

Colliers Capital Holdings Limited
PILLAR 3 DISCLOSURE AS AT 31 DECEMBER 2020

1. Introduction

Colliers Capital Holdings Limited ('the Firm') is a private limited company registered in England and Wales with registered number 06430656 and registered office at 50 George Street, London W1U 7GA. The Firm is authorised and regulated by the Financial Conduct Authority ('the FCA').

The Firm was incorporated on 19 November 2007. The principal regulated activity of the Firm is advising and arranging investments for institutional clients in real estate funds.

The Firm is a €50k IFPRU limited licence firm.

The purpose of this document is to provide the disclosure required by the Capital Requirements Regulation.

2. Management and risk

The Firm is managed by a board comprising of the Chief Executive Officer, the EMEA Chief Financial Officer, General Counsel UK and Head of National Capital Markets for the Colliers International group in the UK along with the Head of the Firm. The board meets on a quarterly basis.

The Firm regularly reviews its business including its strategy, business opportunities and risks. In addition to the quarterly board meetings, the General Counsel and the Head of the Firm meet on a six-monthly basis to discuss compliance issues relating to the Firm.

The remuneration policy of the Firm is overseen by the Head of HR, Chief Executive Officer and Chief Financial Officer of the Colliers International group in the UK. Aggregate staff cost for year ending 31 December 2020 was £1,014,723. Given the small size of the Firm, it is considered that this amount would also be the amount of remuneration that is paid to senior management and members of staff who have a material impact on the risk profile of the Firm. Pay and performance are considered by those responsible for the remuneration considerations of the Firm, ensuring at all times that pay rewards are appropriate and reasonable and take a wide variety of considerations into account.

The Firm has taken the approach to be risk averse and therefore takes reasonable steps to manage its risks. This is reflected in its low appetite for taking on risk in any of its activities. The Firm has little to no tolerance for engaging in activity that adversely influences its risk profile. All risks of any significance are identified, assessed and controlled on an ongoing basis.

As part of the Firm's Internal Capital Adequacy Assessment Process, the following risks have been considered:

Operational risk

As an FCA-regulated firm, the Firm is subject to a significant level of regulation and, as such, has in place a number of compliance-related procedures manuals with which staff are required to adhere. To mitigate and manage any such risks, the Compliance Officer oversees the Firm's compliance with FCA rules and corporate policies are updated from time to time.

On the basis that operational risks are inherent in any type of business, the Firm has considered that £175,000 is an appropriate and risk averse amount to allocate to this category of risk.

Credit, concentration and residual risk

As the Firm does not undertake any lending activities, this is not a risk to the Firm.

However, the Firm also considered the position on bad debts. Historically, the Firm has had no or negligible amount of bad debts. Furthermore, the Firm's clients are reputable and of sound financial covenant.

Given the level of risk and that the Firm's only exposure is to basic debt collection issues, it has not implemented a specific credit risk mitigation strategy other than to use standard business practices in recovering debt through credit control functions.

Market risk

The Firm does not have any foreign currency denominated assets or liabilities, no interest or currency swap contracts, hence this risk is negligible. The Firm's fees from its clients are susceptible to a collapse of the UK real estate investment market; however, this is in any event out of the Firm's control.

Liquidity risk

The Firm's assets outweigh its liabilities and so there is no present or anticipated risk of its insolvency.

Securitisation risk

The Firm has not securitised any assets and therefore no risk is attributable.

Insurance risk

The Firm is covered under a group policy which includes other members of the Colliers International group in the UK and is with reputable brokers and insurers. Furthermore, the Firm does not undertake any insurance related work.

Pension obligation risk

The Firm does not operate its own pension fund and so there is no risk. Employees of the Firm have access to a pension scheme which is run by a third party pension provider.

Business risk

As stated above, the Firm and its clients are sensitive to the state of UK real estate investment market.

Interest rate risk

The Firm has no personal investments which are subject to interest rate changes and therefore this does not present a risk.

3. Capital requirement

Capital requirements

The Pillar 1 requirement is calculated as being the greater of the base and variable capital requirement. The Firm's base and variable capital requirements are as follows:

- The base capital requirement is the prescribed €50,000 (rounded up to £50,000 for convenience).
- The variable capital requirement has been calculated based on the fixed overheads requirement and for the Firm this amounts to £288,480.

Under the Firm's ICAAP, it has been considered that £175,000 is an appropriate and risk averse amount to allocate as its capital requirement, taking into account the risks set out above but is in any event less than its variable capital requirement.

Capital resources

On the basis of audited accounts, the Firm has tier 1 capital of £2,360,000 made up of share premium and profit and loss accounts. The Firm therefore has adequate capital to satisfy the Pillar 1 requirements and the Firm's own capital requirement assessment.

The Firm is therefore satisfied that it is adequately capitalised given its operations and low risk profile.