly give</p>

Element	Title	
		<p>notice thereof to the Issuer, the Trustee, the Counterparty, the Preference Share Issuer and the other Agents of such determination and the Issuer shall notify the Noteholders in accordance with the Conditions and the Notes shall become repayable at the Redemption Amount on the Early Redemption Date.</p> <p>Each of the following events shall constitute a "<b>Mandatory Redemption Event</b>" as determined by the Determination Agent in acting in good faith and a commercially reasonable manner:</p> <p>(a) the Swap Agreement is terminated in whole (except in circumstances of optional termination by either party upon giving 5 Business Days' notice to the other in accordance with the provisions of the Swap Agreement) and is not replaced on or prior to such termination to the satisfaction, and with the prior written approval, of the Trustee;</p> <p>(b) unless the Issuer is substituted with another company pursuant to the Conditions,</p> <p>(x) the Issuer or any Paying Agent would be required by law to withhold or account for tax (including pursuant to an agreement entered into by the Issuer or any such Paying Agent following sections 1471 through 1474 of the U.S. Internal Revenue Code, any agreement with the United States regarding these rules and any legislation, regulations or rules adopted by another jurisdiction pursuant to an intergovernmental agreement regarding the implementation of these rules ("FATCA")), or</p> <p>(y) the Issuer would suffer tax, including pursuant to FATCA, in respect of its income in respect of the Underlying Assets or payments made to it under the Swap Agreement, or would receive net of any tax, including pursuant to FATCA, any payments in respect of the Underlying Assets or payments made to it under the Swap Agreement (in each case, where there is no obligation to pay an additional amount to the Issuer in respect of the Underlying Assets or the Swap Agreement), or</p> <p>(z) any exchange controls or other currency exchange or transfer restrictions or tax are imposed on the Issuer or on any payments to be made to or by the Issuer, or for any reason the cost to the Issuer of complying with its obligations under or in connection with the Trust Deed or meeting its operating or administrative expenses would (in the sole opinion of the directors of the Issuer) be materially increased, the Trustee having required the Issuer to use its best endeavours to procure the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal obligor in respect of the Notes, or the establishment of a branch office in another jurisdiction approved in writing by the Trustee (in each case subject to the satisfaction of certain conditions as more fully specified in the Trust Deed) from which it may continue to carry out its functions under the Notes and the Swap Agreement, and the Issuer, having used its best endeavours, is unable to arrange such substitution before the next payment is due in respect of the Notes; or</p> <p>(c) the occurrence of:</p> <p>(x) (i) a payment default or deferral (without regard to any cure period) or acceleration of payment in relation to any Underlying Asset; or (ii) any</p>

Element	Title	
		<p>amendment to the terms and conditions of any Underlying Asset the effect of which is that the issuer of such Underlying Asset is no longer obliged to pay the same amounts on the same days as contemplated on the Issue Date of the Original Notes in each case, as determined by the Determination Agent acting in good faith and a commercially reasonable manner (each, an "<b>Underlying Asset Default</b>"); or</p> <p>(y) the redemption of any Underlying Asset prior to its stated maturity date (whether or not such redemption occurs at par), as determined by the Determination Agent acting in good faith and a commercially reasonable manner (an "<b>Underlying Asset Early Redemption</b>").</p> <p>(B) Redemption at the Option of the Issuer</p> <p>Following any termination in whole of the Swap Agreement at the option of either party thereto upon giving 5 Business Days' notice to the other party, the Issuer may redeem the Notes in whole at any time upon giving written notice to the Trustee, the Preference Share Issuer and the Agents, as well as to the Noteholders of its intention to do so, each Note being redeemed on the Early Redemption Date at the Redemption Amount.</p> <p>(C) Preference Share Early Redemption</p> <p>Following a Preference Share Early Redemption Event, the Issuer shall redeem the Notes in whole upon giving written notice to the Trustee, the Counterparty and the Agents, as well as to the Noteholders of its intention to do, each Note being redeemed on the Early Redemption Date at the Redemption Amount.</p> <p>For the purposes of paragraphs (A) to (C) above:</p> <p><b>"Early Redemption Date"</b> means the third Business Day following the Early Redemption Valuation Date.</p> <p><b>"Preference Share Early Redemption Event"</b> means that the Issuer and the Counterparty have received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early.</p> <p><b>"Preference Share Issuer"</b> means Sienna Finance UK Limited.</p> <p><i>Redemption Amount</i></p> <p>(a) If the Notes are redeemed on the Maturity Date, the Redemption Amount in respect of each Note shall be an amount in GBP determined by the Determination Agent equal to:</p> $\text{GBP1.00} \times \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$ <p>subject to a minimum of GBP 0.01.</p> <p>Where:</p> <p><b>"Initial Valuation Date"</b> means the Issue Date of the Original Notes or, if such day is not a Business Day, the immediately succeeding Business Day;</p> <p><b>"Note Valuation Date"</b> means the third Business Day following the Preference Share Valuation Date;</p> <p><b>"Preference Share Valuation Date"</b> means:</p> <p>(1) if the Preference Shares become subject to redemption pursuant to</p>

Element	Title	
		<p>the underlying determination provisions contained in the terms and conditions of the Preference Shares which occurs (or which but for the delay of the date for valuation or determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares on or about such date, would have occurred):</p> <ul style="list-style-type: none"> <li>(i) in the year 2016, 26 September 2016;</li> <li>(ii) in the year 2017, 26 September 2017;</li> <li>(iii) in the year 2018, 26 September 2018;</li> <li>(iv) in the year 2019, 26 September 2019; or</li> </ul> <p>(2) otherwise 28 September 2020</p> <p>or, in each case if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent;</p> <p><b>"Preference Share Value"</b> means, in respect of any day, the fair market value of a Preference Share at the Valuation Time on such day as determined by the Determination Agent;</p> <p><b>"Share Value<sub>final</sub>"</b> means the Preference Share Value on the Note Valuation Date;</p> <p><b>"Share Value<sub>initial</sub>"</b> means the Preference Share Value on the Initial Valuation Date; and</p> <p><b>"Valuation Time"</b> means 4.30 pm (London time); or</p> <p>(b) if the Notes are redeemed early in accordance with the Conditions, an amount in GBP as determined by the Determination Agent on the same basis as in (a) above, except that the definition of Share Value<sub>final</sub> shall be the Preference Share Value on the Early Redemption Valuation Date.</p> <p>Where:</p> <p><b>"Early Preference Share Redemption Valuation Date"</b> means:</p> <ul style="list-style-type: none"> <li>(a) if the Notes become subject to early redemption on (i) a Mandatory Redemption Event or on a Preference Share Early Redemption Event (each an <b>"Early Redemption Event"</b>) or (ii) at the option of the Issuer, in the case of (i) above, the Business Day immediately following such Early Redemption Event or in the case of (ii) above, the date that the notice of early redemption given by the Determination Agent (on behalf of the Issuer) is deemed given to Noteholders in accordance with the Conditions; or</li> <li>(b) if the Notes become subject to early redemption on an Event of Default, the fifth Business Day following the date on which notice is given to the Issuer that the Notes are due and repayable as a result thereof,</li> </ul> <p>or, in each case, if any date(s) for valuation of or any determination of</p>

Element	Title	
		<p>the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the relevant Early Preference Share Redemption Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent.</p> <p><b>"Early Redemption Valuation Date"</b> means the third Business Day following the Early Preference Share Redemption Valuation Date.</p> <p>The Issuer (or the Determination Agent on its behalf) will specify the Early Preference Share Redemption Valuation Date in any notice of early redemption of the Notes.</p> <p>The Redemption Amount may be less than the Principal Amount of the Notes upon issue and may in certain circumstances be GBP0.01 per Note.</p>
<b>C.19</b>	The exercise price or the final reference price of the Underlying	The value of a Preference Share on the Note Valuation Date, used in the calculation of the Redemption Amount, is the fair market value of a Preference Share at the Valuation Time on such day as determined by the Determination Agent as further set out in item C.18 above.
<b>C.20</b>	Underlying	<p>The Preference Shares.</p> <p>A copy of the Preference Share terms and conditions are available on <a href="http://www.morganstanleyiq.eu">www.morganstanleyiq.eu</a>.</p>

#### Section D – Risks

Element	Title	
<b>D.2</b>	Key risks regarding the Issuer	<p>There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes and investors assume the risk of these. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its ability to make payments due under the Notes. These factors include: the Issuer is a special purpose vehicle and has, and will have, no assets to service its obligations under the Notes other than the assets on which each series of notes is secured; there is no supervision of the Issuer by any regulatory authority, it is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction, but if a regulator took a contrary view regarding the applicability of such laws this could have an adverse impact on the Issuer or holders of the Notes; the Notes do not have the status of a bank deposit and are not within the scope of any deposit protection scheme; if the location of the Issuer's centre of main interests is held not to be located in Ireland then Irish insolvency proceedings would not be applicable to it; if an examiner were appointed to the Issuer, the Trustee would not be able to enforce its rights against the Issuer during the period of examinership and a scheme of arrangement could be approved writing down the debt due to Noteholders; and Noteholders could be subordinated to preferred creditors of</p>

Element	Title	
		the Issuer under Irish law if the Issuer becomes insolvent.
<b>D.6</b>	Key risks regarding the Notes	<p>There are also risks associated with the Notes, including a range of market risks. These are as follows: the Notes are only a suitable investment for sophisticated investors, credit exposure to the Counterparty and the issuer of the Underlying Assets as the Issuer's ability to meet its obligations under the Notes depends on the timely performance by the Counterparty of its obligations under the Swap Agreement and Credit Support Deed and the timely receipt by the Issuer of all amounts payable to it in respect of the Underlying Assets, that the Notes are solely the obligations of the Issuer and are not obligations or the responsibility of, or guaranteed by, any other transaction party and they will have no liability to holders if the Issuer fails to pay any amount under the Notes; payments under the Notes are subordinated to the payment of certain amounts payable by the Issuer as described in "Order of Priority" in item C.8 above and in certain circumstances returns to the Noteholders could be reduced to zero; investors will receive no interest under the Notes and any investment return on the Notes is dependent on the Redemption Amount being greater than the Issue Price; the Redemption Amount is dependent on the value of the Preference Shares, the value of which may fluctuate up or down depending on the performance of the FTSE 100 Index and which may cease to be exposed to the FTSE 100 Index if an "underlying determination event" (triggered by certain annual changes in the level of the FTSE 100 Index) occurs, in which case their redemption amount is fixed based upon a percentage dependent on the year in which the underlying determination event occurred; if the value of a Preference Share has fallen, the Redemption Amount will be less than a Noteholder's original investment and may in certain circumstances be GBP0.01 per Note and investors may therefore lose the value of almost all of their entire investment or part of it, as the case may be; the value of the Underlying Assets may fluctuate up or down and none of the transaction parties has any obligation to maintain the value of the Underlying Assets at any particular level; the proceeds of any sale or liquidation of Underlying Assets may not be sufficient for the Issuer to be able to satisfy its obligation to pay any Redemption Amount payable on the Notes; potential conflicts of interest may arise in respect of Morgan Stanley &amp; Co. International plc acting in its capacities as the Determination Agent and Dealer and the Calculation Agent in respect of the Preference Shares and Morgan Stanley and its affiliates may have dealings with the issuer of the Underlying Assets and may act in its dealings as if the Swap Agreement and the Notes did not exist and without regard to whether their action or inaction might have an adverse effect of any Underlying Assets, the Issuer or the Noteholders; there is no guarantee that any secondary market in the Notes will exist at any point in time; whilst the Issuer has an option to purchase the Notes in certain circumstances, it may only do so if the relevant Notes are held by Morgan Stanley &amp; Co. International plc; the secondary market price of the Notes will depend on numerous factors, including perceptions of the Issuer's credit quality, the value, volatility and performance of the Preference Shares and time remaining to maturity; Noteholders have no beneficial interest, any voting rights or right to receive dividends or other distributions (if any) in respect of the Preference Shares; the Notes are subject to early redemption upon the occurrence of a Mandatory Redemption Event (including certain tax or currency exchange related events, termination of the Swap Agreement or default under, amendment to or early redemption of the Underlying Assets), an Event of Default, a Preference Share Early Redemption Event or in certain</p>

