urbanexposure

PROPERTY | DEVELOPMENT | FINANCE

Interim Report for the period ended 30 September 2018

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Interim results for the period from 10 April 2018 (incorporation) to 30 September 2018

Urban Exposure Plc ("the Company") and its subsidiaries (together “the Group” or “Urban Exposure”), a specialist residential development financier and asset manager, is pleased to announce its unaudited Group financial results for the period from 10 April 2018 (the date of incorporation) to 30 September 2018 (“the Period”), following its admission to AIM on 9 May 2018 (“IPO”).

The Group's financial year ends on 31 December each year and, accordingly, the period to 30 June is the half-year period in each year for which interim results will be prepared going forward.

These interim results, are being published in accordance with AIM Rule 18.

The Group will publish its inaugural audited financial results for the period from 10 April 2018 to 31 December 2018 before 30 June 2019.

Highlights

- As at 30 September 2018, funding of £168.4 million had been committed across seven loans. £62.1 million of cash had been deployed in respect of these seven loans, being 41% of the £150 million capital raised in the IPO.
- On 27 July 2018, the Group announced that it had closed its first managed account, a partnership agreement with Kohlberg Kravis Roberts (KKR) with exclusivity, and with a value of £165 million (of which the Group co-invested £15m).
- The loss for the period was £3.1 million, which includes exceptional costs of £0.6 million and share-based expenses of £0.3 million.
- Interim dividend of 0.83 pence per ordinary share

Financial Highlights

Revenue:	£0.6m
Loss before tax:	£(3.1)m
Basic loss per share:	(2.25)p
Dividend per share:	0.83p
Net assets:	£155.5m
Cash on balance sheet:	£80.4m

CEO STATEMENT

I am pleased to announce our inaugural set of Group interim results, covering the period from 10 April 2018 to 30 September 2018. Following our successful IPO in May this year, we have been delighted with the response from our key stakeholders, in particular – our borrowers, funders and employees.

As at 30 September 2018, the Group had written £168.4 million of new loans and secured £150 million of external funding via a partnership agreement with KKR. More importantly, the pipeline for the Group on both sides of the business – the direct lending division and the asset management division – that has been generated post-IPO is consistent with our expectations at listing. We are pleased with the quality of our loan book. The Loan to Value ("LTV") levels offer better credit protection, being 8-10 percentage points lower than anticipated, at a weighted average of 60.3%. We have been able to negotiate conservative pre-sales levels which also offer enhanced risk mitigation. In addition, funding commitments that are both secured and in the pipeline are at a significant quantum.

Our unlevered gross returns on the seven loans written within the Period remain in line with the business plan at IPO. In furtherance of the Group's strategy of growing the asset management business, a number of these loans will be sold to the KKR partnership structure, or will utilise other syndication arrangements thereby freeing up the Group's capital for new loans. 'Loan-on-loan' credit lines (whereby our lending commitments are matched by equivalent commitments from a third party) are progressing with a number of institutions, at least one of which is expected to close before 31 December 2018, whilst additional syndication partnership opportunities are also at an advanced stage.

We have increased our headcount to help execute the enhanced deal pipeline and asset management relationships, and I am delighted with how the entire expanded team has stepped up to achieving our targets and the new reporting and governance requirements of being a listed company.

Accounting for Minimum Earnings

All loans and investments in partnership vehicles will be accounted for on a Fair Value Basis under the requirements of International Financial Reporting Standard 9.

The structure of our business model going forward is such that loans are typically on balance sheet at origination but are thereafter transferred into the asset management side of the business, whilst maintaining a portion of the capital commitment. This structure allows the Group to continue its participation in the loans by virtue of its co-investment, and to free up capital to originate new loans to our borrowers.

Each loan originated by the Group includes a Minimum Earnings Clause ("MEC"). MECs set a floor on the earnings of each loan originated by the Group by guaranteeing a minimum return, regardless of the draw-down profile or an early re-financing of the debt. The projected earnings on each loan originated always exceed the level of any MECs. Following consultation with our Auditors, the Group has concluded that loans should be valued based on their expected cash flow profiles and discounted at a factor equal to the yield of the underlying loan. The effect of this is that no value is attributed to the MECs because, on a Fair Value Basis, forecast cash flows assume that loans follow their anticipated course, thereby excluding the effect of MECs.

