AIRE VALLEY FUNDING 2 LIMITED

Directors' Report and Financial Statements

Registered number: 5165234

31 December 2010

Directors' Report and Financial Statements

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Company Information

Directors

Phillip Alexander McLelland
SFM Directors Limited
SFM Directors (No 2) Limited

Company Secretary

SFM Corporate Services Limited

Registered Office

35 Great St Helen's
London
EC3A 6AP

Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' Report for the year ended 31 December 2010

Company Number 5165234

The Directors present their Report and Financial Statements for the year ended 31 December 2010

Principal activities and business review

On 1 October 2010 UK Asset Resolution Limited ('UKAR') was established as the holding company for Northern Rock (Asset Management) plc ('NRAM') and Bradford & Bingley plc ('B&B'), bringing together the two brands under shared management and a common Board of Directors

Aire Valley Funding 2 Limited ('the Company') is a limited liability company which was incorporated in the United Kingdom under the Companies Act 1985 and is registered in England and Wales

The Company has two ordinary shares of £1 each in issue, both held by Aire Valley Holdings Limited

The Company's principal activity is to acquire an interest in a portfolio of mortgage loans by means of a beneficial interest in the assets of Aire Valley Trustee Limited ('the Trust') These assets comprise mortgage loans originated by Bradford & Bingley plc, secured on residential property The Company receives a share of the Trust's income in proportion to the Company's share of the mortgage assets of the Trust As the loan notes have been redeemed, the Company no longer has a share of the mortgage pool

The profits of the Company are pre-determined under the terms of the securitisation transaction to which the Company is a party In respect of previous periods, the Company retains the right to retain a maximum of 0 01% of available revenue receipts Profits in excess of the retained amount accrue to Bradford & Bingley plc, the originator of the underlying mortgage loans The results for the year are shown in the Statement of Comprehensive Income on page 8 The loss after tax for the year ended 31 December 2010 was £1,765 (2009 profit £2,532)

Dividend
No dividends were paid during the year or previous year, and the Directors do not recommend the payment of a final dividend for the year (2009 £nil)

Future developments
There are no further mortgage portfolio transfers planned for the future

Risk management and control
In the ordinary course of business the Company is exposed to, and manages, a variety of risks, with credit risk being of particular significance The Directors have responsibility for the overall system of internal control and for reviewing its effectiveness In general, when a transaction or group of transactions is entered into, derivative instruments are taken out to manage the associated risks The effectiveness of the risk management is then monitored on an ongoing basis Further details of the Company's risks and their management and control are provided in note 12

The Company's operations are also subject to periodic review by the Bradford & Bingley plc internal audit department

Payment policy
Standard terms provide for payment of all invoices within 30 days of invoice date, except where different arrangements have been agreed with suppliers It is the policy of the Company to abide by the agreed payment terms

Directors and their interests
The Directors who served during the year were as follows

Phillip Alexander McLelland
SFM Directors Limited
SFM Directors (No 2) Limited

Mr McLelland, SFM Directors Limited and SFM Directors (No 2) Limited are also directors of Aire Valley Holdings Limited None of the Directors had any interest in the share capital of Aire Valley Holdings Limited at any time during the year or preceding year None of the Directors had an interest in the share or loan capital of Bradford & Bingley plc or in any of its subsidiary undertakings

Directors' Report for the year ended 31 December 2010 (continued)

Company Number 5165234

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and that each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Political and charitable contributions

During the year no political or charitable contributions were made (2009 £nil)

Third party indemnities

Structured Finance Management Limited has made qualifying third party indemnity provisions for the benefit of SFM Directors Limited and SFM Directors (No 2) Limited B&B has made qualifying third party indemnity provisions for the benefit of Mr McLelland

By order of the Board

Helena Whitaker
SFM Corporate Services Limited
Company Secretary

17 June 2011

Statement of Directors' Responsibilities in respect of the Directors' Report and Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year Under that law they have elected to prepare the Financial Statements in accordance with IFRS as adopted by the EU and applicable law

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these Financial Statements, the Directors are required to

• select suitable accounting policies and then apply them consistently,

• make judgements and estimates that are reasonable and prudent,

• state whether they have been prepared in accordance with IFRS as adopted by the EU, and

• prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent Auditor's Report to the members of Aire Valley Funding 2 Limited

We have audited the Financial Statements of Aire Valley Funding 2 Limited for the year ended 31 December 2010 set out on pages 8 to 21 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's ('APB"s) Ethical Standards for Auditors

