A solid start to a new growth phase

Full Year 2018 Presentation

From Date of Incorporation 10 April 2018 to 31 December 2018

URBAN exposure

Fulfilling the UK's housing needs

Our core business is managing third party capital which is deployed in the form of debt finance to small and medium-sized residential developers. We provide competitive, flexible finance terms to enable these developers to build mainstream housing in major towns and cities across the UK. We are particularly focused on financing under-supplied segments of the market, such as housing that's affordable for people on the lower rungs of the property ladder.

To service our borrower clients, we are expanding and developing our asset management activities to increase the funds available for deployment to this sector, thereby building market share, revenue growth, profitability and long-term shareholder value.

INTRODUCTION

URBAN exposure

PRESENTING TEAM

Randeesh Sandhu, Chief Executive Officer

- Randeesh co-founded the original Urban Exposure business in 2002, as a property development company.
- He has overseen its evolution into a development loan financing and asset management business.
- Experienced in originating, evaluating and structuring real estate investments
- Prior to that Randeesh was a credit risk analyst at Deutsche Bank.

Ravi Takhar, Chief Risk Officer

- Ravi has held senior positions in several mortgage companies and was a founding member of Nikko Principal Finance and former Head of Mortgage Principal Finance at Investec.
- He is a banking lawyer, specialising in property finance.
- Ravi is a non-executive Director of Honeycomb Investment Trust plc and CEO of AIM quoted Orchard Funding Group Plc.

AGENDA

URBAN exposure

SUMMARY

KEY ACHIEVEMENTS IN 2018

URBAN exposure

Raising Capital

- Successful IPO in May 2018, raising £150m of additional capital.
- The Group closed its first managed account, a partnership agreement with KKR with exclusivity, and with a value of £165m (including Group commitment of £15m).
- The Group also closed its first discretionary senior secured debt facility with UBS into the KKR partnership resulting in an increase in lending by a further £165m.

Deploying Capital

- £525m in committed loans in the eight months from IPO – considerably more than our competitors.
- Overall AUM in the first eight months was £371m (excluding IPO proceeds).

KEY ACHIEVEMENTS IN 2018 (CONT.)

URBAN exposure

Delivering for Shareholders

- Projected Aggregate Income (PAI) from the loan book of £69m to the end of loan life (Group's share of £27m).
- Group's share of PAI forecast from the loan book is £2m higher than the previous estimate of £25m.
- Risk profile on our loan book at 67% WALTGDV – 800bps below the Group's cap.

Continuing operational delivery

- Loan book includes some of the largest, and most prestigious, SME developers in the UK today – including Galliard, Mace, Strawberry Star and SevenCapital. The Group has developed a significant reputation with developers of this calibre.
- Team strength increased with the addition of new staff, including a CFO.

Galliard Homes

Strawberry Star GROUP

mace

KKR

AVIVA INVESTORS

UBS

URBAN exposure

BUSINESS OVERVIEW

REVENUE MODEL AND STRUCTURE

The Group generates income from two types of customers:

- **Borrowers** — Interest and arrangement and exit fees from originating loans on its balance sheet
- **Capital Providers** — Origination and management fee income generated from institutional investors

The Group uses its balance sheet as a temporary store ("warehouse") for loans that we execute, before moving them into an asset management structure. Our asset management strategy follows three routes:

1. **Syndicating loans alongside other lenders; or**
2. **Holding loans within managed accounts on behalf of institutional investors; or**
3. **Holding loans within co-mingled funds on behalf of institutional investors**

A proportion is retained on our balance sheet via co-investing within the managed accounts and co-mingled funds to be fully aligned with their objectives. To enhance our income returns and lending capacity, we use leveraged facilities from financial institutions.

WHAT MAKES US RELEVANT

We operate in the UK's non-bank lending sector, an unregulated sub-segment of the market consisting of a variety of lenders focusing on asset-backed finance.

The size of the market opportunity for the Group is based on two fundamental aspects:

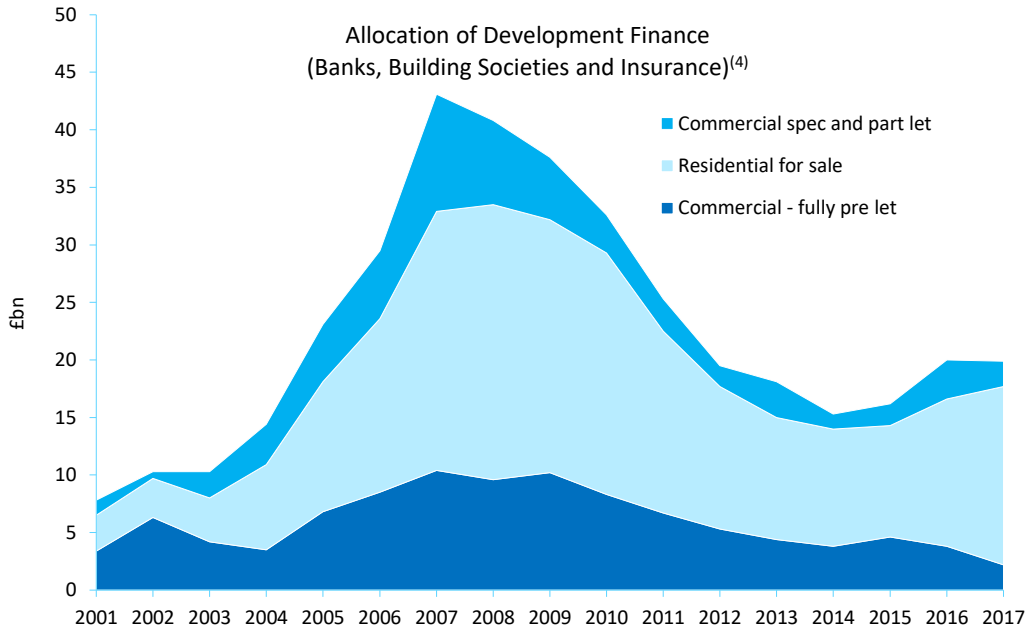
1. Too few homes being built
2. A shortage of development finance

