

**The content of this Listing Particulars has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). Reliance on this Listing Particulars for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.**

## **LISTING PARTICULARS**

### **AUDLEY FUNDING PLC**

*(incorporated with limited liability in England and Wales)*

**£200,000,000**

### **Secured Note Programme**

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This listing particulars (the "Listing Particulars") has been prepared in compliance with the Listing Rules of the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin"). Application has been made to Euronext Dublin for the approval of this document as Listing Particulars and for the notes (the "Notes") issued under the Secured Note Programme (the "Programme") described in these Listing Particulars to be admitted to the Official List (the "Official List") and to trading on the Global Exchange Market of Euronext Dublin. At the date of this Listing Particulars the document has been approved by Euronext Dublin. Euronext Dublin's Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (2014/65/EU) (as amended, the "Markets in Financial Instruments Directive").

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes issued under the Programme are issued in series (each a "Series") and each Series may comprise one or more tranches (each a "Tranche") of Notes. Each Tranche of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "Conditions") as completed by a document specific to such Tranche called the Pricing Supplement (the "Pricing Supplement") or in a separate document specific to such Tranche (the "Drawdown Particulars") as described under "Pricing Supplement and Drawdown Particulars" below.

In relation to any Tranche of Notes which is the subject of Pricing Supplement, this Listing Particulars must be read and construed together with the relevant Pricing Supplement. In the case of a Tranche of Notes which is the subject of a Drawdown Particulars, each reference in this Listing Particulars to information being specified or identified in the relevant Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Particulars unless the context requires otherwise.

Notes may be sold from time to time by the Issuer to any entity appointed from time to time as a promoter (the "Promoters").

This Listing Particulars is only available in confidence to potential investors who are: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (b) high net worth companies (or persons to whom it may otherwise be lawfully

communicated) falling within Article 49(2)(a) to (d) of the Order and/or (c) certified high net worth individuals falling within Article 48 of the Order and/or (d) sophisticated investors falling within Article 50 of the Order and/or (e) self-certified sophisticated investors falling within Article 50A of the Order, so that, in each case, section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer and/or (f) persons to whom this Listing Particulars can be sent lawfully in accordance with all other applicable securities laws.

If this is not the case then you must return this Listing Particulars immediately. It is not directed at and may not be acted on by anyone else.

An explanation as to the meaning of "certified high net worth individual", "sophisticated investor" and "self-certified sophisticated investor" and the requirements to qualify as such are contained in the section "Subscription and Sale" below. Any potential investor who is in any doubt about the Notes to which this Listing Particulars relates should consult an authorised person specialising in advising on investments of the kind in question.

The Listing Particulars contains forward-looking statements. Forward-looking statements often include words such as "anticipate", "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance. The forward-looking statements are based on the directors' and where relevant Audley Funding's current expectations and assumptions regarding commercial performance, the economy and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. The actual results may vary materially from those expressed or implied in its forward-looking statements.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil their respective obligations under the Notes are discussed under "Risk Factors" below.

Interest payable under the Notes may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Listing Particulars, each such administrator's name appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to article 36 of Regulation (EU) 2016/1011 (the "Benchmarks Regulation") are set out in the section entitled "Benchmarks Regulation" on page 82 of this Listing Particulars.

24 June 2019

## IMPORTANT NOTICES

Audley Funding PLC (the "**Issuer**") accepts responsibility for the information contained in this Listing Particulars and, in relation to each Tranche of Notes, in the applicable Pricing Supplement for such Tranche of Notes and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In relation to any Tranche of Notes which is the subject of Pricing Supplement, this Listing Particulars must be read and construed together with the relevant Pricing Supplement. In the case of a Tranche of Notes which is the subject of a Drawdown Particulars, each reference in this Listing Particulars to information being specified or identified in the relevant Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Particulars unless the context requires otherwise.

The Issuer has confirmed to the Settlement Agent and the Promoters named under "Subscription and Sale" below that this Listing Particulars contains all information which is (in the context of the Programme, the issue and offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Listing Particulars does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Listing Particulars or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee, the Settlement Agent or any Promoter.

Neither the Settlement Agent nor the Promoters nor any of their respective affiliates have authorised the whole or any part of this Listing Particulars and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Listing Particulars. Neither the delivery of this Listing Particulars or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Listing Particulars is true subsequent to the date hereof or the date upon which this Listing Particulars has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Listing Particulars has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Listing Particulars and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Particulars or any Pricing Supplement comes are required by the Issuer, the Settlement Agent and the Promoters to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Listing Particulars or any Pricing Supplement and other offering material relating to the Notes, see "Subscription and Sale". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") and are subject to U.S. tax

law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Listing Particulars nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Settlement Agent, the Promoters, the Trustee, or any of them that any recipient of this Listing Particulars or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Listing Particulars or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Notes issued under the Programme may have a fixed rate of interest ("Fixed Rate Notes"), a floating rate of interest ("Floating Rate Notes"), or a zero coupon ("Zero Coupon Notes") as described in the applicable Final Terms. Where required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation"), the Issuer shall provide prospective investors a key information document in accordance with the requirements of the PRIIPs Regulation. The Issuer shall publish the key information document at [www.audleyfunding.com](http://www.audleyfunding.com).

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed £200,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into pounds sterling at the date of the agreement to issue such Notes. The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time.

In this Listing Particulars, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "pounds sterling", "sterling" and "£" are to the lawful currency of the United Kingdom, references to "U.S.\$", "U.S. dollars" or "dollars" are to United States dollars and references to "EUR", "€" or "euro" are to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended.

Certain figures included in this Listing Particulars have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Tranches of Notes issued under the Programme may be rated or unrated by any or all of Moody's Investors Service Ltd ("Moody's"), Fitch Ratings Limited ("Fitch") or Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"). Each of Moody's, Fitch and Standard & Poor's is established in the European Economic Area ("EEA") and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation"). Where the Issuer intends to appoint at least two credit ratings agencies for the same issuance of Notes, it shall consider appointing at least one credit rating agency with no more than 10% of the total market share of the credit rating agencies in accordance with Article 8d of Regulation (EC) 1060/2009 (as amended by Regulation (EU) 462/2013). Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement.

The Notes are only suitable for investors who are particularly knowledgeable in investments matters.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

1. has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Listing Particulars or any applicable supplement;
2. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
3. has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
4. understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
5. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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## **RISK FACTORS**

*Prospective investors should read the entire Listing Particulars. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Listing Particulars have the same meanings in this section.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Listing Particulars and reach their own views prior to making any investment decision.*

### **GENERAL RISKS**

#### ***General***

It is intended that the Issuer will invest in securities and other financial assets with certain risk characteristics as described below and subject to the restrictions described below. There can be no assurance that the Issuer's investments will be successful, and that the holders of Notes will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Listing Particulars carefully and should consider, among other things, the factors set out below before deciding whether to invest in the Notes.

#### ***Suitability***

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in the light of their own circumstances and financial condition.

### **RISKS SPECIFIC TO THE ISSUER AND ITS INDUSTRY**

Set out below is a brief description of certain risks relating to the Issuer and its sole purpose of issuing Notes:

#### ***Credit Risk***

The ability of the Issuer to meet its payment obligations under the Notes will be adversely affected by defaults in the underlying Secured Assets. The Issuer is inherently exposed to risks arising from changes in credit quality and the recoverability of Secured Assets. Increased numbers of defaults by Borrowers or other obligors of Secured Assets may reduce the recoverability and value of the Issuer's assets.

#### ***Noteholder Has No Recourse to Borrowers***

No proprietary or other direct interest in the Issuer's rights under or in respect of any Secured Assets backing that Series exists for the benefit of the Noteholders. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce any of the provisions of the

corresponding Secured Assets or have direct recourse to the corresponding Borrower (or any other obligor) except through action by the Trustee under the Trust Deed and the Issuer Deed of Charge.

#### ***Security May Be Declared Invalid***

The Issuer will, for each Series, grant security interests in favour of the Trustee for the benefit of the Noteholders in the Issuer Security pursuant to the Trust Deed and the Issuer Deed of Charge. However, if the security interest of the Trustee in the Issuer Security was determined to be invalid or unperfected, Noteholders in such Series would be unsecured creditors and would rank on a pari passu basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

#### ***Limited Sources of Funds to pay Expenses of the Issuer***

The funds available to the Issuer to pay its expenses on any Interest Payment Date are limited as provided in the Conditions. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or pay the expenses of legal proceedings brought against persons whom the Issuer has indemnified.

In the event of non-payment under the Secured Assets, there is no assurance that the Issuer will have the ability to pay interest on the Notes or, on the redemption date of Notes (whether on the respective Maturity Dates for each series of Notes, upon acceleration or upon mandatory early redemption in part or in whole as permitted under the Notes), that there will be sufficient funds to enable the Issuer to repay principal in respect of such Series of Notes in whole or in part.

If the Secured Assets do not generate sufficient funds for the Issuer to pay the Notes in full on a Maturity Date for a Series of Notes, then the Issuer will not be obliged to pay the shortfall between the amount expected to be paid on the Maturity Date and the amount that can be repaid from the Secured Assets, and any claims in respect of such shortfall will be extinguished, so that Noteholders may lose all or part of their investment.

#### ***Nature of the Issuer***

The Issuer is a newly formed entity and has no operating history. The Issuer will have no material assets other than the Issuer Security. The Issuer will not engage in any business activity other than entering into the Transaction Documents, the issuance of the Notes, the acquisition and disposition of and investment and reinvestment in Secured Assets and cash or cash equivalents as described herein, certain activities conducted in connection with the payment of amounts in respect of the Notes and the management of the Issuer Security, and other activities incidental or related to the foregoing. Income derived from the Secured Assets will be the Issuer's principal source of cash.

#### ***Noteholder Has No Direct Recourse to Secured Assets***

No proprietary or other direct interest in the Issuer's rights under or in respect of any Secured Assets or any related partial financial guarantee in respect of the Secured Assets backing that Series exists for the benefit of the Noteholders. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce any of the provisions of the corresponding Secured Assets or have direct recourse to the corresponding obligor of such Secured Assets except through action by the Trustee under the Trust Deed and the Issuer Deed of Charge.

#### ***Not Intended as a Complete Investment Program***

Because of its specialised objective, the Issuer will not generally invest in assets as diversified as other investment vehicles. Accordingly, the Issuer's investments may be subject to more rapid



change in value than would be the case if the Issuer were required to maintain diversification among types of securities and other instruments and countries and industries.

### ***Liability for the Notes***

The Notes are secured obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Listing Particulars including but not limited to the Trustee, the Paying Agent, the Registrar, the Servicer or the Calculation Agent. None of the foregoing or any other person has assumed or will assume any obligation in the event the Issuer fails to make any payment due under any of the Notes.

### ***Limited Recourse Nature of the Notes***

In accordance with the provisions of the Trust Deed, the Notes will be direct limited recourse obligations solely of the Issuer, and the Noteholders will therefore have a claim under the Notes against the Issuer only to the extent of the Issuer Security associated with that Series. The Notes constitute secured obligations of the Issuer. If there are insufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes at the Maturity Date or upon acceleration or upon mandatory early redemption in part or in whole as permitted under the Notes, then the investors will have no further claim against the Issuer in respect of any such unpaid amounts. No recourse may be had for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, employee, shareholder or incorporator of the Issuer or their respective successors or assigns. Each of the parties to the Transaction Documents (other than the Issuer) covenants and agrees that it shall not be entitled to petition or take any step for the winding-up of the Issuer for so long as any Notes of the Issuer are outstanding.

### **RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

Fixed Rate Notes, Floating Rate Notes and Zero-Coupon Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when the cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

### ***Risks relating to Floating Rate Notes***

The performance of floating interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors. The interest amount payable over the term of the Notes may vary and any of these factors could affect the performance of the floating interest rate and therefore could adversely affect the value and return on Floating Rate Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount (such as Zero-Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **RISKS RELATING TO NOTES GENERALLY**

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***The Notes are not protected by the Financial Services Compensation Scheme***

Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (the "FSCS") or any other government savings or deposit protection scheme. As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, Noteholders may lose all or part of their investment in the Notes.

#### ***No Regulation of the Issuer by any Regulatory Authority***

The Issuer is not licensed or authorised under any current securities, commodities, insurance or banking laws of any jurisdiction and has not applied (and does not expect to apply) for any such licences or authorisations. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Issuer or the holders of Notes issued by the Issuer.

#### ***Modification, waiver and substitution***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. 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.

The Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, agree to (a) any modification of any of the provisions of the Trust Deed or the Conditions of the Notes that is of a formal, minor or technical nature or is made to correct a manifest error, (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes or Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, or (c) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17(c) (*Substitution*) of the Notes.

#### ***Taxation***

Prospective investors and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not

to rely upon the description contained in the general description section of this Listing Particulars but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Listing Particulars.

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

Sections 1471 through 1474 (inclusive) of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments by any non-U.S. financial institution (a foreign financial institution, or "**FFI**" (as defined by FATCA)) that (i) does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders or (ii) is not otherwise exempt from or in deemed-compliance with FATCA. The new withholding regime will be phased in beginning in 2014 for payments received from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 2017.

After consultation with a number of potential partner countries, the United States has released a model intergovernmental agreement ("**model IGA**") to facilitate the implementation of FATCA. Pursuant to FATCA and the model IGA, an FFI in a signatory country could be treated as a deemed-compliant FFI, an exempt FFI or a "**Reporting FFI**" not subject to FATCA withholding on any payments it receives and, with respect to payments it makes from sources within the United States, would not be required to withhold. It is not yet certain whether a Reporting FFI would be required to withhold on foreign passthru payments that it makes. A Reporting FFI would, however, be required to report certain information on its account holders to its home government. On 12 September 2012, the United States and the UK entered into an agreement (the "**US-UK IGA**") based largely on the model IGA.

The Issuer expects to be treated as a Reporting FFI pursuant to the US-UK IGA and does not anticipate being obliged to withhold any amounts under FATCA from payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FFI or that it would not be required to withhold under FATCA or pursuant to the US-UK IGA. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold amounts under FATCA if (a) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FFI, or otherwise exempt from or in deemed-compliance with FATCA or (b) an investor (other than an exempt investor) does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States Account**". This withholding would apply to (i) any Notes that are issued or materially modified on or after the "**Grandfathering Date**", which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the Grandfathering Date and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as exempt from FATCA withholding, which may have negative consequences to any existing Notes, including a negative impact on market price.

If an amount in respect of FATCA withholding were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. If any FATCA withholding is imposed, a beneficial owner of Notes that is not a foreign financial institution generally will be entitled to a refund of any amounts withheld by filing a U.S. federal income tax return, which may entail a significant administrative burden. A

beneficial owner of Notes that is a foreign financial institution will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles it to an exemption from, or reduced rate of, tax on the payment that was subject to withholding under FATCA.

FATCA is particularly complex and its application is uncertain at this time. 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.

### ***Change of law***

The Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### ***Notes where denominations involve integral multiples: definitive Notes***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should such definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Risks relating to holding CREST Depositary Interests***

Terms used in this risk factor and not otherwise defined shall have the meanings given to such terms in "Book-Entry Clearing Systems – Crest Depositary Interests".

CREST Depositary Interests are separate legal obligations distinct from the Notes and CDI Holders will be subject to additional provisions other than the Conditions of the Notes.

CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Notes. The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depositary which (through the CREST Nominee) holds interests in the Notes. Accordingly, rights under the Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the relevant Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depositary. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the Settlement Agent, the relevant Promoter, the Trustee and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section entitled "Book-Entry Clearing Systems – Crest Depository Interests" in this Listing Particulars.

### **RISKS RELATED TO THE MARKET GENERALLY**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***Lower than expected volumes of issuance***

No assurance is provided that investors will subscribe for the full amount of Notes which are made available for subscription during a particular offer period. The volume of issuance of a particular Tranche of Notes will depend on a number of factors including, without limitation, prevailing market conditions and the availability of alternative investment opportunities. To the extent that the volumes of issuance of the Notes are lower than expected, the liquidity of the Notes in the secondary market will be limited.

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Further, if an investor chooses to sell its Notes in the open market at any time prior to maturity of the Notes, the price the investor will receive from a purchaser may be less than its original investment and may be less than the amount due to be repaid at maturity of the Notes if the investor were to hold onto the Notes until then. Factors that will influence the price received by investors who choose to sell their Notes in the open market may include, but are not limited to, market appetite, inflation, the period remaining to maturity of the Notes, prevailing interest rates and the financial position of the Issuer.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency specified in the applicable Pricing Supplement. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the

Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

The Notes may bear interest at a fixed rate. Potential investors should note that if interest rates rise, then the income payable on such Notes might become less attractive and the price that investors could realise on a sale of the Notes may fall. However, the market price of the Notes from time to time has no effect on the total income investors receive on maturity of the Notes if the investor holds the Notes until the maturity date. Further, inflation will reduce the real value of the Notes over time, which may affect what investors could buy with their investment in the future and may make the fixed rate payable on the Notes less attractive in the future, again affecting the price that investors could realise on a sale of the Notes.

### ***Regulation and reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks"***

LIBOR, EURIBOR and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the official journal on 29 June 2016 and became applicable from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied from 30 June 2016). The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmarks Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark could require or result in an adjustment to the interest provisions of the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. In certain circumstances the ultimate fall-back of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based

on the rate which was last observed on the Relevant Screen Page.

