

FOSSE TRUSTEE (UK) LIMITED

Registered in England and Wales
Company number 07210492

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2019



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019.

The Report of the Directors has been prepared taking into consideration the entitlement to small company's exemption from preparing a strategic report provided in section 414B (b) and 415A of the Companies Act 2006.

Principal activity and review of the year

Fosse Trustee (UK) Limited, (the "Company"), is a special purpose company. The principal activity of the Company is to hold the legal interest in certain property on trust absolutely for the beneficial owners of that property. The Company has no beneficial interest in the trust property. As a consequence of the trust arrangement, no financial transactions took place within the Company during the year and the Company has made neither a profit nor a loss, nor any other recognised gain or loss.

The trust property comprises a portfolio of mortgage loans secured on residential property in England, Scotland and Wales; interest and principal paid by borrowers on those loans and all other amounts received under the loans.

All income from the trust property is distributed to the beneficial owners in proportion to their share of the trust property owned.

The beneficial owners of the trust property are Santander UK plc, the originators of the trust property, and Fosse Funding (No.1) Limited, a fellow group company.

Under the securitisation arrangement, Fosse Master Issuer Plc issues debt securities (the "notes") in the international capital markets and lends the proceeds thereof to Fosse Funding (No.1) Limited, on a limited recourse basis. In turn, Fosse Funding (No.1) Limited makes such funds available to the Santander UK Group Holdings plc group by purchasing a beneficial interest in a UK residential mortgage loan portfolio held by the Company. The Company meets the definition of a Special Purpose Entity and is consolidated within the Santander UK Group Holdings Plc group financial statements in accordance with IFRS10.

The Securitisation Transaction document which sets out the securitisation arrangements in more detail can be found at www.santander.co.uk/uk/about-santander-uk/investor-relations/fosse-master-trust.

The mortgage backed programme was established on 28 November 2006. The notes issued under the programme have been and will be issued in series. Each series will normally: (a) be issued on a single date; (b) be subject to the terms and conditions of the notes; and (c) consist of one or more classes (or sub-classes) of notes. The notes of the same class rank pari passu and pro rata among themselves. Each series of the same class will not, however, be subject to identical terms in all respects (for example, interest rates, interest calculations, expected maturity and final maturity dates may differ).

Likely Future Developments

The Directors do not expect any significant change in the level of business in the foreseeable future.

Results and dividends

The result for the year on ordinary activities after taxation amounted to £nil (2018: £nil).

The Directors do not recommend the payment of a final dividend (2018: £nil).

Subsequent events

The Company is monitoring the impact of the COVID-19 outbreak on the financial performance of the Company.

The Company is part of the Santander UK Group, which has implemented precautionary measures and protocols based on recommendations from official health authorities, such as the World Health Organization (WHO) and Public Health England. Further such measures may need to be implemented in future, as the situation is complex and is still changing rapidly.

Given the fluidity of the situation, the Company cannot quantify the magnitude and duration of the impact of the COVID-19 outbreak at this time, although there may well be a negative impact on our 2020 financial results. However, the Company does not anticipate any significant change to the carrying value of its assets and liabilities at the reporting date. The Company will continue to monitor and assess its business operations. COVID-19 is a non-adjusting post balance sheet event.

Directors

The Directors who served throughout the year and to the date of this report (except as noted) were as follows:

T Ranger
Intertrust Directors 1 Limited
Intertrust Directors 2 Limited

REPORT OF THE DIRECTORS (CONTINUED)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of Going Concern

The financial position of the Company, its liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 6 and 8 to the financial statements include the Company's financial risk management objectives; its exposure to credit risk; and its policies and processes for managing its capital.

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period of 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

The process for the UK leaving the EU impacts the economic, legal and regulatory environment for our customers and across the financial services industry. The Santander UK group has put in place appropriate plans to address the potential risks and will update and implement in this Company as necessary.

Qualifying Third Party Indemnities

Enhanced indemnities are provided to certain Directors of the Company by Santander UK plc (where such person has been nominated in writing by Santander UK plc as its representative on the board) against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of the Annual Report and Financial Statements. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

Intertrust Management Limited has made qualifying third party indemnity provisions for the benefit of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited. These indemnity provisions remain in force at the date of the Annual Report and Financial Statements.

Statement of disclosure of information to independent auditors

Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under Section 487(2) of the Companies Act 2006.