Scope of the audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

J L Ellacott (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

17 June 2011

Statement of Comprehensive Income for the year ended 31 December

	Note	2010 £000	2009 £000
Interest receivable and similar income	*2*	-	72
Interest expense and similar charges	*3*	-	(31)
Net interest income		-	41
Operating expenses	*4*	-	(41)
Profit before taxation		-	-
Taxation	*5*	(2)	3
(Loss)/profit for the financial year		(2)	3
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(2)	3

The results above arise from the Company's single continuing activity and are attributable to the equity shareholders The Company operates in a single business segment and all of the Company's activities are in the United Kingdom

The notes on pages 12 to 21 form part of these Financial Statements

Balance Sheet at 31 December

Company Number· 5165234

	Note	2010 £000	2009 £000
Assets			
Deferred tax assets	7	6	7
Total non-current assets		6	7
Cash and cash equivalents		7,592	7,564
Prepayments and accrued income		-	3
Total current assets		7,592	7,567
Total assets		7,598	7,574
Equity			
Capital and reserves attributable to equity holder			
Share capital	8	-	-
Retained earnings		14	16
Total attributable equity		14	16
Liabilities			
Interest-bearing loans and borrowings due within one year	9	7,584	7,558
Total current liabilities		7,584	7,558
Total liabilities		7,584	7,558
Total equity and liabilities		7,598	7,574

The notes on pages 12 to 21 form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 17 June 2011 and signed on its behalf by

Helena Whitaker
per pro SFM Directors Limited
As Director

17th June 2011

Statement of Changes in Equity for the year ended 31 December

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2010	**-**	**16**	**16**
Loss for the financial year	**-**	**(2)**	**(2)**
At 31 December 2010	**-**	**14**	**14**
At 1 January 2009	-	13	13
Profit for the financial year	-	3	3
At 31 December 2009	-	16	16

Cash Flow Statement for the year ended 31 December

	2010 £000	2009 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(2)	3
Adjustments for		
Income tax expense/(credit)	2	(3)
Cash flows from operating activities before changes in operating assets and liabilities	-	-
Net decrease in operating assets		
Prepayments and accrued income	3	10
Cash generated from operations	3	10
Taxation (paid)/received	(1)	5
Net cash from operating activities	2	15
Cash flows from financing activities		
Amounts due to Group undertakings	26	(26)
Net cash from financing activities	26	(26)
Net increase/(decrease) in cash and cash equivalents	28	(11)
Cash and cash equivalents at beginning of year	7,564	7,575
Cash and cash equivalents at end of year	7,592	7,564

Notes to the Financial Statements for the year ended 31 December 2010

1 Principal accounting policies

Aire Valley Funding 2 Limited ('the Company') is a limited liability company which was incorporated in the United Kingdom under the Companies Act 1985 and is registered in England and Wales

(a) Statement of compliance

The Company's Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS')

For these 2010 Financial Statements including the 2009 comparative financial information where applicable the Company has adopted for the first time the following statements

• The January 2008 amendment to IFRS 3 'Business Combinations' This amendment does not change the treatment of business combinations which occurred in prior years and has had no impact on the Company's Income Statement, Balance Sheet or Cash Flow Statement

• The May 2008 amendment to IAS 27 'Consolidated and Separate Financial Statements' This amendment has had no impact on the Company's Income Statement, Balance Sheet or Cash Flow Statement.

• The July 2008 amendment to IAS 39 'Financial Instruments Recognition and Measurement' relating to eligible hedged items This amendment has had no impact on the Company's Income Statement, Balance Sheet or Cash Flow Statement.

For these 2010 Financial Statements the Company has not adopted the following statement

• IFRS 9 'Financial Instruments', issued in October 2010 as part of the International Accounting Standards Board's ('IASB's) project to replace IAS 39 'Financial Instruments Recognition and Measurement' This is expected to be mandatory for 2013 Financial Statements, with 2012 comparative information but has not yet been adopted for use in the EU

The Financial Statements also comply with the relevant provisions of Part 15 of the Companies Act 2006 and regulations made thereunder

(b) Basis of preparation

The Financial Statements are prepared on the historical cost basis except for financial instruments classified as 'at fair value through profit or loss'

The Financial Statements are presented in pounds sterling, which is the currency of the Company's primary operating environment, and on a going concern basis given the 'bankruptcy remote' nature of the entity as a special purpose vehicle