***Any such consequences could have a material adverse effect on the value and return on any such Notes***

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

***Credit ratings may not reflect all risks***

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. Such rating(s) will not necessarily be the same as the rating assigned to Notes already issued. There are no guarantees that such ratings will be assigned or maintained. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgment of the credit rating agency, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. If any of the ratings assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, the ratings may not reflect the potential impact of all risks discussed above, and other factors that may affect the value of the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any credit ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

***A credit rating reduction may result in a reduction in the trading value of the Notes***

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer. Such perceptions are generally influenced by the ratings accorded to the outstanding Notes of such Issuer by standard statistical rating services. A reduction in, or a placing on credit watch of the rating, if any, accorded to outstanding Notes of the Issuer by a rating agency could result in a reduction in the trading value of the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

***Yield***

Any indication of yield (i.e. the income returns on the Notes) stated within the applicable Pricing Supplement applies only to investments made at (as opposed to above or below) the issue price of the relevant Notes. If an investor invests in the Notes at a price other than the issue price of the

Notes, the yield on the investment will be different from any indication of yield on the Notes as set out in the applicable Pricing Supplement.

***Trustee indemnity***

In certain circumstances, the Noteholders may be dependent on the Trustee to take certain actions in respect of the Notes. Prior to taking such action, pursuant to the Conditions the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction, it may decide not to take any action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach by it of the terms of the Trust Deed or the Notes unless the Trustee has failed within a reasonable time to do so.

***Brexit***

As a result of the outcome of the UK Referendum on continued membership of the European Union, the UK will withdraw its membership from the European Union. The terms of this withdrawal and the ongoing relationship between the UK and the European Union are still to be negotiated and this introduces elements of political uncertainty which may have practical consequences for the Issuer.



## OVERVIEW OF THE PROGRAMME

### THE ISSUER

#### *General*

Under the Programme, the Issuer will, from time to time, issue Notes in Series and will use the proceeds, less certain costs and expenses, to: (i) advance loans (each a "**Borrower Loan**" and, together, the "**Borrower Loans**") to borrowers (each a "**Borrower**" and, together, the "**Borrowers**") meeting eligibility criteria, pursuant to the terms of a loan agreement (each, a "**Borrower Loan Agreement**" and, together, the "**Borrower Loan Agreements**"); and/or (ii) acquire financial collateral including, without limitation, debt securities, in each case meeting eligibility criteria (each a "**Financial Collateral Asset**" and, together, the "**Financial Collateral Assets**") The Borrower Loans, the Financial Collateral Assets and each Borrower Deed of Charge (see below) are, collectively, referred to as the "**Secured Assets**".

The Servicer (see below) will service the Secured Assets on behalf of the Issuer and collect in all relevant payments.

The Issuer will create separate Series of Notes from time to time to enable Notes to be issued with varying terms and interest rates. Following the relevant issue date of Notes, the Issuer will enter into Borrower Loans or acquire Financial Collateral Assets in an aggregate principal amount equal to the amount set out in the Pricing Supplement for such Series. Such amounts will equal the aggregate nominal amount of Notes being issued pursuant to such Series less certain costs and expenses of the Issuer and an amount which the Issuer determines is required to be kept in cash or cash equivalents for liquidity purposes.

In respect of each Series of Notes, there will be more than 5 Borrowers and the principal amount of each Borrower Loan or of each Financial Collateral Asset will not account for more than 20% of the aggregate principal amount of all Borrower Loans or all Financial Collateral Assets outstanding for that Series.

The Borrower Loans or the Financial Collateral Assets will broadly comprise secured or unsecured loans or debt to small and medium sized companies. In each case, where the Borrower Loans or the Financial Collateral Assets are secured, the security may take the form of tangible commercial or residential property, but other security types will be considered including receivables (book debts and monetary claims), stock and work-in-progress, chattels, insurance contracts, securities and similar assets where appropriate security is available. Where any portion of the assets backing a Series are secured on or backed by real property, the Issuer will issue such Series by way of a Drawdown Particulars. Payments of interest and repayment of principal by the Borrower will be matched to interest and principal payment dates of the Notes. Where a material portion of the assets are secured on or backed by real property, the Issuer will prepare a valuation report relating to the property setting out both the valuation of the real property and its related cash flow.

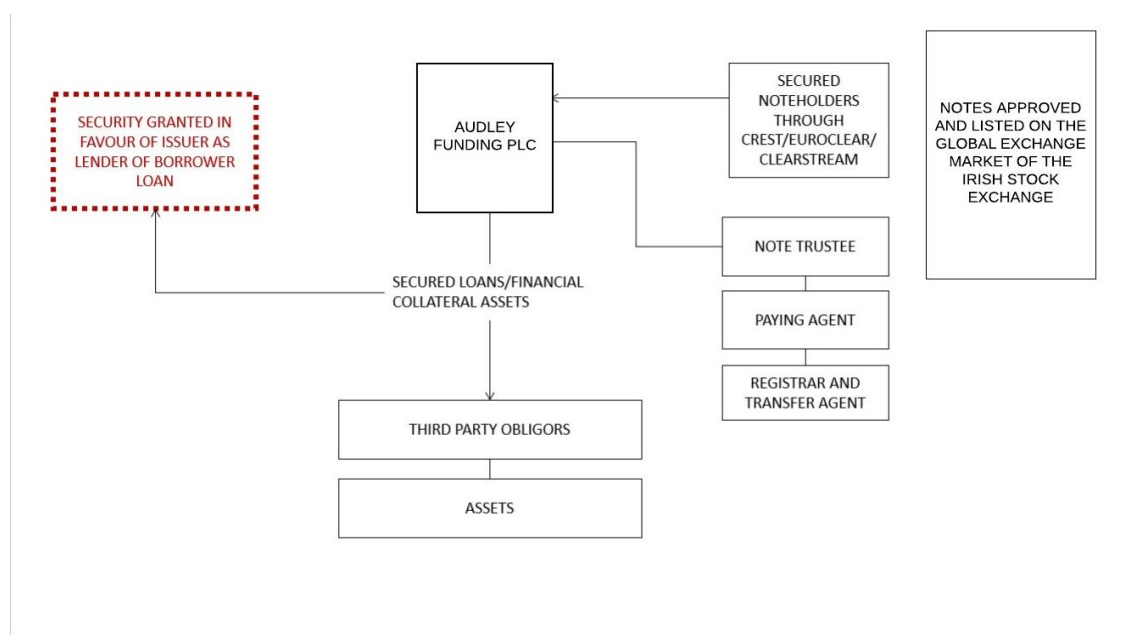
The Issuer's obligations under the Notes are secured in the manner described below -- "The Issuer Security Structure".

Where a Borrower Loan is secured, a Borrower's obligations to the Issuer pursuant to the Borrower Loan Agreements are secured in the manner described below -- "The Borrower Security Structure".

#### *Credit Enhancements*

The Notes will not be subject to any credit enhancements and the Issuer will rely on the repayments to be made by Borrowers pursuant to the Secured Assets and the proceeds of any property disposals to ensure that the Issuer is able to meet its obligations under the Notes.

## STRUCTURE OF THE PROGRAMME



## THE ISSUER SECURITY STRUCTURE

Under a deed of charge dated 14 November 2016 between the Issuer and Truva Services Limited (formerly known as GRM Law Trustees Limited) (the "**Trustee**") (as amended and supplemented from time to time, the "**Issuer Deed of Charge**"), the obligations of the Issuer under a Series of Notes will be secured in favour of the Trustee (for the benefit of the Noteholders and certain other secured creditors of the Issuer in respect of such Series (the "**Issuer Secured Creditors**")) by fixed and floating first priority security over the Issuer's rights in respect of the Secured Assets and the Transaction Documents to the extent that they relate to such Series and, where applicable, over any segregated bank accounts opened by the Issuer in respect of such Series (the "**Issuer Security**").

In respect of any Series, by granting the Issuer Security to the Trustee for the benefit of the Issuer Secured Creditors, the rights of the Noteholders and the other Issuer Secured Creditors to the Issuer Security in respect of such Series rank first in priority to other creditors (including any affiliates of the Issuer) in the event of a default or an insolvency or insolvency related event of the Issuer. The rights of the Noteholders and the other Issuer Secured Creditors will not be affected by the insolvency or an insolvency related event of any other entity affiliated to the Issuer.

The rights of the Noteholders and the other Issuer Secured Creditors are also subject to an intercreditor deed dated 14 November 2016 between the Issuer and the Trustee (the "**Intercreditor Deed**").

## THE BORROWER SECURITY STRUCTURE

Where a Borrower Loan is secured, under a deed of charge to be entered into between a Borrower and the Issuer (each a "**Borrower Deed of Charge**"), the obligations of the Borrower in respect of a Borrower Loan will be secured in favour of the Issuer by fixed and floating charges over the property, undertaking and assets of the Borrower (the "**Borrower Security**").

Each Borrower Deed of Charge will contain customary representations and warranties from the Borrower to the Issuer, including, without limitation, representations and warranties as to the ownership by the Borrower of its assets, that such assets are free from other security, that there are no adverse claims against such assets, that the Borrower has complied with all relevant laws in respect of those assets and that the security being granted under the Borrower Deed of Charge is enforceable.

## TRANSACTION PARTIES

**Issuer** Audley Funding PLC, incorporated in England with registered number 10364982 and registered office at 1 Bedford Row, London WC1R 4BZ.

**Trustee** Truva Services Limited (formerly known as GRM Law Trustees Limited) (the "**Trustee**") will act as trustee for and on behalf of the holders of the Notes pursuant to a Trust Deed (the "**Trust Deed**") dated 14 November 2016 between the Note Trustee and the Issuer and will act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer pursuant to each Issuer Deed of Charge.

**Paying Agent** Avenir Registrars Limited will act as paying agent (the "**Paying Agent**") pursuant to a paying agency agreement (the "**Agency Agreement**") dated 14 November 2016 between the Paying Agent, the Trustee, the Registrar and the Issuer.

The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Paying Agent and to appoint a successor Paying Agent.

**Registrar and Transfer Agent** Avenir Registrars Limited will act as registrar and transfer agent (the "**Registrar**") pursuant to the Agency Agreement dated 14 November 2016 between the Registrar and the Issuer.

**Servicer and Calculation Agent** Bedford Row Capital Advisers Limited with its registered office of 1 Bedford Row, London, WC1R 4BZ will act as servicer (the "**Servicer**") and the calculation agent (the "**Calculation Agent**") pursuant to a servicer agreement (the "**Servicer Agreement**") dated 14 November 2016. The Calculation Agent in relation to any Series of Notes and in relation to any determination or calculation specified in the Conditions will act as calculation agent of the Issuer for the purpose of making such determinations or calculations in accordance with the Conditions.

The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Servicer and the Calculation Agent and to appoint a successor Servicer and Calculation Agent. The Servicer and the Calculation Agent may delegate their functions in accordance with the Servicer Agreement.

The Servicer and Calculation Agent also acts as originator to the Issuer and established the Issuer for the purposes of the Programme.

Bedford Row Capital Advisers Limited's ("**BRCA**") core management team includes professionals whose background and expertise span broad areas within the financial and asset management sectors. The management team's specialist experience includes accounting, financial management, investment management, debt capital and equity capital markets, legal

structuring and structured finance. Founder and Chief Executive Officer, Dr Scott Levy, and Chairman, Mr Stuart Gordon, collectively hold more than 80 years of experience in financial and asset management.

BRCA also offers a full suite of professional administrative functions from offices in London and Tallinn.

BRCA benefits from a professional team which has dealt with more than 1,800 note issuances and services 50 clients globally including more than 15 listed companies.

BRCA's senior management is comprised of the following individuals:

**Dr Scott A. Levy** is the founder of BRCA, age 54. Dr Levy has nearly 30 years' experience across a wide range of products including life insurance bonds, equity derivatives, funds, securitisation and debt capital markets. Dr Levy is a Senior Member of Wolfson College, Cambridge and a member of the College's Endowment Investment Committee as well as a visiting lecturer at the Estonian Business School and outside member of the thesis review committee.

**Mr Stuart Gordon** is Chairman of the Board of Directors of BRCA, age 70. Stuart Gordon is a qualified actuary with more than 50 years' experience in virtually all aspects of financial services, especially investment management. Stuart founded and managed the growth of Escher UK Asset Management providing asset management services to pension funds and built assets under management to nearly £1 billion before selling it in 2005 and becoming a professional pension scheme and security trustee and subsequently co-founding BRCA.

**Ms Anette Mürisep** is the Head of Financial Control of BRCA, age 27. Anette is part of the senior management team and is also in charge of the Financial Control Department. Her career spans more than 9 years of varied financial experience including financial audits of listed SPVs (audit planning and preparation, ongoing queries, preparation and timely issuance of annual reports etc.), financial control procedures on client onboarding and risk assessment, client contract performance monitoring and asset control, stakeholder reporting, timely and accurate coupon payments to investors, client related queries and reconciliations, review of company's financial statements and financial analysis, developing and maintaining corporate governance, operational and control procedures, employee monitoring and hiring. Before joining BARCA in May 2018, Anette served as senior Consultant in the Assurance Department at Ernst and Young.

**Ms Alja Ivanova** is the Head of Finance at BRCA, age 29. Alja manages BRCA's finances, including monitoring cash balances, forecasts and financial and tax strategies. Prior to BRCA, Alja spent eleven years in finance and business development leadership roles.

## ELIGIBILITY CRITERIA FOR SECURED ASSETS

Each Secured Asset (other than a Borrower Deed of Charge) must satisfy the following "**Secured Asset Eligibility Criteria**":

- (a) it is an obligation that is secured by assets of the obligor or guarantor thereof (if and to the extent security over such assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices) and such security is granted under English law or the law of the jurisdiction where that asset is located;
- (b) it is denominated in either Sterling, Euro or United States Dollars;
- (c) it is an obligation in respect of which (i) payments will not be subject to withholding tax imposed by any jurisdiction including where this is pursuant to the operation of an applicable tax treaty subject to the completeness of any procedural formalities or (ii) the obligor is required to make "gross-up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis;
- (d) it is an obligation that pays interest and principal at a rate and frequency which, when aggregated with all other Secured Assets of a Series, produces funds to the Issuer sufficient to service any payments due and payable on the Notes of that Series;
- (e) it is not an obligation in respect of which interest payments are scheduled to decrease;
- (f) it is neither an equity security nor is it convertible into equity;
- (g) it will not result in the imposition of stamp duty or stamp duty reserve tax payable by the Issuer;
- (h) it must require the consent of the Issuer, or where the Issuer is in a syndicate of lenders the consent of a majority of at least 75% of such lenders, for any change in the principal repayment profile or interest applicable on such obligation, for the avoidance of doubt, excluding any changes originally envisaged;
- (i) it is capable of being, and will be, the subject of a security interest in favour of the Trustee;
- (j) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those (i) which may arise at its option; or (ii) which are fully secured; or (iii) which are subject to limited recourse provisions; or (iv) which may arise as a result of an undertaking to participate in a financial restructuring where such undertaking is contingent upon the redemption in full of such Secured Asset on or before the time by which the Issuer is obliged to enter into the restructuring and where the restructured Secured Asset satisfies the Secured Asset Eligibility Criteria; and
- (k) it has a maturity that is not later than the latest Maturity Date of all Notes outstanding.

The Servicer will ensure that the Secured Assets will satisfy the Secured Asset Eligibility Criteria. The subsequent failure of any Secured Asset to satisfy any of the Secured Asset Eligibility Criteria shall not prevent any obligation which would otherwise be a Secured Asset from being a Secured Asset so long as such obligation satisfied the Secured Asset Eligibility Criteria when the Issuer entered into or acquired the Secured Asset.

## **PRICING SUPPLEMENT AND DRAWDOWN PARTICULARS**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Listing Particulars all of the necessary information except for information relating to the Notes which is not known at the date of this Listing Particulars and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Listing Particulars and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Pricing Supplement or in a Drawdown Particulars.

For a Tranche of Notes which is the subject of Pricing Supplement, those Pricing Supplement will, for the purposes of that Tranche only, complete this Listing Particulars and must be read in conjunction with this Listing Particulars. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Pricing Supplement are the Conditions described in the relevant Pricing Supplement as completed by the relevant Pricing Supplement.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Particulars will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Particulars. In the case of a Tranche of Notes which is the subject of a Drawdown Particulars, each reference in this Listing Particulars to information being specified or identified in the relevant Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Particulars unless the context requires otherwise.

Each Drawdown Particulars will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a listing particulars which incorporates all or part of this Listing Particulars.

In circumstances where such Borrower Loan or Financial Collateral Asset is secured against real property to a material extent any issuance of the relevant Notes will be by way of Drawdown Particulars (see "Pricing Supplement and Drawdown Particulars" on page 21).

## FORMS OF THE NOTES

Each Tranche of Notes will be in the form of either individual note certificates in registered form ("**Individual Note Certificates**") or a global note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Pricing Supplement.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Whether or not the Notes are intended to be held in a manner which would allow Eurosystem eligibility will be set out in the relevant Pricing Supplement. Note that the designation "Yes" in the relevant Pricing Supplement means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Where the designation is specified as "No" in the relevant Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Pricing Supplement specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Pricing Supplement specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

1. on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
2. at any time, if so specified in the relevant Pricing Supplement; or
3. if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Registered Note", then if either of the following events occurs:
  - a. Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - b. if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the relevant Issuer or any of the Transfer and Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

In relation to any Notes issued with a denomination of EUR100,000 (or equivalent) and integral multiples of EUR1 (or equivalent), the Global Registered Note representing such Notes shall only be exchangeable to Individual Note Certificates in the limited circumstances described above.

