THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE NOTES (AS DEFINED BELOW). IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if you are in the United Kingdom), or from another appropriately authorised independent financial adviser and such other professional advice from your own professional advisors as you deem necessary.

This Notice is addressed only to holders of the Notes (as defined below) and persons to whom it may otherwise be lawful to distribute it ("relevant persons"). It is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Notice relates is available only to relevant persons and will be engaged in only with relevant persons.

If you have recently sold or otherwise transferred your entire holding(s) of Notes referred to below, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

THIS NOTICE DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER FOR SALE, EXCHANGE OR SUBSCRIPTION OF, OR A SOLICITATION OF ANY OFFER TO BUY, EXCHANGE OR SUBSCRIBE FOR, ANY SECURITIES OF THE ISSUER OR ANY OTHER ENTITY IN ANY JURISDICTION.

MILLSHAW SAMS NO.1 LIMITED
26 New Street
St. Helier
Jersey JE2 3RA
(the "**Issuer**")

<u>NOTICE</u>

to holders of the following notes of the Issuer
presently outstanding

£97,840,000 SAM Notes

(the "**Noteholders**" and the "**Notes**", respectively)

Capitalised terms used herein and not otherwise defined shall have the meanings ascribed to them in the offering circular relating to the Notes dated 17 March 1999.

The Issuer wishes to update Noteholders with regard to the meeting of Noteholders that took place on 11 October 2022, duly convened by a Notice to Noteholders dated 26 September 2022.

The purpose of the meeting was: (1) to vote on the Extraordinary Resolution, as set out in full in the Notice to Noteholders; and (2) to answer questions posed by the Noteholders that were to be submitted 48 hours in advance of the meeting.

The Extraordinary Resolution was put to the Noteholders in attendance and was unanimously voted against. Therefore, the Extraordinary Resolution was rejected as an Extraordinary Resolution of the Noteholders.

Questions were posed about the following: (Please note: the questions are shown in bold with the answers provided shown thereafter)

Firstly, the settlements agreed with borrowers last year: including a full breakdown of amounts paid to borrowers, amounts paid to the borrower's solicitors and amounts paid to any other third parties involved;

> The terms of the settlement are subject to confidentiality provisions. This is as much for the protection of the Issuer's (and therefore Noteholders') interests as it is for any other party. The Issuer has been advised by counsel that confidentiality of the terms of the settlement is in the best interests of the Issuer and the Noteholders.

Secondly, clarifications on the statement in Note 11 (page 22) of the Issuer's unaudited condensed semi-annual financial statements published on 24 August, which suggests that the Issuer is contemplating entering, or has possibly already entered, into additional settlements with borrowers;

> Note 11 reads:
>
> *"A small group of borrowers have threatened litigation, asserting that their shared appreciation mortgage loans contain an unfair term or amount to an unfair relationship. The merits and the quantum of these claims are vigorously disputed by Barclays (acting as administrator on behalf of the Company). However, Barclays (acting on behalf of the Company) is considering whether a commercial settlement of the claims would be prudent and cost effective. The amount of damages that the claimants have threatened to claim does not reflect the Company's potential exposure. It is not certain that settlement will occur (particularly at this early stage when none of the borrowers has issued proceedings), nor what the aggregate amount of any settlement would be if it did occur. The possible financial outcome of these actions has been considered in determining the fair value of the Deemed Loan and the SAMs Notes."*
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> This Note, which relates to the fair value measurement of the Mortgages, has been erroneously been left in from the prior interim financial statements ended 30 June 2021. It was not present in the audited financial statements for the year ended 31 December 2021. The current situation is that Barclays Bank UK PLC, as agent of the Company, continues to deal with a small number of issues in relation to the SAMS mortgages. However, the

Board are not aware of any claim having been made or threatened to be made against the Company arising out of these matters.

Thirdly, the basis on which the Issuer has entered into settlements, and may be considering entering into more settlements, instead of fighting such claims, and the role Barclays is playing in this situation;

As the legal owner of the SAMS Mortgages, the claims were brought against Barclays SAMS Limited, and accordingly it was Barclays SAMS Limited which entered into the settlement agreement rather than the Issuer. However, Barclays Bank PLC in its capacity as Administrator under the Mortgage Administration Agreement did enquire of the Issuer whether or not the Issuer intended to object to the terms of such settlement. The Issuer sought independent legal advice in relation to the merits of such claims, including advice from leading specialist consumer credit counsel. Although the Issuer cannot comment specifically why it did not object to Barclays entering into the settlements rather than fighting the claims, it would be reasonable to assume that this was on the basis of the independent advice which it received.

