# Forum Partners Europe (UK) LLP

# Pillar 3 Disclosure Statement

**BACKGROUND**

Forum Partners (UK) LLP (the "**Firm**") is a limited liability partnership registered in England and Wales (registered number **OC325122**) that is authorised and regulated by the Financial Conduct Authority (the "**FCA**"). The Firm is a member of a group of companies specialising in the management of, and the provision of advice to, property funds. Under the FCA's financial rules, the Firm reports its financial affairs on a non-consolidated basis.

The FCA's regulatory capital framework as it applied to the Firm, consists of three pillars:

**Pillar 1** – defines the minimum level of capital that a regulated firm needs to maintain.

**Pillar 2** – requires firms to assess whether additional capital is required over and above the minimum requirement.

**Pillar 3** – requires firms to publish information regarding the firm's risk management arrangements, risk exposures, its capital position and make certain remuneration code related disclosures.

This document fulfils the Firm's disclosure obligations under Pillar 3.

The Firm's senior management is responsible for the strategic direction, risk management and the overall good governance of the Firm. Additionally, it assesses, on an ongoing basis, the adequacy of the Firm's capital resources as required by the FCA.

Senior management together with the Compliance Officer are responsible for identifying the risks the Firm is subject to and ensuring that appropriate action is taken to mitigate against these risks.

**Internal Capital Adequacy Assessment Process (ICAAP)**

The adequacy of the Firm's capital resources is formally assessed in line with the FCA's Internal Capital Adequacy Assessment Process (ICAAP). During this process, the Firm identifies the risks it faces, calculates the capital requirement that these risks give rise to and determines whether the Firm is adequately capitalised in relation to the risks it bears.

The output from this process is a written report which is prepared by the Compliance Officer and which is reviewed and approved by senior management.

Through the Internal Capital Adequacy Assessment Process senior management has identified the following main risks to the Firm's business:

- Credit risk
- Liquidity risk
- Business risk and Operational risk

Each risk has been assessed and a determination has been made as to whether the Firm needs to allocate additional capital in respect of these risks. The ICAAP concluded that it was not necessary for additional capital to be allocated in respect of any of the risks that the Firm was exposed to.

February 2020

**CAPITAL POSITION – PILLAR 1**

The Firm's capital resources consist of Tier 1 capital only being:

-Paid up share capital; and
-Retained earnings

There are no other items or deductions.

As the firm is a BIPRU €50,000 Limited Licence Firm it has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the below.

| £000 | |
|---|---|
| Tier 1 capital resources | 658 |
| Tier 2 capital resources | 0 |
| Tier 3 | 0 |
| Deductions from total capital e.g. illiquid assets | (0) |
| ------------------------- | |
| Total capital resources as at 31st December 2019 | 658 |

**FIXED OVERHEAD REQUIREMENT**

Pillar 1 risks are reviewed and reported to the FCA in accordance with the FCA handbook reporting timetable. In accordance with GENPRU 2.1.45 the Firm's Pillar 1 requirement is the higher of:

- Credit risk plus market risk requirement; and
- Fixed overhead requirement

The following table discloses the Firm's Pillar 1 capital requirement as at 31 December 2019:

| | **As at 31 December 2019**<br>**£** |
|---|---|
| Credit Risk | 57,000 |
| Market Risk | 0 |
| Total credit and market risk | **57,000** |
| | |
| Fixed overhead requirement | **275,000** |
| | |
| Pillar 1 capital requirement (higher of credit risk plus market risk and fixed overhead requirement) | **275,000** |

From the analysis undertaken within the Firm's ICAAP Report, Senior Management has concluded that no Pillar 2 capital adjustment is required and that the Firm has adequate capital taking into consideration the size and complexity of its business. In conclusion, the Firm's capital resources exceed its capital requirements and, as such, the Firm is satisfied that it is sufficiently capitalised for the risks to which it is exposed.

February 2020