Projected earnings

Below we have set out an indication of minimum and projected earnings for the seven loan commitments written as at 30 September 2018. In order to portray a more realistic representation of earnings, loans that have since been confirmed as moving into an asset management structure are assumed to have been duly transferred, despite the fact that the actual transfer may not yet have taken place. To not do so would state a level of MEC earnings that was unrealistically high, in that it would fail to reflect the proportion of those earnings that would become due to our co-funders.

Based on loan commitments as at 30 September 2018:

No of loans:	7 (3 subsequently transferred into asset management structures)
Total loan commitments:	£168.4m (£86.2m subsequently transferred into asset management structures)
Loan commitments by Group:	£82.2m
Projected earnings:	£11.1m (89% derived from balance sheet deployment)
MECs:	£5.6m (85% derived from balance sheet deployment)

The breakdown of income categorisation is two-fold:

1. balance sheet income (this includes projected income for loans and loan commitments on balance sheet at that point in time, plus projected income for the Group's co-investment stake in any asset management structure);
2. asset management income (which is projected fee and 'promote' income from the Group's co-investors).

Given that MECs are both contractually secured and legally binding, the Group is in a position to pay its dividend from what is essentially 'covered' income.

During the Period, the Group has deployed approximately 41% of the capital raised, and secured additional third-party funds of £150 million.

Loss before tax

The Group made a loss of £3.1 million for the Period. Revenue recognition in the Period was lower than expected due to the draw-down profile of the Group's newly originated loan book being more protracted. This was, in turn, due to higher than anticipated levels of developer equity being contributed to the loans, and a resultant increase in loan book quality.

Operating expenses

In line with expectations, operating expenses during the Period amounted to £3.7 million, consisting mainly of salaries and benefits totalling £1.8 million. It also included £0.3 million share-based expenses, relating to the costs of the Long-Term Incentive Plan and management share options which were introduced by the Group to motivate and incentivise employees, and exceptional costs of £0.6 million for professional and consultancy fees relating to listing.

Loans

As at 30 September 2018, the Group had completed seven loans, bringing total lending commitments to £168.4 million. The loans are geographically diversified, covering development projects across the UK, specifically Central London, Greater London, Essex, Buckinghamshire, Cornwall, Nottingham and Wales. These loans, in aggregate, will finance the construction of 598 private residential homes, 86 affordable housing units and c. 26,000 sq ft of commercial real estate (including office space, retail and a hotel).

The average weighted term of these loans is 25 months and the weighted average Loan to Gross Development Value (LTV) is 60 per cent, which is more conservative than initial expectations (between 65 per cent and 75 per cent). Projected returns in respect of these loans remain in line with expectations at IPO.

Assets under management

Our asset management business has gained momentum since the KKR partnership agreement was confirmed in July 2018. Furthermore, we are actively negotiating with several third parties to raise additional funds to further diversify our asset management operations.

The Group is in the process of executing two syndication partner agreements. Loans syndicated to those parties will generate fees for the Group in line with expectations. The Group is also in the late stages of closing a debt financing facility to add gearing to the partnership arrangement with KKR. This is expected to be an initial facility of £165 million, with scope to further scale up as required.

Strengthening our technology platform

We are actively pursuing the development and implementation of loan software that can facilitate our platform to digitise both borrower and funder interactions with the Group. The Group is in negotiations with a technology partner to build a bespoke platform.

Share premium cancellation

The Group made an application to cancel its share premium account in order to create distributable reserves at the Group level, which would be available to be used primarily for the purpose of paying dividends. The Court approved the application on 24 July 2018.

Dividend

In accordance with our dividend policy outlined at IPO,

- the Board intends to pay a total dividend for the financial year ended 31 December 2018 of 2.5p per ordinary share
- one third of which is payable as an interim dividend which was declared on 17 December 2018 at 0.83 pence
- the balance of 1.67 pence is expected to be declared as a final dividend for the period ended 31 December 2018 at a later date
- 5.0p per Ordinary Share is expected as a dividend for 2019
- The Group will have a progressive dividend policy thereafter.

The interim dividend will be paid on 21 January 2019 to those shareholders on the register at the close of business on 28 December 2018. The ex-dividend date is 27 December 2018.