As stated in the Notice to Noteholders convening today's Meeting, throughout the settlement process, the Issuer felt it was constrained from consulting with Noteholders or obtaining their sanction prior to making any determination in relation to the proposed settlement due to the concern that obtaining such sanction would involve putting certain information in the public domain through the publication of more detailed RNS updates which might be prejudicial in the context of the wider class action litigation. One of the intentions of the Extraordinary Resolution before you today is to introduce a process by which the Issuer can contact Noteholders with a proposal for a written resolution without placing confidential or potentially damaging information into the public domain. Should any further class action litigation be instigated in relation to the SAMS Mortgages, the Issuer would (assuming that today's Extraordinary Resolution is passed) be likely to use the Written Resolution process to determine whether or not the Noteholders would consent to the settlement of such litigation.

Further, in its correspondence with Barclays, the Issuer has reserved its rights in relation to any claim it may have against Barclays. This is also a matter on which the Issuer has sought independent legal advice and is a matter of ongoing consultation with counsel. The Issuer cannot currently disclose the advice which it has received on the merits of any such claim, as this is restricted under the Market Abuse Directive.

Fourthly, other expenses incurred by the Issuer in the past couple of years, including (a) legal expenses, and (b) directors' fees;

There have been a number of extraordinary fees, costs and expenses incurred over the last couple of years including in relation to the Teacher Sterns litigation, ongoing discussions with Barclays and the Trustee and dealing with enquiries made by Noteholders. These fees include the fees of counsel to the Issuer and counsel to the Trustee, additional secretarial and directors' fees and additional valuation costs.

The aggregate of these extraordinary fees, costs and expenses is:

	2020 (£)	2021(£)	2022 to date(£)
Directors fees	16,000	31,080	49,000
Secretarial/Admin fees	192,907	201,115	139,995
Legal fees	231,288	466,781	545,016
Valuation fees	83,000	20,000	31,000
TOTAL	523,196	718,976	765,011

Fifthly, why the Issuer is now represented by two law firms, and how its legal expenses are being managed; and

Prior to becoming a partner at Schulte Roth & Zabel International LLP, Stuart Axford was a partner at Arnold & Porter Kaye Scholer LLP. While at Arnold & Porter Kaye Scholer, he had been appointed to act for the Issuer in around December 2019. He moved to Schulte, Roth & Zabel in April 2022. Upon his departure, there was nobody left at Arnold & Porter with the requisite practice experience to continue to advise the Issuer. It would also have made no commercial sense for the Issuer to instruct another legal adviser who would have had to have approached this complex transaction anew. The Issuer therefore instructed him immediately upon his move to Schulte Roth & Zabel to continue advising them on finance matters. However, given the nature of the underlying issues, an element of the advice which Arnold & Porter was providing was litigation advice. Schulte Roth & Zabel does not have a litigation practice in its UK office. Furthermore, it would have made no commercial sense to instruct a fresh litigation counsel on this complex case. Stuart left Arnold and Porter in very amenable circumstances, and he continues to have an excellent working relationship with the litigation partner there, and with the barristers engaged by Arnold & Porter. The Issuer believes that the current arrangement represents the best economic value in its legal expenditure, being advised by partners (albeit now at different firms) who have the most familiarity with the transaction.

Finally, the approach to be taken to replacing references to GBP LIBOR in the Notes documentation.

Please note that the sole purpose of LIBOR in the Transaction Documents is the calculation of the Repurchase Value where Barclays is required to repurchase receivables under the Mortgage Sale Agreement. It is not used for any other purpose.

The FCA has used its powers under the Benchmarks Regulation to compel the IBA to publish certain synthetic LIBOR rates, but these will only apply where there is no contractual provision for fallback LIBOR. Here we have a clear contractual provision for fallback LIBOR, and so the documents will prevail unless the parties agree a specific override.

The contractual fallback for LIBOR under the transaction documents is for Barclays as Reference Agent to approach the 4 Reference Banks and request offered quotation for three month sterling deposits. In the event that such quotations cannot be obtained, the ultimate fallback is to use the LIBOR for the last period for which LIBOR was published.

Clearly it is less than ideal, particularly in a rising interest environment, to have a LIBOR which is fixed by reference to an historic rate. The Issuer has approached Barclays to discuss an amendment to the definition of LIBOR, and these discussions are ongoing. Clearly the ability to have written resolution provided by Noteholders to approve an amendment to the contractual definition of LIBOR will facilitate the process.