

COHEN & STEERS UK LIMITED
PILLAR 3 DISCLOSURE

Cohen & Steers UK Limited (“the Firm”) is authorized and regulated by the Financial Services Authority (“FSA”) and as such is subject to minimum regulatory capital requirements. The Capital Requirements Directive of the European Union established a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the UK, the directive has been implemented by the FSA in its regulations through the General Prudential Sourcebook (“GENPRU”) and the Prudential Sourcebook for banks, Building Societies and Investment Firms (“BIPRU”). The Firm is categorized as a BIPRU limited license firm by the FSA for capital purposes.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. Pillar 3 requires disclosure of specified information about the underlying risk management and capital position. This document is designed to meet our Pillar 3 obligations.

The Management of the Firm determines its business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks may be mitigated and assess on an ongoing basis the arrangements to manage those risks. Management meets no less than quarterly to discuss the forecasts for profitability and regulatory capital and risk management. The Firm’s risks are managed through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Board formally reviews the risks, controls and other risk mitigation arrangements and assesses their effectiveness through its Internal Capital Adequacy Assessment Process. Where Management identifies material risks they model the financial impact of these risks as part of the business forecast and capital management process and conclude whether the amount of regulatory capital is adequate.

As discussed above the firm is a BIPRU limited license firm and its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement.

The Firm is small with a simple operational infrastructure. The Firm follows the simplified method of calculating risk weights within the standardized approach to credit risk. Both credit risk and market risk are relatively small and considered to be not material. In practice the firm’s minimum capital requirements are determined by its Fixed Overhead Requirement. At 31 December 2009, the firm’s Fixed Overhead Requirement was calculated to be £494,000. The firm’s regulatory capital resources have exceeded its regulatory capital requirements at all times.

The Firm’s capital is summarized as follows:

EQUITY

(in thousands)

	December 31, 2009 (audited)	December 31, 2008 (audited)
Share capital	£1,500	£1,500
Accumulated profits	507	604
Total	£2,007	£2,104

The main features of the Firm’s capital resources for regulatory purposes as of December 31, 2009 are:

<u>Capital item</u>	<u>£’000</u>
Tier 1 capital less innovative tier 1 capital	£2,104
Total tier 2, innovative tier 1 and tier 3 capital	0
Deductions from tier 1 and tier 2 capital	0
Total capital resources, net of deductions	£2,104