On behalf of the Board



Helena Whitaker
Per pro Intertrust Directors 1 Limited
As Director

21 July 2020

Registered Office Address: 2 Triton Square, Regent's Place, London, NW1 3AN

Independent auditors' report to the members of Fosse Trustee (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fosse Trustee (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Independent auditors' report to the members of Fosse Trustee (UK) Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

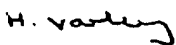
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 July 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

There were no transactions in the current or previous year and the Company generated neither a profit nor a loss in either year.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

| | Share capital £ | Retained earnings £ | Total equity £ |
|----------------------------------------|-----------------------|---------------------------|-------------------|
| At 1 January 2018 | 2 | - | 2 |
| Result for the year | - | - | - |
| At 31 December 2018 and 1 January 2019 | 2 | - | 2 |
| Result for the year | - | - | - |
| At 31 December 2019 | 2 | - | 2 |

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2019

The Company has not undertaken any cash transactions in the current or previous year and so no cash flows have occurred.

BALANCE SHEET

As at 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|-----------------------------|-------|-----------|-----------|
| Current assets | | | |
| Trade and other receivables | 4 | 2 | 2 |
| Net assets | | | |
| | | 2 | 2 |
| Equity | | | |
| Share capital | 5 | 2 | 2 |
| Retained earnings | | - | - |
| Total equity | | 2 | 2 |

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 5 to 10 were approved by the Board of Directors and signed on its behalf by:



Helen Whitaker

Per pro Intertrust Directors 1 Limited
As Director

21 July 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

General information

The Company is a private limited liability company which is limited by shares, domiciled and incorporated in the United Kingdom and is part of a European listed group whose ultimate parent is Banco Santander SA. The registered office address of the Company is 2 Triton Square, Regent's Place, London NW1 3AN.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The functional and presentation currency of the Company is sterling.

The financial statements have been prepared under the historical cost convention and on a going concern basis as disclosed in the Directors' Statement of Going Concern set out in the Report of the Directors. An assessment of the appropriateness of the adoption of the going concern basis of accounting is disclosed in the Directors' Statement of Going Concern set out in the Report of the Directors.

Recent accounting developments

On 1 January 2016, the IASB issued IFRS 16 "Leases". The standard is effective for annual periods beginning on or after 1 January 2019. The accounting policy had no impact upon the Company.

Future accounting developments

At 31 December 2019, for the Company, there were no significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective.

Financial Instruments

Financial instruments of the Company comprise trade and other receivables arising from the Company's operations. These instruments are recognised, classified and subsequently measured in accordance with IFRS 9 as described below.

a) Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at Fair Value through Profit and Loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

b) Financial assets and liabilities

Classification and subsequent measurement

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the measurement category of amortised cost.

Financial assets and financial liabilities are classified as FVTPL where there is a requirement to do so or where they are otherwise designated at FVTPL on initial recognition. Financial assets and financial liabilities which are required to be held at FVTPL include:

- Financial assets and financial liabilities held for trading
- Debt instruments that do not have solely payments of principal and interest (SPPI) characteristics. Otherwise, such instruments are measured at amortised cost.

Financial assets and financial liabilities are classified as held for trading if they are derivatives or if they are acquired or incurred principally for the purpose of selling or repurchasing in the near-term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

In certain circumstances other financial assets and financial liabilities are designated at FVTPL where this results in more relevant information. This may arise because it significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis, where the assets and liabilities are managed and their performance evaluated on a fair value basis or, in the case of financial liabilities, where it contains one or more embedded derivatives which are not closely related to the host contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise assets with less than three months' maturity from the date of acquisition, including cash, restricted balances and non-restricted balances with central banks, loans and advances to banks, amounts due from other banks and bank overdrafts.

Critical accounting policies and areas of significant judgements

The preparation of the Company's financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an on-going basis. Management bases its estimates and judgements on historical experience and on other factors that are believed to be reasonable under the circumstances. Management do not consider there to be any areas requiring significant management judgement throughout the current or prior year.

2. OPERATING EXPENSES

Directors' emoluments

The Directors' services to the Company are an incidental part of their duties. No Directors were remunerated for their services to the Company. Directors' emoluments are borne by Santander UK plc and Intertrust Finance Management Limited. No emoluments were paid by the Company to Directors during the year (2018: £nil).

Staff costs

The Company had no employees in the current or previous financial year.

Auditors' remuneration

The audit fee for the current and prior year has been paid on the Company's behalf by Santander UK plc, in accordance with Company policy, for which no recharge has been made. The audit fee for the current year is £5,750 (2018: £5,500).