Housing market outlook

Overall levels of housing market activity remained stable in the 12 months to September 2018. Housing transactions were steady at around 100,000 a month and mortgage approvals for house purchase averaged around 65,000 a month. Nationally, house prices increased by around 3% over this 12-month period. This was similar to the increase in whole economy average earnings. Regionally, house price inflation slowed in London and the south east, but remained steady elsewhere.

We continue to focus on housing projects outside of London, in areas of significant housing need. The UK continues to face a chronic housing shortage, with output currently still well below the government's target of building 300,000 homes per annum. The market fundamentals of this housing supply shortfall driving demand for housing also remain – a lack of finance available for developers; a political determination now to address the fundamental issues; and positive economic drivers including rising levels of employment and higher wage growth, coupled with mortgage interest rates remaining at historically low levels and mortgage availability continuing to return to more normal levels.

Outlook

The Group has a strong balance sheet supported by both a healthy pipeline of lending opportunities and a number of significant potential co-funding relationships that are at an advanced stage of progression.

Looking forward we are optimistic for the Group's growth prospects. We have formed a solid foundation from which we expect to generate significant shareholder value in the coming months and years.

Independent review report to Urban Exposure Plc (the "Group")

Introduction

We have been engaged by Urban Exposure Plc to review the condensed financial statements included within the interim financial report for the period ended 30 September 2018 which comprises the unaudited consolidated statement of comprehensive income, the unaudited consolidated statement of financial position, the unaudited consolidated statement of changes in equity and the unaudited consolidated cash flow statement and the related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim report be presented and prepared in a form consistent with that which will be adopted in the Group's annual accounts having regard to the accounting standards applicable to such annual accounts.

The annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union. The condensed financial statements included in this interim report have 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 Group a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Group in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement has been expressly authorised to do so by our written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 enquiries, 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 financial statements in the interim financial report for the period ended 30 September 2018 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants
London, United Kingdom
17 December 2018

(BDO is a limited liability partnership registered in England and Wales with registered number OC305127)

	Note	10 April 2018 to 30 September 2018 £000
Finance income	**5**	606
Total revenue		**606**
Administrative expenses		(3,698)
Loss before taxation	**4**	**(3,092)**
Taxation (charge)/credit	**6**	-
Loss for the period		**(3,092)**
Other comprehensive income/(expense)		**-**
Total comprehensive expense		**(3,092)**
Basic and diluted loss per ordinary share	**7**	(2.25)p

All the amounts relate to continuing operations.
The notes on pages 11 to 20 form an integral part of these financial statements.

	Note	£,000
Non-current assets		
Investments	9	273
Intangible assets	10	12,468
Loan receivables more than one year	11	64,857
Total non-current assets		**77,598**
Current assets		
Trade and other receivables	12	130
Cash and cash equivalents	13	80,435
Total current assets		**80,565**
Total assets		**158,163**
Non-current liabilities		
Deferred tax provision		356
Total non-current liabilities		**356**
Current liabilities		
Trade and other payables	14	2,326
Total current liabilities		**2,326**
Total liabilities		**2,682**
Net assets		**155,481**
Equity and reserves		
Share capital	15	1,700
Share premium	16	-
Retained earnings		153,781
Total equity and reserves		**155,481**

The notes on pages 11 to 20 form an integral part of these financial statements.

The unaudited condensed financial statements were approved by the board of directors on 17 December 2018 and were signed on its behalf by:

Trevor DaCosta
Director

	Note	Share capital	Share premium	Retained earnings	Total equity
		£'000	£'000	£'000	£'000
Balance at 10 April 2018		-	-	-	-
Loss for the period		-	-	(3,092)	(3,092)
Share-based payments	17	-	-	295	295
Issue of share capital	15,16	1,700	163,300	-	165,000
IPO expenses		-	(6,722)	-	(6,722)
Capital reduction	16	-	(156,578)	156,578	-
Dividends paid		-	-	-	-
Balance at 30 September 2018		**1,700**	**-**	**153,781**	**155,481**

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	2018 £'000
Cash flows from operating activities		
Loss before taxation		(3,092)
Adjustments for non-cash items:		
Amortisation of intangible fixed assets		74
Share-based payments		295
		(2,723)
Changes in working capital		
Increase in payables		1,342
Increase in loan receivables		(62,127)
Increase in other receivables		(130)
		(60,915)
Net cash from operating activities		**(63,638)**
Cash flows from investing activities		
Investment during the period		**(273)**
Net cash from investing activities		**(273)**
Cash flows from financing activities		
Proceeds from the issue of share capital		150,000
Share issue expenses		(6,722)
Receipt from loans		1,068
Dividends paid		-
Net cash inflow from financing activities		**144,346**
Net increase in cash and cash equivalents		80,435
Cash and cash equivalents at 10 April		**-**
Cash and cash equivalents at 30 September 2018	13	**80,435**