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, each person having an interest in a Global Registered Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding).

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, 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.

***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which completes those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.



## CREST AND CREST DEPOSITARY INTERESTS

If so specified in the applicable Pricing Supplement, investors may also hold interests in the Notes through CREST either directly or through the issuance of CREST Depositary Interests. See "*Book-Entry Clearing Systems*" for more information.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. Subject to this, to the extent permitted by applicable law and/or regulation, the Pricing Supplement in respect of any Tranche of Notes may complete any information in this Listing Particulars.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### 1. Introduction

- (a) *Programme*: Audley Funding PLC (the "**Issuer**") has established a Secured Note Programme (the "**Programme**") for the issuance of notes (the "**Notes**").
- (b) *Pricing Supplement*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a Pricing Supplement (the "Pricing Supplement") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Trust Deed*: The Notes are constituted by, are subject to, and have the benefit of, a trust deed made with effect from 14 November 2016 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer Truva Services Limited (formerly known as GRM Law Trustees Limited) as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) *Deed of Charge*: Under a deed of charge made with effect from 14 November 2016 between the Issuer and the Trustee (as amended or supplemented from time to time, the "**Issuer Deed of Charge**"), the obligations of the Issuer under the Notes of a Series will be secured in favour of the Trustee (for the benefit of the Noteholders and the Issuer Secured Creditors (as defined below) in respect of such Series) by a fixed first priority charge over all of its rights in respect of the Secured Assets and the Transaction Documents to the extent that they relate to such Series and, where applicable, over any segregated bank accounts opened by the Issuer in respect of such Series.
- (e) *Intercreditor Deed*: The Notes have the benefit of an intercreditor deed dated 14 November 2016 between the Issuer and the Trustee (as amended or supplemented from time to time, the "**Intercreditor Deed**").
- (f) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement made with effect from 14 November 2016 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Avenir Registrars Limited as paying agent (the "**Paying Agent**", which expression includes any successor Paying Agent appointed from time to time in connection with the Notes), Avenir Registrars Limited as registrar and transfer agent (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with

the Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee.

- (g) *Servicer Agreement*: The Notes are the subject of a Servicer Agreement (as modified and/or supplemented and/or restated from time to time, the "**Servicer Agreement**") dated 14 November 2016 and made between the Issuer and Bedford Row Capital Advisers Limited as servicer (the "**Servicer**", which expression shall include any successor servicer). In these Conditions references to the "**Agents**" are to the Paying Agents, the Registrar, the Transfer Agents, the Servicer and the Calculation Agent and any reference to an "**Agent**" is to any one of them.
- (h) *The Notes*: The Notes will be issued in registered form. Pursuant to the Issuer's Articles of Association, the execution by the Issuer of any Individual Note Certificates (as defined below) representing Notes issued under the Programme will be under hand and not under seal. All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing at the registered office of the Trustee and the Specified Office of the Paying Agent.
- (i) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any; (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders and Couponholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below. The Trustee acts for the benefit of the Noteholders and the Couponholders in accordance with the provisions of the Trust Deed.

## 2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:
  - "**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;
  - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;
  - "**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;
  - "**Borrower**" means each borrower party to a Borrower Loan Agreement;
  - "**Borrower Deed of Charge**" means each deed of charge entered into between the Issuer and a Borrower under which the obligations of each Borrower in respect of a Borrower Loan will be secured in favour of the Issuer;
  - "**Borrower Loan**" means a loan advanced by the Issuer to a Borrower pursuant to a Borrower Loan Agreement;
  - "**Borrower Loan Agreement**" means each loan agreement entered into between the Issuer and a Borrower;
  - "**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**

if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means Bedford Row Capital Advisers Limited or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

**"Calculation Amount"** has the meaning given in the relevant Pricing Supplement;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) where the Calculation Period is longer than one Regular Period, the sum of:
    - (x) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/365 (Sterling)"** is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y2"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M1"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

- (vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**euro**" means the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

"**Financial Collateral Assets**" means financial assets including, without limitation, (a) cash and (b) debt securities.

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fitch**" means Fitch Ratings Ltd or any successor thereof;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Holder**" has the meaning given in Condition 3(d) (*Form, Denomination and Title - Title to Notes*);

"**Indebtedness**" means any indebtedness for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

**"Interest Determination Date"** has the meaning given in the relevant Pricing Supplement;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

**"Issuer Secured Creditors"** means each of (a) the Noteholders, (b) the Couponholders, (c) the Trustee, and (d) the Agents;

**"Issue Date"** has the meaning given in the relevant Pricing Supplement;

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"Margin"** has the meaning given in the relevant Pricing Supplement;

**"Maturity Date"** has the meaning given in the relevant Pricing Supplement;

**"Maximum Redemption Amount"** has the meaning given in the relevant Pricing Supplement;

**"Minimum Redemption Amount"** has the meaning given in the relevant Pricing Supplement;

**"Moody's"** means Moody's Investor Services Limited or any successor thereof;

**"Noteholder"** has the meaning given in Condition 3(d)(*Form, Denomination and Title - Title to Notes*);

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Pricing Supplement;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Pricing Supplement;

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;



**"Quotation Time"** has the meaning given in the relevant Pricing Supplement;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Pricing Supplement;

**"Redemption Margin"** has the meaning given in the relevant Pricing Supplement;

**"Reference Banks"** means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Date"** will be set out in the relevant notice of redemption;

**"Reference Price"** has the meaning given in the relevant Pricing Supplement;

**"Reference Rate"** means EURIBOR or LIBOR as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

**"Register"** means the register maintained by the Registrar in respect of the Notes in accordance with the Agency Agreement;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Pricing Supplement;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be

nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Pricing Supplement;

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Secured Assets"** means the Borrower Loans, the Financial Collateral Assets and each Borrower Deed of Charge.

**"Security"** means any Security Interest created, evidenced or conferred by or under the Trust Deed and the Issuer Deed of Charge;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Secured Liabilities"** means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer to the Issuer Secured Creditors;

**"Specified Currency"** has the meaning given in the relevant Pricing Supplement;

**"Specified Denomination(s)"** has the meaning given in the relevant Pricing Supplement;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Pricing Supplement;

**"Standard & Poor's"** means Standard & Poor's Rating Services or any successor thereof;

**"Subsidiary"** means, in relation to the Issuer, any company:

- (i) in which the Issuer holds a majority of the voting rights; or
- (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors; or
- (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is Subsidiary of a Subsidiary of the Issuer.

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Transaction Documents"** means the Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Intercreditor Deed and the Servicer Agreement;

**"Treaty"** means the Treaty establishing the European Communities, as amended; and

**"Zero Coupon Note"** means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

- (ii) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (iii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iv) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (v) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (vi) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination and Title**

- (a) *Notes*: Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (b) *Title to Notes*: The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, an "**Individual Note Certificate**") will be issued to each Holder of Notes in respect of its registered holding. Each Individual Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. "**Holder**" means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (c) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Individual Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (d) *Transfers of Notes*: Subject to paragraphs (g) (Closed periods) and (h) (Regulations concerning transfers and registration) below and to the conditions set forth in the Agency Agreement, a Note may be transferred upon surrender of the relevant Individual Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Specified Denominations. Where not all the Notes represented by the surrendered Individual Note Certificate are the subject of the transfer, a new Individual Note Certificate in respect of the balance of the Notes will be issued to the transferor.

- (e) *Registration and delivery of Individual Note Certificates:* Within five business days of the surrender of an Individual Note Certificate in accordance with paragraph (f) (Transfers of Notes) above, the Registrar will register the transfer in question and deliver a new Individual Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (f) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (g) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (h) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar.

#### **4. Status and Application of Moneys**

- (a) *Status:* The Notes and Coupons constitute secured obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves.
- (b) *Application of Moneys:* All moneys received by the Trustee in respect of the Notes or recovered by the Trustee or any Receiver following the enforcement of the Security despite any appropriation of all or part of them by the Issuer (including any moneys which represent principal or interest in respect of Notes or Coupons which have become void under the Conditions) shall be held by the Trustee on trust to apply them in the following order of priority pursuant to the terms of the Trust Deed:
  - (i) first, in or towards satisfaction of (x) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by the Trustee in preparing and executing the trusts and performing any obligations under the Transaction Documents; (y) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any Receiver, including in the case of either the Trustee or a Receiver the costs of enforcing and/or realising any Security;
  - (ii) second, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Agents under the Transaction Documents;
  - (iii) third, in or towards payment of all arrears of interest remaining unpaid in respect of the Notes or Coupons and all principal moneys due on or in respect of the Notes; and
  - (iv) fourth, the balance (if any) in payment to the Issuer.

#### **5. Security and Covenants**

- (a) *Grant of Security:* In relation to each Series, the Trustee, the Noteholders and the other Issuer Secured Creditors of such Series will share in the benefit of the Security granted in

respect of such Series. The Security is granted by the Issuer under the Trust Deed and the Issuer Deed of Charge in the favour of the Trustee, on trust for and on behalf of itself, the Noteholders and the other Issuer Secured Creditors on the terms of the Trust Deed and the Issuer Deed of Charge, as security for the Secured Liabilities.

- (b) *Security:* The Security in relation to a Series comprises of:
- (i) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each of the Transaction Documents to the extent that they relate to such Series;
  - (ii) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset relating to such Series;
  - (iii) a first fixed charge of all monies from time to time standing to the credit of any segregated bank account with any bank, financial institution or other person opened in respect of such Series, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest);
  - (iv) a first fixed charge of all its rights in respect of each Transaction Document, each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset, in each case relating to such Series, to the extent not effectively assigned under Condition 5(b)(i) or (ii) above; and
  - (v) a floating charge of all monies from time to time standing to the credit of any segregated bank account with any bank, financial institution or other person opened in respect of such Series, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest) and a floating charge of all its rights in respect of each Transaction Document, each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset, in each case relating to such Series, in each case to the extent not effectively assigned under Condition 5(b)(i) or (ii) above or charged under 5(b)(iii) or (iv) above.

## **6. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6(b) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## **7. Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified

Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *Alternative Reference Rates:* If Alternative Reference Rates is specified as applicable in the relevant Final Terms and notwithstanding the provisions of Condition 7(c) (*Screen Rate Determination*), if the Issuer (in consultation with the Calculation Agent) determines that the Reference Rate specified in the relevant Final Terms has ceased to be published on the Relevant Screen Page as a result of such Reference Rate ceasing to be calculated or administered, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine an alternative rate (the "**Alternative Reference Rate**") and an alternative screen page or source (the "**Alternative Relevant Screen Page**") no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**") for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(d));
- (ii) the Alternative Reference Rate shall be such rate as the independent adviser determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of Eurobonds denominated in the Specified Currency, or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by it fails to determine an Alternative Reference Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date, then the Issuer (in consultation with the Calculation Agent and acting in good faith and a commercially reasonable manner) shall determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest in respect of Eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Reference Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate; provided, however, that if this Condition 7(d)(iii) applies and the Issuer is unable to determine an Alternative Reference Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next Interest Period, the Rate of Interest applicable to such Interest Period shall be equal to the sum of the Margin and the rate last determined in relation to the Notes in respect of a preceding Interest Period;
- (iv) if an Alternative Reference Rate and Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Alternative Reference Rate and

Alternative Relevant Screen Page shall be the Reference Rate and the Relevant Screen Page in relation to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(d));

- (v) if the Independent Adviser or, in accordance with Condition 7(d)(iii) above, the Issuer determines an Alternative Reference Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Calculation Agent, specify changes to the Relevant Time, Relevant Financial Centre, Reference Banks, Relevant Number of Quotations, Leading Banks, Day Count Fraction, Business Day Convention, Business Days and/or Interest Determination Date applicable to the Notes, and the method for determining the Rate of Interest in relation to the Notes if the Alternative Reference Rate is not available, or fewer than the required number of rates appear, on the Alternative Relevant Screen Page at any time, in order to follow market practice in relation to the Alternative Reference Rate, and shall also specify any other changes (including to the Margin) which the Issuer, following consultation with the Independent Adviser (where appointed), determines in good faith are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of the Alternative Reference Rate, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(d)) and, for the avoidance of doubt, the Trustee shall, at the direction and expense of the Issuer, and having received a certificate from the Issuer, signed by two Authorised Signatories, confirming that the Issuer or the Independent Adviser has made the relevant determinations in accordance with this Condition 7(d) and attaching the proposed amendments to the Conditions to effect such amendments to the Conditions together with such consequential amendments to the Trust Deed and Agency Agreement as the Trustee may deem appropriate in order to give effect to this Condition 7(d) and the Trustee shall not be liable to any person for any consequences thereof, save as provided in the Trust Deed. No consent of the Holders of the Notes of the relevant Series or of the Holders of the Coupons appertaining thereto shall be required in connection with effecting the Alternative Reference Rate, Alternative Relevant Screen Page or such other changes, including for the execution of any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Agency Agreement (if required)). The Trustee shall not be obliged to agree to any amendments which in the sole opinion of the Trustee would have the effect of (A) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the documents to which it is a party and/or these Conditions; and
  - (vi) the Issuer shall promptly following the determination of any Alternative Reference Rate and Alternative Relevant Screen Page give notice thereof and of any changes pursuant to Condition 7(d)(v) to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders (in accordance with Condition 20 (Notices)).
- (e) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:



- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the fourth London Business Day thereafter. Notice thereof shall also promptly be given to the Noteholders. For the purposes of this paragraph (g) the expression "**London Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (in the absence of wilful default) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

- (j) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent or the Trustee, as the case may be, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **8. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### **9. Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (iii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

- (iv) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (v) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (vi) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) if the Trustee so requests, an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, and (b) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

The Trustee shall be entitled to accept without liability such opinion and/ or such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders and Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, the Trustee and the Paying Agent, or such other period(s) as may be specified in the relevant Pricing Supplement, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call)) at the applicable amount specified in the relevant Pricing Supplement (together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date) being the Optional Redemption Amount (Call).

On the date specified for redemption in the notice given by the Issuer, the Issuer shall redeem the Notes as specified in the notice in accordance with this Condition 9(c).

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9(c) by the Paying Agent, shall (in the absence of manifest error), be binding on the Issuer, the Paying Agent, the Trustee, the Paying Agents, the Registrar (if applicable) and all Noteholders and Couponholders.

- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the

Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall mail such Note by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice. Notes may be redeemed under this Condition 9(e) in any multiple of their lowest Specified Denomination.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30/360, Actual 360 or Actual 365 (Fixed).

- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 10. Payments

- (a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Global Registered Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Individual Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Global Registered Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Individual Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes will be subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 (inclusive) of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Individual Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Global Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 10 arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Global Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Individual Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Individual Note Certificate.
- (f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Global Registered Note is to be made by cheque, the cheque

will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 11. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, *levied*, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
  - (iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Kingdom references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

## 12. Events of Default

If any of the following events occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or

- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may agree) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if:
  - (i) any Indebtedness of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); or
  - (ii) the Issuer fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or
  - (iii) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person on the due date for payment as extended by any applicable grace period,

provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness or guarantee and/or indemnity given by it in relation to any Indebtedness, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or guarantee and/or indemnity given by it in relation to any Indebtedness relative to all (if any) other events specified in (i) to (iii) above which have occurred and are continuing, amounts to at least £20,000,000 (or its equivalent in any other currency).

A certificate or report by two directors of the Issuer whether or not addressed to the Trustee that in their opinion the £20,000,000 (or its equivalent in any other currency) mentioned in the proviso to (c) above has been reached may be relied upon by the Trustee without liability and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties; or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) if the Issuer ceases to carry on all or substantially all of its business, save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer is unable to pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer in relation to the whole or a substantial part of the undertaking or its assets, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or its assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or its assets and (B) in any case is not being contested in good faith by the Issuer or is not discharged or stayed within 45 days; or

- (g) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

### **13. Prescription**

Claims for principal and interest on redemption in respect of Notes shall become void unless the relevant Individual Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

### **14. Replacement of Notes or Coupons**

If any Note, Individual Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Individual Note Certificates or Coupons must be surrendered before replacements will be issued.

### **15. Trustee and Agents**

- (a) Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- (b) The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- (c) In the exercise of its trusts, rights, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the general interests of the Noteholders as a class and will not have regard or be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 11 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 11 (*Taxation*) pursuant to the Trust Deed.



- (d) In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.
- (e) The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor Paying Agent or Registrar or Calculation Agent and additional or successor Paying Agents in the manner specified in the Agency Agreement; **provided, however, that:**
  - (i) the Issuer shall at all times maintain a Paying Agent and a Registrar; and
  - (ii) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
  - (iii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
  - (iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.
- (f) Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### 16. **Meetings of Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes which resolution of will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and waiver:* The Trustee and the Issuer may, without the consent of the Noteholders, agree to any modification of the Notes, these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes, these Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders, authorise or waive any proposed breach or breach of the Notes, these Conditions or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter. Any such authorisation, waiver or modification shall be binding on the Noteholders and the Couponholders.

- (c) *Substitution:* The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) of any other company being a Subsidiary of the Issuer as the principal debtor under the Notes, the Coupons and the Trust Deed **provided that** certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or Couponholder, except to the extent provided for in Condition 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

The Issuer shall procure that, so long as the Notes are listed on Euronext Dublin, any material amendments or modifications to the Conditions, the Trust Deed or such other conditions made pursuant to this Condition 16(c) (*Substitution*) shall be notified to Euronext Dublin.