Judgements made by the Directors in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11

The Directors consider that the accounting policies set out below are the most appropriate to the Company's circumstances

(c) Interest income and expense

For financial instruments measured at amortised cost, interest income and expense are recognised in the Statement of Comprehensive Income on an Effective Interest Rate ('EIR') basis

The EIR basis spreads the interest income or interest expense over the expected life of the instrument. The EIR is the rate that at the inception of the instrument exactly discounts expected future cash payments and receipts through the expected life of the instrument back to the initial carrying amount. When calculating the EIR, future cash flows are estimated considering all contractual terms of the instrument (for example prepayment options) but potential future credit losses are not considered. The calculation includes all directly attributable incremental fees and costs, and discounts as well as interest.

(d) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated arising from temporary differences between the carrying amounts of certain items for taxation and for accounting purposes Deferred taxation is provided for in full at the tax rate which is expected to apply to the period when the deferred taxation is expected to be realised, including on tax losses carried forward, and is not discounted to take account of the expected timing of realisation. Deferred taxation assets are recognised only to the extent that it is probable that future taxable profits will be available against which the taxable differences can be utilised

(e) Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise balances which had an original maturity of three months or less

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

1. Principal accounting policies (continued)

(f) Deferred consideration

Under the terms of the beneficial interest in the mortgage portfolio, the Company retains the right to a maximum of 0 01% of available revenue receipts Profits in excess accrue to Bradford & Bingley plc, the originator of the underlying mortgages The payment of deferred consideration is strictly governed by the priority of payments which set out how the cash is utilised Deferred consideration is deducted from interest receivable and similar income

(g) Classification of financial instruments

In accordance with IAS 39 each financial asset is classified at initial recognition into one of four categories
(i) Financial assets at fair value through profit or loss,
(ii) Held to maturity investments,
(iii) Loans and receivables, or
(iv) Available-for-sale,
and each financial liability into one of two categories
(v) At fair value through profit or loss, or
(vi) Other liabilities

Measurement of financial instruments is either amortised cost (categories (ii), (iii) and (vi) above) or at fair value (categories (i), (iv) and (v) above), depending on the category of financial instrument

Amortised cost is the amount measured at initial recognition, adjusted for subsequent principal and other payments, less cumulative amortisation calculated using the EIR method, the amortisation is taken to interest income or expense depending on whether the instrument is an asset or liability The amortised cost balance is reduced where appropriate by an allowance for amounts which are considered to be impaired or uncollectable

Any profit or loss on sale of an instrument carried at amortised cost is recognised immediately in the Statement of Comprehensive Income in interest income or expense depending on whether the instrument is an asset or a liability

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction Where a market exists, fair values are based on quoted market prices For instruments which do not have active markets, fair value is calculated using expected future cash flows which take individual cash flows together with assumptions based on market conditions and credit spreads and are consistent with accepted economic methodologies for pricing financial instruments Any net movements in fair value that occur are included in the Statement of Comprehensive Income.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

2 Interest receivable and similar income

	2010 £000	2009 £000
Interest on amounts due from Group undertakings	-	36
Bank interest	26	36
Deferred consideration	(26)	-
	-	72

No assets were considered to be impaired during the year or previous year, and consequently the interest income for the year on impaired assets was £nil (2009 £nil)

3. Interest expense and similar charges

	2010 £000	2009 £000
Interest on amounts owed to Group undertakings	-	31
	-	31

4. Operating expenses

	2010 £000	2009 £000
Legal and professional fees	-	41
	-	41

Auditors' remuneration of £5,533 (2009 £5,533) was borne by Bradford & Bingley plc

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

5. Taxation

	2010	2009
	£000	£000
Current taxation expense		
UK corporation tax on profit for the year	-	-
Adjustments in respect of previous years	1	(3)
Deferred taxation origination and reversal of temporary differences	1	-
Total taxation expense/(credit) per the Statement of Comprehensive Income	2	(3)
Profit before taxation	-	-
UK corporation tax at 28%	-	-
Adjustments in respect of previous years	2	(3)
Total taxation expense/(credit) per the Statement of Comprehensive Income	2	(3)

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate would reduce from 28% to 27% on 1 April 2011 and would further reduce by 1% each year for the next 3 years, ultimately reducing to 24% on 1 April 2014 The Company's deferred taxation appropriately reflects the changes which had been substantively enacted by 31 December 2010

