

Aermont Capital LLP

MIFIDPRU 8 Disclosure

29 September 2025

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Aermont Capital LLP (“Aermont” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Aermont is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements which allows potential investors to assess the Firm’s financial strength.

This document has been prepared by Aermont in accordance with the requirements of MIFIDPRU 8 and is verified by the Management Committee (“MC”). Unless otherwise stated, all figures are as at the financial year-end.

Risk Management Objectives and Policies

This section describes Aermont’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds.
- Concentration risk.
- Liquidity.

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Business Strategy

Aermont is an investment advisory firm focused on real estate and real estate related investment activities in Europe. As at 31 December 2024 the Firm advises five funds, with approximately £10.00bn in assets under advice ("AUA").

The Firm's clients are the funds themselves, with the underlying investors typically being institutional investors, such as pension funds, sovereign wealth funds and other professional investors.

Aermont primarily seeks to grow its revenues by growing the underlying asset base on which it charges an advisory fee. This is achieved by the prudent growth of the Firm's client's assets and by seeking additional asset inflows from prospective clients.

Costs are controlled carefully to ensure long-term profitability. The business seeks to make investments to expand its business and product lines and to continuously improve its control environment.

Given the Firm's business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is low.

Own Funds Requirement

Aermont is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR"):** The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- **Fixed overhead requirement ("FOR"):** The minimum amount of capital that Aermont would need to have to absorb losses if the Firm has cause to wind down and exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR"):** The KFR is intended to calculate a minimum amount of capital that Aermont would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are K-AUA (calculated on the basis of the Firm's assets under advice ("AUA")) and K-COH (calculated on the basis of the client orders handled by the Firm).

Aermont's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with Aermont's business strategy, based on the Firm's own funds requirement, is low. Aermont primarily seeks to grow its revenues by growing the underlying asset base on which it charges management fees. This is achieved through the prudent growth of its client's assets and through seeking additional asset inflows from prospective customers.

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A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its governing body, the MC, as well as the regulator. The MC will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

Concentration Risk

The potential for harm associated with Aermont's business strategy, based on the Firm's concentration risk, is low.

The Firm currently advises five, close-ended funds, with the underlying investors typically being institutional investors, such as pension funds, sovereign wealth funds and other professional investors. The Firm therefore considers that its asset base is 'sticky' and not prone to sudden substantial fluctuations, including during stressed market conditions.

The Firm deposits its cash with well-established multinational institutions.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The potential for harm associated with Aermont's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. Aermont has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. Advisory fees are payable by the Manager quarterly in advance. With proper controls in place, solid cash flow projections can be assessed. The balance sheet of the Firm is primarily current assets and liabilities. Exposure to market liquidity events is thus very low. Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The cash position of the Firm is monitored by the Chief Financial Officer on a regular basis.

Risk Management Structure

Aermont has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by Nathan Shike and Alison Trewartha, who are respectively responsible for (i) strategy, risk and finance, and (ii) legal, compliance, tax and structuring, with the MC taking overall responsibility for this process.

and the fundamental risk appetite of the Firm. The Compliance Officer has responsibility for the implementation and enforcement of the Firm's risk principles.

The MC meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The MC engages in Aermont's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to this review inform the overall risk appetite of the Firm.

An update on operational matters is provided to the MC on a regular basis. Management accounts demonstrating the continued adequacy of Aermont's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in Aermont's mitigating controls.

Governance Arrangements

Overview

Aermont believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

The MC has overall responsibility for Aermont and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the MC typically meets on a fortnightly basis. Amongst other things, the MC approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed, and ratified by the MC at least annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document provides the MC with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies.

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- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons.
- Policies, procedures, and controls for meeting its compliance and financial crime requirements.
- Internal capital adequacy and risk assessment process.
- Outsourcing of critical or material operating functions or activities.
- Record-keeping controls and arrangements.
- Conflicts of interest management.
- Remuneration policies and practices.
- Whistleblowing controls.

The Management Body

Aermont's management body is the Management Committee. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at Aermont	Number of Directorships Held	
		Executive	Non-Executive
Paul Golding	Managing Partner	12	
Nathan Shike	Partner for strategy, risk, finance	5	
Alison Trewartha	Partner legal, compliance, risk structuring	0	
Henning Richter	Partner investment activities in Germany	2	

Risk Committee

Due to the nature, size, and complexity of the Firm, Aermont does not have an independent risk management function. The MC is responsible for the management of risk within the Firm and the individual responsibilities of the MC members are clearly defined. Senior management reports to the MC on a frequent basis regarding the Firm's risks. Aermont has clearly documented policies and procedures, which are designed to minimise risks to the Firm and all staff members are required to confirm that they have read and understood these. Aermont is not required by MIFIDPRU to establish a risk committee.

