

## Business model

# A unique set of resources

## What we do

Our business model seeks to utilise our unique set of resources to provide an essential service to a wide range of stakeholders and to deliver long-term sustainable value.

The Group generates interest and fees from originating loans on its balance sheet, before moving the loans into asset management structures, from which origination and management fee income is generated from institutional investors. We therefore have two types of customer: borrowers and capital providers.

## How we transact

The Group is able to use its balance sheet as a temporary store or 'warehouse' for loans that it executes, before moving them into an asset management structure, whilst retaining a proportion on the balance sheet via co-investment in these structures.

Our asset management strategy follows two routes:

- i) syndicating loans alongside other lenders; and
- ii) holding loans within managed accounts and co-mingled funds on behalf of institutional investors.

By using our balance sheet to co-invest with our capital providers, we are fully aligned with their objectives. To enhance our income returns and lending capacity, we use leveraged facilities from financial institutions.

### Warehousing

Urban Exposure originates, underwrites and executes the transaction as principal, utilising its own balance sheet for funding.

#### Revenue streams

Paid by borrower: debt interest; arrangement fee; exit fee

### Migration to asset management

Urban Exposure liaises with its institutional funding partners in order to place the deal within an appropriate asset management strategy, retaining a proportion of the loan.

### Syndicated

(Single borrower, multiple institutions)  
UE co-investment: up to 10%

#### Revenue streams

Paid by borrower (pari passu based on level of co-investment): debt interest

Paid by partner: origination fee; management fee; performance fee

### Managed

(Multiple borrowers, single institution)  
UE co-investment: up to 10%

#### Revenue streams

Paid by borrower (pari passu based on level of co-investment): debt interest

Paid by partner: management fee; performance fee

### Co-mingled

(Multiple borrowers, multiple institutions)  
UE co-investment: up to 10%

#### Revenue streams

Paid by borrower (pari passu based on level of co-investment): debt interest

Paid by partner: management fee; performance fee

## What makes us relevant

We provide an essential service to a wide range of stakeholders by facilitating the building of homes within the UK. The market we operate in has two fundamental drivers:

- **Too few homes are being built** – a recent projection by the government states that approximately 300,000 new homes need to be built in England every year for the next decade in order to keep pace with rising demand and population growth; and
- **A lack of availability of development finance** – SME housebuilders' demands for finance outstrip supply due to the dramatic reduction in traditional bank lending to the residential development sector, largely due to regulatory reform.

Our purpose is to provide a crucial source of finance for residential property developers while simultaneously providing strong risk-adjusted returns to our asset management clients.

## Our resources

- **Management** – the management consists of an award-winning team of residential development finance specialists operating within the sector for over 16 years.
- **Relationships** – the management team has relationships with over 300 high quality developers throughout the UK, each with a minimum of 10 years' experience.
- **Access to capital** – sources of funding are key to our success and range from traditional banks to private equity and other alternative credit lenders.
- **People** – our employees are highly skilled and respected industry figures in their relevant fields.
- **Technical expertise** – the Group has excellent underwriting processes as well as advanced risk management procedures.

## The value we create

### Our Borrowers

We provide our borrowers with speed of execution, flexibility and competitive pricing, underpinned by our niche sectoral experience.

### Our Capital Providers

We originate, structure and negotiate, conduct due diligence on, and manage loans from inception to term on behalf of our capital providers, giving them excellent risk-adjusted returns.

### Our Suppliers

We view our outsourced providers, who facilitate operational capacity whilst enhancing our commercial structuring and risk mitigation capabilities at a macro-economic, micro and project-specific level, as an integral part of our operations.

### Our Shareholders

We aim to create long-term shareholder value across the market cycle.

### Our Staff

We aim to provide an environment that allows our staff to achieve their full potential.

### Our Community

We are proud to support a number of charitable causes, with the central theme of educating under-privileged children.



### Greenwich, London SE10

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. Redevelopment in the past 10 years has transformed much of the former surrounding industrial area around Greenwich Peninsula. Greenwich Square is a landmark residential-led scheme developed by Mace and strategic partners. 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 units.

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.

**GDV: £133.1m**