Annual requirement for new homes – 300,000 per year – only 163,250 being built[1]

If the government target of 300,000 is met each year over the next 10 years there is an estimated £237bn funding gap[2]

Availability of traditional bank development finance has steadily declined. Reduction of 35% from £23.9bn in 2008 to £15.5bn in 2017[3]

Increased regulatory and Tier 1 capital requirements on traditional banks means lending to SME's borrowers in particular is less attractive and has been reduced



(1) Data from the Ministry of Housing, Communities & Local Government (formerly the Department for Communities & Local Government); the Nationwide Building Society and government Budget announcement
(2) The Group's own calculations, see p36
(3) De Montfort University: Commercial Real Estate Lending Survey, End Year 2017
(4) Includes banks, insurance companies and building societies

URBAN exposure

OPERATIONAL HIGHLIGHTS

BUSINESS HIGHLIGHTS

URBAN exposure

For The Period From 10 April 2018 to 31 December 2018

New Committed Loans	£525m
Number of Loans	16
Deployed by Group	£93m
WA LTGDV	67%
WA Loan Term	34 months
WA IRR (1)	10%
WA Money Multiple (2)	1.15x
Third-party Assets Under Management ("AUM") Raised	£371m

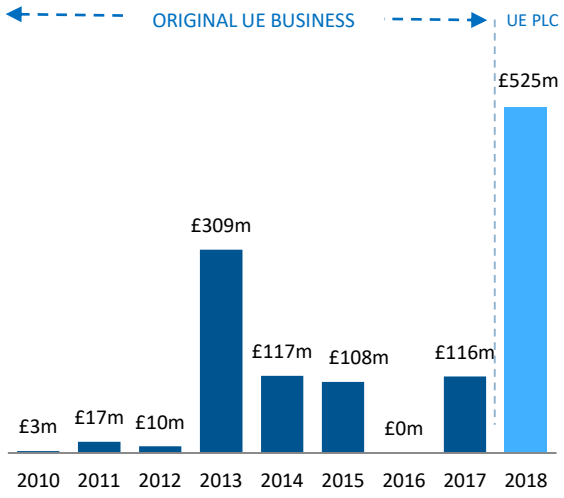
(1) Unlevered
(2) Annualised and unlevered

KEY PERFORMANCE INDICATORS 2018

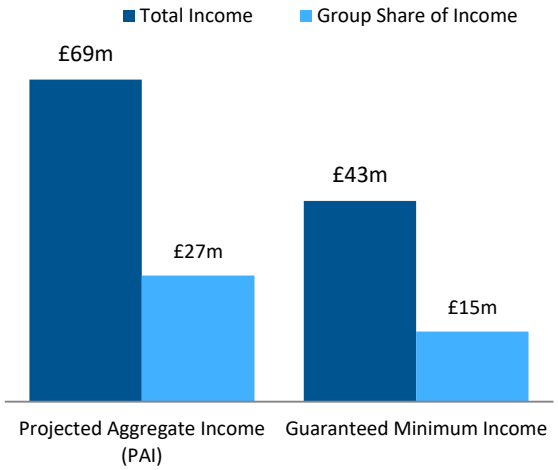
URBAN exposure

Our key performance indicators (KPIs) measure how successfully we deliver against our strategic objectives for the year:

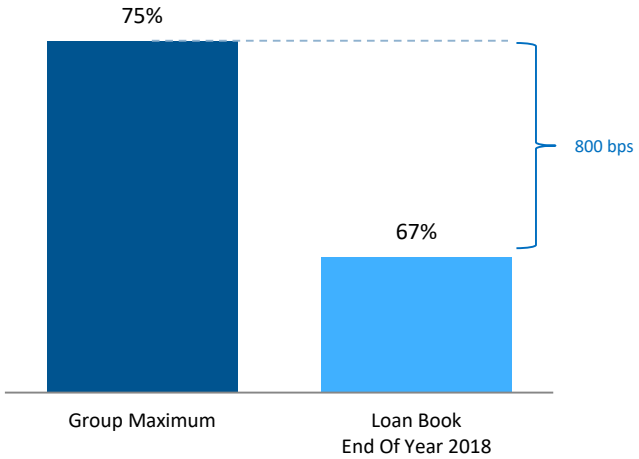
New Committed Loans



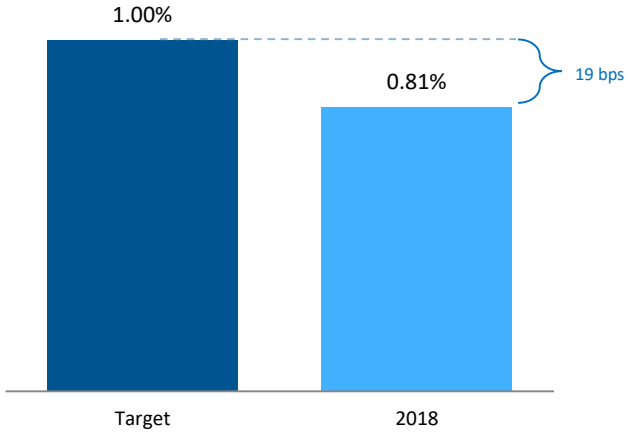
Projected Aggregate Income (PAI) and Guaranteed Minimum Earnings 2018 [1]



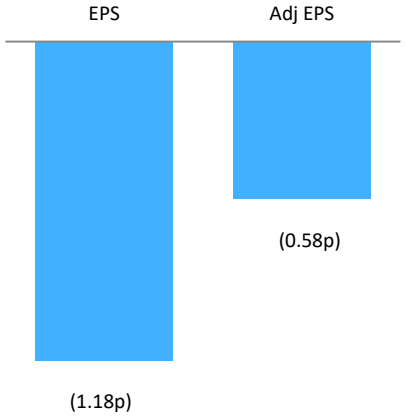
Weighted Average Loan To Gross Development Value (WA LTGDV) 2018