## 17. Enforcement

- (a) The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or steps or action (including lodging an appeal in any proceedings) as it thinks fit to enforce its rights under the Transaction Documents or the Notes or the Coupons and, at any time after the Security has become enforceable, the Trustee may at its discretion and without notice, take such steps, actions and proceedings as it may see fit to enforce the Security, but it shall not be bound to do so unless:
- (i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
  - (ii) it has been indemnified and/or secured and/or pre-funded to its satisfaction.
- (b) No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.
- (c) The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or

if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

#### **18. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, without the consent of the Noteholders or Couponholders, incur, create or issue further secured or unsecured notes or other Indebtedness.

#### **19. Notices**

- (a) Notices to the Holders of Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing
- (b) The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

#### **20. Currency Indemnity**

- (a) If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.
- (b) This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

#### **21. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 22. **Governing Law**

The Notes, the Coupons, the Trust Deed, the Agency Agreement and the Servicer Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed, the Agency Agreement and the Servicer Agreement are governed by, and construed in accordance with, English law.

## 23. **Limited Recourse and Non-Petition**

- (a) All payments to be made by the Issuer in respect of the Notes of a particular Series will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer and which are attributable to the relevant Series.
- (b) In relation to any sums received or recovered, the Issuer shall determine to which Series such sums relate and such determination shall be binding on Noteholders of all Series in the absence of manifest error.
- (c) In the event that the Issuer is unable to make or, following a request by the Trustee fails to make, the determination in Condition 23(b), such determination may be made by the Trustee or by such person as is directed by the Trustee. No liability shall attach to the Trustee as a result of such determination.
- (d) To the extent that the sums referred to in Condition 23(a) are less than the amount which the Noteholders may have expected to receive (the difference being referred to as the shortfall), such shortfall will be borne by the Noteholders.
- (e) Each Noteholder, by subscribing for and purchasing Notes, will be deemed to accept and acknowledge that it is fully aware that:
  - (i) the Noteholders shall look solely to the sums referred to in this Condition 23 as applied in accordance with the above paragraphs (the "**Relevant Sums**"), for payments to be made by the Issuer in respect of the Notes;
  - (ii) the Noteholders of any Series shall not look to the sums which are attributable to another Series in satisfaction of the obligations of the Issuer;
  - (iii) the obligations of the Issuer to make payments in respect of the Notes will be limited to the Relevant Sums and the Noteholders shall have no further recourse to the Issuer or its shareholders, directors, officers, successors or assigns in respect of the Notes;
  - (iv) without prejudice to the foregoing, any right of the Noteholders to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
  - (v) the Noteholders shall not be able to petition for the winding up of the Issuer as a consequence of such shortfall.
- (f) Non-payment of any shortfall shall not constitute an Event of Default under Condition 12 (*Events of Default*).
- (g) None of the Trustee and the Agents has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

## FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least £100,000 (or its equivalent in another currency).

Pricing Supplement dated [•]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £200,000,000 Secured Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Listing Particulars dated [•] [and the supplemental Listing Particulars dated [•]] which [together] constitute[s] a Listing Particulars (the "**Listing Particulars**").

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

1.	Issuer:	Audley Funding PLC
2.	[(i) Series Number:]	[•]
	[(ii) Tranche Number:]	[•]
	[(iii) Date on which the Notes become fungible:]	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date [which is expected to occur on or about [•]].]
3.	Specified Currency or Currencies:	[•]
4.	Aggregate Nominal Amount:	[up to/[•]]
	[(i)] [Series:]	[•]
	[(ii) Tranche:]	[•]
5.	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6.	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]

7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[[•]/Issue Date/Not Applicable]
8.	Maturity Date:	[•] [Interest Payment Date falling in or nearest to [•]]
9.	Interest Basis:	[[•] per cent. Fixed Rate]
		[•] [•] [EURIBOR]/[LIBOR]] +/- [•] per cent. Floating Rate]
		[Zero Coupon]
10.	Redemption/Payment Basis:	<p>[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.]</p> <p>[By reference to the relevant NAV calculation as set out below under "Final Redemption Amount of each Note" and "Early Redemption Amount of each Note".]</p>
11.	Change of Interest or Redemption/Payment Basis:	[•]/[Not Applicable]
12.	Put/Call Options:	[Put Option]/[Not Applicable]
		[Call Option]/[Not Applicable]
13.	Date [Board] approval for issuance of Notes obtained:	[•] [and [•], respectively]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
14.	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[•] in each year up to and including the Maturity Date
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365(Fixed)][Actual/365(Sterling)]

		[Actual/360][30/360][30E/360 or Eurobond Basis] [30E/360(ISDA)]
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i) Interest Period(s):	[•]
	(ii) Specified Period:	[•]
	(iii) Specified Interest Payment Dates:	[Not Applicable/[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below]
	(iv) [First Interest Payment Date]:	[•]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(vi) Additional Business Centre(s):	[Not Applicable/[•]]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Paying Agent]):	[[•] shall be the Calculation Agent]
	(ix) Screen Rate Determination:	[Applicable/Not Applicable]
	• Reference Rate:	[•] [•] [EURIBOR]/[LIBOR]
	• Interest Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	• Relevant Time:	[•]
	• Relevant Financial Centre:	[•]
	(x) Alternative Reference Rate	[Applicable/Not Applicable]
	(xi) ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[•]

	• Designated Maturity:	[•]
	• Reset Date:	[•]
	• ISDA Definitions:	2006
	(xii) Margin(s):	[+/-][•] per cent. per annum
	(xiii) Minimum Rate of Interest:	[•] per cent. per annum
	(xiv) Maximum Rate of Interest:	[•] per cent. per annum
	(xv) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365(Fixed)][Actual/365(Sterling)] [Actual/360][30/360][30E/360 or Eurobond Basis] [30E/360(ISDA)]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i) Accrual Yield:	[•] per cent. per annum
	(ii) Reference Price:	[•]
	(iii) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365(Fixed)][Actual/365(Sterling)] [Actual/360][30/360][30E/360 or Eurobond Basis] [30E/360(ISDA)]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
17.	Call Option	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount	[•] per Calculation Amount
	(iv) Notice period:	[•]



18.	Put Option	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii) Notice period:	[•]
19.	Final Redemption Amount of each Note	<p>[[•] per Calculation Amount]</p> <p>[The Series [•] NAV per Note as at the most recent Valuation Date prior to the due date for the payment of the Final Redemption Amount where:</p> <p>"Series [•] NAV" means the value of the total assets of the Issuer attributable to Series [•] minus the value of the total liabilities of the Issuer attributable to Series [•] calculated on a consistent basis discounting at the appropriate rate and excluding the paid up share capital of the Issuer and the associated investment of such share capital.</p> <p>"Series [•] NAV per Note" means the Series [•] NAV, as determined by the Calculation Agent as at each Valuation Date, divided by the aggregate amount of Series [•] Notes then outstanding.</p> <p>"Valuation Date" means the [10th] Business Day of each calendar month.]</p>
20.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption:	<p>[[•] per Calculation Amount]</p> <p>[The Series [•] NAV per Note as at the most recent Valuation Date prior to the due date for the payment of the Final Redemption Amount where:</p> <p>"Series [•] NAV" means the value of the total assets of the Issuer attributable to Series [•] minus the value of the total liabilities of the Issuer attributable to Series [•] calculated on a consistent basis discounting at the appropriate rate and excluding the paid up share capital of the Issuer and the associated investment of such share capital.</p> <p>"Series [•] NAV per Note" means the Series [•] NAV, as determined by the Calculation Agent as</p>

		at each Valuation Date, divided by the aggregate amount of Series [•] Notes then outstanding.  "Valuation Date" means the [10th] Business Day of each calendar month.]
21.	Early Termination Amount	[•] per Calculation Amount
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
22.	Form of Notes:	[Global Registered Note exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Global Registered Note]
		Global Registered Note [(U.S.\$/Euro [•] nominal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)).]
		[CREST Depositary Interests ( <b>CDIs</b> ) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ( <b>CREST</b> )]
		[CREST: Registered Notes will be deposited with Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI2001 No. 3755) including any modification thereof for the time being in force (the "CREST Regulations") and the rules, regulations, procedures, facilities and requirements as defined in the CREST Regulations.]
23.	Eurosystem Eligibility:	[Yes] [No]
24.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/[•]]
<b>DESCRIPTION OF THE COLLATERAL</b>		
25.	General characteristics of the obligors of the Secured Assets and the economic environment:	[•]
26.	Amount of Borrower Loans:	[•]

27.	Amount of Financial Collateral Assets:	[•]
28.	Range of value of the Secured Assets:	[•]
29.	Range of loan to value ratios of Secured Assets:	[•]
30.	Range of maturity dates of the Secured Assets:	[•]
31.	Description of security backing Secured Assets:	[•][Not applicable]
<b>THIRD PARTY INFORMATION</b>		
[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.].		
Signed on behalf of Audley Funding PLC: By: ..... Duly authorized		

#### PART B – OTHER INFORMATION

1.	(i) Listing and admission to trading	[Application has been made to Euronext Dublin by the Issuer (or on its behalf) for the Notes to be admitted to the Official List and trading on the Global Exchange Market with effect from [•].] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•]] and listing on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] and listing on [•] with effect from [•].] [Not Applicable.]
	(ii) Estimated total expenses related to admission to trading:	[•]
2.	Ratings	Ratings: The Notes to be issued [are not/have been/are expected to be] rated: [Standard & Poor's: [•]] [Moody's: [•]] [Fitch: [•]]

3.	Interests of natural and legal persons involved in the issue/offer	[Save as discussed in " <i>Subscription and Sale</i> ", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]
4.	[Fixed Rate Notes only – Yield]	
	Indication of Yield:     [•]	[•]
5.	[Floating rate notes only - historic interest rates]	Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]
6.	Operational information	
	ISIN code:	[•]
	Common code:	[•]
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable][The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes]
	[Intended to be held in a manner which would allow eurosystem eligibility:	[Yes][No]
7.	Distribution	
	U.S. selling restrictions:	Regulation S Compliance Category 2; [TEFRA C/TEFRA D/TEFRA not Applicable]
	Details of Settlement Agent:	[•]
8.	Name and address of any paying agents and depositary agents:	[None/[•]]
9.	Name and address of any Promoters:	[•]

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used to make the Borrower Loans, acquire Financial Collateral Assets and/or make any payments required to be made pursuant to any Transaction Document.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### CLEARING SYSTEM ACCOUNTHOLDERS

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Registered Note and in relation to all other rights arising under such Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Registered Note.

### CONDITIONS APPLICABLE TO GLOBAL REGISTERED NOTES

Each Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Registered Note. The following is a summary of certain of those provisions:

1. *Payments*: All payments in respect of the Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Individual Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Registered Note, the Issuer shall procure that the payment is noted in a schedule thereto or is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.
2. *Payment Business Day*: In the case of a Global Registered Note, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.
3. *Payment Record Date*: Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

4. *Exercise of put option:* In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.
5. *Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).
6. *Notices:* Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Global Registered Note and the Global Registered Note is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Whilst any of the Notes held by a Noteholder are represented by a Global Registered Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear Bank and/or Clearstream, Luxembourg, and otherwise in such manner as the Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## DESCRIPTION OF THE ISSUER

### **General**

Audley Funding PLC (the "**Issuer**") was incorporated in England (registered number 10364982) on 8 September 2016 as a public limited company under the Companies Act 2006. The Issuer's registered office is 1 Bedford Row, London WC1R 4BZ. The contact telephone number for the Issuer is +44 (0)207 030 4970.

The legislation under which the Issuer operates is the Companies Act 2006.

The authorised share capital of the Issuer is 200,000 ordinary shares of £0.25 each. Each ordinary share is partly paid up at one quarter of its value. The entire issued share capital of the Issuer is owned by The Castello Trust, a discretionary trust established under the laws of England and Wales pursuant to a deed dated 14 November 2016.

### **Principal Activities**

The Issuer's objects and purposes are unrestricted. The Issuer is a special purpose company and was established to raise money for the purposes set out in this Listing Particulars, to enter into the transactions set out herein and to issue secured securities.

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

### **Directors and Secretary**

The directors and secretary of the Issuer and their other principal activities are:

Name	Position in the Issuer	Position in relation to outside activities	Principal outside activities
David Raymond Davies	Director	Company Director	Audley Funding PLC Balise Springs PLC CP Funding 1 PLC Al Waseelah PLC Dover Harcourt PLC EM Acquisition II Limited Escher Marwick PLC Ethika Finance PLC GLO Capital PLC Kaeva I LTD North Polaris PLC OMNIA Bonds II PLC Porus Capital PLC Serica Finance PLC
Roger Daniel Lunn Johnson	Director	Company Director	Audley Funding PLC Balise Springs PLC CP Funding 1 PLC Al Waseelah PLC Dover Harcourt PLC EM Acquisition II Limited Escher Marwick PLC Ethika Finance PLC GLO Capital PLC



			OMNIA Bonds II PLC
Kevin Richard Haines	Director	Company Director	Audley Funding PLC Bahadvr Synergy Capital PLC Balise Springs PLC CP Funding 1 PLC Dover Harcourt PLC Escher Marwick PLC Ethika Finance PLC GLO Capital PLC OMNIA Bonds II PLC
S.C.R Secretaries Limited	Company Secretary	Professional Company Secretary	

The business address of the above persons is 1 Bedford Row, London WC1R 4BZ.

There are no potential conflicts of interest between the private interests or other duties to third parties of the directors of the Issuer and their duties to the Issuer.

### **Corporate Governance**

The Issuer will adopt corporate governance policies which comply with the Combined Code and the Model Code on Directors' Dealings. The Issuer is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in May 2010 and which is publicly available on their website at [www.frc.org](http://www.frc.org).

### **Existing Notes**

As at the date of this Listing Particulars, the Issuer has issued five series of Notes under its £200,000,000 Secured Note Programme, as set out in the table below.

Series	Amount Issued	Rate	Maturity Date
2016-CI1 EUR	€20,000,000	6% Fixed Rate	15 November 2036
2016-CI1 USD	\$40,000,000	6% Fixed Rate	15 November 2036
2016-CI1 GBP	£30,000,000	6% Fixed Rate	15 November 2036
2016-F1 GBP	£25,000,000	6.75% Fixed Rate	14 December 2023
2017-F3 GBP	£5,000,000	7.25% Fixed Rate	28 February 2022

### **Financial Information**

The financial year of the Issuer ends on 30 September in each year.

The Issuer's financial statements in respect of the periods ending on 30 September 2017 and 30 September 2018 are attached as Appendix 1.

Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at its business address set out above.

The Issuer has appointed Hillier Hopkins LLP of 51 Clarendon Road, Watford, Hertfordshire WD17 1HP as its auditors. Hillier Hopkins LLP is a member of the Institute of Chartered Accountants in England and Wales.

The independent auditor's report is incorporated by reference to this Listing Particulars and is extracted below. The independent auditor's report is available for inspection at Audley Funding plc, 1 Bedford Row, London WC1R 4BZ. The independent auditor's report was prepared by Neil Cundale, a senior statutory auditor for and on behalf of Hillier Hopkins LLP. The independent auditor's report has been produced at the Issuer's request and the auditor has authorised the contents of the Listing Particulars below.

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AUDLEY FUNDING PLC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC

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**Opinion**

We have audited the financial statements of Audley Funding Plc (the 'parent Company') and its subsidiary (the 'Group') for the year ended 30 September 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

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AUDLEY FUNDING PLC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC  
(CONTINUED)

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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AUDLEY FUNDING PLC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC  
(CONTINUED)

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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 Auditors' 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.

*Neil Cundale* *LLP*

Neil Cundale Bsc FCA (Senior statutory auditor)

for and on behalf of  
Hillier Hopkins LLP

Chartered Accountants  
Statutory Auditor

51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Date: 10 May 2019.

***Conflict of Interest***

The Directors hereby confirm that there are no current conflicts of interest in respect of the Issuer or the issuance, and they are not aware of any potential conflicts of interest that will arise in the future.

## BOOK-ENTRY CLEARING SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or CREST (together the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Settlement Agent, the Promoters, the Trustee, the Registrar and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes or, in the case of CREST only, CDIs held through the facilities of any Clearing System or for maintaining, supervising or review any records relating to such beneficial ownership interests.*

### CREST

Notes issued under the Programme may be issued in registered form and settled and transferred through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (the "**Regulations**").

Investors wishing to have their Notes delivered to a CREST stock account in their own name should include their CREST details in the relevant section of the application form. Dealing in the Notes in advance of the crediting of the relevant CREST accounts will be at the risk of the person concerned.

The Registrar may decline to register a transfer of an uncertificated Note which is traded through the CREST system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Notes is to be transferred exceeds four.

The settlement of Notes through CREST means an investor will:

1. authorise the Registrar to credit the CREST account specified with the number of Notes for which the application is accepted;
2. agree that, in the event of any difficulties or delays in the admission of the Notes to CREST or the use of CREST in relation to the issue, the Issuer and the Registrar may agree that all of the Notes should be issued in certificated form.

### EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

## CREST DEPOSITORY INTERESTS

If so specified in the applicable Pricing Supplement, following the delivery of an issue of Notes into Euroclear and/or Clearstream, Luxembourg (the "**Relevant Clearing Systems**" and each a "**Relevant Clearing System**"), investors may also hold interests in the Notes through CREST through the issuance of dematerialised depository interests ("**CREST Depository Interests**" or "**CDIs**") issued, held, settled and transferred through CREST, representing interests in the relevant Notes underlying the CDIs (the "**Underlying Notes**"). CREST Depository Interests are independent securities distinct from the Notes, constituted under, and governed by, English law and transferred through CREST and will be issued by CREST Depository Limited (the "**CREST Depository**") pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**").

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the "**CREST Nominee**") in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the common depository or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law, and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with a Relevant Clearing System and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CDIs ("**CDI Holders**") any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holders. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of a Relevant Clearing System will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with a Relevant Clearing System.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, the Relevant Clearing Systems and the Issuer including the CREST Deed Poll (in the form contained in Section 3 of the CREST Manual) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

1. CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.



2. The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a Relevant Clearing System. Rights in the Underlying Notes will be held through custodial and depositary links through the appropriate Relevant Clearing Systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the Relevant Clearing System in or through which the Underlying Notes are held.
3. Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in Relevant Clearing Systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
4. The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST Manual and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
5. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
6. CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI).
7. Potential investors should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.
8. Potential investors should note that none of the Issuer, the Settlement Agent, the relevant Promoter, the Trustee and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

## **TAXATION**

The following is a general description of certain United Kingdom and European tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Listing Particulars and is subject to any change in law that may take effect after such date.

### **UNITED KINGDOM**

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retroactive effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

#### ***Interest on the Notes***

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange. Notes will be treated as listed on Euronext Dublin if they are included in the Official List and admitted to trading on Euronext Dublin. Notes to be traded on any other recognised stock exchange will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Provided, therefore, that the Notes remain listed on a recognised stock exchange, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without deduction of or withholding on account of United Kingdom tax where, at the time the payment of interest is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without deduction of or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days from the date of issue and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the

Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

#### ***Other Rules Relating to United Kingdom Withholding Tax***

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes should not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in the paragraph headed "*Interest on Notes*" above, but may be subject to reporting requirements as outlined under the paragraphs headed "*Provision of Information*" below.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom for United Kingdom tax purposes may be able to recover all or part of the tax deducted subject to an appropriate provision in any applicable double taxation treaty and the laws of the jurisdiction in which the Noteholder is resident for tax purposes.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

#### ***Further United Kingdom income tax issues***

Interest, discount and premium on the Notes may be subject to United Kingdom income tax or corporation tax by direct assessment even where paid without deduction or withholding for on account of United Kingdom income tax.

However, interest, discount and premium which is properly received without deduction or withholding for or on account of United Kingdom income tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder (i) carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or (ii) is a company carrying on a trade in the United Kingdom through a permanent establishment, in connection with which the interest, discount or premium is received or to which the Notes are attributable. In such a case, United Kingdom income tax or corporation tax may be levied on the branch, agency or permanent establishment, although there are exceptions for certain types of agent (such as some brokers and investment managers). The provisions of any applicable double tax treaty may be relevant to such a Noteholder.

Where interest or premium on the Notes has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom for United Kingdom tax purposes may be able to recover all or part of the tax deducted or withheld for, or on account of, United Kingdom income tax, subject to an appropriate provision in any applicable double taxation treaty and the laws of the jurisdiction in which the Noteholder is resident for tax purposes.

#### ***Provision of Information***

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of

section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2016/2017 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

#### **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

FATCA imposes a new reporting regime and potentially a U.S. withholding tax of 30% on certain payments made by a non-U.S. financial institution (a "**foreign financial institution**" or "**FFI**" (as defined by FATCA)) to (i) any FFI that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as a "**U.S. account holder**", which can include non-U.S. entities with substantial U.S. owners, (a "**Recalcitrant Holder**"). The Issuer will be classified as an FFI.

As relevant to payments made by the Issuer, this new withholding regime will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to all or a portion of any payments of interest or principal in respect of any Notes characterised as debt for U.S. federal tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are promulgated, or which are issued on or before the grandfathering date and "materially modified" after the grandfathering date. If Notes are issued on or before the grandfathering date and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes (including a negative impact on price).

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to the "Model 1" IGA released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" and such Reporting FI generally would not be required to withhold from any payments it makes. A Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government. The United States and the United Kingdom have entered into an IGA based largely on the Model 1 IGA.

Whilst the Notes are in global form and held by the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes and received by the ICSDs, even after the term "foreign passthru payment" is defined, given that the ICSDs have announced that they are Participating FFIs. Nevertheless, payments made to the participants in the ICSDs and thereafter to any other intermediary FFIs in the custodial chain through to the ultimate investors may constitute in whole or part foreign passthru payments (as eventually defined) which are subject to FATCA withholding, and so investors are encouraged to consider the compliance with FATCA of such participants and intermediaries and to provide them with any information, forms, or consents that may be necessary for them to make payments free of FATCA withholding. Also, it is contemplated that the Global Registered Notes may be exchanged into definitive form and so be taken out of the ICSDs. If this were to happen, a non-FATCA compliant holder or Recalcitrant Holder of a definitive Note could be subject to FATCA withholding under certain circumstances. There is no obligation on the Issuer to gross up any deduction for FATCA withholding made anywhere in the payment chain.

**FATCA is particularly complex and prospective investors should consult their tax advisers on how these rules may apply to payments they receive in connection with the Notes.**

## **THE PROPOSED FINANCIAL TRANSACTIONS TAX**

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in certain participating Member States.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the 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 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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

## SUBSCRIPTION AND SALE

All Notes will initially be sold to Bedford Row Capital Advisers Limited as the settlement agent (the "**Settlement Agent**") and may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Settlement Agent. Potential investors in the Notes must apply directly to the Settlement Agent through a broker or other custodian or intermediary via the appropriate clearing system (see the section "*Book-Entry Clearing Systems*"). Applications may not be made directly to the Issuer. Details of the Settlement Agent are set out in the applicable Pricing Supplement.

Notes may be offered for sale from time to time by any entity appointed as a promoter (the "**Promoters**") and listed as such in the applicable Pricing Supplement.

The Issuer has the power to appoint additional Promoters from time to time, provided the Issuer makes a Regulatory News Services announcement on the London Stock Exchange.

**United States of America:** Regulation S Category; TEFRA D or TEFRA C as specified in the relevant Pricing Supplement or neither if TEFRA is specified as not applicable in the relevant Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Promoter and Settlement Agent has agreed that it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Paying Agent or the Issuer by such Promoter or the Settlement Agent (or, in the case of a sale of a Tranche of Notes to or through more than one Promoter, by each of such Promoters as to the Notes of such Tranche offered by or through it, in which case the Paying Agent or the Issuer shall notify each such Promoter when all such Promoters have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and the Settlement Agent or such Promoter will have sent to each entity to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any entity (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **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**"), each Promoter and the Settlement Agent has represented, warranted and agreed, and each further Promoter appointed under the Programme will be required to represent, warrant and agree, 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 Notes which are the subject of the offering contemplated by this Listing Particulars as completed by the Pricing Supplement in relation thereto (or are the subject of the offering contemplated by a Drawdown Particulars, as the case may be) 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 Notes to the public in that Relevant Member State:

1. *Approved listing particulars*: if the Pricing Supplement or Drawdown Particulars in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a listing particulars in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such listing particulars which is not a Drawdown Particulars has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such listing particulars or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
2. *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
3. *Fewer than 150 offerees*: at any time to fewer than 150 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), subject to obtaining the prior consent of the Settlement Agent; or
4. *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (1) to (3) above shall require the Issuer or the Settlement Agent 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 Notes to the public**" in relation to any 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the 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.

## UNITED KINGDOM

Each Promoter and the Settlement Agent has represented, warranted and agreed that:

1. **No deposit-taking**: in relation to any Notes having a maturity of less than one year:
  - a. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
  - b. it has not offered or sold and will not offer or sell any Notes other than to persons:
    - i. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - ii. who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

2. **Financial promotion:** 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
3. **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## GENERAL

Each Promoter and the Settlement Agent has represented, warranted and agreed that (to the best of its knowledge and belief) it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Listing Particulars or any Pricing Supplement or any related offering material, in all cases at its own expense.

Other persons into whose hands this Listing Particulars or any Pricing Supplement comes are required by the Issuer and the Settlement Agent to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Listing Particulars or any Pricing Supplement or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement or in a supplement to this Listing Particulars.

## POTENTIAL INVESTORS

Potential investors will be required to confirm that they are: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (b) high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order and/or (c) certified high net worth individuals falling within Article 48 of the Order and/or (d) sophisticated investors falling within Article 50 of the Order and/or (e) self-certified sophisticated investors falling within Article 50A of the Order, so that, in each case, section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer and/or (f) persons to whom this Listing Particulars can be sent lawfully in accordance with all other applicable securities laws.

Each potential investor who is a certified high net worth individual pursuant to Article 48 of the Order must complete the certification below under "Statement for Certified High Net Worth Individual".

Each potential investor who is a certified sophisticated investor pursuant to Article 50 of the Order must complete the certification below under "Statement for Certified Sophisticated Investor".

Each potential investor who is a self-certified sophisticated investor pursuant to Article 50A of the Order must complete the certification below under "Statement for Self-Certified Sophisticated Investor".

### **Statement for Certified High Net Worth Individual**

I declare that I am a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

I understand that this means:



- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority;
- (b) the content of such financial promotions may not conform to rules issued by the Financial Conduct Authority;
- (c) by signing this statement I may lose significant rights;
- (d) I may have no right to complain to either of the following:
  - (i) the Financial Conduct Authority; or
  - (ii) the Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual because **at least one of the following applies:**

- (a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more;
- (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. Net assets for these purposes do not include—
  - (i) the property which is my primary residence or any loan secured on that residence;
  - (ii) any rights of mine under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or
  - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

***Statement for Certified Sophisticated Investor***

I make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to investments of the kind set out in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Please also supply certificate from FCA authorised person confirming that you are sufficiently knowledgeable to understand the risks associated with the type of investments being issued by the Issuer.

***Statement for Self-Certified Sophisticated Investor***

I declare that I am a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act (Financial Promotion) Order 2005.

I understand that this means:

- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority;
- (b) the content of such financial promotions may not conform to rules issued by the Financial Conduct Authority;
- (c) by signing this statement I may lose significant rights;
- (d) I may have no right to complain to either of the following—
  - (i) the Financial Conduct Authority; or
  - (ii) the Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a self-certified sophisticated investor **because at least one of the following applies:**

- (a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;
- (b) I have made more than one investment in an unlisted company in the two years prior to the date below;
- (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
- (d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

**I accept that I can lose my property and other assets from making investment decisions based on financial promotions.**

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## BENCHMARKS REGULATION

Interest payable under the Notes may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Listing Particulars, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmarks Regulation (the "**ESMA Benchmarks Register**") are set out below.

<b>Benchmark</b>	<b>Administrator</b>	<b>Administrator appears on ESMA Benchmarks Register?</b>
LIBOR	ICE Benchmark Administration Limited	<p>No</p> <p>As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that ICE Benchmark Administration Limited is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)</p>
EURIBOR	European Banking Federation	<p>No</p> <p>As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Banking Federation is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)</p>

## GENERAL INFORMATION

### AUTHORISATION

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on [ ]. The submission of this Listing Particulars by the Issuer was authorised by a resolution of the board of directors of the Issuer passed on [ ]. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### LEGAL AND ARBITRATION PROCEEDINGS

There are not, and have not been, any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Listing Particulars, a significant effect on the financial position or profitability of the Issuer.

### SIGNIFICANT/MATERIAL CHANGE

There has been no material adverse change in the financial position or prospects of the Issuer since the date of the Issuer's last published audited financial statements.

### DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected physically in hard copy during normal business hours at the offices of the Issuer at 1 Bedford Row, London WC1R 4BZ for as long as securities issued under this Programme are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market:

1. the constitutive documents of the Issuer;
2. the Agency Agreement;
3. the Trust Deed;
4. the independent auditor's report; and
5. the financial statements of the Issuer.

### MATERIAL CONTRACTS

There are no other contracts having been entered into outside the ordinary course of any of the Issuer's businesses, which are, or may be, material and contain provisions under which the Issuer has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes, except for the;

1. **The Trust Deed**; dated 14 November 2016 and made between Audley Funding plc as Issuer and Truva Services Limited (formerly known as GRM Law Trustees Limited) as Trustee;

Summary: The Notes are constituted by, are subject to, and have the benefit of the Trust Deed in an aggregate issue amount outstanding at any one time not exceeding the Programme Limit of £200,000,000 and to be constituted under the Trust Deed in separate Series from time to time, which Notes shall be secured separately and apart from the Notes of any other Series;

2. **The Deed of Charge**; dated 14 November 2016 and made between Audley Funding plc as Issuer and Truva Services Limited (formerly known as GRM Law Trustees Limited) as Trustee;

Summary: The Notes of a Series will be secured in favour of the Trustee (for the benefit of the Noteholders and the Issuer Secured Creditors in respect of such Series) by a fixed first

priority charge over all of its rights in respect of the Secured Assets and the Transaction Documents to the extent that they relate to such Series and, where applicable, over any segregated bank accounts opened by the Issuer in respect of such Series;

3. **The Intercreditor Deed;** dated 14 November 2016 and made between Audley Funding plc as Issuer and Truva Services Limited (formerly known as GRM Law Trustees Limited) as Trustee;

Summary: The Trustee and the Issuer agree that the Secured Assets in respect of a Series shall be held separately by the Trustee in respect of each Series, that any amounts recovered by way of enforcement by the Trustee of the Secured Assets in respect of a Series shall be applied only to the relevant Series in accordance with the Priority of Payments for such Series; and the proceeds of enforcement and/or other realisations derived from the assets of the Issuer in relation to any Series shall be applied exclusively towards the Secured Liabilities of the Issuer in respect of that Series (in accordance with the Priority of Payments) and shall not be applied towards the Secured Liabilities of any other Series in any circumstances;

4. **The Issuer Administration Agreement;** dated 14 November 2016 and made between Audley Funding plc as Issuer, S.C.R. Secretaries Limited as Issuer Administrator and Truva Services Limited (formerly known as GRM Law Trustees Limited) as Trustee;

Summary: The Issuer appoints the Issuer Administrator to perform each of the obligations set out in the Issuer Administration Agreement applicable to it and the Issuer Administrator therein accepts such appointments with such obligations on the Issuer Administrator including, but not limited to, responsibility for the corporate administration of the Issuer, determination of the total amount of any Expenses payable during the next following Interest Period and procure the appointment of one person in the capacity of company secretary;

5. **The Servicer Agreement;** dated 14 November 2016 and made between Audley Funding plc as Issuer, Bedford Row Capital Advisers Limited as Servicer and Truva Services Limited (formerly known as GRM Law Trustees Limited) as Trustee;

Summary: The Issuer appoints the Servicer to perform various duties with respect to the Borrower Loans in accordance with the terms and conditions of the Servicer Agreement, such duties including, but not limited to, review Borrower Loans for compliance with applicable eligibility criteria, arrange and broker the entry into or purchase of the Borrower Loans by the Issuer, prior to any Issue Date collect from potential purchasers of Notes the fees in respect of the costs necessarily incurred by the Issuer, make indicative pricing on an appropriate and perform such other activities as shall be agreed from time to time.

#### **CLEARING OF THE NOTES**

The Notes may be accepted for clearance through CREST. CREST is the electronic system for paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755). The address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

If so specified in the applicable Pricing Supplement, interests in the Notes may also be held through CREST through the issuance of CDIs representing Underlying Notes. The address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

#### **NOTES HAVING A MATURITY OF LESS THAN ONE YEAR**

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

#### **ISSUE PRICE AND YIELD**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the Settlement Agent at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes will be set out in the applicable Pricing Supplement. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Pricing Supplement will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

#### **PROMOTERS AND SETTLEMENT AGENT TRANSACTING WITH THE ISSUER**

Certain of the Promoters, the Settlement Agent and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

#### **TRUSTEE'S ACTION**

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

#### **POST-ISSUANCE REPORTING**

The Issuer does not intend to provide post-issuance transaction information regarding any issues of Notes or regarding the Issuer Security.

#### **LEGAL COUNSEL - DISCLAIMER**

Greenwoods GRM LLP acts as English legal counsel to the Issuer and the Trustee. Greenwoods GRM LLP is a multi-lawyer partnership and no single partner within Greenwoods GRM LLP acts

for both the Issuer and the Trustee. In connection with the Issuer's offering of Notes and subsequent advice to the Issuer and the Trustee, Greenwoods GRM LLP will not be representing Noteholders or applicants. No independent legal counsel has been retained to represent the Noteholders. Greenwoods GRM LLP's representation of the Issuer is limited to specific matters as to which it has been consulted by the Issuer. There may exist other matters that could have a bearing on the Issuer as to which Greenwoods GRM LLP has not been consulted. In addition, Greenwoods GRM LLP does not undertake to monitor compliance by the Issuer of its obligations under the Notes nor does Greenwoods GRM LLP monitor ongoing compliance with applicable laws.

In connection with the preparation of this Listing Particulars, Greenwoods GRM LLP's responsibility is limited to acting as English legal counsel to the Issuer. It does not accept responsibility in relation to any other matters referred to or disclosed in this Listing Particulars. In the course of advising the Issuer, there are times when the interests of Noteholders may differ from those of the Issuer. Greenwoods GRM LLP does not represent the Noteholders' interests in resolving these issues. In reviewing this Listing Particulars, Greenwoods GRM LLP has relied upon information furnished to it by the Issuer and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Issuer.