6. Employees and Directors' emoluments

There were no employees during the year or previous year and none of the Directors received emoluments in respect of their services to the Company A corporate service fee is paid to Structured Finance Management Limited in connection with its supply of corporate management services including the provision of directors (see note 10)

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

7 Deferred tax

	Assets 2010 £000	Assets 2009 £000	Liabilities 2010 £000	Liabilities 2009 £000	Net 2010 £000	Net 2009 £000
Other assets	6	7	-	-	6	7
	6	7	-	-	6	7

The movements in the Company's temporary differences during the year were as follows

	As at 1 January 2010 £000	Recognised in income £000	As at 31 December 2010 £000
Other assets	7	(1)	6
	7	(1)	6

	As at 1 January 2009 £000	Recognised in income £000	As at 31 December 2009 £000
Other assets	7	-	7
	7	-	7

8 Called up share capital

Ordinary shares of £1 each	2010 Shares	2009 Shares	2010 £	2009 £
Authorised				
At 1 January and 31 December	100	100	100	100
Allotted, issued and fully paid				
At 1 January and 31 December	2	2	2	2

These shares rank equally in respect of rights attached to voting, dividends and in the event of a winding up

9 Interest-bearing loans and borrowings

	2010 £000	2009 £000
Current liabilities		
Amounts owed to Group undertakings	7,584	7,558
	7,584	7,558

The amounts owed to Group undertakings is a loan with Bradford & Bingley plc and is repayable upon demand

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

10 Related parties disclosures

The Company is a special purpose vehicle controlled by its Board of Directors, which comprises three directors Two of the Company's three directors are corporate directors provided by Structured Finance Management Limited, and the third is an employee of Bradford & Bingley plc (the controlling party under IFRS) The Company pays a corporate service fee to SFM in connection with its supply of corporate management services, including the provision of directors The fee payable amounted to £10,182 (2009 £8,525)

During the year and previous year the Company undertook the following transactions with companies within the Aire Valley Holdings Limited Group and the Bradford & Bingley plc Group

	Bradford & Bingley plc and subsidiaries 2010 £000	**Aire Valley Holdings Limited and subsidiaries 2010 £000**	Bradford & Bingley plc and subsidiaries 2009 £000	Aire Valley Holdings Limited and subsidiaries 2009 £000
Interest receivable and similar income				
Interest on amounts due to Group undertakings	0		36	
Interest expense and similar charges				
Interest on amounts owed to Group undertakings	-	0	-	(31)
Current liabilities				
Amounts owed to Group undertakings	-	(7,584)	-	(7,558)

Auditors remuneration of £5,533 (2009 £5,533) was borne by Bradford & Bingley plc The Company bears the cost of all expenses for Aire Valley Warehousing 1 Limited and Aire Valley Warehousing 2 Limited

11. Critical accounting judgements and estimates

In preparation of the Company's Financial Statements judgements and estimates maybe made which may affect the reported amounts of assets and liabilities, judgements and estimates are kept under continuous evaluation Judgements and estimates are based on historical experience, expectations of future events and other factors At 31 December 2010 there were no critical accounting judgements and estimates

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

12 Financial instruments

The Company's financial instruments comprise cash and cash equivalents

(a) Categories of financial assets and financial liabilities. carrying value compared to fair value

At 31 December 2010 **Financial assets**	**Loans and receivables**	**Total carrying value**	**Fair value**	**If fair values increased by 1%**
	£000	£000	£000	£000
Cash and cash equivalents	7,592	7,592	7,592	76
Total financial assets	**7,592**	**7,592**	**7,592**	**76**

Financial liabilities	**Liabilities at amortised cost**	**Total carrying value**	**Fair value**	**If fair values increased by 1%**
	£000	£000	£000	£000
Amounts owed to Group undertakings	7,584	7,584	7,584	76
Total financial liabilities	**7,584**	**7,584**	**7,584**	**76**

At 31 December 2009 Financial assets	Loans and receivables	Total carrying value value	Fair value	If fair values increased by 1%
	£000	£000	£000	£000
Cash and cash equivalents	7 564	7,564	7,564	76
Prepayments and accrued income	3	3	3	-
Total financial assets	7 567	7,567	7,567	76

Financial liabilities	Liabilities at amortised cost	Total carrying value	Fair value	If fair values increased by 1%
	£000	£000	£000	£000
Amounts owed to Group undertakings	7,558	7,558	7,558	76
Total financial liabilities	7 558	7,558	7,558	76