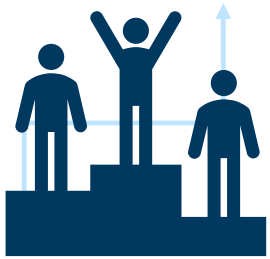
Operational Costs As A Percentage Of Outstanding Committed Loans[2]



Earnings Per Share (EPS)



Organisational Culture of High Performance Teaming, Learning & Development



In future measured with employee engagement scores[3]

(1) Over life of loan book
(2) Outstanding committed loans = total loans committed to date – total loan redemptions to date
(3) Surveys to commence in Q2 2019

JV PARTNERS

URBAN exposure

As part of growing our asset management business, we secured strategic partnerships with key players in the industry

July 2018

- 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.
- The partnership has a value of **£165m** (of which the Group have committed to invest up to £15m).

December 2018

- On 24 December 2018, the Group announced that it had closed its first discretionary **senior secure debt facility with UBS** into the KKR partnership with a value of up to £165m.
- This allowed us to increase the lending capacity of the partnership to **£330m.**

December 2018

- On 31 December 2018, the Group also secured an additional **loan-on-loan funding line** from Aviva Investors for a single loan within the partnership structure.
- The combined firepower of the 3 partnerships therefore currently provides **c.£363m** of development lending capacity to the Group.

URBAN exposure

The Group committed £525m across 16 loans during the 8 month period since IPO. Examples include:

Birmingham, B2

GDV: £101.3m

- Senior debt facility to fund development. Timber Yard, located in Birmingham's city centre Southside district, is a mixed-use scheme. Planning permission is in place for 379 residential units and 6,257 sq. ft of commercial space at ground floor level on a 1.58-acre site. The development, designed by Claridge Architects, will comprise two residential buildings and will exhibit signature designs providing premier specifications.
- The East Block, the first release, will feature 219 studio, 1, 2 and 3-bedroom apartments. The West Block will feature 160 studio, 1 and 2-bedroom apartments.
- Galliard is a highly regarded, award-winning UK housebuilder of significant standing.

Greenwich, London SE10

GDV: £133.1m

- Senior debt facility to fund development. The site is located in East Greenwich, a residential area in close proximity to central London and Canary Wharf. Phase I of the development, funded by Urban Exposure, completed in October 2016 and delivered 361 new homes, a leisure centre, a public library, a GP surgery and new retail space, and was sold entirely off plan. Phase 2 comprises 239 private apartments built around a central landscaped courtyard, of which 86 are affordable unit.
- Mace was established in 1900 and is now a world-renowned construction and development group. It is the lead contractor on some of the most important and iconic building and infrastructure projects worldwide.

Luton, Bedfordshire

GDV: £124.4m

- Senior debt facility to fund the refinancing and development of a high profile freehold site known as 'Napier Gateway'. The 6.9 acre site is located near Luton airport and approximately one mile from the town centre. The development comprises 785 residential units, retail and leisure, a 209-bedroom hotel, a medical wellbeing centre, together with landscaping, car parking, new access and associated works.
- Strawberry Star Group, established in 2007, is an international property company specialising in capital, acquisitions, development, sales, lettings, management and asset management of London property to local and international investors. It has completed a number of large mixed-use developments in London.

Manchester, M4

GDV: £14.2m

- Senior debt facility to fund redevelopment. The building, Brownsfield Mill, dating from 1825 and Grade II* listed, is located in central Manchester in the vibrant Northern Quarter and sits on the canal side. The development will be one of the last mill conversions in the city. The development comprises 31 residential units (1 x one bedroom, 24 x two bedrooms, 6 x three bedrooms) and 19 surface car parking spaces, together with the freehold.
- Since 1993, Urban Splash is a specialist regeneration developer and has undertaken more than 60 regeneration projects across the country, from Plymouth in the south to North Shields in the north, creating over 5,000 new homes and 2m sq. ft of working space.

NEW CFO

Sam Dobbyn, BSc ACA MBA

- Sam will be joining the business at the end of July 2019.
- Sam is a chartered accountant with extensive experience of financial planning and investor relations.
- He joins the Group from TP ICAP Plc where he was Head of Financial Planning and Analysis and Investor Relations, having previously held the same role at Brit Plc.
- He has over 15 years' experience in the financial services sector, including roles at ratings agency AM Best, Deloitte LLP and PricewaterhouseCoopers LLP, and holds an Executive MBA from Warwick Business School.

URBAN exposure

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

URBAN exposure

For The Period From 10 April 2018 To 31 December 2018

Income	£3.9m
Operating Loss	(£2.0m)
Operating loss excluding exceptional items	(£1.1m)
Basic loss per share	(1.18p)
Adjusted loss per share (for exceptional costs)	(0.58p)
Dividend per share Interim 0.83p Final proposed 1.67p	2.5p
Net asset value	£151m
Net asset value per share	95p

"We are focused on building a large, modestly-geared loan portfolio that generates strong risk-adjusted returns, serving best-in-class SME developers with a competitive product, exemplary customer service and loan structuring with a solutions-based focus, incorporating flexibility and ingenuity."