GENERAL INFORMATION AND BASIS OF PREPARATION

1. General Information

Urban Exposure 1 Plc was incorporated on 10 April 2018 as a public limited company in England and Wales with Company registration number 11302859. The Company changed its name to Urban Exposure Plc on 27 April 2018 and its ordinary shares were admitted to trading on AIM on 9 May 2018.

The registered office of the Company is 1 Hamilton Mews, London W1J 7HA. The Group's principal activity is the underwriting and management of loans to UK residential developers.

The financial statements were approved for issue on 17 December 2018.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in compliance with Companies Act 2006. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair value at the end of the reporting period, and in accordance with IAS-34: Interim Financial Reporting. The unaudited interim consolidated condensed financial statements do not include all the information and disclosures required in the annual financial statements.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of the critical judgements made and key sources of estimation uncertainty are included in the note to which they relate.

2.2 Basis of consolidation

The Group's financial statements consolidate the results of Urban Exposure Plc and entities controlled by the Company for the period to 30 September 2018. Control is achieved when the Company controls an entity when it has power over the relevant activities, exposure to variable returns, and the ability to affect those returns through its power over the entity.

All the Subsidiaries are consolidated in full from the date of acquisition. All inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

2.3 Income recognition

Finance income

The Group earns interest income on financial assets carried at fair value measured using the fair value through profit and loss method.

2.4 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2.5 Loans and receivables

Under IFRS 9, the Group is required to classify and measure financial assets according to the business model within which they are managed and their contractual terms of the cash flows. Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. Financial assets are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest. Other financial assets are measured at fair value through profit and loss ("FVTPL").

The Group has reviewed the business model within which each financial asset is managed and concluded that all the loans from primary operating activities should be measured at the FVTPL. At initial recognition, the Group measures a financial asset at its fair value and any transaction costs are expensed to the profit and loss.

2.6 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets include brand names that are acquired by the Group and which have finite useful economic lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated lives, and is generally recognised in profit and loss. Goodwill is not amortised.

The estimated useful economic lives for current and comparative periods are as follows:

Brand: 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

2.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition.

2.8 Employee benefits

Share-based payments

The fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity and spread over the vesting period of the plan. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, and is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. At the date of each statement of financial position, the Group revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2.9 Earnings per share

Basic earnings per share are calculated by dividing profit after tax attributable to equity shareholders of the parent company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share requires that the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These arise from awards made under share-based incentive schemes. Share awards with performance conditions attaching to them are not considered to be dilutive if the share price on their exercise is above market price.

2.10 Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.11 Provisions and contingencies

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made at the date of the statement of financial position.

A contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

2.12 Dividend and capital distributions

Dividend and capital distributions to the shareholders are recognised in the Group's Financial Statements in the period in which they are declared and appropriately approved. Dividends paid are recognised as a deduction from equity.

2.13 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred over the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date.

2.14 Investments

All the equity investments are recognised at fair value.

All fair value movements on equity investments are taken through the statement of comprehensive income.

2.15 IPO expenses

Qualifying costs attributable to the primary issuance are debited directly to equity. They include incremental costs that are directly attributable to issuing the primary shares, such as advisory and underwriting fees.

All other non-qualifying costs are taken to the statement of comprehensive income.

3. Segment information

Under IFRS 8, operating segments are required to be determined based upon the Group's internal organisation and management structure and the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. In the case of the Group, the CODM is considered to be the Executive Committee.

The Executive Committee reviews the activities of the Group as a single operating segment.

The Group operates only in the United Kingdom and, as a result, no geographical segments are reported. The Group does not rely on any individual customer and so no additional customer information is reported.