#### **DOCUMENTS ON DISPLAY**

Copies of the following documents may be inspected physically in hard copy during normal business hours at the offices of the Issuer at Audley Funding PLC, 1 Bedford Row, London WC1R 4BZ from the date of this Listing Particulars and throughout the entire lifespan of the securities being listed on the Official List and throughout the entire lifespan of the securities being admitted to trading on the Global Exchange Market of Euronext Dublin:

1. the constitutive documents of the Issuer;
2. the Trust Deed;
3. the Deed of Charge;
4. the Intercreditor Deed;
5. the Agency Agreement; and
6. the Servicer Agreement.

The documents set out under "Documents on Display" above are incorporated into these Listing Particulars by reference.

## **APPENDIX 1**



# **Audley Funding PLC**

(Registered number: 10364982)

## **Annual report and consolidated financial statements**

For the period from incorporation on 8 September 2016 to 30  
September 2017

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## **Company Information**

**For the period from incorporation on 8 September 2016 to 30 September 2017**

**Registered Number: 10364982**

### **Directors**

David Davies  
Kevin Haines  
Roger Johnson

### **Servicing agent**

Bedford Row Capital Advisers Limited  
1 Bedford Row  
London  
WC1R 4BZ

### **Registered office**

1 Bedford Row  
London  
WC1R 4BZ

### **Company secretary**

S.C.R. Secretaries Limited  
1 Bedford Row  
London  
WC1R 4BZ

### **Trustee**

GRM Law Trustees Limited  
1 Bedford Row  
London  
WC1R 4BZ

### **Registrar**

Avenir Registrars  
5 St John's Lane  
Farringdon  
London  
EC1M 4BH

### **Auditor**

MHA MacIntyre Hudson  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

### **Banker**

Coutts Bank  
440 Strand  
London  
WC2R 0QS

## **Group strategic report**

### **For the period from incorporation on 8 September 2016 to 30 September 2017**

The Directors of Audley Funding PLC ("the Company") present the strategic report of the Company and its subsidiary, AF Acquisition I Limited (the "Subsidiary" and together the "Group") for the period ended 30 September 2017.

#### **Incorporation, principal activities and business review**

The Company was incorporated on 8 September 2016 as a corporate securitisation vehicle to issue listed, transferable securities ("Series") under one or more secured note programmes (the "Secured Note Programmes"). The Company uses the net proceeds of the Notes to provide loans or acquire asset-backed investments that meet the eligibility requirements as specified in the Secured Note Programmes documentation. Each Series will have a sponsor the "Sponsor") which is involved in the initiation process of the Series whereby the Sponsor will fund any listing fees, expenses and associated costs.

During the period, the Company has created one Secured Note Programme and listed securities on the Irish Stock Exchange, Channel Islands Stock Exchange and Frankfurt Stock Exchange. The Company and the Group are established in these markets and have contractual relationships with service providers for the Secured Note Programme to ensure they operate within the requirements of the various stock exchanges.

#### **Results**

There was a profit of £1,556,247 for the period but £1,835,621 of this is attributable to fixed rate Notes 2036 and a loss of £231,381 is attributable to the floating rate Notes due 2037. A loss of £47,993 is attributable to the shareholders of Audley Funding PLC. The Group listed seven Notes during the period with total proceeds of £11.7m.

No comparatives are presented as this is the Company's first period of operation.

#### **Key performance indicators (KPIs)**

The key performance indicators, as set and monitored by the management of the Group, are:

- Proceeds from Series issued: in the first twelve months Series with a nominal value of £11.7m were issued. This was in line with forecast and the Directors anticipated further Note issues in the current year.
- Cash flows in relation to each Series: the Directors have been successful in making all of the relevant coupon payments for all of the Series on time for the period to 30 September 2017 and since that date.
- Performance of underlying investments: there has been no impairment of loans and holdings of development properties have increased in value. Holdings in investment funds have a fair value at 30 September 2017 which is less than cost.
- Performance of service providers: the Directors are satisfied with services provided and have not needed to change providers or re-negotiate service level standards.

## **Group strategic report**

**For the period from incorporation on 8 September 2016 to 30 September 2017**

### **Future developments**

The Directors anticipate no significant changes to the Group's activities and intend to issue further Notes in 2018.

### **Principal risks**

#### *Credit risk*

The Group is exposed to the risk that borrowers will not fulfil their obligations to repay amounts borrowed and interest accrued. Default risk may arise from events which are outside the Group's control.

The successful management of credit risk is central to the Group's business and the Directors regularly review the Group's credit exposure to the borrowers. The risk of non-payment is mitigated to a large extent by legal charge over the assets of the borrowers. Prior to extending facilities to any borrower, their business model, the cash flow forecast and the credit worthiness of borrowers is assessed.

#### *Liquidity risk*

Like any business, the Group is exposed to a liquidity risk relating to the requirement to fund its operations and meet obligations to Note holders. The Directors regularly review the Group's forecast cash flows and take a view on the ability of the borrowers to meet their commitments under the loan agreements so that they can take appropriate action to mitigate the risk that any liabilities may not be covered by liquid resources at any point in time.

#### *Market risk*

The market risks relevant to the Group are interest rate, the market price of any investments held and foreign exchange risks for investment held in other currencies other than the currency of the Series issued.

The Group has no exposure to interest rate risk as it pays and receives interest at a fixed rate on Series issued and the loans made. As the Series issued and the loans made are at fixed rates this mitigates any exposure to movements in market interest rates.

The Group invests in development property and investment funds which gives exposure to price risk. The Directors monitor this risk in relation to investment properties through regular valuation using independent professional valuation agents. The investment funds have a market value based on net assets.

The property investment is denominated in Euro and, as the Notes issued to fund the investment are in GBP and US Dollars, as well as Euros, foreign exchange exposure arises. This exposure is mitigated by an element of matching foreign currency assets and liabilities. Other Notes are denominated in Pounds Sterling and invested in Pound Sterling denominated assets.

*DR Davies*

.....  
**DAVID DAVIES**

Director

4 April 2018

## **Directors' report**

**For the period from incorporation on 8 September 2016 to 30 September 2017**

**Registered Number: 10364982**

The Directors present their report together with the audited financial statements of Audley Funding PLC ("the Company") and its Subsidiary ("the Subsidiary" and together "the Group"), for the period from incorporation on 8 September 2016 to 30 September 2017.

### **Directors**

The Directors in office during the period were as follows:

Justin Benjamin	(appointed 8 September 2016, resigned 14 February 2018)
Kevin Haines	(appointed 26 February 2018)
Alistair Evans	(appointed 8 September 2016, resigned 5 February 2018)
Roger Johnson	(appointed 5 February 2018, resigned 5 February 2018)
David Davies	(appointed 8 September 2016)

### **Going concern**

The Directors intend that the Company and Group will continue to raise financing through Secured Note Programmes to generate borrowing facilities for businesses and support investment opportunities, and that this activity will generate sufficient resources to enable the Group and Company to meet its liabilities as they fall due. Accordingly, the financial statements are prepared on the going concern basis.

### **Statement as to disclosure of information to auditor**

So far as the Directors are aware, there is no relevant audit information (as required by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, MHA McIntyre Hudson, was appointed during the period and will be ratified at the Annual General Meeting approving these financial statements.

*DD Davies*

.....  
**DAVID DAVIES**

Director

4 April 2018

## **Directors' report**

### **For the period from incorporation on 8 September 2016 to 30 September 2017**

The Directors are responsible for preparing the strategic report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' 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 Group and the Company at the end of the period and of the profit or loss of the Group for the period then ended.

In preparing the 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;
- follow applicable United Kingdom accounting standards, subject to departures disclosed and explained in the financial statements; 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 which 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Audley Funding PLC**

### **Opinion**

We have audited the financial statements of Audley Funding PLC (the 'Company') for the period ended 30 September 2017 which comprise the Consolidated statement of comprehensive income, Consolidated and Company Statements of financial position, Consolidated and Company Statements of changes in equity, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Company's affairs as at 30 September 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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## **Independent Auditor's Report to the Members of Audley Funding PLC (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the directors' report for the financial period
- for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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; or

### **Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement as 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/audit-assurance>. This description forms part of our auditor's report.

Deborah Weston (Senior Statutory Auditor)  
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

4 April 2018

**Consolidated statement of comprehensive income  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

		8 September 2016 to 30 September 2017
	Note	£
Interest income	4	56,005
Interest expense	6	(279,253)
<b>Net interest expense</b>		<b>(223,248)</b>
Other income	5	262,736
Administrative expenses		(592,503)
<b>Operating loss</b>		<b>(553,015)</b>
Unrealised gain on investments at fair value through profit or loss		2,109,262
<b>Profit before tax</b>		<b>1,556,247</b>
Tax on profit	9	-
<b>Net profit and total comprehensive income for the financial period</b>		<b>1,556,247</b>
<b>Net profit and total comprehensive income for the financial period attributable to:</b>		
Fixed rate Notes 2036		1,835,621
Floating rate Notes 2037		(231,381)
Owners of the parent		(47,993)
		<b>1,556,247</b>

All amounts are in respect of continuing activities.

The notes on pages 13 to 27 form part of these financial statements.

**Consolidated and Company statement of financial position  
as at 30 September 2017**

	Notes	Group 2017 £	Company 2017 £
<b>Non-current assets</b>			
Development properties	10	7,493,607	-
Loans	11	1,908,063	7,783,686
Investments	13	2,878,637	2,878,638
		<b>12,280,307</b>	<b>10,662,324</b>
<b>Current assets</b>			
Debtors	14	97,167	456,625
Cash and cash equivalents		1,354,003	1,354,003
		<b>1,451,170</b>	<b>1,810,628</b>
<b>Liabilities</b>			
Amounts falling due within one year	15	(437,310)	(1,192,916)
<b>Net current assets</b>		<b>1,013,860</b>	<b>617,712</b>
<b>Amounts falling due after one year</b>			
Interest-bearing Notes	12	(11,687,920)	(11,687,920)
<b>Net assets</b>		<b>1,606,247</b>	<b>(407,884)</b>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Reserves		1,556,247	(457,884)
		<b>1,606,247</b>	<b>(407,884)</b>

These financial statements were approved and authorised for issue by the Company's Directors on 4 April 2018.

*D.R. Davies*  
.....  
**DAVID DAVIES**  
Director

The notes on pages 13 to 27 form part of these financial statements.

**Consolidated and Company statement of changes in equity for the period  
from incorporation on 8 September 2016 to 30 September 2017**

<b>Group</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Owners of parent</b>	<b>Total</b>
	£	£	£	£
Issuance of share capital	50,000	-	50,000	50,000
Owners of the parent	-	(47,993)	(47,993)	(47,993)
Floating rate Notes 2037	-	(231,381)	-	(231,381)
Fixed rate Notes 2036	-	1,835,621	-	1,835,621
At 30 September 2017	<u>50,000</u>	<u>1,556,247</u>	<u>2,007</u>	<u>1,606,247</u>

<b>Company</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Owners of parent</b>	<b>Total</b>
	£	£	£	£
Issuance of share capital	50,000	-	50,000	50,000
Owners of the parent	-	(47,993)	(47,993)	(47,993)
Floating rate Notes 2037	-	(231,381)	-	(231,381)
Fixed rate Notes 2036	-	(178,510)	-	(178,510)
At 30 September 2017	<u>50,000</u>	<u>(457,884)</u>	<u>2,007</u>	<u>(407,884)</u>

The notes on pages 13 to 26 form part of these financial statements.

**Consolidated cash flow statement  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

	8 September 2016 to 30 September 2017 £
<b>Cash flows from operating activities</b>	
Profit before tax	1,556,247
Adjustments for:	
Increase in debtors	(59,667)
Increase in creditors	437,310
Unrealised gains on investments	(2,109,262)
Increase in deferred tax liability	-
<b>Net cash generated from operating activities</b>	<u>(175,372)</u>
<b>Cash flows from investing activities</b>	
Increase in loans receivable	(1,908,063)
Acquisition of development property	(5,189,076)
Acquisition of investments	(3,073,905)
<b>Net cash used in investing activities</b>	<u>(10,171,044)</u>
<b>Cash flows from financing activities</b>	
Paid up share capital	12,500
Proceeds from issue of interest-bearing Notes	11,687,919
<b>Net cash generated from financing activities</b>	<u>11,700,419</u>
<b>Net increase in cash and cash equivalents</b>	
Cash and cash equivalents at date of incorporation	-
<b>Cash and cash equivalents at 30 September 2017</b>	<u>1,354,003</u>

The notes on pages 13 to 27 form part of these financial statements.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**1. General information**

Audley Funding PLC ("the Company") and its subsidiary, AF Acquisition I Limited ("the Subsidiary") (together, "the Group"), are registered in England and Wales. The address of the registered office of the Company and the Subsidiary is 1 Bedford Row, London, WC1R 4BZ.

**2. Accounting policies**

**2.1 Basis of preparation**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom accounting standards, incorporating Financial Reporting Standards 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006.

The financial statements consolidate the financial statements of the Company and its Subsidiary. All intragroup transactions and balances have been eliminated in the Group financial statements. Consistent accounting policies have been applied throughout the Group.

The Company has taken advantage of the exemption contained in section 408 of the Companies Act 2006 not to present its own profit and loss account. The Company's loss for the period was £457,884.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Relevant disclosure is set out in note 3.

The following principal accounting policies have been applied:

**2.2 Interest income and expense**

Interest income and expense are recognised in the income statement on an effective interest rate ("EIR") basis. The EIR is the rate that, at the inception of the financial asset or liability, discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Directors estimate cash flows considering all contractual terms of the instrument but do not consider risk of the assets' future credit losses.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**2. Accounting policies (continued)**

**2.2 Interest income and expense (continued)**

At each reporting date, management makes an assessment of the expected remaining life of its interest bearing financial assets and liabilities and where there is a change in those assessments the remaining amount of any unamortised discounts or premiums is recognised prospectively.

The calculation of the EIR includes all transaction costs and fees paid or received that are an integral part of the finance cost.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

**2.3 Taxation and deferred taxation**

Provision is made for corporation tax at current rates on the excess of taxable income over allowable expenses. The Company is currently seeking approval from HMRC to be taxed under the Taxation of Securitisation Companies Regulations 2006.

**2.4 Functional and presentation currency**

The functional and presentation currency of the Group is Pounds Sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Pounds Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**2. Accounting policies (continued)**

**2.5 Financial instruments**

*Financial assets*

The Group's financial assets comprise receivables, cash balances, cash equivalents, loans, holdings in investment funds and investment in development properties. The Company's financial assets comprise receivables, cash balances, cash equivalents, loans, holdings in investment funds and its investment in the Subsidiary.

Cash and cash equivalents comprise cash at bank and deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Receivables are measured initially at transaction price and thereafter at the amount expected to be received. Any impairment loss is recognised in the statement of comprehensive income.

Loans are initially recognised on the date they originate at transaction price plus transactions costs directly attributable to the financial asset. Subsequently, they are measured at amortised cost using the EIR. Amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the amount advanced and the maturity amount, less any impairment provisions.

Development properties are measured initially, and for the first two quarter ends they are held, at transaction price as an approximation to their fair value. Thereafter fair value is estimated by the Directors based on independent professional valuation. The independent valuation process takes place annually, with a review and updates being applied on a quarterly basis as appropriate. The valuer is Gerald Eve LLP and the valuation is carried out by RICS Registered Valuers in accordance with the Valuation – Global Standards 2017 of the Royal Institution of Chartered Surveyors (RICS).

Holdings in investment funds are initially measured at transaction value and thereafter at fair value through profit and loss based on the fund net asset value.

Investment in subsidiary is measured at cost.

Financial assets are derecognised when they are qualifying transfers and the rights to receive cash flows from the assets have ceased and the Group has transferred substantially all the risks and rewards of ownership of the assets.



**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

*Impairment*

An impairment loss is measured as the difference between an asset's carrying amount and best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

*Financial liabilities*

The Group's financial liabilities comprise trade and other payables and interest-bearing Notes.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. These are measured initially at transaction price and thereafter at the amount expected to be paid.

Interest-bearing Notes have a contractual obligation to deliver cash, or other financial assets, and are categorised as financial liabilities measured at amortised cost using the EIR, taking account of any discount or premium on the issue and directly attributable costs that are an integral part of the EIR, over the period to the repayment date of the instrument. All interest-bearing Notes issued by the Group are classified as financial liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*Fair value of financial liabilities*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of an asset reflects its non-performance risk.

Where applicable, the Group measures the fair value of a financial instrument using its quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide a current price on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation techniques incorporate all the factors that market participants would take into account in pricing a transaction.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price, being the fair value of the consideration received or given.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

*Fair value of financial liabilities (continued)*

The carrying amounts of cash, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*Offsetting*

Financial assets and liabilities are offset, and the net amounts presented in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.6 Expenses**

Expenses incurred are recognised on an accruals basis.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at date of the balance sheet and the amounts reported for revenue and expenses during the period.

No significant judgements are required in the process of applying the accounting policies.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are addressed below.