Element	Title	
		<p>limited circumstances at the option of the Issuer and in such circumstances the Issuer may not have sufficient funds to pay the Redemption Amount due on the Notes; the Swap Agreement may be terminated early in certain circumstances and if a swap termination payment is payable by the Issuer to the Counterparty, this may result in the Issuer having insufficient funds to pay the Redemption Amount due on the Notes; Morgan Stanley &amp; Co. International plc and its affiliates act in a number of capacities and do not have any fiduciary obligations to the Issuer or Noteholders; the Notes are limited recourse obligations of the Issuer and if any net proceeds of realisation of the security for the Notes is insufficient to pay the holders then the Issuer will not be obliged to pay the shortfall and the rights of the Noteholders, the Trustee and other creditors to receive any further amount in respect of such obligations will be extinguished and no further action may be taken with respect thereto (including instituting any bankruptcy, insolvency, liquidation, examinership or similar proceedings against the Issuer); as the Notes are in global form investors will have to rely on Euroclear and Clearstream, Luxembourg's procedures for transfer, payment and communication with the Issuer; defined majorities of Noteholders can bind all Noteholders at meetings, including those who did not attend and vote and those who voted in a manner contrary to the majority; the Trustee holds a security interest for the benefit of, among others, Noteholders, whose rights in an enforcement of the security will be subordinate to the prior rights of certain other secured creditors; and tax risks, including that all payments in respect of the Notes will be made subject to any withholding or deduction for taxes, potential EU Savings Directive withholdings and uncertainties regarding the future application of Sections 1471-1474 of the Internal Revenue Code of 1986, as amended (the FATCA Rules) to the Issuer and the holders of the Notes, which could require withholding taxes to be imposed on payments to the Issuer or holders in certain circumstances.</p>

#### Section E – Offer

Element	Title	
<b>E.2b</b>	Use of proceeds	The proceeds of the issuance of the New Notes will be applied by the Issuer to purchase GBP 15,000 in nominal amount of the Underlying Assets.
<b>E.3</b>	Terms and conditions of the offer	Not Applicable – the New Notes are not being offered to the public as part of a Non-Exempt Offer.
<b>E.4</b>	Interest of natural and legal persons involved in the issue/offer	Save for potential conflicts between the investor and the Determination Agent when Morgan Stanley & Co. International plc or other affiliates or subsidiaries of Morgan Stanley carry out hedging activities or trades or the Determination Agent makes determinations and adjustments in respect of the New Notes, so far as the Issuer is aware, no person involved in the issue of the New Notes has an interest material to the offer, including conflicting interests.
<b>E.7</b>	Expenses charged to the investor by the Issuer or an Offeror	Not Applicable – No expenses will be charged to investors by the Issuer.

## **RISK FACTORS**

*Prospective investors should determine whether an investment in the New Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the New Notes and to arrive at their own evaluation of the investment.*

*The following is a description of certain additional aspects of the Notes of which any prospective Noteholder should be aware. It is not intended to be exhaustive and any prospective Noteholder should also read the detailed information set out elsewhere in this document and under the section entitled "Risk Factors" of the Registration Document and should take its own tax, legal and other relevant advice as to the structure and viability of investment in the Notes.*

### **1. Credit Considerations**

#### *Suitability*

The Notes are only suitable for sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the merits of an investment linked to the Preference Shares and who can absorb a partial or complete loss of principal. No interest is payable on the Notes.

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes in which they are investing and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Each Noteholder should have sufficient knowledge, experience and professional advice to make its own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes and in purchasing the Notes is not relying on either the views or advice of, or any information with respect to the Issuer, the Underlying Assets, the Preference Share Issuer or the Preference Shares provided by, the Arranger, the Dealer or any of their respective affiliates.

The value of your investment may fluctuate. Results achieved in the past are no guarantee of future results.

#### *Issuer's Ability to Pay the Redemption Amount on the Notes*

The ability of the Issuer to meet its obligation to pay the Redemption Amount on the Notes (after payment in full has been made by the Issuer of all amounts due and owing which rank senior in priority thereto) depends on the timely performance by the Counterparty of its obligations under the Swap Agreement and the Credit Support Deed and upon timely receipt by the Issuer of all amounts payable to it in respect of the Underlying Assets.

#### *Obligations of the Issuer*

The Notes are solely the obligations of the Issuer. In particular, the Notes are not the obligations or responsibility of, or guaranteed by, the Trustee, the Custodian, the Arranger, the shareholders of the Issuer, the Dealer, the Distributor, the Paying Agents, the Determination Agent, the Calculation Agent, the Counterparty, the issuer of any of the Underlying Assets or

the Preference Share Issuer. Apart from the Issuer, none of these persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

#### *Subordination of the Notes*

Payments of principal in respect of the Notes are subordinated to the payment of certain amounts payable by the Issuer, as set out in the relevant Order of Priority specified in section 57 (*Application of Proceeds*) of the Applicable Supplement. There can be no assurance that the Noteholders will receive the full Redemption Amount payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. In certain circumstances, returns to the Noteholders could be reduced to zero.

#### *Returns on the Notes linked to payment of the Redemption Amount*

Investors will receive no interest on the Notes. Any investment return on the Notes is dependent upon the Redemption Amount being greater than the Issue Price.

#### *Preference Share Risk*

The Redemption Amount of the Notes is dependent upon the value of the Preference Shares, the value of which may fluctuate up or down depending on the performance of the FTSE 100 Index (the "**Preference Share Underlying**") as set out in the terms and conditions of the Preference Shares. If the value of a Preference Share has fallen, the Redemption Amount will be less than a Noteholder's original investment and may in certain circumstances be GBP0.01 per Note. Investors may therefore lose the value of almost all of their entire investment. Noteholders and prospective purchasers of Notes should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the merits of an investment related to the Preference Shares based upon such investigations and not in reliance on any information given in this document.

As set out below Notes may be subject to early redemption if a Preference Share Early Redemption Event occurs.

Morgan Stanley & Co. International plc in its capacity as the Determination Agent and Dealer in respect of the Notes and Calculation Agent in respect of the Preference Shares (the "**Preference Share Calculation Agent**") is a member of Morgan Stanley. As a result, potential conflicts of interest may arise in acting in its respective capacities. Subject to any relevant regulatory obligations, the Preference Share Calculation Agent owes no duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder. The Preference Share Issuer may also rely on members of Morgan Stanley (including the Preference Share Calculation Agent) or other service providers to perform its operational requirements. In the event any relevant Morgan Stanley entities or other service providers fail to perform any obligations, this may adversely affect the value of the Preference Shares and potentially the amounts payable under the Notes.

In addition to providing calculation agency services to the Preference Share Issuer, Morgan Stanley or any of its affiliates may perform further or alternative roles relating to the Preference Share Issuer and any series of Preference Shares including, but not limited to, for example, being involved in arrangements relating to any of the underlying reference assets (for example

as a calculation agent). Further, Morgan Stanley or any of its affiliates may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer, the Preference Shares or any of the underlying reference assets and as a result Morgan Stanley may face a conflict between its obligations as Preference Share Calculation Agent and its and/or its affiliates' interests in other capacities.

#### *Exposure to the Preference Share Underlying*

The Terms of the Preference Shares provide that the Preference Shares will be redeemable on their final redemption date (or otherwise in accordance with the Terms of the Preference Shares). On redemption, the Preference Shares will carry preferred rights to receive an amount calculated by reference to the Preference Share Underlying.

However, the Preference Shares also incorporate an "underlying determination event" mechanism, which may be triggered by certain annual changes in the value of the Preference Share Underlying. On the occurrence of such underlying determination event, the Preference Shares will cease to be exposed to the Preference Share Underlying and the amount due on redemption would equal the issue price multiplied by the relevant percentage specified in the Terms of the Preference Shares for the year in which the underlying determination event has occurred.

Investors should review the Terms of the Preference Shares and consult with their own professional advisers if they consider it necessary.

#### *Underlying Assets*

The value of the Underlying Assets may fluctuate up or down and none of the Issuer, the Trustee, the Arranger, the Dealer, the Custodian, the Determination Agent, the Calculation Agent or the Counterparty (or any of their affiliates) has any obligation to maintain the value of the Underlying Assets at any particular level. Neither the Issuer nor any of the aforementioned parties has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Underlying Assets from time to time.

The proceeds of any sale or liquidation of Underlying Assets by or on behalf of the Issuer may be less than their face value and/or the price at which such Underlying Assets were acquired by the Issuer. Such proceeds of sale or liquidation may not be sufficient for the Issuer to be able to satisfy its obligation to pay any Redemption Amount payable on the Notes (after satisfaction of all prior ranking claims).

Other than as expressly stated herein in relation to the Issuer, neither the Issuer nor any of the aforementioned parties has verified or accepts any liability whatsoever for the accuracy of the information relating to any of the Underlying Assets contained in this document. Neither the Issuer nor any of the aforementioned parties has made or is required to make any investigation into the issuer of the Underlying Assets, and prospective purchasers should make their own investigations and determinations with regard to the financial condition and creditworthiness of such issuer and the full terms of the Underlying Assets.

### *Limited Liquidity*

The Notes should be viewed as a longer term investment, not as a trading investment. Any Redemption Amount payable in respect of the Notes will be payable only at maturity. There is no guarantee that any secondary market in the Notes will exist at any point in time.

In the event that a secondary market in the Notes does develop, the liquidity in such market may be reduced if some only of the Notes are purchased and cancelled pursuant to the Issuer's purchase option.

### *Issuer's Purchase Option*

Although the terms of the Notes provide that the Issuer may, in certain circumstances, purchase Notes (which Notes will be surrendered for cancellation), the Issuer may only do so if the relevant Notes are held by Morgan Stanley & Co. International plc. Notes will not be purchased by the Issuer from any other holder or in any other circumstances.

### *Exit Risk*

The secondary market price of the Notes will depend on numerous factors, including perceptions of the Issuer's credit quality and the credit quality of the Underlying Assets, the value, volatility and performance of the Preference Shares and time remaining to maturity.

### *No Shareholder Rights*

A holder of Notes will have no beneficial interest in the Preference Shares nor any voting rights and will not have the right to receive dividends or other distributions, if any, with respect to the Preference Shares.

### *Early Redemption in Certain Circumstances*

The Notes are subject to early redemption upon the occurrence of a Mandatory Redemption Event, an Event of Default, a Preference Share Early Redemption Event or in certain limited circumstances at the option of the Issuer (in each case, as specified in this document). In any such case, the Underlying Assets will be liquidated or realised, as applicable, by the Determination Agent and the proceeds of such liquidation or realisation, as applicable, of the Underlying Assets will be applied in accordance with the Order of Priority set out in section 57 (*Application of Proceeds*) of the Applicable Supplement. Upon an early redemption of the Notes, the Issuer may not have sufficient funds to pay the Redemption Amount due on the Notes.