William Mckee, Chairman

INCOME STATEMENT

URBAN exposure

Consolidated Statement Of Comprehensive Income For The Period From 10 April 2018 To 31 December 2018

	Before Exceptional Items (£m)	Exceptional Items (£m)	Total (£m)
Income	3.9		3.9
Operating costs	(5.0)	(0.9)	(5.9)
Operating loss	(1.1)	(0.9)	(2.0)
Finance costs			(0)
Loss before taxation for the Period			(2.0)
Taxation			0.3
Loss after taxation for the Period and total comprehensive income			(1.7)
EARNINGS PER SHARE			
Basic earnings per share			(1.18p)
Adjusted earnings per share (for exceptional costs)			(0.58p)

All activities derive from the continuing operations of the Group
There are no comparatives as the Group was incorporated on 10 April 2018

BALANCE SHEET AND CASHFLOW STATEMENT

URBAN exposure

Consolidated Statement of Financial Position as at 31 December 2018 (£m)

Non-current assets	
Intangible assets	12.4
Tangible assets	4.3
Investments	1.9
Total non-current assets	**18.6**
Current assets	
Loan receivables	89.5
Trade and other receivables	4.0
Cash and cash equivalents	46.8
Total current assets	**140.3**
Total assets	**158.9**
Current liabilities	
Trade and other payables	3.2
Lease liabilities	0.2
Dividends payable	1.3
Total current liabilities	**4.7**
Total assets less current liabilities	154.2
Non-current liabilities	
Lease liabilities	3.6
Deferred tax	0.1
Total non-current liabilities	**3.7**
Net assets	**150.5**
Equity and reserves	
Share capital	1.7
Share premium	-
Retained earnings	148.8
Total equity and reserves	**150.5**

Consolidated Cash Flow Statement For The Period From 10 April 2018 To The 31 December 2018 (£m)

Cash flows from operating activities	
Loss for the Period after taxation	(1.7)
Adjustments for non-cash items:	
Amortisation of intangible assets	0.1
Share-based payments	0.5
Finance costs	0
Deferred tax credit for Period	(0.3)
	(1.4)
Changes in working capital	
Increase in payables	2.2
Increase in trade investments	(2.0)
Increase in receivables	(89.7)
Net cash from operating activities	**(90.9)**
Cash flows from investing activities	
Payments for purchase of tangible assets	(0.4)
Net cash from investing activities	**(0.4)**
Cash flows from financing activities	
Proceeds from the issue of share capital	150.0
Share issue expenses	(6.7)
Share buyback	(5.2)
Dividends paid	-
Net cash inflow from financing activities	**138.1**
Net increase in cash and cash equivalents	46.8
Cash and cash equivalents brought forward	-
Cash and cash equivalents at 31 December 2018	**46.8**

There are no comparatives as the Group was incorporated on 10 April 2018

ECONOMIC INCOME STATEMENT 2018

URBAN exposure

- Due to the delayed recognition of contractual asset management income, the income statement will, in the 'ramp-up' phase, show a loss.
- However, by discounting PAI we can show an 'economic' view of the income statement:

	2018
PAI (Group Share)	**26.9**
PAI (Discounted)*	**22.3**
Total Operating Costs (Pre Exceptionals)	(5.0)
Loan Servicing Costs **	(0.7)
Profit Before Tax	**16.6**
Implied Tax (@ 19%)	(3.2)
Profit After Tax	**13.4**
Dividends	(4.0)
Retained Earnings	**9.4**
Basic EPS	**9.2p**

* Using a discount rate of 10%
** Represents the cost of servicing all loans to redemption discounted back to today's value at a 10% discount rate

- The dividend is therefore more than covered by PAI, however, until the income statement hits 'run rate' in 2021 there will be a reduction in cash and retained earnings.

REVENUE RECOGNITION

URBAN exposure

- Projected Aggregate Income (PAI) represents all the future revenue of the loans committed within any one year.
- In 2018, the Group had committed loans of £525m with a PAI of £27m.
- Based on our experience, PAI in any one year will, approximately, be recognised in the income statement on the following basis:

	Year 1	Year 2	Year 3	Year 4	Year 5
Recognition	12%	25%	25%	25%	13%

- In 2019, we expect to write committed loans of between £700m and £900m
- The PAI on these loans is expected to be between £32m and £42m
- We expect this to be recognised in the P&L on the following basis:

	Year 1	Year 2	Year 3	Year 4	Year 5
Recognition	5%	20%	30%	20%	25%

- Recognition of revenue depends on certain key factors in the life of the loan:
  - Loan drawdown and repayment schedule
  - Balance sheet “warehouse” timing
  - Co-investment profile
  - Asset management terms

STRATEGIC PRIORITIES & OUTLOOK

OVERVIEW

URBAN exposure

We have developed three strategic priorities to fulfil the objectives of our two customer groups, borrowers and capital providers, as well as to deliver sustainable shareholder value:

GROW	Grow a profitable loan book while maintaining excellent credit quality
RAISE	Raise third party capital for the purpose of deploying it to the real estate development market
INVEST	Invest in our operational efficiency, team learning and development

URBAN exposure

Grow a profitable loan book while maintaining excellent levels of credit quality

Targets for 2018

- Create a loan book of £530m to first rate developers across the UK
- Maximum LTGDV would be 75%
- Projected Aggregate Income would be £24.7m
- Zero losses on loan book
- Net Asset Value of £153m, 93p per share (excluding Minimum Earnings)

Achievements in 2018

- Loan book of £525m, across England and Wales
- Weighted average LTGDV of 67%, 800 basis points less than the maximum 75%, a strong indicator of a higher quality loan book
- Projected Aggregate Income of £27m
- Zero losses achieved on loan book
- Net Asset Value of £150.5m; 95p per share (excluding Minimum Earnings)

Objectives for 2019

- Grow the loan book
- Maintain credit quality
- Grow projected income and minimum earnings
- Maintain zero losses on loan book

LOAN PIPELINE IN 2019

URBAN exposure

Current Advanced Loan Pipeline Stands at c.£670m

UK Region	Number of Deals	Weighted Average Term (months)	Loan Value (£m)	Total GDV (£m)	Weighted Average Facility LTGDV (%)	Weighted Average Unlevered IRR (%)
South East	3	55	213	891	65%	12%
North	3	31	184	277	66%	12%
Greater London	5	21	162	267	61%	11%
East	3	50	44	74	60%	11%
South West	1	29	41	57	71%	10%
Midlands	1	22	27	38	70%	11%
Total	**16**	**37 months**	**£671m**	**£1,604m**	**65%**	**12%**