4. Loss for the period

Loss for the period has been arrived at after charging:

	For the period from 10 April 2018 to 30 September 2018 £000
Staff costs	1,829
Amortisation	74
IPO costs	598
Auditor's remunerations	
- Audit	43
- Non-audit	332

Fees paid to the auditor of the Group relate to an Initial Accounts audit fee of £15,000 and an interim audit fee of £28,000. In addition to these fees, the Group has incurred additional costs of £330,067 for the work carried out by the auditor in relation to the admission on the AIM of London Stock Exchange out of which £210,000 has been included in the above IPO cost and the remaining amount of £120,067 has been treated as a reduction in equity as share issue costs. The Group also paid £121,639 in relation to the tax advice on various projects.

5. Finance income

	For the period from 10 April 2018 to 30 September 2018 £000
Interest on loans and receivables	606

6. Taxation

	For the period from 10 April 2018 to 30 September 2018 £000
Current tax credit on loss for the period	-
Deferred tax	-
	-

The standard rate of tax for the period ended 30 September 2018 is 19%. The tax credit for the period can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	£000
Loss before tax	(3,092)
Tax at the UK corporation tax rate of 19%	(587)
Expenses not deductible for tax purposes	133
Deferred tax asset not recognised	454
Tax charge for the period	-

7. Earnings per share

Earnings per share ("EPS") are based on the loss for the period and the number of ordinary shares in issue. Basic EPS are calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share take into account share options and awards which can be converted to ordinary shares. Basic and Diluted loss per share for the period ending 30 September 2018 is 2.25p.

8. Dividends

The board approved an interim dividend of 0.83 pence per share on 17 December 2018 for the Period ended 30 September 2018.

9. Investments

On 27 July 2018, The Group entered into a partnership agreement with Kohlberg Kravis Roberts (KKR) in which the Group have a 9% interest. The purpose of the partnership is to make loans to real estate developers in the United Kingdom.

As per the partnership agreement, the Group invested £272,727 as initial capital on 8 August 2018 and considers this to be the fair value at 30 September 2018.

10. Intangible assets

	Goodwill £000	Brand £000	Total £000
Cost			
At 10 April 2018	-	-	-
Additions	10,668	1,874	12,542
At 30 September 2018	10,668	1,874	12,542
Amortisation			
At 10 April 2018	-	-	-
Charge for the period	-	74	74
At 30 September 2018	-	74	74
Carrying amount			
At 10 April 2018	-	-	-
At 30 September 2018	10,668	1,800	12,468

11. Loan receivables

	As at 30 September 2018 £000
Development loans	62,127
Legacy loans	2,730
	64,857

12. Trade and other receivables

	As at 30 September 2018 £000
Prepayments	89
Other debtors	41
	130

13. Cash and cash equivalents

	As at 30 September 2018 £000
Unrestricted cash	80,435

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less and an insignificant risk of change to fair value.

14. Trade and other payables

	As at 30 September 2018 000
Trade payables	366
Accruals	1,272
Other creditors	688
	2,326

15. Share capital

	As at 30 September 2018	
	Number	£000
Authorised, issued, called up and fully paid up:		
Ordinary shares of £0.01 each	165,000,000	1,650
Deferred shares of £0.01 each	4,950,000	50
	169,950,000	1,700

The movement in the number of shares during the period:

	Ordinary shares	Deferred shares	Total
At 10 April 2018	-	-	-
Share issue	19,950,000	-	19,950,000
Reclassifications	(4,950,000)	4,950,000	-
IPO share issue	150,000,000	-	150,000,000
At 30 September 2018	165,000,000	4,950,000	169,950,000

The Company was incorporated on 10 April 2018. On incorporation, the Company issued 1 Ordinary Shares of £1 each at par value. On 16 April 2018, the Company issued another 49,999 shares of £1 each.

On 30 April 2018, the entire share capital of 50,000 ordinary shares was subdivided into 5,000,000 ordinary shares or £0.01 each and reorganised into 50,000 ordinary shares of £0.01 each and 4,950,000 of deferred shares of £0.01 each.

15. Share capital (continued)

On 9 May 2018, the Company entered into a shares exchange agreement with Urban Exposure Holdings Company (Jersey), and as a result 7,151,300 ordinary shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, the Company entered into a share exchange agreement with the members of Urban Exposure Investment Management LLP and issued 7,798,700 shares of £0.01 each for a consideration of £7,798,700.

On 9 May 2018, the Company was admitted to AIM and issued 165,000,000 shares of £0.01 each at an issue price of £1.

