TwentyFour ASSET MANAGEMENT

UK Mortgages Limited

Interim Management Report and Unaudited Condensed Consolidated Interim Financial Statements

For the period from 1 July 2020 to 31 December 2020

CONTENTS

CORPORATE INFORMATION

Directors
Christopher Waldron - Chairman
Richard Burrows
Paul Le Page
Helen Green

Custodian, Principal Banker and Depositary
Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3DA

Registered Office
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Secretary and Administrator
Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Alternative Investment Fund Manager
Maitland Institutional Services Limited
Hamilton Centre
Rodney Way
Chelmsford, Essex, CM1 3BY

Corporate Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Portfolio Manager
TwentyFour Asset Management LLP
8th Floor
The Monument Building
11 Monument Street
London, EC3R 8AF

Independent Auditor
Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3HW

UK Legal Advisers to the Company
Eversheds Sutherland LLP
One Wood Street
London, EC2V 7WS

Receiving Agent
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ

Guernsey Legal Advisers to the Company
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Registrar
Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB

SUMMARY INFORMATION

The Company

UK Mortgages Limited ("UKML", the "company") was incorporated with limited liability in Guernsey as a closed-ended investment company on 10 June 2015. The company's shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("LSE") on 7 July 2015. UKML and the affiliate structure have been designed to ensure the most efficient structure for regulatory and tax purposes. UKML established a Dublin domiciled Acquiring Entity, UK Mortgages Corporate Funding Designated Activity Company ("DAC") for the purpose of acquiring and securitising mortgages via Special Purpose Vehicles ("SPVs"). The company, the Acquiring Entity, the Issuer SPVs (Malt Hill No.1 Plc (dissolved on 7 January 2020), Malt Hill No. 2 Plc, Oat Hill No.1 Plc (currently dormant), Barley Hill No.1 Plc, Oat Hill No. 2 Plc (incorporated 25 February 2020) and the Warehouse SPVs Cornhill Mortgages No.2 Limited (dissolved on 27 February 2020), Cornhill Mortgages No. 4 Limited, Cornhill Mortgages No. 5 Limited and Cornhill Mortgages No. 6 Limited (collectively, the "Company") are treated on a consolidated basis for financial reporting.

Investment Objective

The Company's investment objective is to provide Shareholders with access to stable income returns through the application of relatively conservative risk adjusted levels of leverage to portfolios of UK mortgages. In accordance with Chapter 15 of the LSE Listing Rules, the Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution. At an EGM held on 16 August 2019, the Company's investment policy was revised to allow investment into third party "triple A" (Standard and Poor's AAA/Moody's Aaa) rated RMBS for cash management purposes and to allow additional leverage in the Company's securitisations via the issuance of mezzanine notes. Following an EGM in December 2020 the company's mandate was further modified to enhance shareholder liquidity by requiring the Company to dispose of a securitisation portfolio if the Company's share price is not trading at a discount of less than 5% to NAV when the securitisation is due to be re-financed.

The Company expects that income will constitute the vast majority of the return to Shareholders and that the return to Shareholders will have relatively low volatility and demonstrate a low level of correlation with broader markets.

Shareholders' Information

Maitland Institutional Services Limited ("Maitland") is responsible for calculating the Net Asset Value ("NAV") per share of the Company. Maitland has delegated this responsibility to Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator"); however Maitland still performs an oversight function. The unaudited NAV per Ordinary Share is calculated as at the last business day of every month by the Administrator and is announced through a Regulatory Information Service approximately 2 weeks after the last business day of the following month.

Financial Highlights

	For the period from 01.07.2020 to 31.12.2020	For the year ended 30.06.2020	For the period from 01.07.2019 to 31.12.2019
Total Net Assets at period/year end	£189,845,974	£220,076,963	£221,350,060
Net Asset Value per ordinary share at period/year end	81.78p	80.59p	81.06p
Share price at period/year end	66.00p	49.30p	69.00p
Discount to Net Asset Value at period/year end	(19.30%)	(38.83%)	(14.88%)
Net Asset Value Total Return	7.65%	2.72%	0.15%
Dividends declared and paid in the period/year	3.00p*	3.75p	2.25p
Total dividends declared in relation to the period/year	2.25p*	4.50p	2.25p
Earnings per share	1.90p	2.30p	1.30p
**Ongoing Charges ** **			
- UKML	0.82%	0.81%	0.85%
- DAC and subsidiaries	2.40%	2.34%	2.42%
Total ongoing charges for the Company	3.22%	3.15%	3.28%

*In September dividends declared included 1.5p catch up fifth interim dividend in relation to 30 June 2020.
**Ongoing charges are an Alternative Performance Measure calculated in accordance with the AIC methodology.

Net Asset Value Total return is an Alternative Performance Measure which aggregates the percentage movement in the Company's Net Asset Value with dividends paid since inception.

CHAIRMAN'S STATEMENT

for the period from 1 July 2020 to 31 December 2020

I am pleased to report the results of the Company for the six months from 1 July 2020 to 31 December 2020, a period of intense activity, which has significantly improved the future prospects of UKML.

At the time of my last Chairman's Statement in October, the Company had only recently rejected the final indicative bid approach from M&G Specialty Finance Fund and was about to begin a strategic review process. This was intended to address the recurring issues of liquidity, the discount to NAV, future expected returns and dividend coverage. Consequently, during late October and early November the Board and the Portfolio Manager held meetings with the majority of our significant shareholders to outline what was described as "UKML 2.0".

This is reviewed in much greater detail below in the Portfolio Manager's Report, but in short it envisaged securitising the initial Keystone pool, selling lower yielding portfolios to provide liquidity events as well as allocating resources to new origination at Keystone – effectively maximising the risk-adjusted returns from UKML's mortgage pools. It also committed the Company to not refinancing a mortgage securitisation if the share price discount to NAV was greater than 5% and to propose a managed wind down of the Company, should its shares not be trading at a premium on the second anniversary of the December 2020 EGM.

UKML 2.0 was approved at that EGM by over 80% of shareholders and it is pleasing to report that excellent and swift progress has been made on the new strategy. The first Keystone securitisation was priced in January and in February we reached agreement on selling our two pools of mortgages issued by Coventry Building Society. Importantly, all three transactions have been priced on better terms than modelled in the UKML 2.0 presentations.

The next step is to use a proportion of the funds raised from the Coventry sales to finance further share buybacks in the form of two tender offers and a circular to shareholders detailing the terms of these tenders was published on 26 February 2021. At the same time, we will be funding the second Keystone pool through a new warehouse funding arrangement, which will be immediately accretive to earnings.

The overall effect of these transactions is to leave UKML as well positioned as it has ever been to deliver returns uncorrelated to bond or equity markets and this has been reflected in the improvement in the share price from the lows of around 40p a year or so ago to over 70p at the time of writing. This still represents a meaningful discount of approximately 11%, but it is a far cry from the near 50% discount of March last year. Narrowing this discount further is central to the success of our strategy and remains a prime focus of the Board.

Clearly, since those early days of the COVID-19 pandemic our worst fears over the extent of mortgage holidays and the consequences of other forbearance measures have not materialised and, although the pandemic may not be over, with the pace of vaccinations we can see a likely path to recovery through 2021. Despite the general lockdown, house prices have remained resilient and with interest rates unlikely to rise for some time and mortgage lending margins being maintained, the economic background for the Company is positive.

Thank you for your continuing support.

Christopher Waldron
Chairman
16 March 2021

PORTFOLIO MANAGER'S REPORT
for the period from 1 July 2020 to 31 December 2020

Commentary
As many of the events of last summer were covered in detail in the Portfolio Manager's Report for the financial statements for the year ending June 2020, this statement will focus primarily on developments since that report was published in late October 2020.

Having consulted extensively with shareholders during the summer, the Company's Board was at that time moving ahead with its strategic review. This review identified two potential options; either to continue operating under a revised mandate offering increased focus on enhancing liquidity and returns or to proceed with an orderly wind-down and return capital to shareholders.

Given the improved and improving outlook for the UK mortgage and housing markets, the success of the Oat Hill No.2 securitisation three months previously and the subsequent planned share buybacks which totalled 40.832m shares at prices between 65p and 68p, the ongoing improvements in RMBS markets and therefore the potential for further successful securitisation issues, but bearing in mind the uncertain future prospects with a resurgence of COVID-19, rising unemployment and at that time the planned ending of the stamp duty relief period in March 2021, the Board concluded that there was a case to be made for both options. They therefore embarked on a further round of shareholder consultations with a view to ascertaining the appetite for each of those two options, and with the stated intention to subsequently make a firm recommendation to shareholders.

Following those consultation meetings and having considered shareholders' input, the Board convened an Extraordinary General Meeting in early December with the recommendation that the Company should continue operating as a publicly traded investment company under a revised mandate offering increased focus on enhancing liquidity and returns whilst continuing to seek to narrow the share price discount to NAV.

This proposal – dubbed "UKML 2.0" – included three specific objectives. To securitise the existing Keystone pool of BTL loans to lock-in the attractive returns (estimated in the low-mid teens over three years at that time), to take advantage of the foreseeable future favourable origination and funding conditions by funding and ultimately securitising a second Keystone portfolio (estimated to yield in the mid-high teens), and to realise the two lower yielding Coventry pools and use the proceeds, net of commitments, to return capital to shareholders by way of tender at a price materially above the 70p price of the M&G approach in the previous August. The size of the tender was estimated to be in the range of £35m - £40m.

Furthermore, the proposal included two shareholder protection mechanisms such that should the share price be at an average discount of more than 5% to the NAV at the consideration of a future securitisation then the Board would pursue a realisation of those assets with the proceeds intended to be returned to shareholders, and should the average share price not be above the NAV at the two-year anniversary of the EGM then the board would place the company into a managed wind-down.

The combination of these objectives and protections offered significant optionality to shareholders, giving them the opportunity to benefit from the anticipated higher returns going forward, both from locking in and building further on the higher yielding assets whilst also disposing of lower yielding assets and using the proceeds to increase liquidity and thus reducing the dividend requirement, and at the same time protecting shareholders against share price underperformance without significantly extending the timeframe to return cash (given that the recent 3 year Oat Hill securitisation couldn't be unwound until it's third anniversary) should that be required.

Furthermore, the proposals were intended to enhance the dividend coverage with the Company now essentially fully invested and boost future returns, thereby enhancing NAV progression.

As such, the EGM saw overwhelming support from shareholders, receiving 80.5% of votes in favour from a high turnout of almost 75%.

What followed has since proved to be an extremely busy and productive two months or so, with all three of those objectives essentially achieved, or at least in place.

PORTFOLIO MANAGER'S REPORT Continued
for the period from 1 July 2020 to 31 December 2020

Commentary (continued)
By mid-late November the vast majority of the structuring work for the first Keystone transaction had already been completed. Whilst it would have been possible to proceed directly with the securitisation, a number of factors, including the likely slowdown in market activity due to the impending year-end and the at-that-time unresolved Brexit Withdrawal Agreement and looming deadline, meant that the Portfolio Manager and the Board, having consulted with the deal's appointed arrangers and syndicate managers, took the decision to hold back until the New Year. This was also in the expectation that the market improvement seen since the peak of the COVID-19 pandemic would continue and that with markets reopened in January broader investment focus from potential securitisation investors could be achieved thereby improving execution terms.

This proved to be a wise decision as markets began the New Year strongly and consequently the Hops Hill No. 1 transaction was announced on Monday 11 January 2021 – the market's first deal of the year. Not only did it allow for a larger pool to be built, but also allowed the incorporation of a £63m pre-funding feature to the deal – boosting the pool size from the £337m of loans originated by the end of December to a deal size of £400m. This enabled the Company to dilute the costs of the securitisation over a larger pool of assets and to immediately lock in attractive financing terms.

Following several days of investor meetings and book building, the deal was launched and priced on Friday 15 January 2021 and proved to be a resounding success. Books were 3.4x oversubscribed on the senior notes and between 6x and 8x oversubscribed on the mezzanine tranches. We were also able to tighten the pricing on the senior notes by around 15bps from initial guidance and around 25bps or more on the mezzanine bonds. The headline spread on the senior notes priced at SONIA+95bps. On a weighted average basis, the overall deal pricing was around 20bps tighter than the level indicated to investors during the investor consultations prior to the EGM and over 35bps better than the pricing on the Oat Hill No.2 transaction last summer. The deal saw the broadest distribution of any UKML securitisation so far with investors from the bank, asset management, insurance and central bank sectors and not just in the UK but also from a number of European states, the US and Australia.

Much of this success – particularly impressive for a debut issuer/originator with loans not previously seen as an entire transaction by securitisation investors – was down to the quality of the asset pool, as exemplified by its performance through the peak of the COVID-19 pandemic last summer when payment holidays reached just over 3% compared to the market average for BTL loans in the 15% to 20% range, and for some originators significantly higher than that. This led to exceptional investor engagement, as evidenced by the eventual distribution, subscription and pricing. The resultant outcome therefore being a significant positive for the returns and the value of the Company.

Throughout this time, preparations were also ongoing for the second Keystone warehouse, with pricing and structuring discussions taking place with a number of potential bank partners. In early February a mandate was awarded and documentation is being completed at the time of writing to allow the new warehouse to seamlessly absorb future Keystone origination once the pre-funding period for Hops Hill No.1 is completed by the May Interest Payment Date. Moreover, this warehouse will also benefit from the pricing success of the Hops Hill No.1 deal, and will therefore use less capital, further enhancing returns for the Company and benefitting the valuation.