### *Early termination of the Swap Agreement*

The Swap Agreement may be terminated early by either party in certain circumstances specified therein, including upon (i) the Notes becoming subject to redemption in accordance with their terms, (ii) a failure to pay by either party thereto, (iii) certain insolvency-related events in respect of either party thereto, (iv) illegality, (v) certain circumstances of hedging disruption or changes in laws affecting the costs to the Counterparty associated with the Swap Agreement and (vi) the exercise by either party of an option to terminate the Swap Agreement upon giving notice to the other party in accordance with the terms specified therein. Early termination of the Swap Agreement may lead to early redemption of the Notes.

### *Swap termination costs*

If the Swap Agreement is terminated (in whole or in part) prior to its scheduled termination date for any reason, a swap termination payment may become payable either by the Issuer or by the Counterparty. If a swap termination payment is payable by the Issuer to the Counterparty, this may result in the Issuer having insufficient funds to pay the Redemption Amount due on the Notes.

### *Dealings related to the Underlying Assets*

Neither Morgan Stanley nor any of its affiliates will be (nor be deemed to be acting as) the agent, fiduciary or trustee of the Issuer or the Noteholders in connection with the exercise of, or the failure to exercise, any of its rights or powers arising under or in connection with its holding (if any) of any obligation of or interest in any Underlying Asset.

Morgan Stanley and any of its affiliates (i) may accept information from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, the issuer of any Underlying Asset and any investment manager or trustee relating to any Underlying Asset, (ii) may have placed, underwritten, arranged or structured any Underlying Asset when originally issued and (iii) may act, with respect to transactions described in the preceding paragraphs (i) and (ii), in the same manner as if the Swap Agreement and the Notes did not exist and without regard to whether such action or inaction might have an adverse effect on any Underlying Asset, the Issuer or the Noteholders.

### *Capacity of Morgan Stanley and its affiliates*

Morgan Stanley and its affiliates are acting in a number of capacities, including as Counterparty, Determination Agent and Dealer. When acting in a particular capacity, Morgan Stanley or the relevant affiliate (as the case may be) shall have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Morgan Stanley & Co. International plc in its capacity as "Determination Agent" does not have any fiduciary duty to the Noteholders and its interests may be adverse to those of the Noteholders.

Morgan Stanley and its affiliates may have positions in, and may effect transactions in, securities and instruments of issuers mentioned herein and may also perform or seek to perform investment banking services for the issuers of such securities and instruments. In addition, from time to time, Morgan Stanley and its affiliates may own significant amounts of the Notes. Morgan Stanley and its affiliates have no fiduciary obligation whatsoever to the Issuer or the Noteholders in relation to the exercise (or non exercise) of their rights as a holder of Notes.

### *Limited Recourse*

The Notes are limited recourse obligations of the Issuer. The payment of the Redemption Amount on the Notes will be made solely from amounts received from the Counterparty or realised in respect of the Charged Assets. The fees and claims of, amongst others, the Trustee and any agent or receiver shall have priority over the claims of the Noteholders in respect of the Charged Assets and the net proceeds (if any) of any realisation of the security for the Notes may

be insufficient to pay amounts due to the holders of the Notes either in full or at all. In such event, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, any such shortfall and the rights of the Noteholders, the Trustee and other creditors to receive any further amount in respect of such obligations shall be extinguished and none of the Noteholders, the Trustee or other creditors may take any further action to recover such amounts.

#### *Non-Petition*

None of the Noteholders, the Trustee or other creditors (nor any other person acting on behalf of any of them) shall be entitled, at any time, to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, examinership, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes, the Trust Deed or the other documents relating to the issue of the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

#### *Subordination of the Notes*

Payments of principal in respect of the Notes are subordinated to the payment of certain amounts payable by the Issuer, as set out in the relevant Order of Priority specified in section 57 (*Application of Proceeds*) of the Applicable Supplement. There can be no assurance that the Noteholders will receive the full Redemption Amount payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. In certain circumstances, returns to the Noteholders could be reduced to zero.

#### *Notes in Global Form*

As the Registered Global Note will be registered in the name of a nominee for, and deposited with a common depository for Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Except in the limited circumstances described in the Registered Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Registered Global Note. While the Notes are represented by the Registered Global Note, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

While the Notes are represented by the Registered Global Note, the Issuer will discharge its payment obligations under the Notes by making payments through Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Registered Global Note must rely on the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Registered Global Note.

Holders of beneficial interests in the Registered Global Note will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent

that they are enabled by Euroclear or Clearstream, Luxembourg, as the case may be, to appoint appropriate proxies.

#### *Modification and waiver*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including the modification by Extraordinary Resolution of the Conditions or the provisions of the Trust Deed. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *Conflicts of interest*

Under the Trust Deed, the Trustee will hold a security interest in the property charged and assigned thereunder for the benefit of, among others, the Noteholders, whose rights in an enforcement of the security interest will be subordinate to the prior rights of certain other Secured Creditors.

### **2. Tax Considerations**

The Issuer will not be obliged to pay any additional amounts for, or on account of, any payments under the Notes or under the Swap Agreement, as the case may be, that are the subject of a deduction or a withholding for or on account of any tax (including withholding taxes imposed pursuant to FATCA, or any similar or successor legislation or any agreement entered into pursuant to any such legislation, or any law implementing an intergovernmental approach thereto). The imposition of such withholding or deductions may lead to a mandatory redemption of the Notes and may lead to a shortfall of amounts available to pay the Redemption Amount due on the Notes.

Pursuant to the terms of the Swap Agreement, the Counterparty will not be obliged to pay any additional amount for, or on account of, any payments under the Swap Agreement that are the subject of a deduction or withholding for or on account of any tax. The imposition of such withholding or deductions may lead to a mandatory redemption of the Notes.

### **3. U.S. Foreign Account Tax Compliance Withholding**

On 18 March 2010, the Hiring Incentives to Restore Employment Act (the "**HIRE Act**") was enacted, containing Sections 1471 through 1474 (inclusive) of the Internal Revenue Code of 1986, as amended, (the "**FATCA Rules**") that could require a 30 per cent. withholding tax to be imposed (a) on payments to holders of Notes on or with respect to the Notes or (b) on certain payments to the Issuer. The United States and Ireland have entered into an intergovernmental agreement to implement the FATCA Rules (the "**IGA**"). Under the IGA, an entity classified as a Foreign Financial Institution (an "**FFI**") that is treated as resident in Ireland generally is required to provide the Irish tax authorities with certain information regarding its "accountholders" (which could include holders of its debt securities). This information will be automatically exchanged with the US Internal Revenue Service. Based on the IGA, the Issuer expects that neither payments on or with respect to the Notes nor payments it receives will be subject to withholding under the FATCA Rules. However, the application of FATCA to a person like the Issuer and to securities like the Notes is not entirely clear and no assurance can be given that the rules will not be changed in a way that would require such withholding. If any

such withholding were imposed, none of the Issuer, the Paying Agent or any other person acting on behalf of the Issuer would have any obligation to make additional payments, or indemnify investors, with respect to such withholding. **Prospective investors should consult their own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### 4. EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### 5. Expenses

The payment of anticipated up-front fees, costs and expenses of the Issuer in connection with the issue of the New Notes, admission to trading and the entry into the Swap Agreement will be met by Morgan Stanley & Co. International plc.

TERMS AND CONDITIONS OF THE NOTES

APPLICABLE SUPPLEMENT

SECURED MULTI ASSET REPACKAGING TRUST P.L.C.

*(a public limited company under the laws of Ireland with  
registered number 465727)*

issue of

Series 19-2014-03

**GBP 15,000 Preference Share-Linked Notes linked to Class 314 Preference Shares of  
Sienna Finance UK Limited (to be consolidated and form a single series and be fungible  
with the GBP 1,194,202 Preference Share-Linked Notes linked to Class 314 Preference  
Shares of Sienna Finance UK Limited issued on 3 October 2014)**

The issue of the Notes of Secured Multi Asset Repackaging Trust p.l.c. (the "**Issuer**") shall have the terms and conditions (the "**Conditions**") set out in the Second Schedule of the Principal Trust Deed dated 5 August 2014 (a copy of which are annexed to the registration document dated 5 August 2014 issued by the Issuer (the "**Registration Document**")) as completed, modified and supplemented by this Applicable Supplement.

In relation to the Notes, any reference to "Terms and Conditions" means the Conditions as supplemented and modified in relation to the Notes by the terms of this Applicable Supplement. Any reference to "this Applicable Supplement" or "the Applicable Supplement" includes, for the avoidance of doubt, the Annexes to this Applicable Supplement.

**Special Conditions**

The Special Conditions set out in Annex 1 to this Applicable Supplement ("**Annex 1**") shall supplement and modify the Conditions. In the event of any inconsistency between the Conditions and the Special Conditions, the Special Conditions shall prevail and the Conditions shall be deemed to be amended accordingly.

1. Issuer: Secured Multi Asset Repackaging Trust p.l.c.
2. Series Number: 19-2014-03

The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the GBP 1,194,202 Preference Share-Linked Notes linked to Class 314 Preference Shares of Sienna Finance UK Limited issued on 3 October 2014 on the Issue Date.

Upon consolidation the aggregate nominal amount of the Notes will total GBP 1,209,202

3.	Specified Currency or Currencies:	Pounds Sterling (" <b>GBP</b> ")
4.	Aggregate Nominal/Principal Amount:	GBP 15,000.
5.	Issue Date:	3 December 2014
6.	Maturity Date:	<p>(1) if the Preference Shares become subject to redemption pursuant to the underlying determination provisions contained in the terms and conditions of the Preference Shares and redemption occurs (or which redemption but for the delay of the date for valuation or determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares on or about such date, would have occurred), the second Business Day following the Note Valuation Date (as defined below); or</p> <p>(2) otherwise, 5 October 2020 or, if later, the second Business Day following the Note Valuation Date.</p>
7.	Interest Basis:	Not applicable
8.	Redemption/Payment Basis:	The Notes will be redeemed on the Maturity Date at the Redemption Amount, unless redeemed earlier pursuant to the Conditions, in which case, the Notes will be redeemed at the Redemption Amount on the Early Redemption Date.
9.	Change of Interest or Redemption Basis:	Not applicable
10.	Issue Price:	100.00 per cent. of the Principal Amount
11.	Status of the Notes:	Secured, limited recourse obligations of the Issuer. The Notes are secured primarily on the Underlying Assets and the Swap Agreement.
12.	Instructing Creditor: (See Conditions 3(c), 7(b)(v), 10 and 11)	The Counterparty
13.	Listing:	The Securities Note has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves the Securities Note as meeting the

requirements imposed by Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given that such application will be successful.

14. Method of Distribution: Non-syndicated

#### **RATINGS**

15. Rating(s): Not applicable

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions: Not applicable

17. Floating Rate Note Provisions: Not applicable

18. Variable Coupon Note Provisions: Not applicable

19. Zero Coupon Note Provisions: Not applicable

20. Equity-Linked Note/Inflation-Linked Interest Provisions: Not applicable

21. Dual Currency Note Provisions: Not applicable

#### **PROVISIONS RELATING TO REDEMPTION, PURCHASE AND EXCHANGE**

22. Redemption at or prior to Maturity:

Redemption Amount: (a) If the Notes are redeemed on the Maturity Date, the Redemption Amount in respect of each Note shall be an amount in GBP determined by the Determination Agent equal to:

$$\text{GBP } 1.00 \times \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$$

subject to a minimum of GBP 0.01.

