

Key performance indicators

Measuring performance against objectives

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

The figures stated below are those achieved for the Period ending 31 December 2018.

1. New committed loans

Achieved for the Period:
£525m

KPI definition – New committed loans represent the total new loans underwritten by the Group on both a co-investment and asset management basis.

Link to our strategy: **1**

Growth in new committed loans reflects the ability of the Group to meet its objective of being a market-leading provider of residential property development finance.

2. Projected aggregate income (PAI) and Minimum Income to the Group

Achieved for the Period:
£27m PAI; £15m Minimum Income

KPI definition – Each loan originated by the Group includes a Minimum Income Clause (MIC). MICs set a floor on the income from each loan originated by the Group, regardless of the drawdown profile or an early refinancing of the debt. Total projected income on each loan represents all interest and other connected income streams earned over the life of the loan and always exceeds the level secured by any MIC.

Link to our strategy: **1**

PAI is an important metric for the Group as it represents the future income stream of all loans written. The recognition of this income will be dependent on a number of factors, including the timing of the drawdown of a loan and the application of financial reporting standards.

3. Weighted average loan to gross development value (WALTGDV)

Achieved for the Period:
67%

KPI definition – WALTGDV represents the weighted average of all loans expressed as a percentage of the gross development value of the total loan book. Gross development value represents the market value of the proposed development assessed on the specific assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date.

Link to our strategy: **1**

WALTGDV is used by the Group as a key indicator of the credit quality of the loans written.

4. Operational costs as a percentage of total committed loan book

Achieved for the Period:
0.81%

KPI definition – Operational costs as a percentage of the total committed loan book is calculated as total operational costs of the Group before exceptional items divided by the sum of total committed loans.

Operational costs as a percentage of the total committed loan book is a measure of the operational efficiency of the Group and its ability to write and service loans, as well as to raise and manage external capital at a low cost.

Link to our strategy: [3](#)

5. Basic earnings per share (EPS) and basic earnings per share adjusted for exceptional costs

Achieved for the Period:
(1.18p) basic EPS;
(0.58p) adjusted EPS

KPI definition – Earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue. Adjusted earnings per share is calculated by dividing the profit after tax, after exceptional costs, by the weighted average number of shares in issue (see note 12).

Over the long term, growth in shareholder value and returns are linked to growth in EPS, which measures the profitability of the Group after tax and interest costs. During the 'ramp-up' period, growth in EPS will lag behind other KPIs such as PAI but, in the medium to long term, it is expected to grow in line with those metrics.

Link to our strategy: [1](#) [2](#) [3](#)

6. Organisational culture of high performance teaming, learning and development

KPI definition – Organisational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organisation.

Employee engagement surveys are conducted in order to monitor performance in the areas of 'psychological safety', 'teaming' and learning and development.

Link to our strategy: [3](#)