The third objective from December's EGM was to realise the two lower yielding Coventry pools, and use the net proceeds to create more liquidity. These pools are high quality and have performed exceptionally over the last five years or more. However, the environment has changed significantly since the first one was purchased – nine months before the original Brexit vote.

PORTFOLIO MANAGER'S REPORT Continued
for the period from 1 July 2020 to 31 December 2020

Commentary (continued)
Whilst a number of potential third party buyers for these pools were considered, it was clear that the original lender, and ongoing servicer, of the loans, Coventry themselves would have a strong appetite and the cost and time savings from a documentation and due diligence perspective were significant, outweighing any possible pricing differential. In fact whilst it had been highlighted to investors during the consultations last December that the Malt Hill No.2 pool was locked into its securitisation at least until the first optional redemption date in May this year, and therefore it was expected that sales of the portfolios would need to be timed to coincide with that event, Coventry, with their knowledge of the portfolios, were in a position to be able to act more quickly on the loans in the Cornhill No.6 warehouse, and hence in early February we were able to conclude negotiations and documentation with them and announce that an agreement had been reached to sell both portfolios to Coventry's BTL subsidiary Godiva at their respective Interest Payment Dates in February and May.

This early execution on the Cornhill No.6 portfolio will allow two tenders for stock to take place rather than one – the first three months earlier than expected following the settlement of the Cornhill No.6 sale, thereby returning capital to shareholders faster and enhancing value for the company by reducing the outgoing dividend sooner, improving dividend cover. In addition, the execution achieved on the sales exceeded the levels indicated to shareholders in late 2020, and therefore the expected total return of capital is now likely to be in the region of £40m – the upper end of the £35m-40m range indicated in the autumn, with the first of the two tenders announced to take place at an EGM on 23 March 2021 comprising a capital return of £20m. However, it should be noted that whilst the expected results from realising these portfolios are not expected to be materially different to their amortised cost at the date of sale, there are likely to be costs associated with unwinding the swap hedges. When the proposed sales were presented to shareholders in late 2020, it was highlighted that an early realisation may result in a negative impact on the NAV. The improved execution will reduce that impact significantly, but not eradicate it.

Also, whilst not part of the objectives from the EGM, the ramp-up of the second TML warehouse had been completed with the funding locked in on good terms allowing flexibility on timing for optimising that value.

In summary, in just two months since the EGM, the income cashflow of the Company has been secured and at highly attractive levels, which will enhance dividend cover going forward, and further exceed that once the two Coventry portfolio sales and the subsequent tenders are completed. This will increase as the second Keystone pool is built.

This also effectively means the Company's assets, and therefore the Company itself, are worth more in an environment where high quality, yielding assets are difficult to source, as evidenced by the approach from M&G in 2020. Furthermore, with markets significantly recovered from the COVID-19 induced shock of last summer, those assets are now cheaper to fund, further enhancing value and returns for the Company which will flow into the NAV and also hopefully into the share price going forward, allowing further growth in the longer term.

Portfolio Review
At the time of writing the overall portfolio has approximately £1.7bn of mortgages, although that will fall by around £480m once the two Coventry portfolios have been sold. That said, we expect Keystone's origination to add around £25m per month on average going forward.

The payment holiday scheme, which was introduced by the government during the pandemic has all but disappeared, with only a small residual amount still to roll off, and the FCA have confirmed that the scheme officially closes to new requests at the end of March, and any extensions must be completed by July.

PORTFOLIO MANAGER'S REPORT Continued

for the period from 1 July 2020 to 31 December 2020

Portfolio Review (continued)

So far the residual impact from either payment holidays or the anticipated unwinding of the government's other COVID-19 support schemes – in particular the furlough scheme and the spectre for higher unemployment in the near term – has been relatively negligible. In fact only the Barley Hill No.1 portfolio has so far shown any noticeable uptick in arrears (see below).

We do expect to see some performance deterioration as the unwind of the furlough scheme and other government aid comes to an end later in the year, and forecasts are for unemployment to grow which will undoubtedly lead to some arrears in the near-term. How long this lasts is clearly uncertain, with positive growth forecasts from the Bank of England for the latter part of the year and into 2022, but some borrowers will undoubtedly become stressed and in some cases this may even lead to foreclosures in the future, which could in turn result in some loan losses, which we continue to stress severely in our ECL calculations. However, the current performance position is healthy and the level of any deterioration difficult to assess, albeit given the level of government support afforded to the economy so far plus the FCA directed aid to the mortgage market, we would expect that future performance will be characterised more through forbearance (whether in the form of payment arrangements, term extensions, product amendments etc.) than through a significant increase in foreclosures.

Purchased Buy-to-Let – All portfolios have continued to perform well, and in general the key performance metrics are not dissimilar to where they were a year ago, prior to the outbreak of the pandemic. The two Coventry portfolios have just 5 loans in arrears at the period end and given the subsequently announced portfolio sales, no impact on portfolio performance is expected. The Oat Hill No.2 portfolio has 3 months or more arrears at 0.81% at year-end, just 35 loans from a pool of almost 3,700, up slightly from a range between 25-30 in the early part of 2020 but consistent with a range between 32-37 loans in the second half of last year.

Forward Flow Buy-to-Let – The Keystone (now Hops Hill No.1) portfolio had no loans 3 months or more in arrears at the period-end, albeit 1 loan was more than 1 month in arrears with an arrears balance of £634.

Owner Occupied – The two TML portfolios saw by far the most significant impact from the payment holiday scheme last year. In the market as a whole owner-occupied loans saw a larger take-up than BTL and whilst like most other lenders in the market these have subsequently reduced to very low levels, there has been an increase in arrears, primarily in the Barley Hill No.1 portfolio, as a number of those borrowers have struggled to resume payments following their payment holiday period.

At period end, 20 loans (from a pool of 867) in the Barley Hill pool were 3 months or more in arrears or 2.75% by balance. Almost a third of these loans are actually making regular payments but built up arrears over the last year, primarily as a result of the pandemic. A further three properties are actually on the market for sale – not because they are in repossession but typically where there has been a relationship breakdown. This includes the property securing the largest of the loans in arrears – almost 20% of the total amount – and this loan currently has a LTV of just 37% so it highly unlikely that there might be a resultant loss once the property is sold. Overall the LTVs of all the loans in arrears is just 59.5% - again giving a significant level of buffer should a repossession become necessary in the future. These loans are monitored on a line-by-line basis every month with the servicing team at TML to ensure the most up to date information, and to discuss recommended action. It should also be noted that the number of loans 1 month or more in arrears has increased in recent months with 39 loans in that bucket at period end compared to a steady state of around 25 loans prior to the pandemic. We would expect that some of these loans (many of which are also making payments) will migrate into the 3 months or more in arrears category in the future. However, we remain confident that overall arrears levels are very manageable and well within modelled levels.

PORTFOLIO MANAGER'S REPORT Continued

for the period from 1 July 2020 to 31 December 2020

Outlook

With both RMBS and housing/mortgage markets performing strongly, the outlook for origination remains positive. Whilst a slowdown at least in housing markets is inevitable later in the year when the stamp duty relief period comes to an end, following its recent extension by the Chancellor to June and then tapering at half the current level until September. It should also be borne in mind that this comes on the back of sustained growth since last summer which provides significant protection for existing stock.

Furthermore, the RMBS supply-demand imbalance, as evidenced by the very high levels of oversubscription for all primary deals so far in 2021 and the demand for secondary bonds, remains very much in play and that will be supportive for spreads in the near term. The UK RMBS new issue pipeline is most likely to be predominantly from ongoing non-bank financial issuers, with a mixture of refinancings due in 2021 and recently originated collateral, with central bank schemes such as TFSME likely to be the preferred funding choice for most banks. This will keep supply well below historical levels and therefore support ongoing demand.

On the asset performance side, we do expect deterioration as the lockdown measures are loosened and government support is gradually removed. We believe the generally high quality of the portfolios will mean these arrears will perform well within modelled stresses and in particular well within the levels reserved in our IFRS 9 ECL provisioning, in which we further increased default and stress levels in this reporting period.

TwentyFour Asset Management LLP
16 March 2021

BOARD MEMBERS

Biographical details of the Directors are as follows:

Christopher Waldron (Chairman) - Independent Non-Executive Director – Guernsey resident
Mr Waldron is the Chairman of Crystal Amber Fund Limited and a director of a number of unlisted companies. He has over 30 years' experience as an investment manager, specialising in fixed income, hedging strategies and alternative investment mandates and until 2013 was Chief Executive of the Edmond de Rothschild Group in the Channel Islands. Prior to joining the Edmond de Rothschild Group in 1999, Mr Waldron held investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis. From 2014 until 2020, Mr Waldron was a non-political member of the States of Guernsey's Investment and Bond Sub-Committee. He is a Fellow of the Chartered Institute of Securities and Investment. Mr Waldron was appointed to the Board on 10 June 2015.

Richard Burrows (Risk Committee Chairman) - Senior Independent Non-Executive Director – UK resident
Mr Burrows works as Treasurer of British Arab Commercial Bank plc in London. He has previously held senior Treasury related roles at Bank of China, London Branch (2015 – 2018), Co-operative Bank (2012 – 2015), Northern Rock (2009 – 2010) and Citi Alternative Investments (1994 – 2008). From 2010 to 2012, Mr Burrows worked in the Prudential Risk Division of the Financial Services Authority as the UK regulator rolled out its post-crisis requirements with specific focus on the liquidity regime. Mr Burrows was appointed to the Board on 12 June 2015.

Paul Le Page (Audit Committee Chairman) - Independent Non-Executive Director – Guernsey resident
Paul Le Page was formerly an Executive Director and Senior Portfolio Manager of FRM Investment Management Limited, a subsidiary of Man Group. In this capacity he managed alternative investment portfolios for institutional clients and was a director of a number of group funds and structures. Prior to joining FRM, he was employed by Collins Stewart Asset Management, a firm which was subsequently acquired by Canaccord Genuity where he was responsible for managing the firm's hedge fund portfolios and reviewing both traditional and alternative fund managers in his capacity as Head of Fund Research following completion of his MBA. He originally qualified as Chartered Electrical Engineer following a successful career in industrial R&D where he led the development of robotic immunoassay diagnostic equipment and software as R&D Director for Dynex Technologies Guernsey. In addition to his private directorship roles, Mr Le Page has chaired Audit and Risk Committees for a number of London Stock Exchange-listed Investment Companies since January 2004. Mr Le Page was appointed to the Board on 10 June 2015.

Helen Green - Independent Non-Executive Director - Guernsey resident
Mrs Green is a chartered accountant and has been employed by Saffery Champness, a top 20 firm of chartered accountants, since 1984. She qualified as a chartered accountant in 1987 and became a partner in the London office in 1998. Since 2000, she has been based in the Guernsey office where she is client liaison director responsible for trust and company administration. Mrs Green serves as a Non-Executive Director on the boards of a number of companies in various jurisdictions, including Aberdeen Emerging Markets Investment Company Limited, Landore Resources Limited, CQS Natural Resources Growth and Income plc and JPMorgan Global Core Real Assets Limited. Mrs Green was appointed to the Board on 16 June 2016.

*The Directors named above were the directors of the Company, and held this office during the period and up to the date of signing the **Unaudited Condensed Consolidated Interim Financial Statements**.*

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Principal Risks and Uncertainties

In respect to the Company's system of Internal Controls and reviewing its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and Internal Control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

When considering the total return of the Company, the Board takes account of the risk which has been taken in order to achieve that return. The Board considers the following principal risks to be relevant for the next six months:

- The risk of the Company being unable to pay target dividends to investors due to a shortfall in income received on the portfolio. The risk is monitored by the Board receiving quarterly reports from the Portfolio Manager, in conjunction with the Company's Administrator, which monitor the Company's current and projected cash flow and income position, as well as the macro economic environment, paying particular attention to movements in the house price index, unemployment levels and interest rates as well as loan level and portfolio attributes such as prepayment rates, mortgage holidays, forbearance requests and the possibility and timing of defaults, all of which could reduce cash flow to the Company. The Company has paid dividends from capital with Board agreement, to the extent that the Board has assessed the factors indicating that future income flows will be sufficient to restore any distributed capital. In August 2019, a change to the Company's investment policy was approved by a majority of the Company's shareholders with a view to expediting progress to a fully covered dividend despite falling net interest rate margins. The portfolio changes implemented as a result of the strategic review in December 2020 also improve the risk-adjusted returns of the Company and will improve dividend cover.
- The risk of the Company being unable to invest or reinvest capital repaid from mortgage loans to purchase additional mortgage assets in a timely manner. The risk is mitigated by the Board monitoring the portfolio pipeline in regular communication with the Portfolio Manager, and in quarterly and ad hoc Board meetings.
- The risk of investor dissatisfaction leading to a weaker share price, causing the Company to trade at a discount to its underlying asset value and a potential lack of market liquidity. The risk is managed by regular updates to Shareholders from the Portfolio Manager, and regular shareholder engagement both directly and via the Company's brokers. The Board has formalised a Share Buyback Policy and conducted a Strategic Review involving extensive consultation with shareholders, which includes the undertaking to tender for shares at future liquidity events, with the intention of mitigating the risk of long-term share price discounts.
- The risk of failing to securitise purchased mortgage portfolios. If there is any significant delay in the ability to securitise a portfolio, the interest rates payable through warehouse funding arrangements are likely to increase over time which will impact the yield of the Company. In addition, the underlying portfolios will need to be re-financed periodically in order to maintain optimal levels of leverage. Failure to re-securitise at a suitable rate and/or reinvest the proceeds of subsequent securitisations may also adversely impact the yield of the Company. The risk is mitigated by the Portfolio Manager who retains team members with extensive securitisation experience who are engaged with the UK RMBS market and service providers. The Company may also use short term financing where needed to enable it to optimise the timing of its securitisation transactions.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES Continued