Loan Pipeline: c.£671m

Total Gross Development Value: c.£1,600m

Loan Size Range: Up to c.£165m

GDV Range: Up to c.£800m

Size Range: 25 to 550 Units

Weighted Average LTV: 65%

Weighted Average Term: 37 months

Weighted Average Unlevered IRR: 12%

URBAN exposure

Raise third party capital for the purpose of deploying it to the real estate development market

Targets for 2018

- Sign a loan-on-loan line of £144m
- Raise total AUM of £250m
- Continue to grow our high-quality institutional investor network

Achievements in 2018

- Commercial relationships were executed with three new investors: KKR, UBS and Aviva
- Two loan-on-loan lines signed, totalling £198m, with UBS and Aviva
- Total AUM raised was £371m

Objectives for 2019

- Continue to build a strong and diverse pipeline of opportunities for raising new capital to service the loan book
- Raise further discretionary capital
- Source additional credit lines

URBAN exposure

Invest in our operational efficiency, team learning and development

Targets for 2018

- Operating costs of £3.6m
- Maintain a high performing team culture, in an environment of openness, collaboration, respect and self-learning
- Grow the team organically as needed, with experienced individuals
- Invest in a technology platform that will enable us to streamline the loan management and the syndication processes

Achievements in 2018

- Operating costs (before exceptional items) at £5.0m were higher in quantum than projected, however as a percentage of total committed loans equated to 0.81%, demonstrating efficiency of the Group's operating model
- Development of our CSR strategy
- We grew headcount from 16 to 25 while maintaining a culture conducive to 'high performance teaming'

Objectives for 2019

- Implement a technology platform to improve our customers' experience in all their dealings with us, and to increase efficiency of the loan underwriting, management and asset management processes
- Implement a company-wide objectives management system
- Maintain a culture of "high performance teaming", learning and development

URBAN exposure

Investing in our business

The investment in our business in 2019 is necessary and expected to achieve the following benefits:

- Capacity to do more lending, which would feed through to higher income.
- Capacity to raise more capital and manage more assets. Potentially raising capital on better terms, which would result in higher income.
- Our forecast future loans are at conservative IRRs, which could be surpassed with a larger team sourcing through an even larger pipeline of loans.
- As the loan book increases, ever greater vigilance is required to manage the existing loan book, uphold underwriting standards on new loans, and maintain zero losses within the book.

COST BASE

URBAN exposure

Expected increased in 2019

- The cost base of the Group is expected to increase in 2019 so that the business has the capabilities to meet its growth ambitions.
- The Group has a new KPI to maintain a cost base as a percentage of total committed loans of less than 1%.
- For 2019, we expect total staff costs (including share-based expenses) of c. £10m. The increase on 2018 reflects the increase in staff numbers since the IPO.
- Other operating costs are expected to be c. £2.5m, an increase on the £1.4m spent in 2018.
- This includes a full year's worth of expenses as well as higher rental costs on our new offices 28.

(1) Outstanding committed loans = total loans committed to date – total loan redemptions to date

INCREASING OPERATIONAL CAPACITY

In order to ensure we are optimally positioned to achieve our objectives, we have increased our headcount to 25 through key hires across the Group:

16

2018 Team

+2

Credit and New Business Underwriting

+1

Project Monitoring

+2

Finance

+3

Operations (HR, Marketing, IT)

+1

Legal

OBJECTIVES IN 2019

URBAN exposure

Our main objectives in 2019 will be to:

BUILD ON THE LOAN BOOK

- Continue the initial 'ramp-up' phase by growing the loan book
- Maintain credit quality
- Increase projected and minimum earnings
- Maintain zero losses on loan book

RAISE ASSETS UNDER MANAGEMENT

- Continue to build a strong and diverse pipeline of opportunities for raising new capital to service the loan book
- Raise further discretionary capital
- Source additional credit lines

FOCUS ON THE PLATFORM AND OUR PEOPLE

- Implement a technology platform and increase efficiency
- Learning and development
- Maintain a culture of "high performance teaming"

URBAN exposure

APPENDIX

DEVELOPMENT LENDING MARKET OVERVIEW

DEVELOPMENT LENDING MARKET – SIGNIFICANT UNMET NEED

URBAN exposure

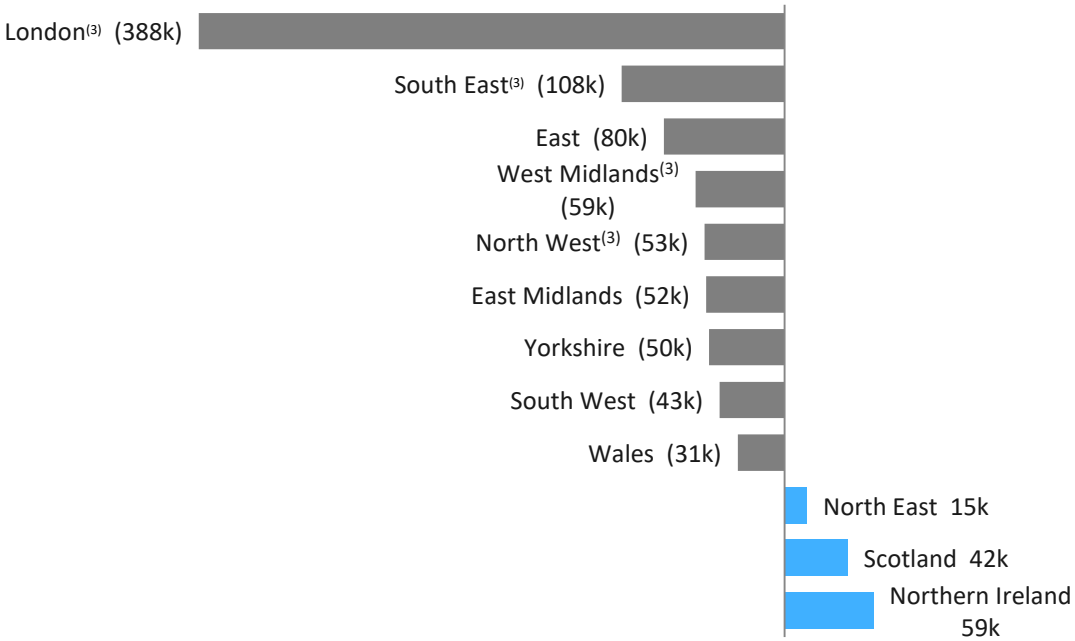
Annual requirement for new homes 300,000 per year – only 159,310 built in 2017