No financial assets were reclassified during the year or previous year between amortised cost and fair value categories

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

12 Financial instruments (continued)

(b) Interest income and expense on financial instruments that are not at fair value through profit or loss

During the year total income and expense (calculated using the Effective Interest Rate method) for financial assets and financial liabilities that are not at fair value through profit or loss were

	2010 £000	2009 £000
Interest receivable		
Interest on amounts due from Group undertakings	-	36
Bank interest	26	36
	26	72
Interest expense		
Interest on amounts owed to Group undertakings	-	31
	-	31

No assets were considered to be impaired during the year or previous year, and consequently the interest income for the year on impaired assets was £nil (2009 £nil)

(c) Nature and extent of risks arising from financial instruments

The Company's exposure to risk on financial instruments and the management of this risk are established on the commencement of the securitisation transactions, with the Company's activities and the roles of other parties defined in the programme documentation

The Company does not enter into transactions involving financial assets or liabilities which are listed or publicly traded or for which a liquid market exists

The main financial risk arising from the Company's activities is credit risk

Credit risk

Credit risk reflects the risk that a counterparty of the Company will be unable or unwilling to meet a contractual commitment that it has entered into with the Company The Company is exposed to credit risk arising from the deposits with third party banks

The exposure to credit risk is represented by the carrying amount of each financial asset, as set out in the table in note 12 c(i)

Other market risks

At the year end the Company had no other material exposure to market risks (2009 £nil)

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

12 Financial instruments (continued)

(c) Nature and extent of risks arising from financial instruments (continued)

(i) Credit risk

Before taking account of any collateral, the exposure to credit risk was

	2010 £000	2009 £000
Cash and cash equivalents	7,592	7,564
Prepayments and accrued income	-	3
Total maximum exposure to credit risk	7,592	7,567

No impairment has been recognised in respect of any financial asset, and no financial assets were past due

(ii) The contractual undiscounted cash flows associated with financial liabilities were as follows

At 31 December 2010	On demand £000	In not more than 3 months £000	In more than 3 months but not more than 1 year £000	In more than 1 year but not more than 5 years £000	In more than 5 years £000	Total £000
Interest-bearing loans and borrowings	7,584	-	-	-	-	7,584
Total outflows	7,584	-	-	-	-	7,584

At 31 December 2009	On demand £000	In not more than 3 months £000	In more than 3 months but not more than 1 year £000	In more than 1 year but not more than 5 years £000	In more than 5 years £000	Total £000
Interest-bearing loans and borrowings	7,558	-	-	-	-	7,558
Total outflows	7,558	-	-	-	-	7,558

13 Capital structure

The Company's capital is represented by the capital and reserves attributable to equity holders The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies The Company manages its capital and reserves in order that there is sufficient capital to meet the needs of the Company in its operations

14 Ultimate parent undertaking

The Company's immediate parent undertaking is Aire Valley Holdings Limited, a limited liability company which was incorporated in the United Kingdom under the Companies Act 1985 and is registered in England and Wales

The Company's ultimate parent undertaking is SFM Corporate Services Limited, a limited liability company which was incorporated in the United Kingdom under the Companies Act 1985 and is registered in England and Wales, which holds the shares of Aire Valley Holdings Limited on a discretionary trust basis for charitable purposes

Copies of the financial statements of Aire Valley Holdings Limited and SFM Corporate Services Limited may be obtained from the Company Secretary at 35 Great St Helen's, London EC3A 6AP

Under IFRS, the Company's controlling party during the year and previous year was Bradford & Bingley plc, a public company which was incorporated in the United Kingdom under the Companies Act 1985 and is registered in England and Wales Bradford & Bingley plc heads the largest and smallest group of companies into which the Financial Statements of the Company are consolidated Copies of the financial statements of Bradford & Bingley may be obtained from the Company Secretary at P O Box 88, Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA

As a result of The Bradford & Bingley plc Transfer of Securities and Property etc Order 2008, which transferred all shares in B&B to the Treasury Solicitor as nominee for HM Treasury on 29 September 2008, the Company considered Her Majesty's Government to be its ultimate controlling party from that date On 1 October 2010 all shares in B&B were acquired via a share-for-share exchange by UK Asset Resolution Limited, a private limited company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury The Company considers Her Majesty's Government to remain its ultimate controlling party