Emerging Risks and Uncertainties
In order to recognise any emerging risks that may impact the Company and to ensure that appropriate controls are in place to manage those risks, the Audit Committee undertakes regular reviews of the Company's Risk Matrix. An overview of emerging risks is set out below:

- The risks associated with the COVID-19 global pandemic. The UK government in common with its European neighbours has implemented unprecedented measures to restrict the possibility of transmission of the COVID-19 virus by limiting personal contact and international travel. Whilst the ultimate scope and duration of these measures is currently unclear, they are likely to have a severe impact on the UK Economy, which the government and the Bank of England are attempting to offset with both traditional and unconventional fiscal and monetary policy measures. The Company's mortgage portfolios are solely focused within the United Kingdom and as such the payment profiles of the underlying loans will be impacted by the crystallisation of risks emerging from changes in the macroeconomic environment. The likely removal of direct support measures, particularly the financial support given to firms to furlough staff, will inevitably lead to an increase in unemployment, a key metric in determining mortgage arrears data. Adjustments to the overall level and precise application of tax increases will likely reduce disposable income levels that could affect the first time buyer mortgage market disproportionately. Furthermore, monetary policy measures taken internationally affect the absolute level of interest rates and therefore the spread that can be achieved between financial assets and liabilities.
- The risks associated with the UK's withdrawal from the European Union. The UK left the EU on 31 January 2020 and entered into a transition period ending 31 December 2020. During this period, the UK's arrangements with the EU remained unchanged. The Company needs to comply with financial services regulations which may differ between the two jurisdictions.
- The risks associated with UK Base Rates moving to a negative rate. The likelihood of UK Base Rates moving to a negative rate (from the current 0.10%) has arguably increased as the Bank of England has asked some UK banks to report on the operational implications of implementing a negative or zero policy rate. The direct impact on the Company is assessed as minimal as whilst some of the Company's underlying assets do directly reference the base rate, particularly the majority of the CHL portfolio, this risk is offset by the Company's funding arrangements which are linked to SONIA which is closely correlated to the base rate. Negative interest rates for some GBP Sterling denominated products already exist as some Gilts trade at effective negative interest rates in the secondary market. Longer term interest rates relating to mortgage assets and securitisation liabilities may adjust downwards but the risk for the Company remains the spread between the funding and the lending. This risk is already factored into the ongoing assessment of the Company.

Other risks and uncertainties
The Board has identified the following other risks and uncertainties along with the steps taken to mitigate them:

Operational risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Portfolio Manager, Administrator, AIFM, Custodian and the Depositary amongst others. The Board and its Audit Committee regularly review reports from the Portfolio Manager, AIFM, the Administrator, Custodian and Depositary on their internal controls. The Administrator, Custodian and Depositary will report to the Portfolio Manager any operational issues which will be brought to the Board for final approval as required.

Accounting, legal and regulatory risks
The Company is exposed to the risk that it may fail to maintain accurate accounting records or fail to comply with requirements of its Admission document and fail to meet listing obligations. The accounting records prepared by the Administrator are reviewed by the Portfolio Manager. The Portfolio Manager, Administrator, AIFM, Custodian, Depositary and Corporate Broker provide regular updates to the Board on compliance with the Admission document and changes in regulation. Changes in the legal or the regulatory environment can have a major impact on some classes of debt. The Portfolio Manager monitors this and takes appropriate action.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES Continued

Other risks and uncertainties continued

Income recognition risk

The Board considers income recognition to be a principal risk and uncertainty of the Company as the Portfolio Manager estimates the pre-payment rates for the underlying mortgage portfolios, which has an impact on the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of interest income. As a result of the work undertaken by the Audit Committee, the Board is satisfied that income is appropriately stated in all material respects in the Unaudited Condensed Consolidated Interim Financial Statements.

Cyber security risks

The Company is exposed to risk arising from a successful cyber-attack through its service providers. The Company requests of its service providers that they have appropriate safeguards in place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area. The Board is satisfied that the Company's service providers have the relevant controls in place to mitigate this risk.

Going Concern

As a Specialist Fund Segment entity, the Company has voluntarily chosen to comply with the disclosure requirements of Premium Listing rules and as such applies the Association of Investment Companies Code ("AIC Code") and applicable regulations. Under this code, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving these Unaudited Condensed Consolidated Interim Financial Statements.

Having reviewed the Company's current portfolio and pipeline of investment transactions, the Board of Directors believe that it is appropriate to adopt a going concern basis in preparing the Unaudited Condensed Consolidated Interim Financial Statements given the Company's holdings of cash and cash equivalents and the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due over a period of 12 months from the approval of the Unaudited Condensed Consolidated Interim Financial Statements.

The Company undertook a strategic review consultation with its shareholders which concluded in December 2020 with an EGM vote in which the majority of the Company's shareholders participated. Over 80% of the voting shareholders voted in favour of the Board's proposals that were intended to increase dividend cover and enhance liquidity and returns for shareholders. Had the Board's proposals not been accepted the Company would have been required to liquidate its portfolio, which would have taken approximately three years to complete. In either scenario the Board was satisfied that the Company would continue to operate for more than 12 months after signing these statements.

Related Parties

Other than fees payable in the ordinary course of business, there have been no material transactions with related parties which have affected the financial position or performance of the Company in the financial period. Please refer to note 13 for further details.

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- these Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of UKML and its subsidiaries included in the consolidation taken as a whole, as required by the UK Listing Authority's Disclosure and Transparency Rule ("DTR") 4.2.4R.

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 July 2020 to 31 December 2020 and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the period from 1 July 2020 to 31 December 2020 and that have materially affected the financial position or performance of the Company during that period as included in note 13.

By order of the Board

Christopher Waldron
Chairman

Paul Le Page
Director

16 March 2021

INDEPENDENT REVIEW REPORT TO UK MORTGAGES LIMITED

We have been engaged by UK Mortgages Limited (the "Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 31 December 2020 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual consolidated financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 31 December 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands
16 March 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 July 2020 to 31 December 2020

	Note	For the period from 01.07.2020 to 31.12.2020 Unaudited £	For the period from 01.07.2019 to 31.12.2019 Unaudited £
Income			
Interest income on mortgage loans		25,721,097	23,065,087
Net gain from derivative financial instruments	7	385,713	347,375
Total income		26,106,810	23,412,462
Interest expense on loan notes	11	4,704,502	7,299,398
Net interest expense on financial liabilities at fair value through profit and loss	7	4,650,721	1,838,958
Interest expense on borrowings	10	3,561,093	2,931,409
Loan note issue fees and borrowing costs amortised	10 & 11	1,679,377	1,895,985
Mortgage loans servicing fees		1,660,182	1,432,150
Trail fees		1,276,028	1,301,582
Amortisation of discount on loan notes	11	676,905	413,499
Legal and professional fees		507,338	322,770
Mortgage loan write offs	5	562,875	542,446
Portfolio management fees	13	475,478	577,466
Expected credit loss provision	5	329,716	134,997
Administration and secretarial fees	14	123,822	134,401
Corporate broker fees		339,072	20,166
Audit fees		238,203	199,306
General expenses		392,357	780,045
Borrowings facility fees	10	71,531	24,712
Directors' fees	13	67,500	67,500
AIFM fees	14	48,199	48,666
Depositary fees	14	30,250	27,818
Custody fees	14	12,940	9,962
Total expenses		21,408,089	20,003,236
Total comprehensive gain for the period		4,698,721	3,409,226
Gain per ordinary share - basic & diluted	3	0.019	0.013

All items in the above statement derive from continuing operations.

The notes on pages 20 to 46 form an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

		31.12.2020	30.06.2020
		Unaudited	Audited
Assets	**Note**	**£**	**£**
Non-current assets			
Mortgage loans	5	1,648,004,875	1,619,485,743
Reserve fund	6	20,946,569	6,683,000
Total non-current assets		1,668,951,444	1,626,168,743
Current assets			
Mortgage loans	5	21,007,203	19,466,645
Reserve fund	6	-	13,521,519
Trade and other receivables	8	2,677,929	4,260,753
Cash and cash equivalents		45,465,111	37,905,366
Total current assets		69,150,243	75,154,283
Total assets		1,738,101,687	1,701,323,026
Liabilities			
Non-current liabilities			
Borrowings	10	668,035,345	604,296,701
Loan notes	11	854,270,997	848,876,889
Total non-current liabilities		1,522,306,342	1,453,173,590
Current liabilities			
Financial liabilities at fair value through profit and loss	7	19,622,581	21,477,899
Trade and other payables	9	6,326,790	6,594,574
Total current liabilities		25,949,371	28,072,473
Total liabilities		1,548,255,713	1,481,246,063
Net assets		189,845,974	220,076,963
Equity			
Share capital account	12	236,937,773	264,749,999
Other reserves		(47,091,799)	(44,673,036)
Total equity		189,845,974	220,076,963
Ordinary shares in issue		232,132,888	273,065,390
Net Asset Value per ordinary share	4	0.8178	0.8059

The Unaudited Condensed Consolidated Interim Financial Statements on pages 16 to 46 were approved and authorised for issue by the Board on 16 March 2021 and signed on its behalf by:

Christopher Waldron
Chairman

Paul Le Page
Director

The notes on pages 20 to 46 form an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 July 2020 to 31 December 2020

	Note	Share capital account Unaudited £	Other reserves Unaudited £	Total equity Unaudited £
Balance at 30 June 2020		264,749,999	(44,673,036)	220,076,963
Share buybacks	12	(27,812,226)	-	(27,812,226)
Dividends paid	18	-	(7,117,484)	(7,117,484)
Total comprehensive gain for the period		-	4,698,721	4,698,721
Balance at 31 December 2020		236,937,773	(47,091,799)	189,845,974

		Share capital account Unaudited £	Other reserves Unaudited £	Total equity Unaudited £
Balance at 1 July 2019		264,749,999	(40,665,194)	224,084,805
Dividends paid	18	-	(6,143,971)	(6,143,971)
Total comprehensive gain for the period		-	3,409,226	3,409,226
Balance at 31 December 2019		264,749,999	(43,399,939)	221,350,060

The notes on pages 20 to 46 form an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 July 2020 to 31 December 2020

	Note	For the period from 01.07.2020 to 31.12.2020 Unaudited £	For the period from 01.07.2019 to 31.12.2019 Unaudited £
Cash flows from operating activities			
Total comprehensive gain for the period		4,698,721	3,409,226
Adjustments for:			
Amortised mortgage acquisition fees released	5	34,601	68,441
Expected credit loss provision	5	329,716	134,997
Mortgage loan write offs	5	562,875	677,443
Net gain from derivative financial instruments	7	(385,713)	(347,375)
Interest on derivative financial instruments	7	38,851	253,008
Amortisation adjustment under effective interest rate method	5	(3,525,033)	(3,722,470)
Loan note issue fees amortised	11	918,587	790,091
Borrowings issue fees amortised	10	760,790	916,891
Amortisation of discount on loan notes	11	676,905	413,499
Capitalised interest	5	(1,647,406)	-
Purchase of mortgage loans	5	(100,116,598)	(279,825,649)
Mortgage loans repaid	5	72,793,699	122,616,631
Increase in reserve fund	6	(742,050)	(1,900,000)
(Decrease)/Increase in trade and other payables		(267,784)	1,582,829
Decrease in trade and other receivables		1,582,824	228,579
Net cash outflow from operating activities		(24,287,015)	(154,703,859)
Cash flows from financing activities			
Proceeds from borrowings	10	86,000,000	221,000,000
Repayment of borrowings	10	(23,010,146)	(16,033,199)
Increase in borrowing fees capitalised	10	(12,000)	(1,498,018)
Increase in loan note issue fees capitalised	11	(2,668,343)	-
Proceeds from issue of loan notes	11	430,137,043	-
Repayments of loan notes	11	(423,670,084)	(40,924,570)
Share buybacks	12	(27,812,226)	-
Dividends paid	18	(7,117,484)	(6,143,971)
Net cash inflow from financing activities		31,846,760	156,400,242
Increase in cash and cash equivalents		7,559,745	1,696,383
Cash and cash equivalents at beginning of period		37,905,366	51,521,524
Cash and cash equivalents at end of period		45,465,111	53,217,907

The notes on pages 20 to 46 form an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 July 2020 to 31 December 2020

1. General Information

UK Mortgages Limited (the "company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 10 June 2015. The Company's Shares were listed with the UK Listing Authority and admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 7 July 2015.

These Unaudited Condensed Consolidated Interim Financial Statements comprise the financial statements of UK Mortgages Limited, UK Mortgages Corporate Funding Designated Activity Company, Malt Hill No.1 Plc (dissolved on 7 January 2020), Malt Hill No. 2 Plc, Oat Hill No.1 Plc (currently dormant), Barley Hill No.1 Plc , Oat Hill No. 2 Plc (incorporated 25 February 2020) and the Warehouse SPVs; Cornhill Mortgages No.2 Limited (dissolved on 27 February 2020), Cornhill Mortgages No. 4 Limited Cornhill Mortgages No. 5 Limited and Cornhill Mortgages No. 6 Limited as at 31 December 2020, together referred to as the "Company". The Warehousing SPVs are placed into liquidation upon the transfer of the mortgage loans to the Issuer SPVs.

The Company's investment objective is to provide Shareholders with access to stable income returns through the application of relatively conservative levels of leverage to portfolios of UK mortgages.