If the government target of 300,000 is met each year over the next 10 years, there is an estimated £237bn funding gap [1]

Availability of traditional bank development finance has steadily declined – reduction of 35% from £23.9bn in 2008 to £15.5bn in 2017

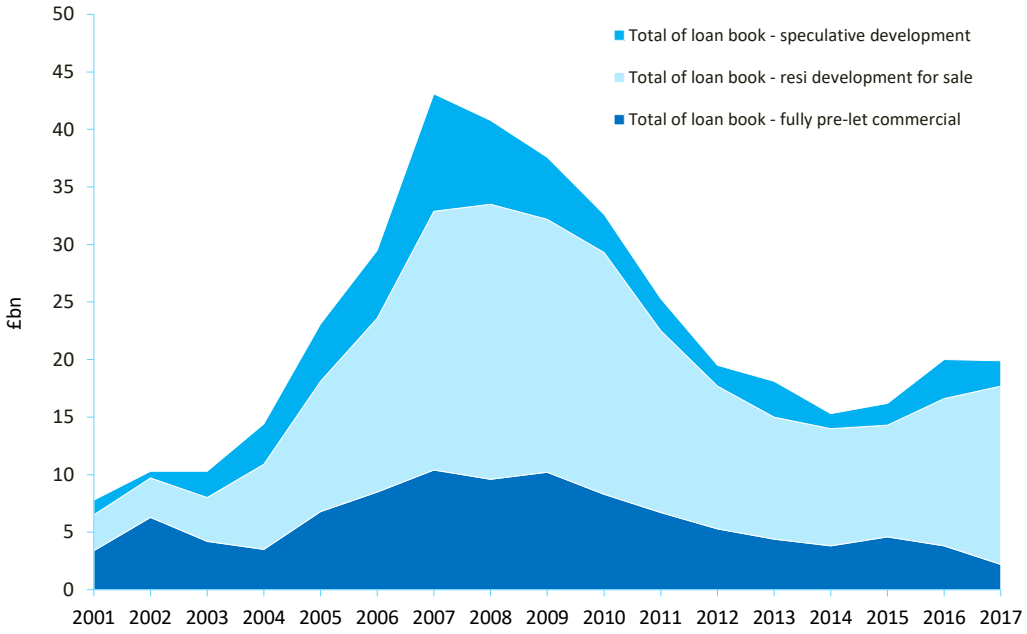
Increased regulatory and capital requirements on traditional banks means enhanced opportunity for alternative lenders such as UE

CUMULATIVE UNDERSUPPLY OF HOUSING FROM 2000 TO 2018[2]



Undersupply of 750k homes UK-wide with concentrations in London and South East

SIGNIFICANT DECLINE IN TRADTIONAL DEVELOPMENT FINANCE[4][5]



(1) Full analysis on page 36
(2) Analysis of DCLG Data, tables 406, 253, 253a
(3) Key focus regions for UE historically and in future pipeline
(4) Cass Business School – UK Commercial Real Estate Lending Report, December 2017
(5) Includes banks, insurance companies and building societies

URBAN exposure

Market Fundamentals – Lending Supply & Demand

Supply of development finance, while rising, is still insufficient to meet demand

STRUCTURAL IMPACTS

- The difficulties in the debt markets during the crisis had a detrimental impact on the development finance market.

REDUCED BANK ACTIVITY

- Research indicates that debt outstanding and secured by residential development projects for sale has declined by approximately 35% from a peak of £23.9bn (2008) to £15.5bn (2017).
- SME developers have suffered from the decline in available development finance.
- It is likely that traditional bank activity will continue to be negatively affected following the Brexit vote.

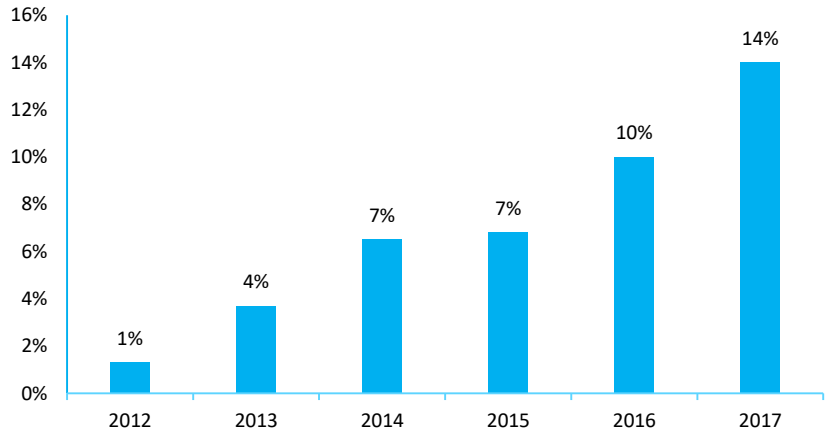
FUNDING GAP

- If the historic shortfall gap is eroded and the government target of 300k houses a year is met, the funding gap is calculated to be £237bn over the next 10 years.