Where:

**"Initial Valuation Date"** means 3 October 2014 or, if such day is not a Business Day, the immediately succeeding Business Day;

**"Note Valuation Date"** means the third

Business Day following the Preference Share Valuation Date;

**"Preference Share Valuation Date"** means:

- (1) if the Preference Shares become subject to redemption pursuant to the underlying determination provisions contained in the terms and conditions of the Preference Shares which occurs (or which but for the delay of the date for valuation or determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares on or about such date, would have occurred):
  - (i) in the year 2016, 26 September 2016;
  - (ii) in the year 2017, 26 September 2017;
  - (iii) in the year 2018, 26 September 2018; or
  - (iv) in the year 2019, 26 September 2019; or
- (2) otherwise, 28 September 2020

or, in each case, if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent;

**"Preference Share Value"** means, in respect of any day, the fair market value of a Preference Share at the Valuation Time on such day as determined by the

Determination Agent;

"**Share Value<sub>final</sub>**" means the Preference Share Value on the Note Valuation Date;

"**Share Value<sub>initial</sub>**" means the Preference Share Value on the Initial Valuation Date; and

"**Valuation Time**" means 4.30 p.m. (London time); or

- (b) if the Notes are redeemed prior to the Maturity Date in accordance with the Conditions, an amount in GBP determined by the Determination Agent on the same basis as in (a) above, except that the definition of Share Value<sub>final</sub> shall be the Preference Share Value on the Early Redemption Valuation Date.

Where:

"**Early Preference Share Redemption Valuation Date**" means:

- (a) if the Notes become subject to early redemption on (i) a Mandatory Redemption Event or on a Preference Share Early Redemption Event (each, an "**Early Redemption Event**") or (ii) at the option of the Issuer, in the case of (i) above, the Business Day immediately following such Early Redemption Event or in the case of (ii) above, the date that the notice of early redemption given by the Determination Agent (on behalf of the Issuer) is deemed given to Noteholders in accordance with Condition 15; or
- (b) if the Notes become subject to early redemption under Condition 10, the fifth Business Day following the date on

which the Enforcement Notice referred to therein is given,

or, in each case, if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the relevant Early Preference Share Redemption Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent.

**"Early Redemption Valuation Date"** means the third Business Day following the Early Preference Share Redemption Valuation Date.

The Issuer (or the Determination Agent on its behalf) will specify the Early Preference Share Redemption Valuation Date in any notice of early redemption of the Notes.

23. Mandatory Redemption Events:

- (i) Underlying Disposal Event: Not applicable. The Notes will be mandatorily redeemed upon the occurrence of any event as set out in Condition 7(b)(i) (as amended by Special Condition 1 (*Mandatory Redemption Events*)).
- (ii) Early Redemption of Underlying Assets: Condition 7(b)(ii) will not apply. See Special Condition 1 (*Mandatory Redemption Events*).
- (iii) Credit Event: Condition 7(b)(iii) will not apply.
- (iv) Definition: Condition 7(b)(iv) will not apply. The definition of "Mandatory Redemption Event" shall be amended as set out in Special Condition 1 (*Mandatory Redemption Events*).

24. Purchase at Issuer's Option (Condition 7(c)): Applicable provided that Morgan Stanley & Co. International plc is the Noteholder of the relevant Notes.

Upon any such purchase pursuant to Condition 7(c) the security over the Underlying Assets (or *pro rata* part thereof) will be released, such Underlying Assets will be delivered to the Counterparty and the Swap Agreement will terminate (*pro rata*, in the case of a purchase of some only of the Notes), subject to such delivery and as provided below, at no other cost to the Counterparty or the Issuer. Any purchase of Notes by the Issuer pursuant to Condition 7(c) is conditional upon the receipt by the Issuer from the Counterparty of an amount which is sufficient to fund the purchase price payable by the Issuer.

- |     |  |   |
|-----|--|---|
| 25. | Redemption at the Option of the Issuer (Condition 7(f)):         | Applicable (as amended by Special Condition 3 ( <i>Redemption at the Option of the Issuer</i> )).       |
| 26. | Redemption at the Option of the Noteholders (Condition 7(g)(A)): | Not applicable  |
| 27. | Morgan Stanley Noteholder Option (Condition 7(g)(B)):            | Not applicable  |
| 28. | Termination of Swap Agreement at the Option of either party:     | Applicable at the option of either party thereto upon giving 5 Business Days' notice to the other party |
| 29. | Redemption by Instalments (Condition 7(h)):                      | Not applicable  |
| 30. | Exchange of Notes for Underlying Assets (Condition 7(j)):        | Not applicable  |
| 31. | Exchange of Series (Condition 7(k)):                             | Not applicable  |

**PROVISIONS RELATING TO EQUITY-LINKED REDEMPTION**

- |     |  |                |
|-----|--|----------------|
| 32. | Equity-Linked Redemption: (Condition 6(k)) | Not applicable |
|-----|--|----------------|

**PROVISIONS RELATING TO INFLATION-LINKED REDEMPTION**

- |     |   |                |
|-----|---|----------------|
| 33. | Inflation-Linked Redemption: (Condition 6(l)) | Not applicable |
|-----|---|----------------|

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |                |  |
|-----|----------------|--|
| 34. | Form of Notes: | The Notes will be represented by a Registered Global Note, deposited with a common depositary for Euroclear and for Clearstream, |
|-----|----------------|--|

- Luxembourg. The Registered Global Note will be exchangeable in whole but not in part for registered note certificates in definitive form, in limited circumstances.
35. Specified Denominations: GBP 1.00
36. Additional Business Days or other special provisions relating to Payment Dates: Not applicable
37. Registrar/Alternative Registrar (if other than as specified in the Agency Agreement): Deutsche Bank Luxembourg S.A.
38. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Not applicable
39. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not applicable
40. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not applicable
41. Variation to provisions of Condition 10 (*Events of Default*): Notwithstanding anything to the contrary therein, the due date for redemption of the Notes on a redemption pursuant to Condition 10 will be the Early Redemption Date, where:
- "Early Redemption Date"** means the third Business Day following the Early Redemption Valuation Date.
42. Use of Proceeds (if other than as set out in the Registration Document): The proceeds from the issuance of the Notes will be an amount equal to 100 per cent. of the Principal Amount of the Notes issued on the Issue Date. The Issuer will apply the proceeds of the issuance of the Notes to purchase GBP 15,000 in nominal amount of the Underlying Assets.

No expense related to the admission of the Notes to trading on the Irish Stock Exchange will be deducted from the proceeds of the issue of the Notes. All such expenses will be paid for by Morgan Stanley & Co. International plc.

43. Other terms or special conditions: As set out in Annex 1 hereto

#### **DISTRIBUTION**

44. (i) If syndicated, names of Managers: Not applicable

(ii) Stabilising Manager (if any): Not applicable

45. If non-syndicated, name of Dealer: Morgan Stanley & Co. International plc

Investors are expected to purchase the Notes through the "Morgan Stanley FTSE Gilt Backed Growth Plan 16" (the "**Plan**") and the purchase of the Notes will be subject to the terms and conditions of the Plan.

46. Additional selling restrictions:

**United States:** Reg S2/Not Rule 144A eligible

47. Commission payable: Not applicable

48. Selling Concession: Not applicable

49. Expenses: Not applicable

#### **OPERATIONAL INFORMATION**

50. ISIN: XS1083979937

51. Common Code: 108397993

52. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not applicable

53. Delivery: Delivery versus payment.

#### **RELATED AGREEMENTS AND SECURITY**

54. Related Agreements: The Swap Agreement and the Credit Support Deed

55. Counterparty: Morgan Stanley & Co. International plc

56. Date of termination of the Swap Agreement (*pro rata*, in the case of a purchase by the Issuer of some only of the Notes, as applicable): The day falling one Business Day prior to the Maturity Date or, if the Notes are redeemed early, one Business Day prior to the Early Redemption Date or, if Notes are purchased by the Issuer pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date.
57. Application of Proceeds: Order of Priority.

All monies received (i) by the Trustee in respect of the Security and any interest (or other income) earned shall, subject as provided below, be held by the Trustee upon trust to apply the same or, as the case may be, (ii) by the Issuer or its agent in respect of the Underlying Assets:

**FIRST**, (in no order of priority *inter se*, but *pro rata* to the respective amounts then due) in payment or satisfaction of all amounts payable to the Trustee and/or any attorney, manager, receiver, agent, delegate or other person appointed by it under the Trust Deed in respect of the Notes (including any taxes required to be paid by the Trustee or such appointee, the cost of realising any security, the Trustee's remuneration and (without duplication) any Trustee's fees, to the extent such fees have not been paid to the Trustee prior to 3 October 2014);

**SECOND**, (in no order of priority *inter se*, but *pro rata* to the respective amounts then due) in meeting the claims (if any) of the Paying Agents for reimbursement of any amounts paid to any party in respect of the Notes, to the extent that such sums have not been repaid to the Paying Agents, as the case may be, under any other agreements;

**THIRD**, (in no order of priority *inter se*, but *pro rata* to the respective amounts then due) in payment or satisfaction of any Irish taxes payable by the Issuer, and the fees, costs, charges, expenses and Liabilities of the Paying Agents, the Custodian, the Determination Agent and the Calculation Agent in respect of the Notes;

**FOURTH**, in meeting the claims (if any) of the Counterparty under or in respect of the Swap Agreement and the Credit Support Deed;

**FIFTH**, (in no order of priority *inter se* but *pro rata* to the respective amounts then due), in meeting the claims (if any), of the Noteholders on a *pro rata* basis in the proportion which the principal amount of each Note bears to the aggregate principal amount of all the Notes; and

**SIXTH**, in release of the balance (if any) to the Issuer.

58. Substitution of Underlying Assets: Applicable

**ADDITIONAL INFORMATION**

59. Custodian/Paying Agent: The Custodian and Paying Agent is Deutsche Bank AG, London Branch.

60. Description of the Underlying Assets: UK Gilts

61. Redenomination: Applicable

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Applicable Supplement.

Signed by a duly authorised attorney of the Issuer:

By: .....

Date: .....