**Effective Interest Rate**

FRS 102 requires interest earned and incurred on loans and borrowings respectively to be measured under the EIR method. Management must therefore use judgement to estimate the expected life of each instrument and hence the expected cash flows relating to it.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**3. Judgements in applying accounting policies and key sources of estimation  
uncertainty (continued)**

**Loan impairment provisions**

Loans receivable are assessed on an at least yearly basis for impairment. In determining whether an impairment provision should be recorded, judgements are made as to whether there is objective evidence that a financial asset is impaired as a result of loss events that occurred after recognition of the asset and by the reporting date. The calculation of the impairment loss is management's best estimate of losses at the statement of financial position date and reflects expected future cash flows based on both the likelihood of a loan or advance being written off and the estimated loss on such a write-off, taking into account the value of security held.

**Valuation of development properties**

Development properties are measured at fair value as estimated by the Directors based on independent valuation.

**Impairment of debtors**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit ratings, the ageing profile and historical experience of the debtor. Note 13 contains details of the net carrying amount of the debtors and any associated impairment provision.

**4. Income**

	8 September 2016 to 30 September 2017
<b>Interest</b>	£
Loan interest income	56,005
	<u>56,005</u>

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**5. Other Income**

8 September  
2016 to 30  
September 2017

Fee from property developer

262,736  
262,736

**6. Interest expense**

8 September 2016  
to 30 September  
2017

Fixed rate Note due 2022 – issued at 12%  
Fixed rate Note due 2022 – issued at 7.25%  
Fixed rate Note due 2036 – issued at 6%

30,008  
10,338  
238,907  
279,253

**7. Directors' remuneration**

No remuneration was payable in respect of Directors' services to the Group in the period.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**8. Operating profit**

The operating profit is stated after charging:

	8 September 2016 to 30 September 2017 £
Remuneration of auditor:	
Audit Services	30,000
Non-audit services	<u>4,500</u>

**9. Taxation**

	8 September 2016 to 30 September 2017 £
Analysis of charge in the period	
Current tax:	
UK corporation tax charge for period	-
Total current tax for the period	<u>-</u>
Deferred tax:	
Charge for period	-
Total deferred tax for the period	<u>-</u>
Total tax charge for the period	<u>-</u>

The Finance Act 2005 provided that corporation tax for a 'securitisation company' within the meaning of the Act, would be calculated with reference to UK GAAP as applicable up to 31 December 2004, for accounting periods ending by 1 January 2008. Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in November 2006 which ensures that, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the retained profit of the securitisation company.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**9. Taxation (continued)**

**Factors affecting current tax charge for the period:**

The current taxation charge for the period is different from the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	8 September 2016 to 30 September 2017
Profit on ordinary activities before taxation	<u>1,556,247</u>
Theoretical tax at corporation tax rate of 20% (2016: 20%)	311,249
Effect of:	
Non-taxable	
Losses carried forward	(320,848)
	<u>9,598</u>
	<u>-</u>

## Audley Funding PLC

### Notes to the consolidated financial statements for the period from incorporation on 8 September 2016 to 30 September 2017

#### 10. Development properties

	Group 2017	Company 2017
	£	£
At 8 September 2016	-	-
Acquisition of properties in period	5,189,076	-
Unrealised gains	2,304,531	-
At 30 September 2017	<u>7,493,607</u>	<u>-</u>

#### 11. Loans

	Group 2017	Company 2017
	£	£
Loans advanced	1,908,063	1,908,063
Intercompany loans	-	5,189,309
Amounts falling due:		
Not later than one year	-	686,314
Later than one year and not later than five years	1,908,063	1,908,063
Later than five years	-	5,189,309
	<u>1,908,063</u>	<u>7,783,686</u>

No impairment provisions are required.

#### 12. Interest-bearing Notes

	Group 2017	Company 2017
	£	£
Issued in the period	<u>11,687,920</u>	<u>11,687,920</u>

The Notes in issue at 30 September 2017 are as follows:

	Nominal	Coupon	Maturity date
£1,000,000 secured floating rate Note due 2031	101,000	*	9 December 2031
£10,000,000 secured fixed rate Note due 2036	4,122,410	6.00%	30 October 2036
€5,986,387 secured fixed rate Note due 2036	1,816,387	6.00%	30 October 2036
\$5,000,000 secured fixed rate Note due 2036	203,116	6.00%	30 October 2036
£3,500,000 secured fixed rate Note due 2022	1,941,816	12.00%	27 February 2022
£1,100,000 secured fixed rate Note due 2022	665,368	7.25%	28 February 2022
£5,000,000 secured floating rate Note due 2037	3,151,128	*	23 June 2037

\*Floating rate notes

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September 2017**

**12. Interest-bearing Notes (continued)**

Notes were issued to the noteholders under the individual listing particulars and are due to be redeemed at the maturity dates set out above. Notes were floated on the Irish Stock Exchange, Channel Islands Stock Exchange and Frankfurt Stock Exchange during the period ended 30 September 2017. Interest is accrued at the coupon rates set out above, except that in the case of the fixed rate notes 2022 and 2036, the noteholders are entitled to all returns on their notes, in addition to the coupons, on redemption.

**13. Investments**

	Group 2017	Company 2017
	£	£
At 8 September 2016	-	-
Acquisition of subsidiary	-	1
Acquisition of holding in investment fund	3,073,905	3,073,905
Unrealised loss	(195,268)	(195,268)
At 30 September 2017	<u>2,878,637</u>	<u>2,878,638</u>

Details of the subsidiary:

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of activity / incorporation</u>	<u>Equity holding</u>
AF Acquisition I	Property investment	United Kingdom	100%

**14. Debtors**

	Group 2017	Company 2017
	£	£
Accrued income	59,667	59,667
Intercompany debtors	-	359,458
Unpaid share capital	37,500	37,500
	<u>97,167</u>	<u>456,625</u>



**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**15. Creditors - amounts falling due within one year**

	Group 2017 £	Company 2017 £
Trade creditors	119,988	375,879
Accrued expenses	221,099	34,500
Interest payable	96,223	96,223
Other creditors	-	686,314
	<u>437,310</u>	<u>1,192,916</u>

**16. Financial instruments**

	Group 2017 £	Company 2017 £
Financial assets		
Financial assets categorised as debt instruments measured at amortised cost	2,017,730	8,275,805
Cash and cash equivalents	1,354,003	1,354,003
	<u>3,371,733</u>	<u>9,629,808</u>

	Group 2017 £	Company 2017 £
Financial Liabilities		
Financial liabilities at amortised cost	12,125,230	12,880,836
	<u>12,125,230</u>	<u>12,880,836</u>

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**16. Financial instruments (continued)**

	Group 2017	Company 2017
	£	£
Financial assets at fair value through profit or loss:		
Development properties	7,493,607	-
Holding in investment fund	2,878,637	2,878,637
	<u>10,372,244</u>	<u>2,878,637</u>

The Directors consider that the development properties fall within level 3 of the fair value hierarchy set out in FRS 102 on the basis that there is no quoted price for an identical asset (level 1), nor a recent transaction for an identical asset (level 2), and that the fair value of the assets are estimated using a valuation technique. The holding in investment funds falls within level 2.

**17. Risk management**

The Group's activities expose it to credit, liquidity and market risk:

**a) Credit risk**

The Group's exposure to credit risk arises from the loans it provides to small and medium sized entities. For each loan the Group obtains a legal charge on the assets it is lending against. The Directors regularly assess the credit risk on each loan.

Further credit risk arises from cash balances and receivables. Cash balances are held at highly-rated banking institutions based in the United Kingdom and cash equivalents are at reputable brokers. Receivables at the date of the statement of financial position relate to interest accrued, fees owed and recoverable expenses. The Directors regularly assess the recoverability of these amounts and make provision as appropriate.

**b) Liquidity risk**

The Group's exposure to liquidity risk arises from its obligations to trade creditors. At the date of the statement of financial position all creditors were payable on demand and the Group had sufficient cash to settle its financial liabilities. The Directors expect that the Company will retain sufficient liquid resources to meet liabilities as they fall due.

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**17. Risk management (continued)**

**c) Market risk**

The Group is exposed to price risk as a result of its holding of development properties and investment funds. The value of these development properties is assessed by independent valuers on a quarterly basis and monitored by the Directors. The holdings in investment funds are held at published underlying net asset value.

The Group has exposure to interest rate risk as it pays and receives interest on Notes issued and loans made. The Notes and loans are at fixed rates which mitigates exposure to movements in market interest rates.

The Company has direct exposure to foreign exchange risk as the Group's development properties are denominated in Euro and financed by Notes issued in US Dollars and Pounds Sterling, as well as in Euro. In addition, the Group's holding in investment funds is denominated in US Dollars and financed by Notes issued in Pounds Sterling. The Directors do not actively manage foreign exchange risk.

**18. Share capital**

Issued:	Group As at 30 September 2017 £	Company As at 30 September 2017 £
200,000 Ordinary shares of £0.25 each	<u>50,000</u>	<u>50,000</u>

The issued share capital is £12,500 paid up.

**19. Charge over assets**

As set out in the Deed of Charge related to Audley Funding PLC £200,000,000 Secured Note Programme, all the Company's assets are charged pursuant trust deeds and deeds of charge relating to Series of Notes issues as security for the Company's obligations.

**20. Related party transactions**

The Directors are the Group's key management personnel. They are remunerated by Bedford Row Capital Advisers Limited for their services to the Group.

Bedford Row Capital Advisers Limited is remunerated for its activities as Servicing Agent to the Group by the sponsors to the Group's funding activities, being, for example, the borrowers under the Group's loan arrangements and developers of the properties in which the Group invest (the "Sponsors").

**Notes to the consolidated financial statements  
for the period from incorporation on 8 September 2016 to 30 September  
2017**

**21. Ultimate controlling party**

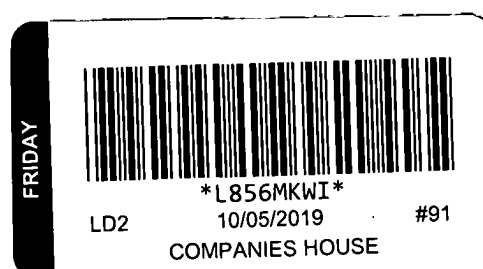
The Company is owned and controlled by the Castello Trust.

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**AUDLEY FUNDING PLC**

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**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



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## AUDLEY FUNDING PLC

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### COMPANY INFORMATION

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<b>Directors</b>	D R Davies (appointed 8 September 2016) K R Haines (appointed 26 February 2018) R D L Johnson (appointed 14 February 2018) J Benjamin (appointed 8 September 2016, resigned 14 February 2018) A R Evans (appointed 8 September 2016, resigned 5 February 2018)
<b>Company secretary</b>	S.C.R. Secretaries Limited
<b>Registered number</b>	10364982
<b>Registered office</b>	1 Bedford Row London United Kingdom WC1R 4BZ
<b>Independent auditors</b>	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor 51 Clarendon Road Watford Hertfordshire WD17 1HP

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**AUDLEY FUNDING PLC**

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## AUDLEY FUNDING PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### Introduction

The Directors of Audley Funding Plc ("the Company") present their Strategic Report of the Company and its subsidiary, AF Acquisition 1 Limited ("the Subsidiary" and together "the Group") for the year ended 30 September 2018.

#### Result

As of the end of the year the Group had 8 Series Notes in issue. Total proceeds of the Notes for the period were £36 million (2017: £12 million).

The Group has made a loss of £623 for the year (2017: -£626).

#### Incorporation, principal activities and business review

The Group was incorporated on 8 September 2016 as a corporate vehicle to issue listed, transferable securities ("Notes") in series ("Series") under one or more secured note programme (the "Secured Note Programme"). The Group uses the net proceeds of the Notes to advance loans or acquire asset-backed investments that meet the *eligibility requirements as specified in the Secured Note Programme documentation*. Each Series will have a sponsor (the "Sponsor") which is involved in the initiation process of the Series whereby the Sponsor will fund any listing fees, expenses and associated costs.

The Group has created a Secured Note Programme. Notes issued by the Group are listed on the Frankfurt Stock Exchange, the Irish Stock Exchange and the International Stock Exchange. The Group is established in the market and has contractual relationships with a variety of service providers for the Secured Note Programme to ensure they operate within the requirements of the various stock exchanges.

#### Principal risks and uncertainties

##### Credit risk

The Group is exposed to the risk that borrowers will not fulfil their obligations to repay amounts borrowed and interest accrued. Default risk may arise from events which are outside the Group's control.

The successful management of credit risk is central to the Group's business and the Directors regularly review the Group's credit exposure to the borrowers. The risk is mitigated by legal charge over the assets of the borrowers.



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## AUDLEY FUNDING PLC

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### Liquidity risk

The Group is exposed to liquidity risk arising from the requirement to fund its operations and meet obligations to Note holders. Liquidity risk is the risk that the Group is unable to meet liabilities as they arise from liquid resources. The Directors regularly review the ability of the borrowers to meet their commitments under the loan agreements. Where appropriate the Directors take advice from the trustees of the Secured Note Programme.

#### Market risk

Market risks relevant to the Group are interest rate, price and foreign exchange risks. The Group has exposure to interest rate risk as it pays and receives interest on Notes issued and loans made. There is one Series which is at floating rate, the rest of the Notes and loans are at fixed rates which mitigates exposure to movements in market interest rates.

The Group has investments which have exposure to currency market risk. The Directors monitor this risk through regular valuation using independent professional valuation agents. The property investment is denominated in Euro (EUR), and as the Notes issued to fund the investment are in Pound Sterling (GBP) and US Dollars (USD), as well as Euros, the foreign exchange exposure arises. This exposure is mitigated by an element of matching foreign currency assets and liabilities. Other Notes are denominated in Pound Sterling or US Dollars and invested in assets denominated in the same currency.

#### Financial key performance indicators

The key performance indicators, as set by the management of the Group, are:

- Proceeds from Series issued: Notes with nominal value of £36 million were issued during the period (2017: £12 million). This was in line with forecast and the Directors anticipate further issues in the current year.
- Cash flows in relation to each Series: The Directors are committed to making coupon payments and this was achieved with all the coupons being paid.
- Performance of underlying investments: There has been no impairment of loans or investments.
- The investment properties have increased in value.
- Performance of service providers: The Directors are satisfied with services provided.

#### Future developments

The Directors anticipate no significant changes to the Group's activities and intend to issue further Notes in 2018/2019.

This report was approved by the board and signed on its behalf.

*DR Davies*

.....  
**D R Davies**  
Director

Date: 9 May 2019

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## AUDLEY FUNDING PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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The directors present their report and the financial statements for the year ended 30 September 2018.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the year, after taxation, amounted to £623 (2017 - loss £626).

There were no dividends declared or paid during the period.

#### Directors

The directors who served during the year were:

D R Davies (appointed 8 September 2016)  
K R Haines (appointed 26 February 2018)  
R D L Johnson (appointed 14 February 2018)  
J Benjamin (appointed 8 September 2016, resigned 14 February 2018)  
A R Evans (appointed 8 September 2016, resigned 5 February 2018)

#### Future developments

The Directors anticipate no significant changes to the Group's activities and intend to issue further Notes in 2018/2019.

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**AUDLEY FUNDING PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

*DR Davies*  
.....  
**D R Davies**  
Director

Date: 9 May 2019

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## AUDLEY FUNDING PLC

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC

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#### Opinion

We have audited the financial statements of Audley Funding Plc (the 'parent Company') and its subsidiary (the 'Group') for the year ended 30 September 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

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## AUDLEY FUNDING PLC

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC (CONTINUED)

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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**AUDLEY FUNDING PLC**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY FUNDING PLC  
(CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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 Auditors' 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.

*Neil Cundale*

Neil Cundale Bsc FCA (Senior statutory auditor)

for and on behalf of  
**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Date: 10 May 2019.

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**AUDLEY FUNDING PLC**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Note	Year ended 30 September 2018 £	<i>As restated Period ended 30 September 2017 £</i>
Interest income	6	1,848,737	47,441
Interest expense	7	(1,994,497)	(342,239)
<b>Net Interest</b>		<u>(145,760)</u>	<u>(294,798)</u>
Administrative expenses		(274,319)	(224,352)
Other operating income	8	413,674	245,402
Fair value movements		34,957	2,177,712
Other operating charges		(29,175)	(1,904,590)
<b>Operating loss</b>	4	<u>(623)</u>	<u>(626)</u>
<b>Loss for the financial year</b>		<u><u>(623)</u></u>	<u><u>(626)</u></u>
Other comprehensive income		(16)	(1,482)
<b>Other comprehensive income for the year</b>		<u>(16)</u>	<u>(1,482)</u>
<b>Loss for the year attributable to:</b>			
Owners of the parent Company		(623)	(626)
		<u><u>(623)</u></u>	<u><u>(626)</u></u>

The notes on pages 15 to 26 form part of these financial statements.

**AUDLEY FUNDING PLC**  
**REGISTERED NUMBER: 10364982**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

	Note	30 September 2018 £	<i>As restated 30 September 2017 £</i>
<b>Non-current assets</b>			
Debtors: amounts falling due after more than one year	12	21,977,428	1,936,692
Investments	10	3,553,907	2,878,945
Investment property	11	7,569,469	7,488,325
		<u>33,100,804</u>	<u>12,303,962</u>
<b>Current assets</b>			
Fixed assets held for sale		142,139	49,796
Debtors: amounts falling due within one year	12	381,330	97,677
Cash and cash equivalents	13	4,713,808	1,305,413
		<u>5,237,277</u>	<u>1,452,886</u>
Creditors: amounts falling due within one year	14	(689,937)	(289,621)
<b>Net current assets</b>		<u>4,547,340</u>	<u>1,163,265</u>
<b>Total assets less current liabilities</b>		<u>37,648,144</u>	<u>13,467,227</u>
Creditors: amounts falling due after more than one year	15	(37,600,891)	(13,419,335)
<b>Net assets</b>		<u><u>47,253</u></u>	<u><u>47,892</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Foreign exchange reserve	19	(1,498)	(1,482)
Profit and loss account	19	(1,249)	(626)
		<u><u>47,253</u></u>	<u><u>47,892</u></u>



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AUDLEY FUNDING PLC  
REGISTERED NUMBER: 10364982

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CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 30 SEPTEMBER 2018

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*DR Davies*

.....  
D R Davies  
Director

Date: 9 May 2019

The notes on pages 15 to 26 form part of these financial statements.