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

The deferred shares have attached to them no rights to dividends and no right to participate in a capital distribution (including on a winding up) before all other shareholders. There is no right to attend or vote at a general meeting of the Company.

16. Share premium

	As at 30 September 2018
	£000
Share premium arising on ordinary shares issued in relation to equity issuance	163,300
Share issue costs	(6,722)
Transfer to retained earnings	(156,578)
Balance at end of period	-

In the board meeting on 31 May 2018, a resolution was passed authorising, conditional on admission, the amount standing to the credit of the share premium account of the Company (less any issue expenses set off against the share premium account) to be cancelled and the amount of the share premium account so cancelled to be credited to the retained earnings.

In order to cancel the share premium account, the Company needed to obtain a court order, which was received on 24 July 2018. The SH19 form was submitted to Companies House with a copy of the court order on 24 July 2018.

17. Share-based payments

The Group operates a Long Term Incentive Plan (LTIP), an equity-settled employee share scheme, under which shares or share options are granted to employees or directors subject to the terms of the scheme.

The LTIP enables the participants to acquire A ordinary shares in Urban Exposure Holdings Limited ("A Ordinary Shares") as awards. On or after vesting, the participants may require the Company to acquire the A Ordinary Shares in exchange for the issue of Ordinary Shares in the Company. The acquisition price for the A Ordinary Shares shall be the nominal value of the shares.

The LTIP also grants share options to the participants with a nominal value exercise price. On exercise, the participants will be issued Ordinary Shares in the Company. The A Ordinary Shares and the share options will combine to deliver a maximum number of Ordinary Shares in the Company.

In addition to the LTIP Options, the Group operates a management share scheme for the senior management. Under the scheme, 1.5 million options were granted to directors and senior management with an exercise price of 100p and the same other terms as the LTIP options, but with the only vesting condition being that they remain to be employed at the end of the vesting period. The end of the vesting period is the third anniversary of the grant date, and is therefore 9 May 2021.

The share-based payment expense for the period included in administrative expenses comprises:

	For the period from 10 April 2018 to 30 September 2018
Total share-based payment expense	295

	Awards / Options outstanding at 10 April 2018	Number of awards / options Granted	Exercised	Vested	Awards/ Options outstanding at 30 September 2018	Number of options expected to vest at the grant date	Fair value at the grant date per award (pence)	Total fair value of the options (£)
Long Term Incentive Plan (LTIP)	-	1,650,000	-	-	1,650,000	1,143,621	76.93	879,788
Management share scheme	-	1,500,000	-	-	1,500,000	1,200,000	11.10	133,200
	-	3,150,000	-	-	3,150,000	2,343,621	-	1,012,988

18. Acquisitions

On 9 May 2018, Urban Exposure Amco Limited purchased the business of Urban Exposure Investment Management LLP in exchange for 15,000,000 ordinary shares of £1. The following assets were acquired as part of the acquisition.

	£,000
Consideration	15,000
Receivables	(3,798)
Payables	984
Deferred tax	356
Brand	(1,874)
Goodwill	10,668

19. Related party transactions

The Directors are entitled to receive the following salaries from the Company in accordance with the Articles.

Each of William McKee (Chairman), Andrew Baddeley and Nigel Greenaway are paid an annual base fee of £50,000 per annum with an additional fee of £10,000 per annum for the role of chairman and an additional fee of £5,000 per annum for the role of chair of any Board committee.

Randeesh Sandhu, Rabinder Takhar, and Trevor DaCosta are entitled to annual base salary, payable monthly in arrears, of £425,000, £150,000 and £125,000 respectively.

Following the admission of the Company to the Alternative Investment Market of the London Stock Exchange on 10 May 2018 and up to 30 September 2018, the Directors purchased the following number of ordinary shares:

	Ordinary shares held	A ordinary shares held after admission
William McKee	20,000	-
Nigel Greenaway	25,000	-
Andrew Baddeley	25,000	-
Randeesh Sandhu	3,307,500	157,895
Rabinder Takhar	2,295,000	78,947
Trevor DaCosta	50,000	47,368

Following the admission, the Group had no other related party transactions for the period ending 30 September 2018 that would materially affect the position or performance of the Group.

20. Post-balance sheet events

On 14 November 2018, the Company purchased 6,505,870 of £0.01 ordinary shares at 80 pence per share through a share buyback program. All of the shares repurchased will be held in treasury.

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