The Company expects that income will constitute the vast majority of the return to Shareholders and that the return to Shareholders will have relatively low volatility and demonstrate a low level of correlation with broader markets.

The Portfolio Manager to the Company and Portfolio Adviser to the UK Mortgages Corporate Funding Designated Activity Company is TwentyFour Asset Management LLP.

2. Accounting Policies

a) Statement of compliance

The Unaudited Condensed Consolidated Interim Financial Statements for the period from 1 July 2020 to 31 December 2020 have been prepared on a going concern basis in accordance with IAS 34 "Interim Financial Reporting", the Listing Rules of the London Stock Exchange and applicable legal and regulatory requirements.

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Consolidated Financial Statements for the year ended 30 June 2020 which were prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") and which received an unqualified audit report.

b) New accounting standards

In the current financial period, there have been no other changes to the accounting policies from new accounting standards applied in the most recent audited annual financial statements with the exception of the below due to the adoption of new accounting standards.

Amendments to IAS1, 'Presentation of financial statements and IAS8, 'Accounting policies, changes in accounting estimates and errors' (Definition of Material) (Effective 1 January 2020)

The amendments in Definition of Material clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The amended definition is 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

2. Accounting Policies (continued)

b) New accounting standards (continued)

The amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform' (Effective 1 January 2020)

The amendments amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
- In addition, the amendments require the Company to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties

The adoption of these new and amended standards did not impact the Company's financial statements.

No other new accounting standards were effected or adopted during the period having an effect on the financial statements.

c) Critical judgements and estimates

In the current financial period, there have been no changes to the significant critical accounting judgements, estimates and assumptions from those applied in the most recent audited annual financial statements.

d) Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

IFRS 17 Insurance Contracts (Effective 1 July 2023)

The Company expects that the adoption of IFRS 17 in the future period will not have an impact on the Company's Unaudited Condensed Consolidated Interim Financial Statements, as it does not hold any insurance contracts.

3. Gain per Ordinary Share - basic & diluted

The gain per Ordinary Share of £0.019 (31 December 2019: £0.013) - basic and diluted have been calculated based on the weighted average number of Ordinary Shares of 253,736,096 (31 December 2019: 273,065,390) and a net gain of £4,698,721 (31 December 2019: £3,409,226).

4. Net Asset Value per Ordinary Share

The Net Asset Value of each share of £0.8178 (30 June 2020: £0.8059) is determined by dividing the net assets of the Company £189,845,974 (30 June 2020: £220,076,963) by the number of shares in issue at 31 December 2020 of 232,132,888 (30 June 2020: 273,065,390).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued
for the period from 1 July 2020 to 31 December 2020

5. Mortgage loans

	For the period from 01.07.2020 to 31.12.2020 Unaudited £	For the year from 01.07.2019 to 30.06.2020 Audited £
Mortgage loans at start of the period/year	1,638,952,388	1,323,721,509
Mortgage loans purchased	100,116,598	474,740,452
Effective interest rate adjustment	3,525,033	5,227,777
Mortgage loans repaid	(72,793,699)	(175,465,726)
Capitalised interest	1,647,406	-
Amortised mortgage acquisition fees released	(34,601)	(130,580)
Fair value adjustment for hedged risk*	(1,508,456)	13,598,454
Expected credit loss provision	(329,716)	(1,195,954)
Mortgage loan write offs	(562,875)	(1,543,544)
Mortgage loans at end of the period/year	1,669,012,078	1,638,952,388
Amounts falling due within one year	21,007,203	19,466,645
Amounts falling due after more than one year	1,648,004,875	1,619,485,743
	1,669,012,078	1,638,952,388

* Please refer to note 7 which explains how the fair value adjustment is calculated and note 15 sets out the liquidity and credit risk profile of the mortgage loans.

Mortgage loan write offs relates to mortgages that have been written off during the period while the expected credit loss provision relates to mortgages that are still outstanding.

	As at 31.12.2020 Unaudited £	As at 30.06.2020 Audited £
Non-current mortgage loans		
Mortgage loans	1,650,809,955	1,621,967,037
Impairment allowance	(2,805,080)	(2,481,294)
	1,648,004,875	1,619,485,743
Current mortgage loans		
Mortgage loans	21,042,959	19,496,471
Impairment allowance	(35,756)	(29,826)
	21,007,203	19,466,645

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

5. Mortgage loans (continued)

Mortgage loans at 31 December 2020 comprise of three securitised mortgage portfolios legally held in Malt Hill No.2 Plc, Oat Hill No.2 Plc (re-securitised vehicle for Oat Hill No. 1 Plc's portfolio) and Barley Hill No. 1 Plc (securitised vehicle for part of the Cornhill Mortgages No. 2 Limited's portfolio) and three mortgage portfolios held with Cornhill Mortgages No.4 Limited, Cornhill Mortgages No. 5 Limited and Cornhill Mortgages No. 6 Limited (portfolio for this entity was previously held by Malt Hill No. 1 Plc). The portfolio previously held by Cornhill No. 2 Limited was transferred to Barley Hill No. 1 Plc. The Company does not experience any seasonality or cyclicality in its investment activities.

6. Reserve funds

The reserve funds are held with Citibank N.A. London Branch. The Company is required to maintain this reserve for both the securitised entities, for which these funds may only be used in accordance with the Issue and Programme Documentation, and for the unsecuritised entities, as a contractual requirement for the senior debt facility. These funds are therefore not readily available to the Company.

7. Financial liabilities held at fair value through profit and loss

Derivative instruments

Cornhill Mortgages No. 6 Limited / Malt Hill No.1 Plc

On 3 November 2015, the Company entered into an Interest Rate Swap (under an ISDA agreement) at the point of the initial mortgage loan portfolio purchase to convert the fixed rate loan exposure back into 3 Month LIBOR. The notional value of the swap is balance guaranteed in order to track the principal balance of the mortgage loan portfolio and changes thereto quarterly in line with the movement in the mortgage loan portfolio. In May 2019, the Interest Rate Swap was novated to Cornhill Mortgages No. 6 Limited on the refinancing of Malt Hill No. 1 Plc.

Cornhill Mortgages No.2 Limited / Barley Hill No. 1 Plc

On 7 July 2016, the Company entered into an Interest Rate Swap (under an ISDA agreement) to hedge the fixed rate loan exposure of the mortgages in the portfolio into 3 Month LIBOR. The notional value of the swap is balance guaranteed in order to track the new originations and the amortisation of the mortgage loan portfolio and changes on a monthly basis to reflect the principal balance of the portfolio. In April 2019, the Interest Rate Swap was novated to Barley Hill No. 1 Plc on the securitisation of the Cornhill Mortgages No.2 Limited portfolio.

Malt Hill No.2 Plc

On 29 June 2018, the Company entered into an Interest Rate Swap (under an ISDA agreement) at the point of the initial mortgage loan portfolio purchase to convert the fixed rate loan exposure back into 3 Month LIBOR. The notional value of the swap is balance guaranteed in order to track the principal balance of the mortgage loan portfolio and changes thereto quarterly in line with the movement in the mortgage loan portfolio.

Cornhill Mortgages No. 4 Limited

The Company has entered into a series of vanilla Interest Rate Swaps (under an ISDA agreement) to convert the fixed rate loan exposure into 3 Month LIBOR. Swaps are added on a regular basis, at varying maturities, in order to align with the fixed rate reset profile of new originations. After the period end, upon novation to Hops Hill No. 1 the reference rate on these swaps will be moved to SONIA.

Cornhill Mortgages No. 5 Limited

The Company has entered into a series of vanilla Interest Rate Swaps (under an ISDA agreement) to convert the fixed rate loan exposure into 1 Month LIBOR. Swaps are added on a regular basis, at varying maturities, in order to align with the fixed rate reset profile of new originations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

7. Financial liabilities held at fair value through profit and loss (continued)

Notional and fair value balances:

	Cornhill Mortgages No. 6 Limited	Barley Hill No. 1 Plc	Malt Hill No. 2 Plc	Cornhill Mortgages No. 4 Limited	Cornhill Mortgages No. 5 Limited	31.12.2020 Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£	£	£
Notional amount of Interest Rate Swap	134.0m	101.6m	334.9m	336.1m	238.6m	1,145.2m
Fair value of Interest Rate Swap	(1,440,713)	(1,922,538)	(8,258,997)	(5,751,551)	(2,248,782)	(19,622,581)

	Cornhill Mortgages No. 6 Limited	Barley Hill No. 1 Plc	Malt Hill No. 2 Plc	Cornhill Mortgages No. 4 Limited	Cornhill Mortgages No. 5 Limited	30.06.2020 Total
	Audited	Audited	Audited	Audited	Audited	Audited
	£	£	£		£	£
Notional amount of Interest Rate Swap	152.3m	132.5m	339.9m	248.3m	232.2m	1,105.2m
Fair value of Interest Rate Swap	(1,561,269)	(2,386,002)	(9,144,159)	(5,679,631)	(2,706,838)	(21,477,899)

On 1 July 2017, the Directors designated the Malt Hill No.1 Plc and Cornhill No.2 Limited derivatives as fair value hedges and applied hedge accounting from that date. The swaps on Malt Hill No. 1 and Cornhill No. 2 were subsequently novated into Cornhill No. 6 and Barley Hill No.1, respectively upon refinancing. Hedge accounting in relation to Malt Hill No.2 Plc derivative commenced on 1 July 2018. The vanilla swaps on Cornhill No. 4 and Cornhill No. 5 were designated as fair value hedges since June 2019 and June 2020, respectively. Additional vanilla swaps are added to each of the portfolios on an ongoing basis as the portfolios grow.

Interest income and expense on derivative financial instruments is based on the net settlement of the periodic interest using contracted notional principals and the relevant interest rates.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

7. Financial liabilities held at fair value through profit and loss (continued)

Net gain from derivative financial instruments

	Cornhill Mortgages No. 6 Limited	Barley Hill No. 1 Plc	Malt Hill No. 2 Plc	Cornhill Mortgages No. 4 Limited	Cornhill Mortgages No. 5 Limited	31.12.2020 Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£	£	£
Movement on derivatives in designated fair value hedge relationships*	128,822	405,848	957,213	(83,798)	464,677	1,872,762
Adjustment to mortgage loans in fair value hedge relationship	(117,698)	(433,392)	(948,756)	347,743	(334,946)	(1,487,049)
Net ineffectiveness	11,124	(27,544)	8,457	263,945	129,731	385,713

	Cornhill Mortgages No. 6 Limited	Barley Hill No. 1 Plc	Malt Hill No. 2 Plc	Cornhill Mortgages No. 4 Limited	Cornhill Mortgages No. 5 Limited	31.12.2019 Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£	£	£
Movement on derivatives in designated fair value hedge relationships*	(58,298)	252,812	223,280	197,698	292,883	908,375
Adjustment to mortgage loans in fair value hedge relationship	43,187	(211,029)	(239,880)	(153,278)	-	(561,000)
Net ineffectiveness	(15,111)	41,783	(16,600)	44,420	292,883	347,375

*The movement on derivative financial instruments in designated fair value hedge relationships includes £38,851 (31 December 2019: £253,008) of interest on derivative financial instruments.

The net gain from derivative financial instruments represents the net fair value movement on derivative instruments that are matching risk exposure on an economic basis. Some accounting volatility arises on these items due to accounting ineffectiveness on designated hedges.

The net ineffectiveness is primarily due to timing differences in income recognition between derivative instruments and the hedged assets. This gain or loss will trend to zero over time and this is taken into account by the Board when considering the Company's underlying performance.

8. Trade and other receivables

	As at 31.12.2020	As at 30.06.2020
	Unaudited	Audited
	£	£
Interest receivable on mortgage loans	2,620,852	3,563,076
Other receivables and prepayments	57,077	697,677
	2,677,929	4,260,753

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

9. Trade and other payables

	As at 31.12.2020 Unaudited £	As at 30.06.2020 Audited £
Interest due on loan notes and borrowings	3,795,441	3,940,655
Loan notes and borrowings issue fees payable	788,285	909,660
Mortgage loans servicing fees payable	485,514	711,347
Portfolio management fees payable	475,548	444,763
General expenses payable	240,443	68,531
Legal and professional fees payable	211,611	219,668
Audit fees payable	178,222	115,357
Administration and secretarial fees payable	102,297	105,507
AIFM fees payable	24,100	23,638
Depositary fees payable	19,042	16,263
Custody fees payable	6,287	5,435
Directors' fees payable	-	33,750
	6,326,790	6,594,574

10. Borrowings

Cornhill Mortgages No.4 Limited agreed a borrowing facility of £200m from September 2018, with National Australia Bank Limited, with the facility size increased to £300m as part of amendments signed in March 2020. National Australia Bank Limited has permitted Cornhill Mortgages No.4 Limited to dynamically change the facility amount, which has resulted in no commitment fees being incurred to date on the facility. This facility has a repayment date of October 2022 and is classified as a non-current liability.

Cornhill Mortgages No.5 Limited agreed a borrowing facility of £250m from August 2019, with Regency Assets Designated Activity Company, a bankruptcy remote asset backed commercial paper conduit sponsored by HSBC Bank plc. This facility has a repayment date of February 2022 and is classified as a non-current liability.

Cornhill Mortgages No.6 Limited agreed a borrowing facility of £184m from May 2019, with Lloyds Bank Corporate Markets Plc. The total facility was utilised on day one. To date Cornhill Mortgages No.6 has a repaid £23m of the total facility. This facility has a final repayment date of April 2056 and is classified as a non-current liability.