Own Funds

As at 31 December 2024, Aermont maintained own funds of £1,495k. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds			
	Item	Amount (GBP Thousands)	Source Based on Reference Numbers/Letters of the Balance Sheet in the Audited Financial Statements
1	OWN FUNDS	1,495	
2	TIER 1 CAPITAL	1,495	
3	COMMON EQUITY TIER 1 CAPITAL	1,495	
4	Fully paid up capital instruments	1,495	

Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements				
		Balance Sheet as in Published/Audited Financial Statements	Under Regulatory Scope of Consolidation	Cross-Reference to Above Template
		As at 31/12/2024	As at 31/12/2024	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Tangible fixed assets	182		
2	Debtors	9,392		
3	Cash	13,428		
xxx	Total Assets	23,002		
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Creditors: amounts falling due within one year	(3,884)		
xxx	Total Liabilities	(3,884)		
Shareholders' Equity (in £'000)				
1	Members' capital classified as equity	1,495		
2	Members' other reserves	17,623		
xxx	Total Shareholders' Equity	19,118		

Own Funds Requirements

Aermont is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR and FOR.

The below illustrates the core components of Aermont's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	2,505
(C) K-Factor Requirements ("KFR")	912
- K-AUA – Risk arising from managing and advising on investments	912
(D) Own Funds Requirement (Max. [A, B, C])	2,505
Transitional Own Fund Requirement	626

Aermont is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on Aermont to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where Aermont determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

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- The Firm's PMR;
- The sum of the Firm's FOR and its additional own funds required for winding down; and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that Aermont is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, Aermont identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

This process is documented and presented to, and ratified by, the MC on at least an annual basis.

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, Aermont is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")).

The objective of Aermont's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Aermont recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

Aermont is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at Aermont is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

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Aermont's policy includes a framework for assessing the level of remuneration to be paid to staff members. The framework applies both ex-ante and ex-post risk adjustment criteria to the level of remuneration paid. Factors considered include:

- The current and future risks identified by the Firm;
- How the Firm takes into account current and future risks when adjusting remuneration.

The remuneration policy is in line with the business strategy, objectives, values and long-term interests of the Firm and its clients.

The firm advises upon assets in closed-ended investment funds with fixed terms. Management fees are paid on committed capital during the relevant investment period and invested capital thereafter.

The Firm considers/ incorporates environmental, social and governance.

The Firm and its senior management endeavour to create an environment which establishes visible leadership and a clear strategic purpose within a defined and tangible business model, inclusive of well-defined and communicated policies and procedures. Roles and responsibilities are clearly defined, supplemented by well-articulated standards of behaviour, which create an inclusive environment that encourages staff at all levels to contribute to and comment upon the success of (the firm's) culture and values without the necessity to take risks outside of the firm's risk appetite or to promote short term personal gain.

Aermont seeks to promote sound and effective risk management and discourages risk-taking that exceeds the level of risk tolerated by client mandates and the Firm itself.

As such the Firm ensures that its remuneration practices are integrated with and informed by long term business model planning and positive and purposeful culture.

Fixed compensation is set at the time of hiring (and thereafter typically revised annually) and is composed of cash in the form of regular salary. Variable compensation takes the form of a fully discretionary cash bonus which is awarded on an annual basis, and carried interest which is allocated in accordance with the relevant fund lifespan, typically at the final closing and after the investment period.

Aermont considers the ratio between the variable and fixed components of the total remuneration, to ensure that the components are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. The Firm allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is particularly constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The Management Committee is responsible for setting and overseeing the implementation of Aermont's remuneration policy and practices. In order to fulfil its responsibilities, the MC:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Aermont's remuneration policy and practices are reviewed annually by the MC.

Material Risk Takers

Aermont is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at Aermont are:

- Members of the MC in its management function;
- Those with managerial responsibility for a client-facing or client-dealing business unit of the Firm;
- Those with managerial responsibilities for the activities of a control function¹;
- Those with managerial responsibilities for the prevention of money laundering and terrorist financing;
- Those that are responsible for managing a material risk within the Firm;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and
- Those with authority to take decisions approving or vetoing the introduction of new products.

¹ A control function is defined as a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year e.g., 1 January 2024 to 31 December 2024. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, partners, employees of other entities in the group, employees of joint service companies, and secondees:

Period: 2023				
		Senior Management	Other Material Risk Takers	Other Staff
Total Number of Material Risk Takers		4.7	1	27.9
Remuneration Awarded	Fixed (£'000)	3,107	158	4,484
	Variable (£'000)	-	69	4,912
	Total (£'000)	3,107	227	9,396
Guaranteed Variable Remuneration	Amount (£'000)	-	-	
	# Staff Awarded	-	-	
Severance Payments	Amount (£'000)	-	-	
	# Staff Awarded	-	-	
Highest Severance Payment Awarded to an Individual (£)				