**ANNEX 1**  
**SPECIAL CONDITIONS**

The Conditions shall be supplemented and modified by the following Special Conditions:

**1. MANDATORY REDEMPTION EVENTS**

Condition 7(b) shall be deleted and replaced by the following and the reference to Condition 7(b)(i)(C) in Condition 9 shall be deemed to be a reference to Condition 7(b)(i)(B):

"(b) *Mandatory Redemption*

(i) *Mandatory Redemption Events*

Each of the following events shall constitute a "**Mandatory Redemption Event**":

- (A) the Swap Agreement is terminated in whole (except in circumstances of optional termination by either party upon giving 5 Business Days' notice to the other in accordance with the provisions of the Swap Agreement) and is not replaced on or prior to such termination to the satisfaction, and with the prior written approval, of the Trustee;
- (B) subject to Condition 14(c) (*Substitution*),
  - (x) the Issuer or any Paying Agent, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax (including pursuant to an agreement entered into by the Issuer or any such Paying Agent following sections 1471 through 1474 of the U.S. Internal Revenue Code, any agreement with the United States regarding these rules and any legislation, regulations or rules adopted by another jurisdiction pursuant to an intergovernmental agreement regarding the implementation of these rules ("**FATCA**")), or
  - (y) the Issuer would suffer tax, including pursuant to FATCA, in respect of its income in respect of the Underlying Assets or payments made to it under a Related Agreement, or would receive net of any tax, including pursuant to FATCA, any payments in respect of the Underlying Assets or payments made to it under a Related Agreement (in each case, where there is no obligation to pay an additional amount to the Issuer in respect of the Underlying Assets or the relevant Related Agreement), or
  - (z) any exchange controls or other currency exchange or transfer restrictions or tax are imposed on the Issuer or on any payments to be made to or by the Issuer, or for any reason the cost to the Issuer of complying with its obligations under or in connection with the Trust Deed or meeting its operating or administrative expenses

would (in the sole opinion of the directors of the Issuer) be materially increased, the Trustee having required the Issuer to use its best endeavours to procure the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal obligor in respect of the Notes, or the establishment of a branch office in another jurisdiction approved in writing by the Trustee (in each case subject to the satisfaction of certain conditions as more fully specified in the Trust Deed) from which it may continue to carry out its functions under the Notes and the Related Agreement(s), and the Issuer, having used its best endeavours, is unable to arrange such substitution before the next payment is due in respect of the Notes of the relevant Series; or

- (C) the occurrence of:
  - (x) (i) a payment default or deferral (without regard to any cure period) or acceleration of payment in relation to any Underlying Asset; or (ii) any amendment to the terms and conditions of any Underlying Asset the effect of which is that the issuer of such Underlying Asset is no longer obliged to pay the same amounts on the same days as contemplated on 3 October 2014 in each case, as determined by the Determination Agent acting in good faith and a commercially reasonable manner (each, an "**Underlying Asset Default**"); or
  - (y) the redemption of any Underlying Asset prior to its stated maturity date (whether or not such redemption occurs at par), as determined by the Determination Agent acting in good faith and a commercially reasonable manner (an "**Underlying Asset Early Redemption**").

The occurrence of a Mandatory Redemption Event will be determined by the Determination Agent acting in good faith and a commercially reasonable manner.

Upon any determination by the Determination Agent that a Mandatory Redemption Event has occurred, the Determination Agent shall promptly give notice thereof (the "**Mandatory Redemption Event Notice**") to the Issuer, the Trustee, the Counterparty, the Preference Share Issuer and the other Agents of such determination and the Issuer shall notify the Noteholders in accordance with Condition 15 and the Notes shall become repayable at the Redemption Amount on the Early Redemption Date. Unless already terminated, each Related Agreement shall be terminated forthwith upon delivery of a Mandatory Redemption Event Notice becoming effective.

Prior to giving any notice of redemption in respect of the circumstance set out in Condition 7(b)(i)(B) above, the Issuer shall deliver to the Trustee: (1) a certificate signed by a director of the Issuer demonstrating that the conditions precedent to the obligations of the Issuer so to redeem have occurred, and (2) in

the case of a redemption of Notes under Condition 7(b)(i)(B)(x) or (y) an opinion (in form and substance satisfactory to the Trustee) of legal advisers of recognised standing to the Issuer (previously approved by the Trustee) in the relevant jurisdiction to the effect that the Issuer has or will become obliged to withhold, account for or suffer such tax. The Trustee may rely on the aforementioned certificate and/or opinion without further enquiry.

Notwithstanding the foregoing, if any of the taxes referred to in Condition 7(b)(i)(B)(x) arises:

- (A) owing to the connection of any holder, or any third party having a beneficial interest in the Notes, Coupons or Receipts, with the place of incorporation or tax jurisdiction of the Issuer otherwise than by reason only of the holding of any Note or receiving principal or Redemption Amount in respect thereof; or
- (B) by reason of the failure by the relevant holder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (C) by reason of any holder or any third party being unable to receive payments free from withholding tax under FATCA or an intergovernmental agreement implementing or entered into in connection with FATCA; or
- (D) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (E) where a holder would have been able to amend such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU,

then, to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such holder and shall not redeem the relevant Notes of the relevant Series. Any such deduction shall not affect the rights of the other holders hereunder and shall not constitute an Event of Default under Condition 10."

## 2. **UNDERLYING ASSETS SALE OR REALISATION PROCEDURE**

Following the occurrence of an Event of Default (as set out in Condition 10 (*Events of Default*)), a redemption at the option of the Issuer (as set out in Special Condition 2 (*Redemption at the Option of the Issuer*)) or a Mandatory Redemption Event (other than an Underlying Asset Early Redemption), as the case may be, the Determination Agent, acting in good faith as agent of the Issuer, shall arrange for the sale or realisation of the Underlying Assets in accordance with the following procedure (the "**Underlying Assets Sale or Realisation Procedure**"):

- (a) On or prior to the Business Day immediately following the Early Preference Share Redemption Valuation Date, the Determination Agent (on behalf of the Issuer) will use reasonable endeavours to request firm bid quotations from five dealers or market participants (which may also include Morgan Stanley and/or any of its Affiliates) indicating their firm bid price for the purchase of the Underlying Assets for settlement in accordance with market practice. The Determination Agent may acting in good faith and in a commercially reasonable manner hold a second auction within the time limits specified above to solicit firm bid quotations if it cannot obtain at least one firm bid quotation in the first auction.
- (b) The Underlying Assets will be sold to the highest bidder. If no firm bid quotations are obtained, the price will be determined by the Determination Agent acting in good faith and in a commercially reasonable manner and could be equal to zero.
- (c) If the Underlying Assets consist of cash, such cash will be realised.

The net proceeds of the sale or realisation of the Underlying Assets (or, in the case of an Underlying Asset Early Redemption, any redemption proceeds received in respect of the Underlying Assets) together with any termination payment due to the Issuer under the Swap Agreement shall be applied in accordance with the Order of Priority on the Early Redemption Date.

Neither the Issuer nor the Determination Agent shall be liable (i) to account for anything except actual proceeds of the Underlying Assets received by it or (ii) for any costs, charges, losses, damages, liabilities or expenses arising from or connected with the Underlying Assets Sale or Realisation Procedure or from any act or omission in relation to the Underlying Assets or otherwise unless such costs, charges, losses, damages, liabilities or expenses are caused by its negligence or wilful misconduct. In addition, neither the Issuer nor the Determination Agent will be obliged to pay to the Issuer or the Noteholders interest on any proceeds from the Underlying Assets Sale or Realisation Procedure.

If the amounts realised from the Charged Assets, including without limitation the Underlying Assets, are insufficient (after meeting amounts ranking in priority to the Notes) to make payment of all amounts due in respect of the Notes, no other assets of the Issuer will be available to meet that shortfall as set out in Condition 11 (*Limited Recourse Enforcement*).

### **3. REDEMPTION AT THE OPTION OF THE ISSUER**

Following any termination in whole of the Swap Agreement at the option of either party thereto upon giving 5 Business Days' notice to the other party, the Issuer may redeem the Notes in whole at any time upon giving written notice to the Trustee, the Preference Share Issuer and the Agents, as well as to the Noteholders of its intention to do so in accordance with Condition 15, each Note being redeemed on the Early Redemption Date at the Redemption Amount.

4. **PREFERENCE SHARE EARLY REDEMPTION**

Following a Preference Share Early Redemption Event, the Issuer shall redeem the Notes in whole upon giving written notice to the Trustee, the Counterparty and the Agents, as well as to the Noteholders of its intention to do so in accordance with Condition 15, each Note being redeemed on the Early Redemption Date at the Redemption Amount.

5. **DEFINITIONS**

**"Early Preference Share Redemption Valuation Date"** means the date specified as such in the Applicable Supplement.

**"Early Redemption Date"** means the third Business Day following the Early Redemption Valuation Date.

**"Early Redemption Valuation Date"** means the date specified as such in the Applicable Supplement.

**"Preference Share Early Redemption Event"** means that the Issuer and the Counterparty have received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early.

**"Preference Share Issuer"** means Sienna Finance UK Limited.

**"Redemption Amount"** is as defined in the Applicable Supplement.

## **DESCRIPTION OF THE UNDERLYING ASSETS**

Brief particulars of the Underlying Assets: GBP 1,201,800 in principal amount of 1.75% per annum UK Gilts due 22 July 2019 issued by the UK Government (ISIN: GB00BDV0F150), including all amounts paid to the Issuer by way of principal or redemption proceeds in respect of each Underlying Asset on its stated maturity date.

GBP 15,000 in nominal amount of Underlying Assets are expected to be delivered to the Issuer on the Issue Date of the New Notes.

The Underlying Assets are admitted to trading on the regulated market of the London Stock Exchange.

All amounts paid to the Issuer by way of principal or redemption proceeds in respect of each Underlying Asset on its stated maturity date will be held by Deutsche Bank AG, London Branch acting as Custodian. Deutsche Bank AG, London Branch is a global financial services firm incorporated in the United Kingdom whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG, London Branch has securities admitted to trading on various stock exchanges including the Luxembourg Stock Exchange.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

The following agreements have been entered into in relation to the Notes:

### 1. **Second Supplemental Trust Deed**

The Issuer has entered into a second supplemental trust deed in respect of the New Notes on the Issue Date of the New Notes (the "**Second Supplemental Trust Deed**"), which will be supplemental to the supplemental trust deed dated 3 October 2014 in respect of the Original Notes (the "**Supplemental Trust Deed**") which was supplemental to the Principal Trust Deed dated 5 August 2014 (the "**Principal Trust Deed**") between the Issuer and the Trustee. Pursuant to the terms of the Second Supplemental Trust Deed, the Issuer will constitute the New Notes and grant security over the Charged Assets relating to the Notes. The Second Supplemental Trust Deed will provide that the obligations of the Issuer are secured by, *inter alia*, the following security interests (the "**Security**"):

- (i) a first fixed charge and a mortgage over all of the Issuer's Rights, title, interest and benefits (present and future) in and to the Underlying Assets held in the Custody Account and all sums derived therefrom;
- (ii) a first fixed charge over the Custody Account and all of the Issuer's title and interest in and to the Custody Account and an assignment by way of security of all of the Issuer's Rights in respect of the Custody Account;
- (iii) an assignment by way of security of all of the Issuer's Rights, title, interest and benefits (present and future) in and to the Related Agreements to the extent they relate to the Notes and all sums derived therefrom to the extent they relate to the Notes (but subject to any rights of set-off or netting provided for in the relevant Related Agreement);
- (iv) an assignment by way of security of all of the Issuer's Rights, title, interest and benefits (present and future) in and to the Custody Agreement (including the Issuer's Rights in respect of and all sums standing to the credit of the Custody Account and other Retained Monies and including any interest accrued or accruing thereon to the extent they relate to the Notes);
- (v) an assignment by way of security of all of the Issuer's Rights, title, interest and benefits (present and future) in and to the Agency Agreement to the extent they relate to the Notes (including the Issuer's Rights in respect of all sums held from time to time by the Registrar for payments of principal or any other amounts payable in respect of the Notes); and
- (vi) a first fixed charge over all sums held from time to time by the Registrar for payments of principal or any other amounts payable in respect of the Notes,

(all of which comprise the "**Charged Assets**" for the Notes).

The Second Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by, and will be construed in accordance with, English law.