The Company is subject to covenants, representations and warranties commonly associated with corporate bank debt and credit facilities. The Company was compliant with all covenants at the period end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

10. Borrowings (continued)

	As at 31.12.2020 Unaudited £	As at 30.06.2020 Audited £
Borrowings at start of the period/year	604,296,701	228,283,804
Borrowings issued	86,000,000	401,000,000
Borrowings repaid	(23,010,146)	(24,926,646)
Borrowings issues fees incurred	(12,000)	(1,618,018)
Borrowings issue fees amortised	760,790	1,557,561
Borrowings at end of the period/year	668,035,345	604,296,701

The facility fees of £71,531 (31 December 2019: £24,712) were expensed in the period. The interest expense charged on borrowings of £3,561,093 (31 December 2019: £2,931,409) were expensed in the period. Borrowing costs of £760,790 (31 December 2019: £630,729) were amortised during the period.

11. Loan notes

The Malt Hill No.1 Plc, Oat Hill No.1 Plc, Malt Hill No. 2 Plc and Barley Hill No. 1 Plc mortgage portfolio acquisitions are partially financed by the issue of notes. The notes are repaid as the underlying mortgage loans repay. The terms and conditions of the notes provide that the note holders will receive interest and principal only to the extent that sufficient funds are generated from the underlying mortgage loans. The priority and amount of claims on the portfolio proceeds are determined in accordance with strict priority of payments. Note holders have no recourse to the Company in any form.

Malt Hill No.1 Plc completed the public sale of £263.3m of AAA-rated bonds on 26 May 2016. The AAA notes were issued with a coupon of 3 month LIBOR plus 1.35% which was payable quarterly and were listed on the Irish Stock Exchange. The issue fees on loan notes were amortised over the expected life of the loan notes, which is 3 years, being the period up to the call date. On 7 June 2019, the Company announced the redemption of the Portfolio Option on the loans underlying the Malt Hill No.1 plc securitisation, and the loans have been refinanced into a new warehouse SPV with Lloyds Bank Corporate Markets plc, called Cornhill Mortgages No.6. Limited.

Oat Hill No.1 Plc completed the public sale of £477.1m of AAA-rated bonds on 26 June 2017. The AAA notes were issued with a coupon of 3 month LIBOR plus 0.65% and a step up margin of 1.30% which was payable quarterly and was listed on the Irish Stock Exchange. In May 2020 the discount on the loan notes and issue costs were amortised. The step up margin costs were incurred for the period from 27 May 2020 until the transaction call date of 27 August 2020. The issue fees on loan notes have been amortised over the expected life of the loan notes, which is 3 years, being the period up to the call date. These loan notes were repaid as part of the re-securitisation of this portfolio in August 2020.

Oat Hill No.2 Plc completed the public sale of £436m of publicly distributed bonds across 4 rated classes on 10 July 2020. On a weighted average basis, the notes were issued with a coupon of SONIA plus 0.95%, which are payable monthly and are listed on the Irish Stock Exchange. The issue fees on loan notes will be amortised over the expected life of the loan notes, which is 3 years, being the period up to the call date. Loan notes have been classified as non-current based on their contractual obligations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

11. Loan notes (continued)

Malt Hill No. 2 Plc completed the public sale of £317.5m of AAA-rated bonds on 27 June 2018. The AAA notes were issued with a coupon of 3 month LIBOR plus 0.75% which is payable quarterly and are listed on the Irish Stock Exchange. The issue fees on loan notes will be amortised over the expected life of the loan notes, which is 3 years, being the period up to the call date. Loan notes have been classified as non-current based on their contractual obligations.

On 8 April 2019, the Company announced that Barley Hill No.1 Plc had successfully completed the public sale of £209.15m of senior notes. The securitisation is backed by a pool of owner-occupied mortgages originated by The Mortgage Lender ("TML") completed between October 2016 and 8 April 2019 and purchased on a forward flow basis. The transaction also contained a "Prefunding" feature which allowed for further purchases of future completions by TML up until the securitisation's first Interest Payment Date in August 2019. Due to the nature of the origination of the pool, which took place on a highly consistent basis over more than two years, the loans that were originated with a two-year fixed rate term are expected to pre-pay relatively quickly and therefore the notes were split into two tranches - £202.2m of Class A notes, rated Aaa/AAA by Moody's and DBRS respectively, and £6.95m of Class B notes rated Aa1/AA (high) respectively. The Class A notes were issued with a coupon of 3m GBP LIBOR plus 1.10%, with a 2.24yr Weighted Average Life ("WAL") to the refinancing date in February 2022, and the Class B notes carry a coupon of 3m GBP LIBOR plus 1.60% with a 2.89yr WAL. Loan notes have been classified as non-current based on their contractual obligations.

	As at 31.12.2020 Unaudited £	As at 30.06.2020 Audited £
Loan notes at start of the period/year	848,876,889	932,982,970
Loan notes issued	436,000,000	-
Loan notes repaid	(423,670,084)	(86,627,803)
Loan notes discount capitalised	(5,862,957)	-
Discount on loan notes to be amortised	676,905	752,837
Loan note issues fees incurred	(2,668,343)	-
Loan note issue fees amortised	918,587	1,768,885
Loan notes at end of the period/year	854,270,997	848,876,889

Interest expense on loan notes for the period amounted to £4,704,502 (31 December 2019: £7,299,398).

Any covenant breaches will be dealt with in line with the documentation for each facility.

12. Share Capital

Authorised Share Capital

The share capital of the Company consists of an unlimited number of shares with or without par value which, upon issue, the Directors may designate as Ordinary Shares or C shares or such other classes of shares as the Board shall determine, in each case of such classes and denominated in such currencies as the Directors may determine.

As at 30 June 2020, one share class has been issued, being the Ordinary Shares of the Company.

The Ordinary Shares carry the following rights:
a) are entitled to participate in dividends which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Ordinary Shares.
b) all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them (including on winding up).
c) every shareholder shall have one vote for each Ordinary Share held by them.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued
for the period from 1 July 2020 to 31 December 2020

12. Share Capital (continued)

	As at 31.12.2020 Unaudited	As at 30.06.2020 Audited
Ordinary shares	£	£
Share capital at the beginning of the period/year	264,749,999	264,749,999
Share buybacks	(27,812,226)	-
Total share capital at the end of the period/year	236,937,773	264,749,999

During September 2020, the Company purchased ordinary shares of £0.01 each in the capital of the company at prices per share as noted below in accordance with the company's share repurchase programme. These shares were cancelled upon settlement.

	Price per share	No. of shares
1 September 2020	£0.640	100,000
3 September 2020	£0.650	50,000
8 September 2020	£0.665	350,000
10 September 2020	£0.670	250,000
14 September 2020	£0.675	925,000
15 September 2020	£0.6775	1,600,000
16 September 2020	£0.680	4,390,000
17 September 2020	£0.680	2,311,920
18 September 2020	£0.680	1,735,000
21 September 2020	£0.680	18,123,000
22 September 2020	£0.680	11,097,582
		40,932,502

The total number of shares outstanding is shown in the table below.

	As at 31.12.2020 Unaudited	As at 30.06.2020 Audited
Ordinary shares	shares	shares
Shares at the beginning of the period/year	273,065,390	273,065,390
Share buybacks	(40,932,502)	-
Total shares in issue at the end of the period/year	232,132,888	273,065,390

13. Related Parties

a) Directors' Remuneration & Expenses

The Directors of the Company are remunerated for their services at such a rate as the Directors determine. The aggregate fees of the Directors will not exceed £200,000 per annum.

The annual Directors' fees comprise £45,000 (30 June 2020: £40,000) payable to Mr Waldron, the Chairman, £40,000 (30 June 2020: £35,000) to Mr Le Page as Chairman of the Audit Committee, and £35,000 (30 June 2020: £30,000) each to Mrs Green and Mr Burrows. During the period ended 31 December 2020, Directors' fees of £67,500 (31 December 2019: £67,500) were charged to the Company, of which £Nil remained payable at the end of the period (30 June 2020: £33,750).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued
for the period from 1 July 2020 to 31 December 2020

13. Related Parties (continued)

b) Shares held by related parties

As at 31 December 2020, Directors of the Company held the following shares in the Company beneficially:-

	Number of Shares 31.12.2020 Unaudited	Number of Shares 30.06.2020 Audited
Christopher Waldron	80,000	80,000
Richard Burrows	5,000	5,000
Paul Le Page	67,800	112,800
Helen Green	21,250	21,250

As at 31 December 2020, the Portfolio Manager held Nil shares (30 June 2020: Nil) and partners and employees of the Portfolio Manager held 7,275,084 shares (30 June 2020: 6,719,088), which is 3.134% of the issued share capital (30 June 2020: 2.461%).

c) Portfolio Manager

With effect from 1 July 2017, the portfolio management fee is payable to the Portfolio Manager quarterly on the last business day of the quarter at a rate of 0.60% per annum of the lower of NAV or market capitalisation of each class of shares. Prior to this date the portfolio management fee per annum was 0.75%.

Total portfolio management fees for the period amounted to £475,478 (31 December 2019: £577,466) of which £475,548 (30 June 2020: £444,763) remained payable at the period end.

The Portfolio Management Agreement dated 23 June 2015 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

d) Group entities

The Company's subsidiaries are as disclosed under note 1.

14. Material Agreements

a) Alternative Investment Fund Manager

The Company's Alternative Investment Fund Manager (the "AIFM") is Maitland Institutional Services Limited (formerly Phoenix Fund Services (UK) Limited). In consideration for the services provided by the AIFM under the AIFM Agreement, the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the NAV of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the period ended 31 December 2020, AIFM fees of £48,199 (31 December 2019: £48,666) were charged to the Company, of which £24,100 (30 June 2020: £23,638) remained payable at the end of the period.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the NAV of the Company below £100 million, 0.05% on net assets between £100 million and £200 million and 0.04% on net assets in excess of £200 million as at the last business day of the month subject to a minimum £75,000 per annum. These NAV based fees commenced from 19 November 2015 being the date the Company acquired its initial investment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

14. Material Agreements (continued)

b) Administrator and Secretary (continued)

In addition, an annual fee of £60,500 will be charged for corporate governance and company secretarial services and accounting services. Total administration and secretarial fees for the period amounted to £123,822 (31 December 2019: £134,401) of which £102,297 (30 June 2020: £105,507) remained payable at the period end.

c) Depositary and Custodian

Depositary fees are payable to Northern Trust (Guernsey) Limited, monthly in arrears, at a rate of 0.03% of the NAV of the Company as at the last business day of the month subject to a minimum £40,000 per annum. Total depositary fees and charges for the period amounted to £30,250 (31 December 2019: £27,818) of which £19,042 (30 June 2020: £16,263) remained payable at the period end.

The Depositary will charge an additional fee of £20,000 for performing due diligence on each service provider/administrator employed.

The Depositary is also entitled to a custody fee at a rate of 0.01% of the NAV of the Company as at the last business day of the month subject to a minimum of £8,500 per annum. These NAV based fees commenced on 19 November 2015 being the date the Company acquired its initial investment. Total custody fees for the period amounted to £12,940 (31 December 2019: £9,962) of which £6,287 (30 June 2020: £5,435) remained payable at the period end.

d) Auditor

In the previous year the Company changed auditors from PwC CI LLP to Deloitte LLP. Audit fees paid to Deloitte LLP includes amounts charged for the current period of £238,203 (31 December 2019: £199,306) and the under accruals for previous periods of £Nil (31 December 2019: £Nil). For the period ended 31 December 2019, non audit fees of £12,000 pertaining to accounting advice received from PwC CI LLP are included under legal and professional fees.

15. Financial Risk Management

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through an ongoing process of identification, measurement and monitoring.

The Company's financial instruments include financial assets or liabilities at fair value through profit and loss, loans and receivables, and cash and cash equivalents, loan notes, borrowings and trade payables. The main risks arising from the Company's financial instruments are market risk, liquidity risk, and credit risk. The techniques and instruments utilised for the purposes of portfolio management are those which are reasonably believed by the Board to be economically appropriate to the efficient management of the Company.

Market risk

Market risk embodies the potential for both losses and gains and includes interest rate risk, price risk and currency risk. The Company's strategy on the management of market risk is driven by the Company's investment objective. The Company's investment objective is to provide investors with access to stable income returns through the application of relatively conservative levels of leverage to portfolios of UK mortgage loans.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)

Market risk (continued)

1.1 Interest rate risk: Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The current underlying mortgage portfolios are payable on fixed and floating rates, meaning the current exposure to interest rate fluctuations on the portfolios are limited. However, floating rate interest is payable on the loan notes. Where the mortgage portfolios are payable on fixed rates, interest is hedged using swaps. Interest on all liabilities is payable on floating rates. In order to hedge this differential, interest rate swaps were transacted by the Warehouse SPVs with a market counterparty to pay the fixed rate and receive the floating rate payments. On securitisation, these swaps were novated to the relevant Issuer SPV.

On 1 July 2017, the Directors designated the derivatives as a fair value hedge and began hedge accounting from that date therefore hedging the interest risk exposure on the fixed rate mortgages shown in the following tables. Refer to note 7 for further details.

The below table shows exposure to interest rate risk if the portfolio was unhedged.

