

Redevco Value Add Investment Manager Limited

MIFIDPRU 8 Disclosure

December 2023

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 Redevco VAIM Ltd (“Redevco” 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.

Redevco is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This document has been prepared by Redevco in accordance with the requirements of MIFIDPRU 8 and is verified by the Governing Body. Unless otherwise stated, all figures are as at the Firm’s 31 December financial year-end.

Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU Investment Firm, Redevco is subject to the basic 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”). Redevco, as an alternative investment fund manager, is also classified as a collective portfolio management investment firm, and as such, is also subject to the AIFM Remuneration Code (SYSC 19B). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Redevco'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, Redevco 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.

Redevco 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 Redevco 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 as well as the financial performance of each business unit, 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.

Governance and Oversight

The Governing Body is responsible for setting and overseeing the implementation of Redevco's remuneration policy and practices. To fulfil its responsibilities, the Governing Body:

- 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 consider 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.

Redevco's remuneration policy and practices are reviewed annually by the Governing Body.

Quantitative Remuneration Disclosure

For the financial year 1 January to 31 December 2023, the total amount of remuneration awarded to all staff, based on a pro-rata allocation of time spent working for VAIM, was £46,475, of which £25,419 comprised the fixed component of remuneration, and £21,055 comprised the variable component. For

these purposes, 'staff' is defined broadly, and includes, for example, directors, employees of other entities in the group and a third-party consultant.

Risk Management Objectives and Policies

This section describes Redevco'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.

Business Strategy

Redevco is an investment advisory firm focused on real estate assets. As of 31 December 2023, the Firm advises two joint ventures.

The Firm's clients are the joint ventures themselves, with the underlying investors typically being institutional investors, such as pension funds, insurance companies, and other professional investors.

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

Redevco 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 always operate. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000; and
- **Fixed overhead requirement ("FOR")**: The minimum amount of capital that Redevco would need to have to absorb losses if the Firm has cause to wind-down or exit the market. This is equal to one quarter of the Firm's relevant expenditure.

The potential for harm associated with Redevco's business strategy, based on the Firm's own funds requirement, is low. 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. If 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, as well as the regulator. The Governing Body will consider the necessary steps required to increase the own funds buffer; this may include injecting more own funds into the Firm.

Concentration Risk

The potential for harm associated with Redevco's business strategy, based on the Firm's concentration risk, is low, as it advises two JVs on behalf of institutional investors, so the money is unlikely to be redeemed early.

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 Redevco's business strategy, based on the Firm's basic liquid assets requirement, is low. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. Redevco 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.

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 one of the Directors on a regular basis, and the Firm would be able to call on its parent undertaking for further capital as required.

Risk Management Structure

Redevco has established a risk management process 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 the Compliance Officer with the Governing Body 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 Governing Body meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning, and risk management. The Governing Body engages in Redevco'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.

	Item	Amount (GBP Thousands) 2022
1	OWN FUNDS	220
2	TIER 1 CAPITAL	220
3	COMMON EQUITY TIER 1 CAPITAL	258
4	Fully paid-up capital instruments	-
5	Share premium	500
6	Retained earnings	(242)
7	Accumulated other comprehensive income	-
8	Other reserves	-
9	Accumulated other comprehensive income	-
10	Accumulated other comprehensive income	-
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-
19	CET1: Other capital elements, deductions, and adjustments	-

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

A formal update on operational matters is provided to the Governing Body on a regular basis. Management accounts demonstrating the continued adequacy of Redevco'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 Redevco's mitigating controls.

Own Funds

As of 31 December 2023, Redevco maintained its own funds of £220,000. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Own Funds Requirements

Redevco is required to always 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 Redevco's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	20
(C) Own Funds Requirement (Max [A; B])	75

Considering Redevco's business activities, it deems the above to be sufficient to meet its own fund requirements.