**AUDLEY FUNDING PLC**  
**REGISTERED NUMBER: 10364982**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

		30 September 2018 £	As restated 30 September 2017 £
<b>Non-current assets</b>	<b>Note</b>		
Debtors: amounts falling due after more than one year	12	27,870,501	7,810,982
Investments	10	3,522,736	2,878,946
		<u>31,393,237</u>	<u>10,689,928</u>
<b>Current assets</b>			
Fixed assets held for sale		142,139	49,796
Debtors: amounts falling due within one year	12	484,693	199,027
Cash and cash equivalents	13	4,476,841	874,776
		<u>5,103,673</u>	<u>1,123,599</u>
Creditors: amounts falling due within one year	14	(670,896)	(270,776)
<b>Net current assets</b>		<u>4,432,777</u>	<u>852,823</u>
<b>Total assets less current liabilities</b>		<u>35,826,014</u>	<u>11,542,751</u>
Creditors: amounts falling due after more than one year	15	(35,777,262)	(11,493,377)
<b>Net assets</b>		<u><u>48,752</u></u>	<u><u>49,374</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Profit and loss account	19	(1,248)	(626)
		<u><u>48,752</u></u>	<u><u>49,374</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*D R Davies*

.....  
**D R Davies**

Director

Date: 9 May 2019

The notes on pages 15 to 26 form part of these financial statements.

**AUDLEY FUNDING PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Total equity £
<b>At 8 September 2016</b>	<b>12,500</b>	-	-	<b>12,500</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(626)	(626)
Other movement	-	(1,482)	-	(1,482)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,482)</b>	<b>(626)</b>	<b>(2,108)</b>
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	37,500	-	-	37,500
<b>Total transactions with owners</b>	<b>37,500</b>	<b>-</b>	<b>-</b>	<b>37,500</b>
<b>At 1 October 2017</b>	<b>50,000</b>	<b>(1,482)</b>	<b>(626)</b>	<b>47,892</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(623)	(623)
Other movement	-	(16)	-	(16)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(16)</b>	<b>(623)</b>	<b>(639)</b>
<b>At 30 September 2018</b>	<b>50,000</b>	<b>(1,498)</b>	<b>(1,249)</b>	<b>47,253</b>

The notes on pages 15 to 26 form part of these financial statements.

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**AUDLEY FUNDING PLC**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 8 September 2016</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(626)	(626)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<hr/> -	<hr/> (626)	<hr/> (626)
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	37,500	-	37,500
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	<hr/> 37,500	<hr/> -	<hr/> 37,500
	<hr/>	<hr/>	<hr/>
<b>At 1 October 2017</b>	<b>50,000</b>	<b>(626)</b>	<b>49,374</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(622)	(622)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<hr/> -	<hr/> (622)	<hr/> (622)
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2018</b>	<b>50,000</b>	<b>(1,248)</b>	<b>48,752</b>

The notes on pages 15 to 26 form part of these financial statements.

AUDLEY FUNDING PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(623)	(626)
<b>Adjustments for:</b>		
Increase in fixed assets held for sale	(92,343)	(49,796)
Increase in debtors	(20,473,947)	(1,996,869)
Increase in creditors	432,325	2,260,232
Unrealised gains on investments	(34,957)	(2,177,712)
<b>Net cash generated from operating activities</b>	<b>(20,169,545)</b>	<b>(1,964,771)</b>
<b>Cash flows from investing activities</b>		
Purchase of investment properties	(57,462)	(5,332,134)
Purchase of unlisted and other investments	(674,962)	(2,878,945)
<b>Net cash from investing activities</b>	<b>(732,424)</b>	<b>(8,211,079)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	12,500
Notes issued during year	24,308,884	11,468,465
<b>Net cash used in financing activities</b>	<b>24,308,884</b>	<b>11,480,965</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,406,915</b>	<b>1,305,115</b>
Cash and cash equivalents at beginning of year	1,305,115	-
<b>Cash and cash equivalents at the end of year</b>	<b>4,712,030</b>	<b>1,305,115</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,713,808	1,305,413
Bank overdrafts	(1,778)	(298)
	<b>4,712,030</b>	<b>1,305,115</b>

The notes on pages 15 to 26 form part of these financial statements.

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## AUDLEY FUNDING PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 1. General information

Audley Funding Plc ("the Company") and its subsidiary, AF Acquisition 1 Limited ("the Subsidiary") (together, "the Group"), are registered in England and Wales.

The registered office of the Company and the Subsidiary is 1 Bedford Row, London, United Kingdom, WC1R 4BZ.

Audley Funding Plc is a public limited company and the Subsidiary is a limited liability company.

The principal activity of the entity is to provide finance to commercial undertakings through lending and related activities.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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## AUDLEY FUNDING PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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## 2. Accounting policies (continued)

### 2.3 Foreign currency translation

#### Functional and presentation currency

The Group's functional and presentational currency is GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

### 2.4 Interest income and expense

Interest income and expense are recognised in the income statement on an effective interest rate ('EIR') basis. The EIR is the rate that, at the inception of the financial asset or liability, discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Directors estimate cash flows considering all contractual terms of the instrument but do not consider the risk of the assets' future credit losses.

At each reporting date, management makes an assessment of the expected remaining life of its interest-bearing financial assets and liabilities and where there is a change in those assessments, the remaining amount of any unamortised discounts or premiums is recognised prospectively.

The calculation of the EIR includes all transaction costs and fees paid or received that are an integral part of the finance cost.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

### 2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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## AUDLEY FUNDING PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when



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## AUDLEY FUNDING PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.10 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period.

##### Effective interest rate

FRS 102 requires interest earned and incurred on loans and borrowings respectively to be measured under the effective interest rate method. Management must therefore use judgment to estimate the expected life of each instrument and hence the expected cash flows relating to it.

##### Loan impairment provisions

Loans receivable are assessed on at least a yearly basis for impairment. In determining whether an impairment provision should be created, judgments are made as to whether there is objective evidence that a financial asset is impaired as a result of loss events that occurred after the recognition of the asset and by the reporting date. The calculation of the impairment loss is management's best estimate of losses at the balance sheet date and reflects the expected future cash flows based on both the likelihood of a loan or advance being written off and the estimated loss on such a write-off, taking into account the value of security held.

##### Valuation of development properties

Development properties are measured at fair value as estimated by the Directors based on independent valuation.

#### 4. Operating loss

The operating loss is stated after charging:

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Exchange differences	(189,520)	(133,843)

#### 5. Employees

There were no employees during the period other than the Directors, who did not receive any remuneration.

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**AUDLEY FUNDING PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**6. Interest income**

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Interest income	1,848,737	47,441
	<u>1,848,737</u>	<u>47,441</u>

**7. Interest expense**

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Interest expense on fixed rate notes	1,994,497	342,239
	<u>1,994,497</u>	<u>342,239</u>

Interest expense should be compared against the total of Interest income (Note 6) and Fee from property developer (Note 8), the net of which is £227,327 (2017: -£49,396).

**8. Other operating income**

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Other operating income	40,590	-
Fee from property developer	373,084	245,402
	<u>413,674</u>	<u>245,402</u>

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AUDLEY FUNDING PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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9. Taxation

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	Year ended 30 September 2018 £	Period ended 30 September 2017 £
Loss on ordinary activities before tax	(623)	(626)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(118)	(125)
Effects of:		
Other differences	118	125
Total tax charge for the year	-	-

Factors that may affect future tax charges

On 16 March 2017 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 17 percent with effect from 1 April 2020. These changes were substantively enacted on 6 September 2016.

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**AUDLEY FUNDING PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**10. Investments**

**Group**

	Unlisted investments £	Investments in listed bonds £	Total £
<b>Cost or valuation</b>			
At 1 October 2017	2,878,945	-	2,878,945
Additions	589,763	85,199	674,962
	<u>3,468,708</u>	<u>85,199</u>	<u>3,553,907</u>
At 30 September 2018			

**Company**

	Investments in subsidiary companies £	Unlisted investments £	Investments in listed bonds £	Total £
<b>Cost or valuation</b>				
At 1 October 2017	1	2,878,945	-	2,878,946
Additions	-	589,763	54,027	643,790
	<u>1</u>	<u>3,468,708</u>	<u>54,027</u>	<u>3,522,736</u>
At 30 September 2018				

**Details of the subsidiary are as follows:**

Name	Principal activity	Country of business / incorporation	Equity holding
AF Acquisition 1 Limited	Property investment	England and Wales	100%

AUDLEY FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. Investment property

Group

	Freehold investment property £
<b>Valuation</b>	
At 1 October 2017	7,488,325
Additions at cost	57,462
Surplus on revaluation	23,682
	<u>7,569,469</u>
<b>At 30 September 2018</b>	<u><u>7,569,469</u></u>

The 2018 valuations were made by Gerald Eve LLP, on an open market value for existing use basis.

12. Debtors

	Group 30 September 2018 £	Group 30 September 2017 £	Company 30 September 2018 £	Company 30 September 2017 £
<b>Amounts falling due after more than one year</b>				
Loans receivable from third parties	21,966,803	1,925,442	27,859,876	7,799,732
Prepayments	10,625	11,250	10,625	11,250
	<u>21,977,428</u>	<u>1,936,692</u>	<u>27,870,501</u>	<u>7,810,982</u>
	Group 30 September 2018 £	Group 30 September 2017 £	Company 30 September 2018 £	Company 30 September 2017 £
<b>Amounts falling due within one year</b>				
Called up share capital not paid	37,500	37,500	37,500	37,500
Prepayments and accrued income	343,830	60,177	447,193	161,527
	<u>381,330</u>	<u>97,677</u>	<u>484,693</u>	<u>199,027</u>

**AUDLEY FUNDING PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**13. Cash and cash equivalents**

	<b>Group 30 September 2018 £</b>	<b>Group 30 September 2017 £</b>	<b>Company 30 September 2018 £</b>	<b>Company 30 September 2017 £</b>
Cash at bank and in hand	4,713,808	1,305,413	4,476,841	874,776
Less: bank overdrafts	(1,778)	(298)	(1,482)	(185)
	<u>4,712,030</u>	<u>1,305,115</u>	<u>4,475,359</u>	<u>874,591</u>

**14. Creditors: Amounts falling due within one year**

	<b>Group 30 September 2018 £</b>	<b>Group 30 September 2017 £</b>	<b>Company 30 September 2018 £</b>	<b>Company 30 September 2017 £</b>
Bank overdrafts	1,778	298	1,482	185
Trade and other creditors	-	12,482	-	12,482
Accruals	688,159	276,841	669,414	258,109
	<u>689,937</u>	<u>289,621</u>	<u>670,896</u>	<u>270,776</u>

**15. Creditors: Amounts falling due after more than one year**

	<b>Group 30 September 2018 £</b>	<b>Group 30 September 2017 £</b>	<b>Company 30 September 2018 £</b>	<b>Company 30 September 2017 £</b>
Notes in issue	35,777,349	11,468,465	35,777,349	11,468,465
Shortfall reserve	(87)	24,912	(87)	24,912
Accruals	1,823,629	1,925,958	-	-
	<u>37,600,891</u>	<u>13,419,335</u>	<u>35,777,262</u>	<u>11,493,377</u>

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**AUDLEY FUNDING PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**16. Notes in issue**

Analysis of the maturity of the Notes in issue is given below:

	<b>Group 30 September 2018 £</b>	<i>Group 30 September 2017 £</i>	<b>Company 30 September 2018 £</b>	<i>Company 30 September 2017 £</i>
<b>Amounts falling due 2-5 years</b>				
Notes in issue	<b>26,221,288</b>	<i>2,535,535</i>	<b>26,221,288</b>	<i>2,535,535</i>
	<b>26,221,288</b>	<i>2,535,535</i>	<b>26,221,288</b>	<i>2,535,535</i>
<b>Amounts falling due after more than 5 years</b>				
Notes in issue	<b>9,556,061</b>	<i>8,932,930</i>	<b>9,556,061</b>	<i>8,932,930</i>
	<b>9,556,061</b>	<i>8,932,930</i>	<b>9,556,061</b>	<i>8,932,930</i>
	<b>35,777,349</b>	<i>11,468,465</i>	<b>35,777,349</b>	<i>11,468,465</i>

	<b>Nominal</b>	<i>Coupon</i>	<i>Maturity date</i>
£50,000,000 secured fixed rate Notes due 2022	<b>17,816,467</b>	<i>12.00%</i>	<i>27 February 2022</i>
\$50,000,000 secured fixed rate Notes due 2022	<b>6,897,529</b>	<i>12.00%</i>	<i>27 February 2022</i>
£5,000,000 secured fixed rate Notes due 2022	<b>1,507,292</b>	<i>7.25%</i>	<i>28 February 2022</i>
£25,000,000 secured fixed rate Notes due 2023	<b>53,038</b>	<i>6.75%</i>	<i>14 December 2023</i>
€20,000,000 secured fixed rate Notes due 2036	<b>1,691,652</b>	<i>6.00%</i>	<i>15 November 2036</i>
£30,000,000 secured fixed rate Notes due 2036	<b>4,187,808</b>	<i>6.00%</i>	<i>15 November 2036</i>
\$20,000,000 secured fixed rate Notes due 2036	<b>155,752</b>	<i>6.00%</i>	<i>15 November 2036</i>
£50,000,000 secured floating rate Notes due 2037	<b>3,413,813</b>	<i>*</i>	<i>23 June 2037</i>
	<b>35,723,351</b>		

\* Floating rate notes

Notes were issued to the noteholders under the individual listing particulars and are due to be redeemed at the maturity dates set out above. Notes were floated on the Irish Stock Exchange, the International Stock Exchange and Frankfurt Stock Exchange during the period ended 30 September 2018. Interest is accrued at the coupon rates set out above.

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**AUDLEY FUNDING PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**17. Financial instruments**

	Group 30 September 2018 £	Group 30 September 2017 £	Company 30 September 2018 £	Company 30 September 2017 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	4,713,808	1,305,413	4,476,841	874,776
Financial assets that are debt instruments measured at amortised cost	22,310,008	1,984,994	28,306,444	7,960,634
	<u>27,023,816</u>	<u>3,290,407</u>	<u>32,783,285</u>	<u>8,835,410</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(38,290,827)	(13,708,956)	(36,448,158)	(11,764,153)

Financial assets measured at fair value through profit or loss comprise cash or other equivalents.

Financial assets that are debt instruments measured at amortised cost comprise loans made to third parties, accrued loan interest and other accruals.

Financial liabilities measured at amortised cost comprise bonds issued and accruals.

**18. Share capital**

	30 September 2018 £	30 September 2017 £
<b>Allotted, called up and fully paid</b>		
200,000 (2017 - 200,000) Ordinary shares of £0.25 each	50,000	50,000

As at the year end, 25% of each share has been paid up, with the remaining 75% unpaid at the year end, with this balance being included in debtors.



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**AUDLEY FUNDING PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**19. Reserves**

**Foreign exchange reserve**

The foreign exchange reserve includes all current and prior period foreign exchange movements.

**Profit and loss account**

Profit and loss account includes all current and prior period retained losses.

**20. Related party transactions**

The Directors are the key management personnel of the company and they are not remunerated for their position held at the Group.

**21. Prior year adjustment**

**Revaluation of unlisted investments and related Notes**

The comparatives for the unlisted investments and related Notes have been restated to reflect their fair value at the period end.

**Mis-classification of cash and cash equivalents**

The comparatives for cash and cash equivalents have been restated to correct the mis-classification of all cash within the Parent Company, when some, in fact, resided within the Subsidiary.

**Recognition of additional obligations**

The comparatives have been restated to recognise additional contractual obligations arising on the maturity of the Notes or a winding up of the Subsidiary.

**22. Controlling party**

The shares of Audley Funding Plc are held on trust for The Castello Trust by Bedford Row Capital Advisers Limited. The ultimate controlling party is The Castello Trust.

## **PARTIES**

### **REGISTERED OFFICE OF THE ISSUER**

Audley Funding PLC  
1 Bedford Row  
London WC1R 4BZ

### **TRUSTEE**

Truva Services Limited (formerly known as GRM Law Trustees Limited)  
1 Bedford Row  
London WC1R 4BZ

### **PAYING AGENT**

Avenir Registrars Limited  
5 St. John's Lane  
London EC1M 4BH

### **CALCULATION AGENT**

Bedford Row Capital Advisers  
1 Bedford Row  
London WC1R 4BZ

### **REGISTRAR**

Avenir Registrars Limited  
5 St. John's Lane  
London EC1M 4BH

### **LEGAL ADVISOR**

Greenwoods GRM LLP  
1 Bedford Row  
London WC1R 4BZ

### **AUDITORS**

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51 Clarendon Road  
Watford  
Hertfordshire WD17 1HP