	Floating rate £ Unaudited	Fixed rate £ Unaudited	Non interest bearing £ Unaudited	Total as at 31.12.2020 £ Unaudited
Assets				
Mortgage loans	542,913,063	1,132,482,537	(6,383,522)	1,669,012,078
Reserve fund	20,946,569	-	-	20,946,569
Trade and other receivables	-	-	2,677,929	2,677,929
Cash and cash equivalents	45,465,111	-	-	45,465,111
Total assets	609,324,743	1,132,482,537	(3,705,593)	1,738,101,687
Liabilities				
Financial liabilities at fair value through profit and loss*	1,145,247,114	(1,145,247,114)	-	-
Trade and other payables	-	-	(6,326,790)	(6,326,790)
Borrowings	(668,691,395)	-	656,050	(668,035,345)
Loan notes (note 11)	(862,981,998)	-	8,711,001	(854,270,997)
	(386,426,279)	(1,145,247,114)	3,040,261	(1,528,633,132)
Total interest sensitivity gap	222,898,464	(12,764,577)	(665,332)	209,468,555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)
Market risk (continued)
1.1 Interest rate risk (continued):

	Floating rate £ Audited	Fixed rate £ Audited	Non interest bearing £ Audited	Total as at 30.06.2020 £ Audited
Assets				
Mortgage loans	546,265,951	1,102,128,153	(9,441,716)	1,638,952,388
Reserve fund	20,204,519	-	-	20,204,519
Trade and other receivables	-	-	4,260,753	4,260,753
Cash and cash equivalents	37,905,366	-	-	37,905,366
Total assets	604,375,836	1,102,128,153	(5,180,963)	1,701,323,026
Liabilities				
Financial liabilities at fair value through profit and loss*	1,105,147,058	(1,105,147,058)	-	-
Trade and other payables	-	-	(6,594,574)	(6,594,574)
Borrowings	(605,701,543)	-	1,404,842	(604,296,701)
Loan notes (note 11)	(850,652,082)	-	1,775,193	(848,876,889)
	(351,206,567)	(1,105,147,058)	(3,414,539)	(1,459,768,164)
Total interest sensitivity gap	253,169,269	(3,018,905)	(8,595,502)	241,554,862

* Financial liabilities at fair value through profit and loss is shown as the notional amounts which represent the gross exposure to interest rate risk and not the fair value of £19,622,581 (30 June 2020: £21,477,899).

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's total comprehensive gain for the period ended 31 December 2020 would have increased by approximately £1,114,492 (30 June 2020: £1,265,846) or 0.064% (30 June 2020: 0.074%) of total assets, due to an increase in the amount of interest receivable.

If interest rates had been 50 basis points lower and all other variables were held constant, the Company's total comprehensive gain for the period ended 31 December 2020 would have decreased by approximately £1,108,948 (30 June 2020: £1,259,549) or 0.064% (30 June 2020: 0.074%) of total assets, due to a decrease in the amount of interest receivable.

This 50 basis point range is applied as it is the maximum rate change based on the recent movements of interest rates in the market.

The Company's exposure to interest rate risk on loans with fixed interest rates is protected by virtue of the fact that there are balance guarantee swaps and vanilla swaps in place to limit the exposure on the fixed rate interest rates. For the exposure in relation of floating interest rate risk, the Portfolio Manager is managing this by matching the asset exposures to the liabilities exposures using the interest rate swaps derivatives.

With the adoption of hedge accounting, the Company has reduced its exposure to interest rate risk as changes in the fair value of the interest rate swaps are offset by adjustments to the fair value of the mortgage loans. Consequently, there is no material movement in net assets of the Company arising from interest rate fluctuations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)

Market risk (continued)

1.2 Price risk: An active market does not exist in the underlying instruments based on the illiquidity of the mortgage loans, and for this reason the mortgage portfolios are valued on an amortised cost basis by an independent third party valuation provider. Any such valuation may therefore differ from the actual realisable market value of the relevant mortgage portfolio.

The interest rate swap is valued on a fair value mark-to-market basis by the swap counterparty, using the observable information on swap rates. The difference in fair value of the interest rate swap and amortised cost valuation of the mortgage loans could lead to volatility in the Company's NAV, had hedge accounting not been adopted.

The following details the Company's sensitivity to an increase and decrease of 50 basis points in the interest rate swap valuations, with 50 basis points being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of the possible change in market prices and is similar to the interest rate risk.

At 31 December 2020, if the interest rate swap valuation had been 50 basis points higher with all the other variables held constant, the return attributable to shareholders for the period would have been £98,113 (30 June 2020: £107,389) greater. This would represent an increase in Net Assets of 0.052% (30 June 2020: 0.049%).

If the interest rate swap valuation had been 50 basis points lower with all the other variables held constant, the return attributable to shareholders for the period would have been £97,625 (30 June 2020: £106,855) lower. This would represent a decrease in Net Assets of 0.051% (30 June 2020: 0.049%).

1.3 Currency risk: As at 31 December 2020, the Company had no material exposure to foreign exchange fluctuations or changes in foreign currency interest rates. Consequently, there is no material movement in assets and liabilities arising from foreign exchange fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient resources available to meet its liabilities as they fall due. The Company makes its investments by purchasing Profit Participating Notes issued by the Acquiring Entity, using the funds raised from equity issuances. The Acquiring Entity is bound by EU securities law and will be unable to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes issued by the Warehouse SPVs or Issuer SPVs until such time as the securities of the relevant SPVs have been redeemed in full (whether at final maturity or early redemption). This places limitations on the Company's ability to redeem the Profit Participating Notes issued by the Acquiring Entity. It is not expected that any party will make a secondary market in relation to the Retention Notes, and that there will usually be a limited market for the Retention Notes. Any partial sales of Retention Notes would need to be negotiated on a private counterparty to counterparty basis and could result in a liquidity discount being applied. There may be additional restrictions on divestment in the terms and conditions of the underlying investments. The illiquidity of the Retention Notes may therefore adversely affect the value of the Profit Participating Notes in the event of a forced sale which would, in turn, adversely affect the Company's business, business prospects, financial condition, returns to Shareholders including dividends, NAV and/or the market price of the shares.

During the warehousing phase, the Company's mortgage loans advanced are illiquid and may be difficult or impossible to realise for cash at short notice. At the period end, Cornhill Mortgages No. 4 Limited, Cornhill Mortgages No. 5 Limited and Cornhill Mortgages No. 6 Limited portfolios were in the warehousing phase.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)

Liquidity Risk (continued)

The Company manages its liquidity risk through short term and long term cash flow forecasts to ensure it is able to meet its obligations. In addition, the Company is permitted to borrow up to 20% of NAV for short term liquidity purposes, including financing share repurchases or redemptions, making investments or satisfying working capital requirements. This can be through a loan facility or other types of collateralised borrowing instruments including stock lending or repurchase transactions.

The Company's funding providers are entitled to receive repayment of principal from principal funds generated by the mortgage loans, but their right to the repayment of principal is limited to the cash available in the relevant SPV. Similarly, payment of accrued interest to the funding providers is limited to cash generated within the relevant SPV. There is no requirement for any group company other than the issuing SPV to make principal or interest payments in respect of the loan notes or borrowings. This matching of the maturities of the assets and the related funding substantially reduces the Group's exposure to liquidity risk. Due to the contractual nature of the funding, the Directors do not consider there to be any difference between the Company's discounted and the undiscounted liquidity position in relation to the loan notes and borrowings.

The following liquidity analysis is based on contractual payment terms and maturity dates. Expected cash flows are expected to be different to these contractual cash flows.

	Less than one year	More than one year	More than five years	Total as at 31.12.2020
	£	£	£	£
Assets	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Mortgage loans	21,007,203	106,865,304	1,541,139,571	1,669,012,078
Reserve fund	-	2,500,000	18,446,569	20,946,569
Trade and other receivables	2,677,929	-	-	2,677,929
Cash and cash equivalents	45,465,111	-	-	45,465,111
Total assets	69,150,243	109,365,304	1,559,586,140	1,738,101,687
Liabilities				
Financial liabilities at fair value through profit and loss	19,622,581	-	-	19,622,581
Trade and other payables	6,326,790	-	-	6,326,790
Borrowings	-	530,245,772	138,445,623	668,691,395
Loan notes	-	-	862,981,998	862,981,998
Total liabilities	25,949,371	530,245,772	1,001,427,621	1,557,622,764

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)

Liquidity Risk (continued)

	Less than one year £ Audited	More than one year £ Audited	More than five years £ Audited	Total as at 30.06.2020 £ Audited
Assets				
Mortgage loans	19,466,645	104,896,456	1,514,589,287	1,638,952,388
Reserve fund	13,521,519	6,683,000	-	20,204,519
Trade and other receivables	4,260,753	-	-	4,260,753
Cash and cash equivalents	37,905,366	-	-	37,905,366
Total assets	75,154,283	111,579,456	1,514,589,287	1,701,323,026
Liabilities				
Financial liabilities at fair value through profit and loss	21,477,899	-	-	21,477,899
Trade and other payables	6,594,574	-	-	6,594,574
Borrowings	-	604,296,701	-	604,296,701
Loan notes	-	-	848,876,889	848,876,889
Total liabilities	28,072,473	604,296,701	848,876,889	1,481,246,063

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's primary fundamental credit risk exposure is to borrowers of the underlying mortgages, with the risk of borrowers defaulting on interest and principal payments. The Portfolio Manager manages the reduction of borrower credit risk with extensive due diligence on portfolios conducted by internal and external analysts and stress testing.

The Company also has credit risk to the counterparty with which the Warehouse or Issuer SPVs transact the derivative trades for hedging purposes, or to gain, increase or decrease exposure to mortgages. Default by any hedging counterparty in the performance of its obligations could subject the investments to unwanted credit risks. The Portfolio Manager manages the reduction of credit risk exposure to the derivative counterparty through ongoing credit analysis of the counterparty in addition to implementing clauses into derivative transactions whereby collateral is required to be posted upon a downgrade of the counterparty's credit rating. The current credit rating of the counterparty is A+ (per Standards and Poor). At period end, there is no such exposure in place as they are in a liability position.

The Company's exposure to the credit risk of cash and deposit holders defaulting is managed through the use of investments into money market funds, to diversify cash holdings away from single custodians. Money market fund vehicles are chosen after extensive due diligence focusing on manager performance, controls and track record. Currently, the cash is held with Northern Trust London (credit rating A+ per Standards and Poor). The reserve fund is held with Citibank N.A. London Branch (credit rating A+ per Standards and Poor).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)

Credit risk (continued)

The following table shows the maximum exposure to credit risk:

	As at 31.12.2020 £ Unaudited	As at 30.06.2020 £ Audited
Mortgage loans	1,675,395,600	1,648,394,104
Cash and cash equivalents	45,465,111	37,905,366
Reserve fund	20,946,569	20,204,519
Trade and other receivables	2,677,929	4,260,753
	1,744,485,209	1,710,764,742

Mortgage loans written off during the period amounted to £562,875 (30 June 2020: £1,543,544),with an expected credit loss provision of £329,716 (30 June 2020: £1,195,954). In order to give an indication of credit quality the below table, shown as book value, is the current indexed loan to value ratio:

	As at 31.12.2020 Unaudited	As at 30.06.2020 Audited
Loan to value	£	£
0-49%	222,334,524	211,966,217
50-75%	971,124,981	954,101,240
75-100%+	481,936,094	482,326,647
	1,675,395,599	1,648,394,104

The value of the loans past due but not yet impaired and their respective collateral value at the period/year end are shown in the table below. In accordance with the Company's policy, the credit impaired loans amounted £10,163,111 as at 31 December 2020 (30 June 2020: £7,445,962) with underlying collateral value of £17,392,980 (30 June 2020: £14,093,217).

	Book value		Collateral value	
	As at 31.12.2020 £ Unaudited	As at 30.06.2020 £ Audited	As at 31.12.2020 £ Unaudited	As at 30.06.2020 £ Audited
>1 month but <2 months	11,914,911	3,216,112	20,222,453	4,795,785
>2 months but <3 months	3,692,547	4,801,137	6,494,881	7,063,327
>3 months but <6 months	4,416,491	3,525,284	6,573,869	6,728,027
>6 months	5,746,621	3,920,678	10,819,110	7,365,190
	25,770,570	15,463,211	44,110,313	25,952,329

The table below discloses the maximum exposure to credit risk at 31 December 2020 of mortgage loans with exposure to credit risk, the exposures transfers between the credit stages during the period ended 31 December 2020, and the allowance for ECL allowance for each stage at 31 December 2020. Refer to the annual report note 2(f) for further information regarding the measurement of credit loss allowances according to a three-stage expected credit loss impairment model.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued
for the period from 1 July 2020 to 31 December 2020

15. Financial Risk Management (continued)
Credit risk (continued)

	Principal balance Mortgage Loans ECL Stage 1	Principal balance Mortgage Loans ECL Stage 2	Principal balance Mortgage Loans ECL Stage 3	Principal balance Total
	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited
Principal balance at 1 July 2020	1,625,843,619	15,104,524	7,445,962	1,648,394,105
Increase due to new loans purchased	99,286,986	-	-	99,286,986
Transfers between stages	(11,483,290)	6,867,380	4,615,910	-
Decrease in mortgage loans	(70,245,883)	(140,847)	(1,352,257)	(71,738,987)
Mortgage loans written off during the period	-	-	(546,504)	(546,504)
Principal balance at 31 December 2020	1,643,401,432	21,831,057	10,163,111	1,675,395,600
Allowance for impairment losses	1,455,870	114,365	1,270,601	(2,840,836)

	Principal balance Mortgage Loans ECL Stage 1	Principal balance Mortgage Loans ECL Stage 2	Principal balance Mortgage Loans ECL Stage 3	Principal balance Total
	Audited	Audited	Audited	Audited
	£	£	£	£
Principal balance at 1 July 2019	1,342,553,680	6,089,662	7,488,103	1,356,131,445
Increase due to new loans purchased	417,197,938	253,861	371,525	417,823,324
Transfers between stages	(14,228,164)	9,274,137	4,954,027	-
Decrease in mortgage loans	(119,679,835)	(513,136)	(3,824,640)	(124,017,611)
Mortgage loans written off during the year	-	-	(1,543,053)	(1,543,053)
Principal balance at 30 June 2020	1,625,843,619	15,104,524	7,445,962	1,648,394,105
Allowance for impairment losses	(747,441)	(104,298)	(463,427)	(1,315,166)