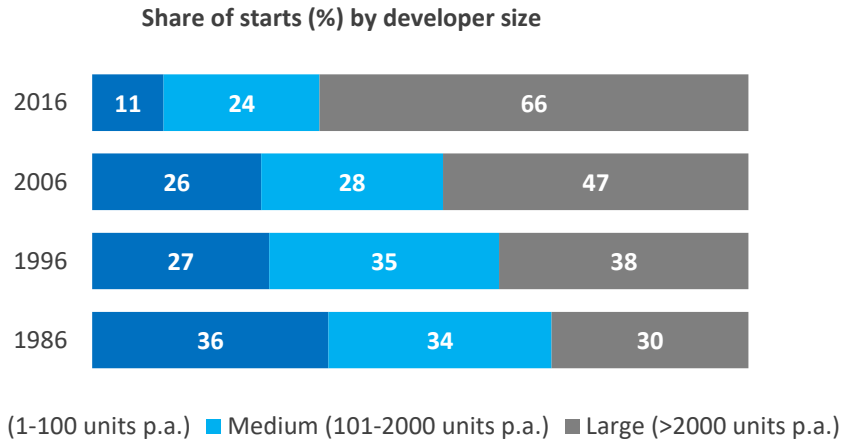
REGULATORY CONSTRAINTS

- Due to increasingly onerous regulatory and capital requirements, traditional bank lending is unlikely to reach balance sheet levels seen historically, despite demand levels, e.g. 150% RWA charge requirement on development loans from traditional banks.

MARKET SHARE OF OUTSTANDING DEBT FOR NON-BANK LENDERS(1)(2)



SME DEVELOPERS HAVE SUFFERED FROM THE DECLINE IN AVAILABLE FINANCE



(1) Full analysis on page 36
(2) Excludes insurance companies and building societies
(3) Cass Business School – UK Commercial Real Estate Lending Report, December 2017

URBAN exposure

Market Fundamentals – Lending Supply & Demand

UE's pipeline reflects its investment focus of lending in the sectors where supply and demand dynamics are most compelling

POPULATION GROWTH

- Strong housing demand persists due to continued population growth and an embedded pro-home ownership UK culture.
- The UK population is expected to grow from 66m in 2016/2017 to 70.4m in 2029/30 – an increase of 6.7% in only 12 years.

RESTRICTED HOUSING SUPPLY

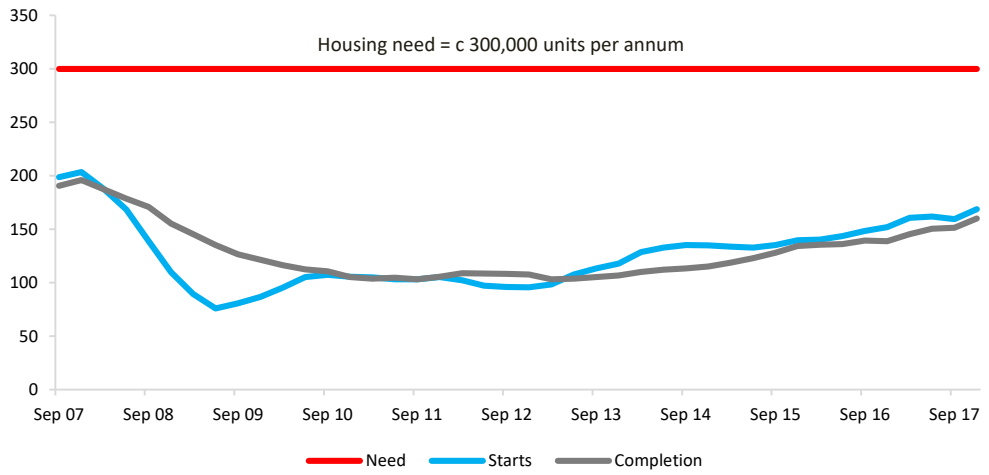
- Ministry of Housing, Communities & Local Government's projection is that c.300,000 new homes a year are required in the UK to keep up with rising demand.
- This compares to 159,310 built across the UK in 2017.

ECONOMIC FUNDAMENTALS

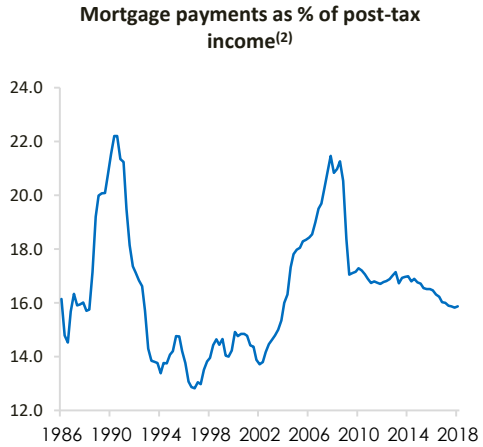
- Latest Bank of England guidance suggests a low interest rate environment will persist in the short to medium term.
- Strong and improving employment figures, relatively low inflation, real wage growth and competitive mortgage deals support housing demand.

"Housing is central to creating a fairer society and addressing the housing supply deficit being key to enabling young people to afford their own home." Theresa May, Prime Minister of the United Kingdom

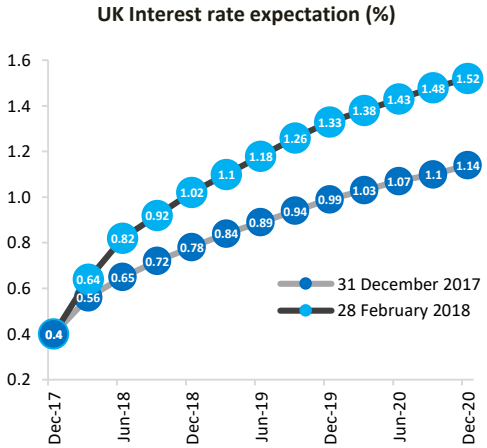
SUPPLY GAP FOR UK HOUSING – PRIVATE STARTS AND COMPLETIONS(1)



LOW MORTGAGE PAYMENT AS % OF DISPOSABLE INCOME(2)



LOW INTEREST RATE ENVIRNMENT LIKELY TO PERSIST(3)



(1) gov.uk live tables, Lazarus – UK Housing Market Briefing, March 2018. Starts estimates from gov.uk live tables
(2) Lazarus – UK Economic Briefing, January 2018
(3) Thomson Reuters DataStream, Lazarus Economics & Strategy

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Market Fundamentals – a sizeable funding gap in the development finance market

Utilising government and Nationwide Building Society data, and based on the governments annual target for new homes, UE estimates that there is a lending opportunity of £394 billion over the next decade across the UK. Of this, the 'funding gap' (relating to projected housing build shortfall) equates to £237 billion of development finance opportunities.