## 2. **Swap Agreement**

The Issuer has entered into an amended and restated swap transaction with the Counterparty on the Issue Date of the New Notes (such agreement, as so amended and restated, the "**Swap Transaction**") pursuant to a 2002 ISDA Master Agreement and Schedule thereto (the confirmation documenting the Swap Transaction, together with such ISDA Master Agreement and Schedule insofar as their provisions are incorporated into the confirmation, the "**Swap Agreement**"), pursuant to which (A) the Issuer will be obliged to pay or deliver (as applicable) to the Counterparty (i) amounts equal to all amounts due to be paid to the Issuer (whether or not actually paid) by way of distributions, interest or any other amount (other than as set out in (ii) below) in respect of each Underlying Asset one Business Day after the date on which each such amount is due to be paid to the Issuer and (ii) amounts equal to all amounts due to be paid to the Issuer (whether or not actually paid) by way of principal or redemption proceeds in respect of each Underlying Asset one Business Day prior to the Maturity Date and (iii) if the Underlying Assets are not redeemed when originally due, each Underlying Asset (unless and to the extent the Issuer has paid in full to the Counterparty all amounts at (ii) above) and (iv) if the Issuer purchases Notes pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date, the Underlying Assets (or *pro rata* part thereof, in the case of a purchase of some only of the Notes) and (B) the Counterparty will be obliged to pay to the Issuer (i) one Business Day prior to the Maturity Date, an amount equal to the Redemption Amount of the Notes and (ii) if the Issuer purchases Notes pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date, an amount which is sufficient to fund the purchase price payable by the Issuer. The Swap Agreement may be terminated early by either party in certain circumstances specified therein, including upon (i) the Notes becoming subject to early redemption in accordance with their terms, (ii) a failure to pay by either party thereto, (iii) certain insolvency-related events in respect of either party thereto, (iv) illegality, (v) certain circumstances of hedging disruption or changes in laws affecting the costs to the Counterparty associated with the Swap Agreement and (vi) the exercise by either party of an option to terminate the Swap Agreement upon giving notice to the other party in accordance with the terms thereof.

If the Swap Agreement is terminated early (in whole or in part) for any reason, a swap termination payment may become payable either by the Issuer or by the Counterparty. If a swap termination payment is payable by the Issuer to the Counterparty, this may result in the Issuer having insufficient funds to pay any Redemption Amount due on the Notes.

Early termination of the Swap Agreement may lead to early redemption of the Notes. The amount payable upon any early redemption of the Notes (after satisfaction of all prior ranking claims in accordance with the Order of Priority) may be less than the Redemption Amount due on the Notes and in certain circumstances may be zero.

If the Issuer purchases Notes pursuant to the Issuer's purchase option the Underlying Assets (or *pro rata* part thereof) will be delivered to the Counterparty and the Swap Agreement will terminate (*pro rata*, in the case of a purchase of some only of the Notes), subject to such delivery and as provided below, at no other cost to the Counterparty or the Issuer. Any purchase of Notes by the Issuer pursuant to Condition 7(c) is conditional upon the receipt by the Issuer from the Counterparty of an amount which is sufficient to fund the purchase price payable by the Issuer.

The Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by, and will be construed in accordance with, English law. The Swap Agreement will terminate (*pro rata*, in the case of a purchase by the Issuer of some only of the Notes, as applicable) on the day falling one Business Day prior to the Maturity Date or, if the Notes are redeemed early, one Business Day prior to the Early Redemption Date or, if Notes are purchased by the Issuer pursuant to the Issuer's purchase option, one Business Day prior to the relevant purchase date.

### 3. **Credit Support Deed**

The Issuer has entered into an amended and restated credit support deed with the Counterparty on the Issue Date of the New Notes (such agreement, as so amended and restated, the "**Credit Support Deed**"), pursuant to which the Counterparty will calculate the collateral requirements of the Issuer and the Counterparty based upon each party's exposure to the other party under the Swap Agreement on a daily basis. To the extent that any collateral is due to be posted by the Counterparty, the Counterparty will post collateral (either in the form of cash or securities issued by the UK Government) to the Issuer in accordance with the Credit Support Deed. To the extent that collateral is due to be posted by the Issuer to the Counterparty, the security over an amount of Underlying Assets will be deemed to be released in accordance with the provisions of the Trust Deed and the Issuer will post such amount of Underlying Assets as collateral to the Counterparty in accordance with the provisions of the Credit Support Deed. The Counterparty will have the right to use the collateral as if it were the owner of such collateral under the Financial Collateral Arrangements (No. 2) Regulations 2003.

Any collateral transferred by the Counterparty to the Issuer in accordance with the provisions of the Credit Support Deed will be deposited in a cash or securities collateral account (as applicable) opened in the name of the Issuer with the Custodian. The Issuer will be able to enforce its security over the collateral accounts (and any funds standing to the credit thereof) only upon the occurrence of an event of a default or failure by the Counterparty to comply with its obligations under the Credit Support Deed. Prior to such enforcement action being taken, funds standing to the credit of the collateral accounts will not be available for use by the Issuer for any purpose.

The Credit Support Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law. The Credit Support Deed will terminate on the day falling one Business Day prior to the Maturity Date.

#### 4. **Agency Agreement**

Pursuant to the agency agreement dated 5 August 2014 between, amongst others, the Issuer, the Registrar, the Determination Agent, the Calculation Agent and the Trustee (the "**Agency Agreement**"), the Issuer has certain Rights owed to it by the Registrar who has agreed to hold funds from time to time on behalf of the Issuer, subject to the security created by the Second Supplemental Trust Deed, and to make all payments in respect of the Notes to the Noteholders. The Determination Agent and the Calculation Agent will each owe certain contractual obligations to the Issuer, subject to the security created pursuant to the Second Supplemental Trust Deed.

Any Agent may resign upon giving not less than 30 days' written notice to the Issuer and the Trustee, such resignation not to take effect until a successor has been appointed. The appointment of an Agent shall terminate forthwith upon the occurrence of a number of events specified in the Agency Agreement, including such Agent becoming incapable of performing its duties in accordance with the Agency Agreement and certain insolvency-related events in respect of such Agent. If the appointment of an Agent is so terminated, the Issuer will have to appoint a suitable replacement with the prior written approval of the Trustee.

The Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

#### 5. **Custody Agreement**

Pursuant to the custody agreement dated 5 August 2014 between, amongst others, the Issuer, the Custodian and the Trustee (the "**Custody Agreement**"), the Custodian will hold the Underlying Assets (either directly or through one or more sub-custodians), together with any Retained Monies and interest accrued or accruing thereon on behalf of the Issuer, subject to the security created pursuant to the Second Supplemental Trust Deed.

The Custodian may resign upon giving not less than 30 days' written notice to the Issuer and the Trustee, such resignation not to take effect until a successor has been appointed.

The Custody Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

#### 6. **Dealer Agreement**

For a summary of certain provisions of the Dealer Agreement, please refer to the section entitled "*Subscription and Sale*" of this Securities Note.

The Dealer Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

7. **Corporate Services Agreement**

Elian Fiduciary Services (Ireland) Limited (formerly Ogier Fiduciary Services (Ireland) Limited) (the "**Corporate Services Provider**"), whose registered office is at 2<sup>nd</sup> Floor, 11/12 Warrington Place, Dublin 2, Ireland, will provide corporate services to the Issuer pursuant to a corporate services agreement dated 5 June 2009 between the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**").

The Corporate Services Agreement may be terminated by either party upon not less than ninety (90) days' written notice to the other party. In addition, the Corporate Services Agreement provides for immediate termination of the Corporate Services Agreement by a party in certain circumstances of insolvency of the other party and/or in the event of a material breach of the Corporate Services Agreement by the other party. In the event of a termination of the existing Corporate Services Agreement for whatever reason, appropriate alternative corporate services arrangements will need to be put into place at the relevant time.

The Corporate Services Agreement is governed by, and shall be construed in accordance with, Irish law.

## FORM OF THE NEW NOTES

The New Notes will initially be represented by a Registered Global Note that will be registered in the name of a nominee for, and deposited with a common depository for Euroclear and Clearstream, Luxembourg.

The Registered Global Note will become exchangeable in whole, but not in part, for Registered Note Certificates if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently or in fact does so.

Whenever the Registered Global Note is to be exchanged for Registered Note Certificates, such Registered Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered Holder of the Registered Global Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Registered Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Registered Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Registered Global Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto, and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Registered Global Note will contain provisions that modify the Conditions as they apply to the New Notes evidenced by the Registered Global Note. The following is a summary of certain of those provisions:

*Notices:* Notwithstanding Condition 15 (*Notices*), so long as the Registered Global Note is held on behalf of Euroclear and Clearstream, Luxembourg, notices to Holders of New Notes represented by the Registered Global Note may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg, *provided that* if the New Notes are listed on the Irish Stock Exchange, notices will at all times be given in accordance with the rules of the Irish Stock Exchange.

## IRISH TAXATION

**The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the New Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their New Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding New Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the New Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the New Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.**

### **Taxation of Noteholders**

#### ***Withholding Tax***

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest or premium payable on the New Notes. References in this Irish Taxation section to "interest" payable on the New Notes shall also include premium payable on the New Notes.

The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a New Note where:

- (a) the New Notes are quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as the Irish Stock Exchange) and which carry a right to interest; and
- (b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
  - (i) the New Notes are held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or
  - (ii) the Noteholder is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form; and
- (c) one of the following conditions is satisfied:
  - (i) the Noteholder is resident for tax purposes in Ireland; or
  - (ii) the Noteholder is subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or
  - (iii) the Noteholder is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a third company which

also directly or indirectly controls the Issuer, and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:

- (A) from whom the Issuer has acquired assets;
- (B) to whom the Issuer has made loans or advances; or
- (C) with whom the Issuer has entered into a swap agreement,

where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the assets of the Issuer; or

- (iv) at the time of issue of the New Notes, the Issuer was not in possession, or aware, of any information which could reasonably be taken to indicate whether or not the beneficial owner of the New Notes would be subject to tax on any interest payments,

where the term:

“relevant territory” means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty (“**Relevant Territory**”); and

“swap agreement” means any agreement, arrangement or understanding that:

- (I) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and
- (II) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the New Notes continue to be quoted on the Irish Stock Exchange, are held in Euroclear and/or Clearstream, Luxembourg, and one of the conditions set out in paragraph (c) above is met, interest on the New Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the New Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the New Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and one of the conditions set out in paragraph (c) above is met.

### ***Encashment Tax***

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any New Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

### ***Income Tax, PRSI and Universal Social Charge***

Notwithstanding that a Noteholder may receive interest on the New Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the New Notes.

Interest paid on the New Notes may have an Irish source and therefore may be within the charge to Irish income tax. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the New Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is either resident for tax purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come in to force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a Relevant Territory or is a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory are resident for the purposes of tax in a Relevant Territory and is not under the control of person(s) who are not so resident or is a company not resident in Ireland where the principal class of shares of the company or its 75 per cent. parent is substantially and regularly traded on a recognised stock exchange. For the purposes of these exemptions and where not specified otherwise residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the New Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the New Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

### ***Capital Gains Tax***

A holder of New Notes will not be subject to Irish tax on capital gains on a disposal of New Notes unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the New Notes were used or held.

### ***Capital Acquisitions Tax***

A gift or inheritance comprising of New Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, is currently levied at 33 per cent) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the New Notes are regarded as property situate in Ireland (i.e. if the New Notes are physically located in Ireland or if the register of the New Notes is maintained in Ireland).