No fees for non-audit services were paid by the Company to the auditors in the period from 1 January 2019 to 31 December 2019.

3. TAXATION

The Company has not traded since incorporation and therefore there is no tax charge or related tax closing balance for either the current or previous year.

4. TRADE AND OTHER RECEIVABLES

| | 2019 £ | 2018 £ |
|-------------------|-----------|-----------|
| Other receivables | 2 | 2 |
| | 2 | 2 |

Amounts owed by related parties is cash held by Intertrust Finance Management Limited in the name of and benefit for the Company, and is accessible by the Company on demand.

5. SHARE CAPITAL

| | 2019 £ | 2018 £ |
|----------------------------------------|-----------|-----------|
| Issued and fully paid share capital: | | |
| 2 (2018: 2) ordinary shares of £1 each | 2 | 2 |

A cash deposit of £2 is held by Intertrust Finance Management Limited in the name of and benefit for the Company, and is accessible by the Company on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT

The Company's risk management focuses on the major area of credit risk and operational risk. The process for the UK leaving the EU impacts the economic, legal and regulatory environment for our customers and across the financial services industry. The Santander UK group has put in place appropriate plans to address the potential risks and will update and implement in this Company as necessary.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent. It occurs in other receivables held by the Company.

The maximum exposure to credit risk without taking into account collateral or credit enhancements is the carrying amount owed by group undertakings as disclosed in note 4.

Operational risk

Operational risk is the risk of loss resulting from the transaction documents. This includes regulatory, legal and compliance risk. Operational risk is monitored and managed within the Group. An independent central operational risk function has responsibility for establishing the framework within which these risks are managed and is aligned to operational risk professionals within business areas to ensure consistent approaches are applied across the Group. The primary purpose of the framework is to define and articulate the Group-wide policy, processes, roles and responsibilities.

The day-to-day management of operational risk is the responsibility of business managers who identify, assess and monitor the risks, in line with the processes described in the framework. The operational risk function ensures that all key risks are regularly reported to the Group's risk committee and board of directors.

7. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year, or existing at the Balance Sheet date, with key management personnel of the Company.

The trade and other receivables balance is cash held by Intertrust Management Limited in the name of and benefit for the Company, and is accessible by the Company on demand.

8. CAPITAL MANAGEMENT AND RESOURCES

Capital held by the Company and managed centrally as part of the Santander UK Group Holdings plc group, comprises share capital and reserves which can be found in the Balance Sheet on page 6.

Capital is managed by way of processes set up at inception of the Company and subsequently there is no active process for managing its own capital. The Company is designed to hold minimum reserves once all amounts owed by group undertakings have been received and amounts owed to group undertakings have been paid. The Company's capital is not externally regulated.

9. PARENT UNDERTAKING AND CONTROLLING PARTY

The entire issued share capital of the Company is held by Fosse (Master Issuer) Holdings Limited, a wholly owned subsidiary undertaking of Intertrust Corporate Services Limited, a company incorporated in Great Britain and registered in England and Wales. The share held by Intertrust Corporate Services Limited is held as a Trustee on a discretionary trust basis for the benefit of certain charities.

The administration, operations, accounting and financial reporting functions of the Company are performed by Santander UK plc, which is incorporated in Great Britain and registered in England and Wales.

Santander UK plc has been delegated administration and servicing functions in respect of the loans on behalf of the mortgages' trustee and the beneficiary as the service providers.

The Company is a Special Purpose Entity controlled by Santander UK plc and is therefore consolidated within the Santander UK Group Holdings plc group financial statements.

The Company's ultimate controlling party is Banco Santander SA, a company incorporated in Spain. Banco Santander SA is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Santander UK plc is the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of all sets of group financial statements, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN.

10. SUBSEQUENT BALANCE SHEET EVENTS

The Company is monitoring the impact of the COVID-19 outbreak on the financial performance of the Company.

The Company is part of the Santander UK Group, which has implemented precautionary measures and protocols based on recommendations from official health authorities, such as the World Health Organization (WHO) and Public Health England. Further such measures may need to be implemented in future, as the situation is complex and is still changing rapidly.

Given the fluidity of the situation, the Company cannot quantify the magnitude and duration of the impact of the COVID-19 outbreak at this time, although there may well be a negative impact on our 2020 financial results. However, the Company does not anticipate any significant change to the carrying value of its assets and liabilities at the reporting date. The Company will continue to monitor and assess its business operations. COVID-19 is a non-adjusting post balance sheet event.