	Housing Build #	Ave. House Price £(1)	Value £bn	Implied Development Finance @ 55% LTV (£bn)	Total Development Finance Market over next 10 Years (£bn)
Average 2015-2017(2)	119,937	238,963	28.7	15.8	157.5
Housing shortfall to 300k(3)	180,063	238,963	43.0	23.7	236.7
			71.7	**39.5**	**394.3**

Sources:
https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building#live-tables
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/770737/LiveTable222.xlsx
https://www.nationwide.co.uk/about/house-price-index/download-data#xtab:regional-quarterly-series-all-properties-data-available-from-1973-onwards

(1) Average house price in England (2015-2017), per Nationwide HPI data, was £203k. Current average is £239k per Nationwide HPI data (Q4 2018)
(2) Private enterprise new build only
(3) Chancellor of the Exchequer, Philip Hammond, announced in his Autumn Budget 2017 the government's ambition "to put England on track to deliver 300,000 new homes a year"

DEVELOPMENT LENDING MARKET – BARRIERS TO ENTRY

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Urban Exposure's strong position

Cost of capital – in order to lend profitably to experienced developers, a lender's capital must be priced efficiently or they will be unable to attract quality borrowers and maintain credit quality. The Group has negotiated advantageous terms with its capital providers to enable it to lend to these more experienced developers.

Quantum of capital – substantial capital is required to compete effectively, and new entrants would have difficulty raising substantial sums with no track record in the industry. The Group has successfully executed a number of substantial relationships with capital providers.

Intensive management – development finance requires intensive ongoing management compared to other real estate asset classes which new entrants may not have the operational capability to conduct.

Technical expertise – it takes time to recruit and build a technically competent team. The Group has an established team and also has a background itself as developers prior to being lenders.

Track record with capital providers – in order to attract capital, providers want to see a demonstrable track record of providing compelling returns, whilst also meeting their strenuous processes and reporting standards.

Track record with borrowers – It takes many years to build a reputation in the industry and a relationship of trust with quality borrowers who thoroughly vet a lender's experience and prior performance. The management team has an established brand and track record.

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APPENDIX
BOARD BIOGRAPHIES

URBAN EXPOSURE PLC BOARD

Chief Executive Officer

Randeesh Sandhu

Overall responsibility for all aspects of the business. Randeesh's expertise lies in the origination, evaluation and structuring in senior and "stretched senior" whole loans, mezzanine debt and equity joint ventures. Randeesh is a qualified actuary.

Executive Director

Ravi Takhar

Ravi has held senior positions in several mortgage companies and was a founding member of Nikko Principal Finance and former Head of Mortgage Principal Finance at Investec. Ravi is a banking lawyer, specialising in property finance. Ravi is a non-executive Director of Honeycomb Investment Trust plc and CEO of AIM quoted Orchard Funding Group Plc.

Finance Director

Trevor DaCosta

Trevor is responsible for the day to day management of the finance function. He has over 17 years' experience in the property sector. Trevor is a Fellow of the Chartered Institute of Management Accountants (FCMA) and the Institute of Financial Accountants (FFA).

Non-Executive Chairman

William McKee, CBE

William McKee is to be appointed to act as Chairman of the Group to provide appropriate oversight and governance to the Board. William has acted on the boards of numerous companies, government bodies and local authorities including as CEO of the British Property Federation, Chairman of Tilfen Land Limited, Chairman of Thurrock Thames Gateway Development Corporation, Chair of Mayor of London's Outer London Commission.

Non-Executive Director

Andrew Baddeley

Andrew previously served as Group Chief Financial Officer for TP ICAP plc following Tullett Prebon's acquisition of the broking business of ICAP in December 2016 for £1.3bn. This followed 18 years in the Insurance industry where Andrew was latterly Group Chief Financial Officer of Brit PLC through the IPO process and into the FTSE 250 with a £1bn market capitalisation. Andrew qualified as a Chartered Accountant in 1987 and spent over ten years with PwC and Ernst & Young.

Non-Executive Director

Nigel Greenaway

Nigel has 40 years' experience in the house building industry, with the final 30 as part of Persimmon plc. Nigel served on the Persimmon plc board from 2013 until he retired in 2016 from his role as South Division Chief Executive, a role which he held from 2007. Nigel was one of the senior Persimmon team meeting with the Home Builders Federation and with the Government.

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APPENDIX
GLOSSARY OF TERMS

GLOSSARY OF TERMS

Term	Definition
Committed loans	The total amount (in £ sterling) of a loan facility to a borrower.
AUM (Assets under management)	External funds managed by the Group on behalf of investors, including banks and other capital providers.
MIC (Minimum Income Clause)	Each loan originated by the Group includes a Minimum Income Clause (MIC). MICs set a floor on the earnings of each loan originated by the Group by guaranteeing a minimum return, regardless of the drawdown profile or an early refinancing of the debt.
PAI (Projected Aggregate Income)	Total projected earnings on each loan represent all interest and other connected revenue streams earned over the life of the loan.
WA LTGDV % (Weighted Average Loan To Gross Development Value)	Average loan to gross Development value of the loan book weighted by size of loan commitment.
WA IRR % (Weighted Average Internal Rate Of Return)	Average internal rate of return of loan book weighted by size of loan commitment.
Loan-on-loan line	A leverage facility providing finance backed on an underlying loan as collateral.

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