### ***EU Savings Directive***

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address) to the Irish Revenue Commissioners who in turn is obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Issuer, or any person or agent acting on behalf of the Issuer, shall be entitled to require Noteholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and Noteholders will be deemed by their subscription for New Notes to have authorised the automatic disclosure of such information by the Issuer, or any person or agent acting on behalf of the Issuer, to the relevant tax authorities.

### ***Stamp Duty***

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Irish Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the New Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the New Notes.

## UNITED KINGDOM TAXATION

The following statements are by way of a general guide only to Noteholders. They are not exhaustive and do not constitute tax advice. Noteholders are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the New Notes under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The information below relates only to United Kingdom taxation and is applicable to United Kingdom residents who are the beneficial owners of New Notes and hold the New Notes as an investment, and does not apply to other categories of taxpayers such as dealers in shares and securities. It is based on United Kingdom tax law and HM Revenue and Customs (HMRC) published practice at the date of this Securities Note. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Anyone who is unsure of their tax treatment in relation to New Notes should seek independent professional advice.

### **Withholding taxes**

Payments on the New Notes may be made without deduction of or withholding on account of United Kingdom income tax.

### **United Kingdom Corporation Tax Payers**

The United Kingdom taxation treatment of a Noteholder that is within the charge to United Kingdom corporation tax will depend on, among other things, the accounting treatment of the New Notes in the Noteholder's hands, including, in particular, whether or not the New Notes are bifurcated into a host contract and an "embedded derivative" as an accounting matter. The accounting treatment will also affect the tax treatment of a disposal of the New Notes (including a disposal occurring on redemption).

Noteholders within the charge to United Kingdom corporation tax should consult their own accounting and tax advisers concerning their tax liabilities that may arise as a result of holding the New Notes, or as a result of the disposal or redemption of the New Notes.

### **Other United Kingdom Tax Payers**

#### ***Taxation of Chargeable Gains***

The New Notes should not be "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (**ITTOIA 2005**). The New Notes should not constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 (**TCGA 1992**) and an individual United Kingdom tax resident Noteholder who holds New Notes as an investment should be subject to capital gains tax (**CGT**) on any capital gains arising from the disposal of the New Notes.

The principal factors which will determine the extent to which a capital gain arising from the disposal of New Notes will be subject to CGT are the level of the annual allowance of tax-free capital gains in the tax year in which the disposal takes place (the **annual exemption**), the

extent to which the Noteholder realises any other capital gains in that year and the extent to which the Noteholder has incurred capital losses in that or any earlier tax year.

The annual exemption is £11,000 for the 2014/2015 tax year. For the 2013/2014 tax year and later years, this exemption will be, unless Parliament decides otherwise, increased annually in line with the rate of increase (if any) in the consumer prices index. However, for the 2015/2016 tax year, it has been announced that this exemption will be increased to £11,100, instead of in line with the consumer prices index. Noteholders should be aware that the United Kingdom Parliament is entitled to withdraw this link between the level of the annual exemption and the consumer prices or even to reduce the level of the annual exemption for future tax years below its current level. For the purposes of illustration only, the various reliefs and allowances mentioned above could interact in respect of a Noteholder who realises a capital gain (the **relevant capital gain**) on a disposal of New Notes in a particular tax year (the **year of disposal**) as follows:

1. If the Noteholder has incurred no capital losses in the year of disposal and has no unrelieved capital losses from any previous tax year, he or she will be subject to CGT if and to the extent that the relevant capital gain plus any other capital gains realised by him in the year of disposal exceed the annual exemption for that year.
2. If the Noteholder has incurred capital losses in the year of disposal but has no unrelieved capital losses from any previous tax year, those losses can be set off against the relevant capital gain and against any other capital gains realised by him in the year of disposal. To the extent that those losses are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Noteholder in the year of disposal CGT will be payable by the Noteholder if and to the extent that the net capital gains exceed the annual exemption for that year.
3. Where either the Noteholder has incurred no capital losses in the year of disposal or any capital losses so incurred are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Noteholder in the year of disposal, but the Noteholder has incurred unrelieved capital losses in some previous tax year(s), those losses can be set off against the net capital gains realised by the Noteholder in the year of disposal to the extent that it is necessary to reduce those net capital gains to the level of the annual exemption for that year (and therefore to the level where no CGT will be payable by the Noteholder for that tax year). If the unrelieved capital losses from the previous tax year(s) are insufficient to reduce the Noteholder's net capital gains for the year of disposal to the level of the annual exemption for that year, CGT will be payable by the Noteholder if and to the extent that the capital gains exceed the annual exemption for the year of disposal.

Where an individual's total taxable income and gains (after allowable deductions) are less than the upper limit of the basic rate income tax band (which is set at £31,865 for the 2014/2015 tax year), CGT will be charged at 18 per cent. Any gains or part gains in excess of that upper limit will be taxed at 28 per cent. A prospective Noteholder should only expect to be treated as holding the New Notes as an investment (subject to CGT and with the benefit of the annual exemption) if he or she acquires the New Notes intending to hold them for the medium to longer term and not to dispose of them in the short term for profit.

### ***Individual Savings Accounts***

The New Notes should qualify for inclusion within a stocks and shares ISA provided that they are and remain listed on the official list of a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 (**ITA 2007**) (a **Recognised Stock Exchange**) (the Irish Stock Exchange has been designated as a Recognised Stock Exchange). The New Notes would not qualify for inclusion within a cash ISA.

United Kingdom tax resident Noteholders who acquire their investment in the New Notes through an ISA and who satisfy the requirements for tax exemption in the Individual Savings Account Regulations 1998 will not be subject to either United Kingdom income tax or United Kingdom capital gains tax on income and gains realised from their New Notes and any losses on their investment will be disregarded for the purposes of United Kingdom capital gains tax.

Individual investors who are considering investing in New Notes which may provide capital growth and who are considering holding such New Notes within an ISA may wish to consider whether it may be more beneficial for them to hold such New Notes as a direct investment outside an ISA (leaving them free to invest in an income producing asset for inclusion in an ISA). This will depend on an investor's individual circumstances, including the availability of the capital gains tax annual exemption which may significantly reduce the amount of tax payable on capital gains. It may be more appropriate for some investors to hold an income generating investment within their ISA and assets generating capital gains as a direct investment so that, overall, less tax is paid on income and capital gains.

Where the New Notes are unlisted or are not listed on a Recognised Stock Exchange, such New Notes will not qualify for inclusion within a stocks and shares ISA. The tax treatment of United Kingdom tax resident or ordinarily resident individual Noteholders in respect of such New Notes is set out above.

The current yearly subscription limit for a stocks and shares ISA is £15,000 for the tax year 2014/2015.

### ***United Kingdom Self-Invested Personal Pensions (SIPP) and Small Self-Administered Schemes (SSAS)***

The New Notes should be capable of being held within a SIPP or SSAS that is a registered pension scheme subject to the individual circumstances of the Noteholders. Noteholders should obtain independent advice in relation to the tax treatment of New Notes held within a SIPP or SSAS.

### **Other United Kingdom tax considerations**

#### ***Transfer of Assets Abroad***

The attention of individual Noteholders who are resident in the United Kingdom is drawn to the provisions of sections 714 to 751 of ITA 2007 contained in Chapter 2 of Part 13 of ITA 2007 (the **Transfer of Assets Abroad Legislation**). Under sections 714 to 751 of ITA 2007, the income accruing to an Issuer may be attributed to such a Noteholder and may (in certain circumstances) be subject to United Kingdom income tax in the hands of the Noteholder.

However, under section 737 of ITA 2007, sections 714 to 751 ITA of 2007 will not apply if the Noteholder can satisfy HMRC that either:

- (1) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding a liability to United Kingdom taxation was the purpose or one of the purposes for which an investment in the New Notes or any "associated operations" within the meaning of section 719 of ITA 2007 (together, the **New Note Transactions**) was effected; or
- (2) the New Note Transactions were "genuine commercial transactions" and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the New Note Transactions was designed, more than incidentally, for the purpose of avoiding United Kingdom taxation.

Sections 737 and 738 of ITA 2007 provide that, in interpreting these provisions:

- (A) the intentions and purposes of any person who, whether or not for consideration, designs or effects any of the New Note Transactions or provides advice in relation to any of the New Note Transactions would have to be taken into account in determining the purposes for which the New Note Transactions were effected;
- (B) for the purposes of (2) above, a New Note Transaction would only be a "commercial transaction" if, broadly, it was on arm's length terms and, in addition, if it was effected in the course of a trade or business, or with a view to setting up and commencing a trade or business and, in either case, for the purposes of that trade or business; and
- (C) the making and managing of investments, or the making or managing of investments, can only constitute a trade or business for the purposes of the preceding paragraph to the extent that the person carrying out the activity and the person for whom it is done are independent persons dealing at arm's length.

Noteholders should note that the Finance Act 2013 has introduced a new exception to the provisions in addition to those described above, which applies retrospectively from 6 April 2012.

### ***Transactions in securities***

The attention of Noteholders who are corporation tax payers is drawn to the provisions of sections 731 to 751 of the Corporation Tax Act 2010 (**CTA 2010**). Noteholders who are income tax payers should have regard to sections 682 to 713 of ITA 2007. These provisions could potentially apply to counteract United Kingdom tax advantages arising to a Noteholder but the provisions will not apply provided the Noteholder can demonstrate that:

- (1) in the case of a Noteholder who is a corporation tax payer:
  - (i) its investment in the New Notes was made for bona fide commercial reasons or in the ordinary course of making or managing investments, and

- (ii) none of the main objects of the investment in the New Notes was to obtain a corporation tax advantage within the meaning of section 732 of CTA 2010;
- (2) in the case of a Noteholder who is an income tax payer, none of the main purposes of the investment in the New Notes was to obtain an income tax advantage within the meaning of sections 687 of ITA 2007.

***Restrictions on allowable losses***

The attention of Noteholders is drawn to section 16A of TCGA 1992. This provision could potentially prevent Noteholders from claiming an allowable loss in respect of a disposal of their New Notes if the main purpose or one of the main purposes connected with their investment and/or disposal of the New Notes was to secure a tax advantage within the meaning of section 16A(2) of TCGA 1992.

**Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

No United Kingdom stamp duty or SDRT is payable on the issue of the New Notes or on a transfer of the New Notes via the Euroclear and Clearstream, Luxembourg clearing systems without any instrument of transfer.

## **EU SAVINGS DIRECTIVE**

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## THE PROPOSED FINANCIAL TRANSACTION TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the New Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the New Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the New Notes are advised to seek their own professional advice in relation to the FTT.

## BUSINESS OF THE COUNTERPARTY

### *The Counterparty*

Pursuant to the terms of the Swap Agreement, Morgan Stanley & Co. International plc has agreed to act as the Counterparty (in such capacity, the "**Counterparty**"). Morgan Stanley & Co. International plc is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA.

Morgan Stanley & Co. International plc is an indirect wholly owned subsidiary of Morgan Stanley. The principal activity of Morgan Stanley & Co. International plc is the provision of financial services to corporations, governments and financial institutions. It is authorised and regulated by the U.K. Financial Services Authority.

Morgan Stanley & Co. International plc has securities admitted to trading on various regulated or equivalent markets including the regulated market of the London Stock Exchange.

### *Morgan Stanley*

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. Morgan Stanley is a financial holding company regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. Morgan Stanley conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centres.