16. Analysis of Financial Assets and Liabilities by Measurement Basis

31 December 2020	**Financial Assets at fair value through profit and loss**	**Financial Assets at amortised cost**	**Total**
Financial Assets as per Unaudited Consolidated Statement of Financial Position	**£** **Unaudited**	**£** **Unaudited**	**£** **Unaudited**
Mortgage loans	-	1,669,012,078	1,669,012,078
Reserve fund	-	20,946,569	20,946,569
Cash and cash equivalents	-	45,465,111	45,465,111
Trade and other receivables	-	2,677,929	2,677,929
	-	1,738,101,687	1,738,101,687

Financial Liabilities as per Unaudited Consolidated Statement of Financial Position	**Financial Liabilities at fair value through profit and loss** £ Unaudited	**Financial Liabilities at amortised cost** £ Unaudited	**Total** £ Unaudited
Financial liabilities at fair value through profit and loss	19,622,581	-	19,622,581
Trade and other payables	-	6,326,790	6,326,790
Borrowings	-	668,035,345	668,035,345
Loan notes	-	854,270,997	854,270,997
	19,622,581	1,528,633,132	1,548,255,713

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued
for the period from 1 July 2020 to 31 December 2020

16. Analysis of Financial Assets and Liabilities by Measurement Basis (continued)

30 June 2020	Financial Assets at fair value through profit and loss	Financial Assets at amortised cost	Total
	£	£	£
Financial Assets as per Audited Consolidated Statement of Financial Position	Audited	Audited	Audited
Mortgage loans	-	1,638,952,388	1,638,952,388
Reserve fund	-	20,204,519	20,204,519
Cash and cash equivalents	-	37,905,366	37,905,366
Trade and other receivables	-	4,260,753	4,260,753
	-	1,701,323,026	1,701,323,026

	Financial Liabilities at fair value through profit and loss	Financial Liabilities at amortised cost	Total
	£	£	£
Financial Liabilities as per Audited Consolidated Statement of Financial Position	Audited	Audited	Audited
Financial liabilities at fair value through profit and loss	21,477,899	-	21,477,899
Trade and other payables	-	6,594,574	6,594,574
Borrowings	-	604,296,701	604,296,701
Loan notes	-	848,876,889	848,876,889
	21,477,899	1,459,768,164	1,481,246,063

17. Fair Value Measurement

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

17. Fair Value Measurement (continued)

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the period ended 31 December 2020 and the year ended 30 June 2020.

	Level 1 £ Unaudited	Level 2 £ Unaudited	Level 3 £ Unaudited	Total £ Unaudited
Liabilities				
Financial liabilities at fair value through profit and loss	-	(8,000,333)	(11,622,248)	(19,622,581)
Total liabilities as at 31 December 2020	-	(8,000,333)	(11,622,248)	(19,622,581)

	Level 1 £ Audited	Level 2 £ Audited	Level 3 £ Audited	Total £ Audited
Liabilities				
Financial liabilities at fair value through profit and loss	-	(8,386,469)	(13,091,430)	(21,477,899)
Total liabilities as at 30 June 2020	-	(8,386,469)	(13,091,430)	(21,477,899)

Vanilla swaps have been classified as Level 2. Balance guarantee swaps have been classified as Level 3 as they are based on unobservable market data such as counterparty's assumptions of prepayments and the Company's creditworthiness. Please refer to note 7 for a reconciliation of the movement for the period on the interest rate swaps.

	For the period 31.12.2020 Unaudited	For the year 30.06.2020 Audited
Financial liabilities at fair value through profit and loss - Level 3	£	£
Balance at start of the period/year	(13,091,430)	(7,775,666)
Movement on derivatives in designated fair value hedge relationships	1,469,182	(5,315,764)
Balance at end of the period/year	(11,622,248)	(13,091,430)

The following details the Company's sensitivity to an increase and decrease of 50 basis points in the interest rate, with 50 basis points being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of the possible change in market prices and is similar to the interest rate risk.

At 31 December 2020, if interest rate had been 50 basis points higher with all the other variables held constant, the return attributable to shareholders for the period would have been £58,111 (30 June 2020: £65,457) greater. This would represent an increase in Net Assets of 0.031% (30 June 2020: 0.030%).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

17. Fair Value Measurement (continued)

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 December 2020 but for which fair value is disclosed.

	Level 1 31.12.2020 £ Unaudited	Level 2 31.12.2020 £ Unaudited	Level 3 31.12.2020 £ Unaudited	Total 31.12.2020 £ Unaudited
Assets				
Mortgage loans	-	-	1,722,653,698	1,722,653,698
Reserve fund	20,946,569	-	-	20,946,569
Cash and cash equivalents	45,465,111	-	-	45,465,111
Trade and other receivables	2,677,929	-	-	2,677,929
Total	69,089,609	-	1,722,653,698	1,791,743,307
Liabilities				
Trade and other payables	6,326,790	-	-	6,326,790
Borrowings	-	668,035,345	-	668,035,345
Loan notes	-	854,270,997	-	854,270,997
Total	6,326,790	1,522,306,342	-	1,528,633,132

	Level 1 30.06.2020 £ Audited	Level 2 30.06.2020 £ Audited	Level 3 30.06.2020 £ Audited	Total 30.06.2020 £ Audited
Assets				
Mortgage loans	-	-	1,680,454,116	1,680,454,116
Reserve fund	20,204,519	-	-	20,204,519
Cash and cash equivalents	37,905,366	-	-	37,905,366
Trade and other receivables	4,260,753	-	-	4,260,753
Total	62,370,638	-	1,680,454,116	1,742,824,754
Liabilities				
Trade and other payables	6,594,574	-	-	6,594,574
Borrowings	-	604,296,701	-	604,296,701
Loan notes	-	848,876,889	-	848,876,889
Total	6,594,574	1,453,173,590	-	1,459,768,164

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

17. Fair Value Measurement (continued)

The fair value of the mortgage loans is calculated through an appropriate proxy securitisation structure based on existing deals with current and transparent pricing. For movement from opening to closing of the mortgage loans classified as Level 3 see note 5.

The fair value of borrowings and loan notes is deemed to equate to their notional amounts, as they are at an entirely variable rate and have been secured within the last three years on an arm's length basis.

The other assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Loan notes and borrowings approximate fair value as the underlying interest rates are linked to the market rates. During the period there were no transfers between the levels. Cash and cash equivalents include cash in hand and short-term deposits with original maturities of three months or less.

Trade and other receivables includes collateral due and interest receivable due within three months. Their fair value is deemed to approximate their book value, due to their short duration.

Trade and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. Their fair value is deemed to approximate their book value, due to their short duration.

Reserve fund includes cash held as part of the securitisation structure and so can only be used in accordance with the Issue and Programme Documentation.

18. Dividend Policy

The Company declared the following interim dividends in relation to the period to 31 December 2020:

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
30 September 2020 *	2.625	6,093,488	16 October 2020	15 October 2020	30 October 2020
31 December 2020	1.125	2,611,495	22 January 2021	21 January 2021	5 February 2021

*The Company declared a dividend of 1.125p in relation to the 3 month period to 30 September 2020 plus a catch up fifth interim dividend of 1.5p in relation to 30 June 2020.

The total dividend declared and paid during the period was £7,117,484 (31 December 2019: £6,143,971)The original dividend policy for the Company was for dividends on the Ordinary Shares to be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). It was intended that the first three interim dividends of each financial year was to be paid at a minimum of 1.5p per Ordinary Share with the fourth interim dividend of each financial year including an additional amount such that a significant majority of the Company's net income for that financial year is distributed to Shareholders. Following the EGM on the 16 August 2019, the Company made the decision that in order rebuild the NAV, improve the Company's cash flow and reconstitute capital to generate returns in excess of the required divided, to reduce the annual dividend to 4.5p per annum (the "new dividend policy"). The dividend paid on 31 March 2020 reflected this new dividend policy. A temporary reduction to 1.5p per annum was implemented in April 2020 in the light of the uncertainty caused by the COVID-19 pandemic. However, on 8 October 2020, the Company declared a dividend of 1.125p in relation to the 3 month period to 30 September 2020 plus a catch up fifth interim dividend of 1.5p in relation to 30 June 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

18. Dividend Policy (continued)

The Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to Shareholders. The Company may offer Shareholders the opportunity to elect to receive dividends in the form of further Ordinary Shares.

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by The Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the solvency test for each dividend paid.

19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Portfolio Manager. The Portfolio Manager makes the strategic resource allocations on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the Portfolio Manager that are used to make strategic decisions. The reports are measured in a manner consistent with IFRS for all operating segments.

The Portfolio Manager considers the business as two segments which are categorised as Buy-to-Let and Owner Occupied. These are further sub-divided into Forward Flow and Purchased with each being managed by separate specialist teams at the Portfolio Manager. The Buy to Let Forward Flow contains Cornhill No. 4 and Cornhill No. 5. The Buy to Let Purchased contains Malt Hill No.2, Oat Hill No.1 and Cornhill No. 6. Owner Occupied Forward Flow contains Barley Hill No. 1.

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest and the release of the discount/premium.

The segment information provided to the Portfolio Manager for the reportable segments is as follows:

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	Purchased	Forward Flow	Purchased	31.12.2020
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Interest income on mortgage loans	5,380,168	12,801,015	7,539,914	-	25,721,097
Net interest expense on financial liabilities at fair value through profit and loss	(770,674)	(2,645,243)	(1,234,804)	-	(4,650,721)
Net gain from derivative financial instruments	263,945	19,581	102,187	-	385,713
Interest expense on borrowings	(1,324,228)	(827,730)	(1,409,135)	-	(3,561,093)
Interest expense on loan notes	-	(3,768,615)	(935,887)	-	(4,704,502)
Servicer fees	(266,529)	(1,098,451)	(295,202)	-	(1,660,182)
Other expenses	(1,349,406)	3,857,520	(6,799,164)	-	(4,291,050)
Total net segment income	1,933,276	8,338,077	(3,032,091)	-	7,239,262

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

19. Segment reporting (continued)

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	**Purchased**	**Forward Flow**	**Purchased**	**31.12.2019**
	£	**£**	**£**	**£**	**£**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Interest income on mortgage loans	4,032,197	15,355,525	3,677,365	-	23,065,087
Net gain from derivative financial instruments	(27,990)	(1,297,449)	(513,519)	-	(1,838,958)
Net interest expense on financial liabilities at fair value through profit and loss	337,303	(31,711)	41,783	-	347,375
Interest expense on borrowings	(1,350,760)	(1,580,649)	-	-	(2,931,409)
Interest expense on loan notes	-	(5,302,952)	(1,996,446)	-	(7,299,398)
Servicer fees	(222,849)	(1,042,359)	(166,942)	-	(1,432,150)
Other expenses	(3,204,034)	(5,677,976)	(2,568,257)	-	(11,450,267)
Total net segment income	(436,133)	422,429	(1,526,016)	-	(1,539,720)

A reconciliation of total net segmental income to total comprehensive gain is provided as follows.

	31.12.2020	31.12.2019
	Unaudited	**Unaudited**
	£	**£**
Total net segment income	7,239,262	(1,539,720)
Other fees and expenses	(2,540,541)	4,948,946
	4,698,721	3,409,226

There are no transactions between the reportable segments.

Total segment assets include:

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	**Purchased**	**Forward Flow**	**Purchased**	**31.12.2020**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	£	**£**	**£**	**£**	**£**
Mortgage loans	349,582,094	930,948,029	388,481,957	-	1,669,012,080
Reserve fund	-	14,263,569	6,683,000	-	20,946,569
Other	10,037,285	10,695,813	15,997,226	-	36,730,324
	359,619,379	955,907,411	411,162,183	-	1,726,688,973

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	**Purchased**	**Forward Flow**	**Purchased**	**30.06.2020**
	Audited	**Audited**	**Audited**	**Audited**	**Audited**
	£	**£**	**£**	**£**	**£**
Mortgage loans	496,014,014	964,506,625	178,431,751	-	1,638,952,390
Reserve fund	2,500,000	13,521,519	4,183,000	-	20,204,519
Other	13,353,469	7,781,642	10,600,291	-	31,735,402
	511,867,483	985,809,786	193,215,042	-	1,690,892,311

	31.12.2020	30.06.2020
	£	**£**
	Unaudited	**Audited**
Segment assets for reportable segments	1,726,688,973	1,690,892,311
Other	11,412,714	10,430,715
Total assets	1,738,101,687	1,701,323,026

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

19. Segment reporting (continued)

Total segment liabilities include:

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	Purchased	Forward Flow	Purchased	31.12.2020
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Borrowings	311,400,808	138,288,860	218,345,677	-	668,035,345
Loan notes	-	720,875,456	133,395,541	-	854,270,997
Financial liabilities at fair value through profit and loss	5,751,552	9,699,710	4,171,319	-	19,622,581
Other	3,221,948	636,319	1,325,726	-	5,183,993
	320,374,308	869,500,345	357,238,263	-	1,547,112,916

	Buy-to-Let		Owner Occupied		Total as at
	Forward Flow	Purchased	Forward Flow	Purchased	30.06.2020
	£	£	£	£	£
	Audited	Audited	Audited	Audited	Audited
Borrowings	449,911,285	154,385,416	-	-	604,296,701
Loan notes	-	689,925,877	158,951,012	-	848,876,889
Financial liabilities at fair value through profit and loss	8,365,062	10,705,428	2,386,002	-	21,456,492
Other	3,681,808	1,710,646	432,871	-	5,825,325
	461,958,155	856,727,367	161,769,885	-	1,480,455,407

	31.12.2020	30.06.2020
	£	£
	Unaudited	Audited
Segment liabilities for reportable segments	1,547,112,916	1,480,455,407
Trade and other payables	1,142,797	790,656
Total liabilities	1,548,255,713	1,481,246,063

20. Ultimate Controlling Party

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

21. Subsequent Events

The second interim dividend for period ending 31 December 2020 of 1.125p per Ordinary Share was declared on 14 January 2021 and paid on 5 February 2021.