Morgan Stanley's objects and purposes are set out in Article III of its Certificate of Incorporation and enable it to engage in any lawful act or activity for which corporations may be organised and incorporated under the General Corporation Law of the State of Delaware.

Morgan Stanley's common stock is listed on the New York Stock Exchange, Inc. and its principal executive offices are at 1585 Broadway, New York, New York 10036, U.S.A.

## **BUSINESS OF THE CALCULATION AGENT**

Pursuant to the terms of the Agency Agreement, Deutsche Bank AG, acting through its branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB ("**Deutsche Bank AG London**") has agreed to act as calculation agent in respect of the Notes.

Deutsche Bank AG London is the London Branch of Deutsche Bank AG.

Deutsche Bank AG has its registered office at Taunusanlage 12, D-60325 Frankfurt am Main, Germany. Deutsche Bank AG is the parent company of a group consisting of banks, capital market companies, fund management companies, mortgage banks and a property finance company, instalment financing and leasing companies, insurance companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**"). The London Branch of Deutsche Bank AG is located at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

The objectives of Deutsche Bank AG, as laid down in its Articles of Association, are the transaction of banking business of every kind, the provision of financial and other services and the promotion of international economic relations. Deutsche Bank AG may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, Deutsche Bank AG is entitled to transact all business and to take all steps which appear likely to promote its objectives, in particular to acquire and dispose of real estate, to establish branches at home or abroad, to acquire, administer and dispose of interests in other enterprises, and to conclude enterprise agreements.

## **BUSINESS OF THE REGISTRAR**

Pursuant to the terms of the Agency Agreement, Deutsche Bank Luxembourg S.A. has agreed to act as registrar in respect of the Notes.

Deutsche Bank Luxembourg S.A. ("**DB Luxembourg**") is a Luxembourg public limited liability company (*société anonyme*) the share capital of which is owned directly or indirectly 100% by Deutsche Bank AG.

DB Luxembourg is focused on the Euro-lending business, including short term lending to German customers and medium and long-term financing for international customers. DB Luxembourg also operates in the Euro money market as well as in foreign exchange.

The corporate objects of DB Luxembourg as stated in its Articles of Incorporation, are to conduct banking and financial business of all kinds for own third party accounts, intermediation of insurance by duly licensed physical persons, in the Grand Duchy of Luxembourg and abroad, as well as all operations directly or indirectly connected with such business. DB Luxembourg may participate in other companies domiciled in the Grand Duchy of Luxembourg or abroad and may establish branches.

## DESCRIPTION OF THE PREFERENCE SHARE ISSUER AND THE PREFERENCE SHARES

### *The Preference Share Issuer*

Sienna Finance UK Limited (the "**Preference Share Issuer**" or "**Sienna Finance**") is a private company limited by shares and was incorporated under the Companies Act 2006 on 18 February 2010 (with registered number 07162508). Sienna Finance is governed by the laws of England and Wales and has its registered office at 35 Great St. Helen's, London, EC3A 6AP, United Kingdom.

The sole business activity of Sienna Finance is to issue redeemable preference shares. Accordingly, Sienna Finance does not have any trading assets and does not generate any significant net income.

A copy of Sienna Finance's constitutional documents are available (free of charge) from the registered office of Sienna Finance. A copy of the Preference Share terms and conditions is available on [www.morganstanleyiq.eu](http://www.morganstanleyiq.eu).

### *The Preference Shares*

The Preference Share Issuer will from time to time issue tranches of 100 redeemable preference shares (the **Preference Shares**) with a par value of £0.01 each. The Preference Shares will be issued fully paid to SFM Corporate Services Limited and at a premium of £0.99, for total consideration of £1.00 each. In respect of the Series 19-2014-03 Notes, the Preference Share Issuer has issued Class 314 Preference Shares.

The Preference Share Issuer may issue redeemable preference shares of any kind, including but not limited to preference shares linked to a specified index or basket of indices, share or basket of shares, currency or basket of currencies, debt instrument or basket of debt instruments, commodity or basket of commodities, fund unit or share or basket of fund units or shares or to such other underlying instruments, bases of reference or factors (each a **Preference Share Underlying**) and on such terms as may be determined by the Preference Share Issuer and specified in the applicable terms and conditions of the relevant series of preference shares (the "**Terms of the Preference Shares**"). The Terms of the Preference Shares, and any non-contractual obligations arising out of or in connection with the Terms of the Preference Shares and any non-contractual obligations arising out of or in connection with them, are governed by and construed in accordance with English law.

The Terms of the Preference Shares provide that the Preference Shares will be redeemable on their final redemption date (or otherwise in accordance with their Terms). On redemption, the Preference Shares will carry preferred rights to receive an amount calculated by reference to the Preference Share Underlying. The Preference Shares also incorporate an "underlying determination event" mechanism, which may be triggered by certain annual changes in the value of the Preference Share Underlying. On the occurrence of such underlying determination event, the Preference Shares will cease to be exposed to the Preference Share Underlying and will be redeemed at a redemption amount equal to the issue price multiplied by the relevant percentage specified in the Terms of the Preference Shares for the year in which the underlying determination event has occurred. In the event that an underlying determination event occurs,

the Issuer will notify Noteholders of such occurrence in accordance with Condition 15 (*Notices*).

The Terms of the Preference Shares also provide that the Preference Share Issuer may redeem or cancel the Preference Shares early if:

- (a) the calculation agent in respect of the Preference Shares determines that for reasons beyond the Preference Share Issuer's control, the performance of the Preference Share Issuer's obligations under the Preference Shares has become illegal or impractical in whole or in part for any reason; or
- (b) any event occurs in respect of which the provisions of the Terms of the Preference Shares relating to any adjustment, delay, modification, cancellation or determination in relation to the Preference Share Underlying, the valuation procedure for the Preference Share Underlying or the Preference Shares provide that the Preference Shares may be cancelled or redeemed; or
- (c) a change in applicable law or regulation occurs that in the determination of the Preference Share Calculation Agent results, or will result, by reason of the Preference Shares being outstanding, in the Preference Share Issuer being required to be regulated by any additional regulatory authority, or being subject to any additional legal requirement or regulation or tax considered by the Preference Share Issuer to be onerous to it; or
- (d) the Preference Share Issuer is notified that the Notes have become subject to early redemption.

If the Issuer receives a notice from the Preference Share Issuer of early redemption of the Preference Shares, the Issuer will notify Noteholders in accordance with Condition 15 and each Note shall be redeemed at its Redemption Amount.

The value of the Preference Shares will be published on each Business Day on Bloomberg Page MSVAL088 (page 8).

#### *The Preference Share Underlying*

The performance of the Class 314 Preference Shares depends on the performance of the Preference Share Underlying to which the relevant Preference Shares are linked. The Preference Share Underlying in respect of the Class 314 Preference Shares is the FTSE 100 Index.

Information on the FTSE 100 Index (including past and future performance and volatility) is published on [http://www.ftse.com/Indices/UK\\_Indices/Index\\_Rules/index.jsp](http://www.ftse.com/Indices/UK_Indices/Index_Rules/index.jsp).

Investors should review the Terms of the Preference Shares and consult with their own professional advisers if they consider it necessary.

## SUBSCRIPTION AND SALE

The Dealer has, under a Programme Dealer Agreement dated 5 August 2014 (the "**Dealer Agreement**") between the Dealer and the Issuer, agreed with the Issuer to subscribe, or to procure subscriptions at the issue price, subject to certain conditions contained therein.

The Issuer has agreed to indemnify the Dealer against certain liabilities incurred in connection with the offer and sale of the New Notes.

Attention is also drawn to the information set out on the inside cover of this Securities Note.

### *The United States of America*

The New Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Issuer has not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. Accordingly, the New Notes may not be offered, sold or otherwise transferred except to persons (each, a "non-U.S. person") that (1) are not "U.S. persons" (as defined in Regulation S) and (2) are "Non-United States persons" (as defined in CFTC Rule 4.7(a)(1)(iv)), in each case in an offshore transaction (as defined in Regulation S) and in compliance with Rule 903 or Rule 904 of Regulation S.

The Dealer has acknowledged and agreed that it will offer, sell and deliver the New Notes only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S.

The Dealer has acknowledged and agreed that it will not offer, sell or deliver any New Notes to, or for the account or benefit of, any U.S. Person as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells New Notes a confirmation or other notice setting forth the prohibition on offers and sales of the New Notes within the United States or to, or for the account or benefit of, U.S. Persons.

This Securities Note has been prepared by the Issuer for use in connection with the offer and sale of the New Notes and for the listing of the New Notes on the Irish Stock Exchange. The Issuer and the Dealer reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of New Notes which may be offered. This Securities Note does not constitute an offer to any person in the United States or to any U.S. Person. Distribution of this Securities Note to any such U.S. Person or to any person within the United States is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of New Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may,

with effect from and including the Relevant Implementation Date, make an offer of such New Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of New Notes to the public**" in relation to any New Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe the New Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### ***Ireland***

The Dealer has represented to and agreed with the Issuer that:

- (i) it will not underwrite the issue of, or place the New Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (ii) it will not underwrite the issue of, or place, the New Notes, otherwise than in conformity with the provisions of the Companies Act 1963-2013 (as amended) and Central Bank Acts 1942-2014 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (iii) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the New Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank pursuant thereto.

### ***United Kingdom***

The Dealer has represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the New Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the New Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### ***General***

Except for listing the New Notes on the Official List of the Irish Stock Exchange, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the New Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the New Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the New Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the New Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Dealer has undertaken not to offer or sell any of the New Notes, or to distribute this document or any other material relating to the New Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

## GENERAL INFORMATION

1. The issue of the New Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 27 November 2014.
2. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Securities Note a significant effect on the financial position of the Issuer nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
3. There has been no material adverse change in the financial position of the Issuer since 31 March 2014.
4. Save as disclosed herein, there has been no significant change and no significant new matter has arisen since 5 August 2014.
5. The Issuer has published its unaudited interim statements for the period ended 30 September 2013 (the "**Interim Statements**"), which have been filed with the Central Bank and the Irish Stock Exchange. A copy of the Interim Statements will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Luxembourg office of the Registrar for so long as the Notes are outstanding. A copy of the Interim Statements can also be accessed at <http://www.ise.ie/app/announcementDetails.aspx?ID=11790724>.
6. Copies of the following documents in physical form will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Luxembourg office of the Registrar for so long as the Notes are outstanding:
  - (i) this Securities Note;
  - (ii) the Supplemental Trust Deed and the Second Supplemental Trust Deed;
  - (iii) the documents specified in paragraph 5 of "General Information" in the Registration Document;
  - (iv) the Swap Agreement and Credit Support Deed; and
  - (v) the constitutional documents of Sienna Finance UK Limited.
7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number ("**ISIN**") for the Notes are:

ISIN: XS1083979937

Common Code: 108397993
8. The Issuer does not intend to provide post issuance transaction information regarding the New Notes and/or the performance of any of the Underlying Assets or the Preference

Shares, other than information which it is required to provide to Noteholders in accordance with the Conditions and this Securities Note.

9. The language of this Securities Note is English.
10. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the New Notes and is not itself seeking admission of the New Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
11. Any websites referred to herein do not form part of this Securities Note.

**REGISTERED OFFICE OF THE ISSUER**

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AND DETERMINATION AGENT**

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**CUSTODIAN AND CALCULATION  
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**Deutsche Bank AG, London Branch**

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**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

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