On 19 January 2021, the Company securitised the Keystone portfolio through Hops Hill No. 1 PLC. In early February a mandate was awarded and documentation is currently being completed to allow the new warehouse to absorb future Keystone origination once the pre-funding period for Hops Hill No.1 PLC is completed by the May Interest Payment Date.

On 5 February 2021, the Company has agreed to sell the portfolios held by Cornhill Mortgages No. 6 Limited and Malt Hill No. 2 Plc to fund two tender offers to shareholders and a second Keystone transaction. The sale of Cornhill Mortgages No. 6 Limited was completed on 25 February 2021 and subject to successful completion, the Malt Hill No. 2 PLC delivery is anticipated on the interest payment date in May 2021. The sale price of these two portfolios is not materially different from the amortised cost valuation once the expected interest income prior to the transaction closing date is taken into consideration. It should be noted however that the termination of the swaps is expected to have an impact on the NAV, the quantum of which will be reflected by the swap unwind costs at their respective terminations in February and May 2021. In aggregate, the capital release from the two sales is expected to be in the upper end of the £35-40m range indicated to investors as part of the strategic review in 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 July 2020 to 31 December 2020

21. Subsequent Events (continued)

On the 26 February 2021 the Company issued a tender circular to shareholders which proposed to return up to £40m of capital in tenders linked to the planned sales of the Cornhill No. 6 and Malt Hill No 2 portfolios in February and May respectively. The Board has recommended that shareholders approve the tender at an EGM scheduled for 23 March 2021.

The UK completed its Withdrawal Agreement from the EU on 31 December 2020 (Brexit). Given that the Company's sole objective is to invest in portfolios of residential mortgages in the UK, Brexit is not expected to have an impact on UK mortgage lenders' ability to originate UK borrowers or therefore the Company's ability to purchase portfolios of such loans. Bonds issued from the Company's securitisations can continue be sold to non-UK investors as evidenced by the Company's most recent transaction, Hops Hill No. 1 completed post-Brexit in January 2021, which included investors not just from the UK but from several European geographies as well as the US and Australia.

These Unaudited Condensed Consolidated Interim Financial Statements were approved for issuance by the Board on 16 March 2021. There were no subsequent events, apart from those mentioned above until this date.

SUBSIDIARY DETAILS

Company	Registered Office
UK Corporate Funding Designated Activity Company	5 George’s Dock, IFSC, Dublin 1, Ireland.
Cornhill Mortgages No.4 Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Cornhill Mortgages No.5 Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Cornhill Mortgages No.6 Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Malt Hill No.2 Plc	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Oat Hill No.1 Plc	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Oat Hill No.2 Plc	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.
Barley Hill No.1 Plc	35 Great St. Helen's, London, EC3A 6AP, United Kingdom.

GLOSSARY OF TERMS

ABS	Asset-backed security whose income payments and hence value are derived from and collateralised (or "backed") by a specified pool of underlying assets
Acquiring Entity	Means UK Mortgages Corporate Funding Designated Activity Company, a designated activity company incorporated in Ireland qualifying within the meaning of section 110 of the Taxes Consolidation Act 1997 to acquire mortgage portfolios for on-selling to Warehouse SPVs and issuing PPNs
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 15532)
AIC	Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance for companies incorporated in Guernsey
AIC Guide	The AIC Guide to Corporate Governance
AIFM Directive	Alternative Investment Fund Managers Directive 2011, 61/EU
AIFM or Maitland	Maitland Institutional Services Limited, the Company's alternative investment fund manager for the purposes of regulation 4 of the AIFM Regulations
Amortised Cost Accounting	The process by which mortgages in the Company's portfolio are valued at cost less capital repayments and any provisions required for impairment
Audit Committee	An operating committee of the Board of Directors charged with oversight of financial reporting and disclosure
Audited Consolidated Financial Statements	Audited Consolidated Financial Statements of the Company
BoAML	The Bank of America Merrill Lynch
BTL	Buy-to-let
BoE	Bank of England
Board of Directors or Board or Directors	The Directors of the Company
CCJs	County Court Judgements
CHL	Capital Home Loans
Class A Notes	Means the Class A Mortgage Backed Floating Rate Notes issued by the Issuer and admitted to trading on the Irish Stock Exchange
company	UK Mortgages Limited
Company	Means UKML, Acquiring Entity, Issuer SPV and Warehouse SPVs
Company's Articles or Articles	The articles of incorporation of the Company
Continuation Vote	An ordinary resolution that gives shareholders the ability to instruct the board to prepare a proposal to restructure or wind up a company by means of a simple majority vote
Corporate Broker	Numis Securities Limited
CRS	The Common Reporting Standard, a global standard for the automatic exchange of financial account information developed by OECD
Custodian and Depositary	Northern Trust (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 2651)
Derivative Instruments	Means instruments used to gain leveraged exposure to mortgage portfolios, including but not limited to Credit Linked Notes and Credit Default Swaps

GLOSSARY OF TERMS Continued

DAC	UK Mortgages Corporate Funding Designated Activity Company an independently managed, Dublin based, section 110 designated activity company that is responsible for the warehousing and securitisation of mortgage portfolios under the supervision of TFAM the investment adviser. DAC is wholly financed by the Company via Profit Participating Notes and distributes substantially all of its profits to the Company thereby qualifying for a reduced rate of taxation, commonly known as a Eurobond exemption. From a financial reporting perspective DAC is consolidated with the Company as it provides its services exclusively to the Company
DSCR	Debt Service Coverage Ratio
ECL	Expected Credit Loss
EGM	Extraordinary general meeting. An extraordinary general meeting (EGM) is a meeting other than a company's annual general meeting (AGM)
FFI	Foreign Financial Institution
FLS	Funding for Lending Scheme
Forward Flow transaction	Forward flow transactions involve the appointment of a third party to originate mortgages that meet criteria defined by the investment manager with the intention of securitising these mortgages at a future date. These transactions have the advantage that they can be customised with a view to meeting desired levels of risk and return. The disadvantage of this type of transaction is that the timing of loan origination is a function of the market demand for the mortgages and the size and quality of the originator's sales infrastructure.
FRC	The Financial Reporting Council
FTBs	First Time Buyers
FVTPL	Fair value through profit or loss
GFSC Code	Code of Corporate Governance issued by the Guernsey Financial Services Commission

GLOSSARY OF TERMS Continued

Government and Public Securities	Means per the FCA definition, the investment, specified in article 78 of the Regulated Activities Order (Government and public securities), which is in summary: a loan stock, bond government and public security FCA PRA or other instrument creating or acknowledging indebtedness, issued by or on behalf of: (a) the government of the United Kingdom; or (b) the Scottish Administration; or (c) the Executive Committee of the Northern Ireland Assembly; or (d) the National Assembly of Wales; or (e) the government of any country or territory outside the United Kingdom; or (f) a local authority in the United Kingdom or elsewhere; or (g) a body the members of which comprise: (i) States including the United Kingdom or another EEA State; or (ii) bodies whose members comprise States including the United Kingdom or another EEA State; but excluding: (A) the instruments specified in article 77(2)(a) to (d) of the Regulated Activities Order; (B) any instrument creating or acknowledging indebtedness in respect of: (I) money received by the Director of Savings as deposits or otherwise in connection with the business of the National Savings Bank; or (II) money raised under the National Loans Act 1968 under the auspices of the Director of Savings or treated as so raised under section 11(3)
Hedge Accounting	This is the process by which the change in fair value of a hedging instrument is offset by a proportionate change in the fair value of the company's portfolio to neutralise the volatility of the company's net asset value. It requires initial proof and ongoing monitoring of the hedge effectiveness
ICR	Interest Coverage Ratio, a debt ratio and profitability ratio used to determine how easily a company can pay interest on its outstanding debt
IFRS	International Financial Reporting Standards
Investment Company	A company whose main business is holding securities for investment purposes
Internal Control	A process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies
IPO, Initial Public Offering	Means the initial public offering of shares in the Company on the specialist fund segment of the London Stock Exchange
IPD	Interest Payment Date
IRR	Internal Rate of Return
IRS	The US Internal Revenue Service
Issue	Means together the Placing and the Offer (or as the context requires both of them

GLOSSARY OF TERMS Continued

Issuer SPVs	Means special purpose vehicles established for the specific purpose of securitisation and issuing Retention Notes for purchase by the Acquiring Entity
Junior Note	These notes have the lowest priority claim on capital and income from the Issuer SPV and offer the highest potential returns in exchange for bearing the first loss experienced by the SPV
Loan Financing Facility	Means a facility in terms of which ongoing finance is provided by Bank of America Merrill Lynch International Limited for a period of up to two-years
LSE	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721)
LTV	means Loan to Value
Mortgage Pool/ Mortgage Portfolio	The underlying mortgage loans that produce the income for the securitised portfolios
NAV	Means net asset value
Net Asset Value Total Return	The total return is calculated by adding dividends since inception to the absolute change in NAV and dividing it by the NAV on the starting date
OECD	The Organisation for Economic Co-operation and Development
Offer	Means the offer for subscription of Ordinary Shares at 1.000p each to the public in the United Kingdom on the terms and conditions set out in Part 12 of the Prospectus and the Application Form
Official List	In reference to DAC and Issuer SPV refers to the official list of the Irish Stock Exchange p.l.c. In reference to the Company refers to the official list of the London Stock Exchange
Ordinary Shares	Ordinary shares of 100p each in the capital of the Company
Placing	Means the conditional placing by the Corporate Broker, as agent for the Company, of up to 250 million ordinary shares at 1 pence each on the terms and conditions set out or referred to in the placing documents, being the Prospectus, the Presentation, the P Proof, the flyer, the press announcements, the contract note, any other document prepared in connection with the pre-marketing of the issue or the placing programme
Portfolio Manager	TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015)
Profit Participating Notes/PPN	These are Eurobond notes issued by DAC to the Company. The capital paid by the Company to DAC to buy the notes is invested in mortgage pools and DAC in turn pays income to the Company via coupon payments on the notes
Purchased portfolio	A purchased portfolio is the purchase of a large group of related financial assets in a single transaction
QE	Quantitative easing (QE), also known as Large Scale Assets Purchases, is an expansionary monetary policy whereby a central bank buys predetermined amounts of government bonds or other financial assets in order to stimulate the economy

GLOSSARY OF TERMS Continued

Rating Agency	Companies that assess the creditworthiness of both debt securities and their issuers, for these purposes Standard and Poor's, Moody's and Fitch
Retention Notes	Means a Subordinated tranche of securities which as part of the warehouse or securitisation issuance structure are issued for purchase by the Acquiring Entity
RMBS	Residential Mortgage-Backed Security
RNS	Regulatory News Service
Section 110	Section 110 of the Irish Taxes Consolidation Act 1997 (as amended). A Section 110 company is an Irish resident special purpose vehicle ("SPV") which holds and/or manages "qualifying assets" and usually distributes substantially all of its income net of a fixed annual tax payment
Seasoning	The weighted average age of a mortgage portfolio
Securitisation Vehicle	Special purpose vehicle incorporated in the UK established for the purpose of issuing notes collateralised by an underlying mortgage pool
Senior Note	Senior note holders receive first priority with respect to income and capital distributions and effectively provide long term leverage finance to the Junior note holders
Servicer	Means the entity that maintains the relationship with the underlying mortgage borrower to answer questions, collect payments and refinance existing loans if required
Share Buyback	The Company purchases shares in the market
Shareholders	Holders of Shares
Specialist Fund Segment	The Specialist Fund Segment of the London Stock Exchange
SONIA	The Sterling Overnight Interest Average rate which is replacing LIBOR as a cost of interbank funding
SPV	Means a special purpose vehicle
SVR	Standard variable rate
TFS	Term Funding Scheme
TML	The Mortgage Lender
UK Code	The UK Corporate Governance Code 2018 (published in July 2018) applies to accounting periods beginning on or after 1 January 2019. It places greater emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report in their annual report and accounts on how they have applied the Code. The UK Corporate Governance Code 2016
UKML	UK Mortgages Limited
Valuation Agent	Kinson Advisors LLP
WA LTV	Weighted average loan-to-value

GLOSSARY OF TERMS Continued

Warehousing	The process by which mortgages are acquired in a portfolio prior to securitisation. The portfolio is typically leveraged by borrowing from a warehouse credit facility. Five warehouse SPVs; Cornhill Mortgages No. 1 Limited, Cornhill Mortgages No. 2 Limited, Cornhill Mortgages No. 3 Limited, Cornhill Mortgages No. 4 Limited, Cornhill Mortgages No. 5 Limited, Cornhill Mortgages No. 6 Limited have been established for the purpose of warehousing
Warehouse SPV	A special purpose vehicle, incorporated in the UK, established for the purpose of warehousing the mortgage portfolio

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL