Aermont Capital LLP

Report and Consolidated Financial Statements

31 December 2018

Registered No: OC329007

General Information

Designated Members
Aermont Capital S.à r.l., previously Ellistrom S.à r.l. (Principal Partner)
Léon Bressler (Managing Partner)

Individual Partners
Paul Golding
Vincent Rouget (until 29 June 2018)
Nathan Shike
Alison Trewartha (as from 1 January 2018)

Other Partner
Perella Weinberg Partners Group LP (until 31 December 2017)

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
55 St James's Street
London SW1A 1LA

Registered No: OC329007

Designated Members' report

The Designated Members present their report and financial statements for the year ended 31 December 2018.

Results and distributions

The results for the year are shown in the consolidated profit and loss account on page 8 and the consolidated balance sheet as detailed on page 10 shows a satisfactory position.

Principal activity and review of the business

The principal activity of Aermont Capital LLP (the "Partnership") is to provide investment management and advisory services.

Key Performance Indicators

	2018	*2017*
	£	*£*
Turnover	16,703,038	16,716,948
Profit for the year	5,938,575	4,268,568

Members' profit allocation

Profits are shared among the members in accordance with the Amended and Restated Limited Liability Partnership Agreement dated 26 February 2019. The profit attributable to the member with the highest entitlement to profit was £2,785,624 (2017 - £1,652,718).

Future developments

The Partnership will continue and seek to expand the performance of its investment advisory services.

Principal risks and uncertainties

The primary objectives of the Partnership are to provide investment advisory services, to limit counterparty risks and to ensure that sufficient working and regulatory capital are maintained.

Principal risks are that opportunities to provide income-generating financial advisory services do not arise or are not obtained by the principals in the business.

Going concern

Management have made an assessment of the Partnership's ability to continue as a going concern for a period of at least 12 months from the date of the approval of these financial statements.

That assessment has taken into account:

- That the Partnership has considerable financial resources and ongoing financial advisory contracts as at 31 December 2018.
- The Partnership's cash flow forecasts, sensitivities regarding the key assumptions in those forecasts, as well as the principal risks and uncertainties – in particular, the ability of the counterparties to the advisory contracts to continue to meet their obligations under them.

As a consequence, management believes that the Partnership is well placed to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

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Designated Members' report (continued)

Policy for members' drawings, subscriptions and repayment of members' capital

Policy for Members' drawings, subscriptions and repayment of members' capital is governed by the Amended and Restated Limited Liability Partnership Agreement dated 26 February 2019.

Designated Members

The Designated Members are:

Aermont Capital S.à r.l. previously Ellistrom S.à r.l. (Principal Partner)
Léon Bressler (Managing Partner)

Individual Partners

The Individual Partners are:

Paul Golding
Vincent Rouget (until 29 June 2018)
Nathan Shike
Alison Trewartha (as from 1 January 2018)

Other Partner

The Other Partner is:

Perella Weinberg Partners Group LP (until 31 December 2017)

Disclosure of information to the auditors

So far as each person who was a Designated Member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow members and the Partnership's auditor, each Designated Member has taken all the steps that he is obliged to take as member in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Partnership's auditor will be put to the Principal Partner and the Managing Partner.

On behalf of the Members

Léon Bressler

Designated Member / Managing Partner

22 March 2019

Statement of Designated Members' responsibilities

The Designated Members are responsible for preparing the Members' Report and the consolidated financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the members to prepare consolidated financial statements each year. Under that regulation the Designated Members have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'. Under the regulation the Designated Members must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and its subsidiaries and of its consolidated profit or loss for that year. In preparing these consolidated financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and its subsidiary and to enable them to ensure that the consolidated financial statements comply with The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Aermont Capital LLP

Opinion

We have audited the consolidated financial statements of Aermont Capital LLP ("the Limited Liability Partnership") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the Partnership's balance sheet, the consolidated statement of changes in equity, the Partnership's statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (the "FRS 102").

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of its profit for the year then ended;

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2018;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102; and

- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or

- the members have not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Limited Liability Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated financial statements are authorised for issue.

Independent auditors' report

to the members of Aermont Capital LLP (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1-4, other than the consolidated financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of members

As explained more fully in the Statement of Designated Member's responsibilities set out on page 4, the members are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

to the members of Aermont Capital LLP (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Matthew Williams (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 25 March 2019

Consolidated profit and loss account

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	16,703,038	16,716,948
Other income	3	41,470	232
Administrative expenses	5	(10,807,327)	(12,448,964)
Operating profit	4	5,937,181	4,268,216
Interest and similar income		1,394	352
Profit for the financial year available for discretionary division among the members		5,938,575	4,268,568

All amounts are in respect of continuing activities.

Consolidated statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Profit for the financial year available for discretionary division among the members		5,938,575	4,268,568
Currency translation		(5,509)	7,150
Total comprehensive income for financial year		5,933,066	4,275,718

Consolidated balance sheet

as at 31 December 2018

	Notes	*2018* £	*2017* £
Fixed assets			
Tangible assets	*7*	641,210	830,562
		641,210	830,562
Current assets			
Debtors	*8*	5,694,251	4,046,337
Cash		4,533,856	5,570,237
		10,228,107	9,616,574
Creditors: amounts falling due within one year	*9*	(4,554,156)	(5,933,247)
Net current assets		5,673,951	3,683,327
Net assets attributable to members		6,315,161	4,513,889
Represented by:			
Members' interests		6,315,161	4,513,889
Member's capital classified as equity		105,000	105,000
Member's other reserves		6,210,161	4,408,889
Advances due from members	*8*	(1,350,000)	(1,200,000)
Total members' interest		4,965,161	3,313,889

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The consolidated financial statements were approved by Designated Members on 22 March 2019 and signed on their behalf by:

Léon Bressler

Designated Member / Managing Partner

22 March 2019

The Partnership's balance sheet
as at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments	*6*	-	107,018
Tangible fixed assets	*7*	641,210	801,838
		641,210	908,856
Current assets			
Debtors	*8*	5,694,251	3,970,285
Cash		4,533,856	5,496,936
		10,228,107	9,467,221
Creditors: amounts falling due within one year	*9*	(4,554,156)	(6,139,283)
Net current assets		5,673,951	3,327,938
Net assets attributable to members		6,315,161	4,236,794
Represented by:			
Members' interests		6,315,161	4,236,794
Members' capital classified as equity		105,000	105,000
Members' other reserves		6,210,161	4,131,794
Amounts due from members		(1,350,000)	(1,200,000)
Total members' interests		4,965,161	3,036,794

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Consolidated statement of changes in equity

as at 31 December 2018

Partnership	*Members' capital*	*Other reserves*	*Total Members' other interests*	*Advances due to/(from) members*	*Total members' interests*
	£	£	£	£	£
At 1 January 2017	105,000	3,944,852	4,049,852	(1,252,345)	2,797,507
Profit allocation	-	(3,944,852)	(3,944,852)	3,944,852	-
Profit distribution to members	-	-	-	(2,692,507)	(2,692,507)
Profit for the year	-	4,131,794	4,131,794	-	4,131,794
Advances to members	-	-	-	(1,200,000)	(1,200,000)
At 31 December 2017	**105,000**	**4,131,794**	**4,236,794**	**(1,200,000)**	**3,036,794**
Profit allocation	-	(4,131,794)	(4,131,794)	4,131,794	-
Profit distribution to members	-	-	-	(2,931,794)	(2,931,794)
Profit for the year	-	6,210,161	6,210,161	-	6,210,161
Advances to members	-	-	-	(1,350,000)	(1,350,000)
At 31 December 2018	**105,000**	**6,210,161**	**6,315,161**	**(1,350,000)**	**4,965,161**

Group	*Members' capital*	*Other reserves*	*Total Members' other interests*	*Advances due to/(from) members*	*Total members' interests*
	£	£	£	£	£
At 1 January 2017	105,000	4,078,023	4,183,023	(1,252,345)	2,930,678
Profit allocation	-	(3,944,852)	(3,944,852)	3,944,852	-
Profit distribution to members	-	-	-	(2,692,507)	(2,692,507)
Profit for the year	-	4,268,568	4,268,568	-	4,268,568
Advances to members	-	-	-	(1,200,000)	(1,200,000)
Currency translation reserve	-	7,150	7,150	-	7,150
At 31 December 2017	**105,000**	**4,408,889**	**4,513,889**	**(1,200,000)**	**3,313,889**
Profit allocation	-	(4,131,794)	(4,131,794)	4,131,794	-
Profit distribution to members	-	-	-	(2,931,794)	(2,931,794)
Profit for the year	-	5,938,575	5,938,575	-	5,938,575
Advances to members	-	-	-	(1,350,000)	(1,350,000)
Currency translation reserve	-	(5,509)	(5,509)	-	(5,509)
At 31 December 2018	**105,000**	**6,210,161**	**6,315,161**	**(1,350,000)**	**4,965,161**

Consolidated statement of cash flows

for the year ended 31 December 2018

	2018	2017
	£	£
Operating profit	**5,937,181**	**4,268,216**
Add realised foreign exchange gain on profit allocation	-	(26,032)
Depreciation	192,965	204,322
	6,130,146	4,446,506
(Increase) in debtors	(1,497,914)	(120,698)
(decrease)/Increase in creditors	(1,379,091)	1,242,315
Net cash inflows from operating activities	**3,253,141**	**5,568,123**
Cashflows from financing activities		
Interest received	1,394	352
Net cash inflows from financing activities	**1,394**	**352**
Cashflows from investing activities		
Payment to acquire tangible fixed assets	(3,615)	(27,418)
Net cash outflows from investing activities	**(3,615)**	**(27,418)**
Transactions with members		
Advances to members	(1,350,000)	(1,200,000)
Profit distribution to members	(2,931,794)	(2,692,507)
Net cash outflows from transactions with members	**(4,281,794)**	**(3,892,507)**
Net cash (outflows)/inflows for the year	**(1,030,874)**	**1,648,550**
Reconciliation of net funds		
Cash at the beginning of the year	5,570,237	3,931,915
Exchange difference	(5,507)	(10,228)
Net cash (outflows)/inflows during the year	(1,030,874)	1,648,550
Cash at the end of the year	**4,533,856**	**5,570,237**

Notes to the consolidated financial statements

for the year ended 31 December 2018

1. The Organisation

Aermont Capital LLP (the "Partnership") is a limited liability partnership established under the Limited Liability Partnership Act 1907 in England.

On 5 July 2016, the name of the Partnership was changed from PW Real Assets LLP to Aermont Capital LLP.

The registered office of the Partnership was 20 Grafton Street, London, W1S 4DZ until 29 February 2016 and 55 St James's Street, London, SW1A 1LA, as from 1 March 2016.

Perella Weinberg Real Estate Fund I LP ('Fund I') was incorporated on 27 June 2007 and commenced operations on 9 October 2007. Fund I has been established for the purpose of making opportunistic investments in real estate, as well as real estate related assets and businesses, primarily targeting investment opportunities within European markets. The Partnership has been appointed Investment Manager for Fund I. The general partner of Fund I has entered into an Investment Management Agreement under which the Partnership provides investment advisory services to the general partner of Fund I.

Perella Weinberg Real Estate Fund II LP ('Fund II') and PW Real Estate Fund III LP ('Fund III') were incorporated respectively on 21 May 2012 and 4 June 2015 and commenced operations respectively on 23 July 2012 and 25 November 2015. Similarly to Fund I, Fund II and Fund III have been established for the purpose of making opportunistic investments in real estate, as well as real estate related assets and businesses, primarily targeting investment opportunities within European markets. The Partnership has been appointed Investment Advisor for Fund II and Fund III. The general partners of Fund II and Fund III have entered into an Investment Advisory Agreement under which the Partnership provides investment advisory services to the general partners of Fund II and Fund III. As from 1 January 2019, Aermont Capital Management S.à r.l. (the "Manager") has been appointed as the alternative investment fund manager in relation to portfolio and risk management in relation to Fund II and Fund III. The Manager has entered into Investment Advisory Agreements under which the Partnership provides investment advisory services to the Manager of Fund II and Fund III.

Aermont Capital Real Estate Fund IV SCSp ('Fund IV') has been formed as at 22 March 2018 and commenced operations on 10 August 2018. Fund IV has been established for the purpose of making opportunistic investments in real estate, as well as real estate related assets and businesses, focusing on investment opportunities within European markets. The Partnership has been appointed Investment Advisor for Fund IV. The general partner of Fund IV has appointed the Manager as Fund IV's alternative investment fund manager. The Manager has entered into an Investment Advisory Agreement under which the Partnership provides investment advisory services to the Manager.

Fund I, Fund II, Fund III and Fund IV have no ownership interest in the Partnership.

The Partnership acquired with effective date 1 January 2014 the shares in Perella Weinberg Real Estate Spain S.L. (the 'Spanish Subsidiary') at a purchase price of €114,544 (£95,917) (the net assets of the subsidiary as at 31 December 2014). The Spanish Subsidiary was renamed PW Real Assets Spain S.L. on 3 July 2015; and then Aermont Capital Spain S.L. on 7 July 2015. On 19 December 2018, the Spanish Subsidiary was liquidated.

On 4 November 2016, the Partnership acquired the shares in PWRA TSH Holding S.à.r.l. (The 'Luxembourg Subsidiary' and together with the Partnership and the Spanish Subsidiary, the 'Group') at a purchase price of €12,500 (£11,101) (the share capital of the subsidiary). On 28 June 2018, the Partnership disposed of all its shares in the Luxembourg Subsidiary at cost.

2. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ('FRS 102').

Notes to the consolidated financial statements

for the year ended 31 December 2018

2. Accounting policies (continued)

Basis of accounting (continued)

The financial statements have also been prepared in accordance with applicable accounting standards, under the historical cost basis and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in January 2017.

The individual accounts of FRS 102 LLP have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

The financial statements are presented in Sterling (£).

Going concern

Management have made an assessment of the Partnership's ability to continue as a going concern for a period of at least 12 months from the date of the approval of these financial statements.

That assessment has taken into account:

- That the Partnership has considerable financial resources and ongoing financial advisory contracts as at 31 December 2018.
- The Partnership's cash flow forecasts, sensitivities regarding the key assumptions in those forecast, as well as the principal risks and uncertainties – in particular, the ability of the counterparties to the advisory contracts to continue to meet their obligations under them.

As a consequence, management believes that the Partnership is well placed to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Partnership up to 31 December 2018 and its subsidiaries undertaking drawn up to the date the subsidiaries undertaking are disposed or sold. No profit and loss account is presented for the Partnership as permitted by section 408 of the Companies Act 2006.

Turnover

Turnover represents fees receivable for investment management and investment advisory services provided during the year and arising from continuing activities in the UK. Fees are recognised as services are provided.

Foreign currencies

Group

For consolidation purposes, the assets and liabilities of the overseas subsidiaries are translated at closing exchange rates. The profit and loss account of that undertaking is translated at average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves.

Partnership

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions. Exchange differences are taken to the profit and loss account.

Pensions

Contributions to defined contribution schemes are recognised in the profit and loss account in the year in which they become payable.

Notes to the consolidated financial statements

for the year ended 31 December 2018

2. Accounting policies (continued)

Leased assets

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition of revaluation, of each asset evenly over its expected useful life, as follows:

Furniture and fittings	– 5 years
Office equipment, software	– 3 years
Leasehold improvements	– 10 years

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

Members' drawings and the subscription and repayment of members' capital

In accordance with the LLP agreement, from time to time the Company determines the amount of profit to be treated as distribution to members. Profits are treated as allocated. Profit is allocated on a discretionary basis per the members' agreement and therefore is shown as 'Profit for the financial year available for discretionary division among members' in the profit and loss account and therefore is within an equity reserve, 'members' other reserves', on the balance sheet.

Drawings are treated as payments on account of profit allocation and are only repayable to the LLP so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members' within debtors.

The capital requirements of the Partnership are determined by the members/Board and are reviewed regularly. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is usually linked to the earnings allocated to that member.

3. Turnover and Other Income

Turnover arises in the United Kingdom and relates to management services rendered.

Notes to the consolidated financial statements

for the year ended 31 December 2018

4. Operating profit

This is stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration – audit services	43,000	66,321
Non audit services – tax advisory	154,455	203,031
Other tax services	21,266	26,945
Lease charge	964,388	1,059,833
Depreciation	192,965	204,322
Foreign exchange	(27,877)	(132,906)
	(1,348,197)	**1,427,546**

Included in auditors' remuneration is £43,000 (2017 - £42,750) relating to the Partnership.

5. Staff costs

Included in administration expenses are staff costs as shown below:

	2018	2017
	£	£
Wages and salaries	5,567,923	7,074,285
Social security costs	728,055	835,984
Pension costs	161,780	182,427
	6,457,758	8,092,696

The average number of employees during the year was 17 (2017 - 15) in the London office and 1 (2017 – 3) in the Madrid office.

Except for allocation of profit under the Partnership Agreement, no member received remuneration for the year ended 31 December 2018 (2017 - £nil).

		Group		Partnership
	2018	2017	2018	2017
	£	£	£	£
Profit for the financial year before profit share	5,938,575	4,268,568	6,210,161	4,131,794
Profit for the financial year available for discretionary division among members	5,938,575	4,268,568	6,210,161	4,131,794
Profit allocation in the year in respect of the member with the largest share of profits	2,785,624	1,652,718	2,785,624	1,652,718

The average number of members during the year was 4 (2017 - 5).

Notes to the consolidated financial statements

for the year ended 31 December 2018

6. Investments

In 2014, the Partnership acquired 100% of the shares in Aermont Capital Spain S.L. (previously called PW Real Assets Spain S.L., a Spanish company) for a total consideration of €114,544 (£95,917). The principal activity of the subsidiary was the search, the selection, the development and the management of opportunistic real estate related assets. On 19 December 2018, Aermont Capital Spain S.L. was liquidated.

On 4 November 2016, the Partnership acquired 100% of the shares in PWRA TSH Holding S.à.r.l., a Luxembourg company, at a purchase price of €12,500 (£11,101). The principal activity of the subsidiary is that of a holding company. On 28 June 2018, the Partnership disposed of all its shares in PWRA TSH Holding S.à.r.l. at cost.

7. Tangible assets

Group

	Leasehold improvements	Furniture & fittings	Other equipment	*TOTAL*
	£	*£*	*£*	*£*
Cost				
As at 1 January 2017	**977,113**	**108,180**	**334,668**	**1,419,961**
Additions	6,812	847	19,759	27,418
Disposals	-	-	-	-
As at 31 December 2017	**983,925**	**109,027**	**354,427**	**1,447,379**
Additions	-	-	3,615	3,615
Disposals	(153,088)	(23,595)	(91,154)	(267,837)
As at 31 December 2018	**830,837**	**85,432**	**266,888**	**1,183,157**
Depreciation				
As at 1 January 2017	**(218,494)**	**(26,505)**	**(158,561)**	**(403,560)**
Depreciation	(84,643)	(18,426)	(101,253)	(204,322)
Disposals	-	-	-	-
Exchange differences	(5,994)	(362)	(2,579)	(8,935)
As at 31 December 2017	**(309,131)**	**(45,293)**	**(262,393)**	**(616,817)**
Depreciation	(91,656)	(16,118)	(85,191)	(192,965)
Disposals	159,507	10,812	97,516	267,835
Exchange differences	-	-	-	-
As at 31 December 2018	**(241,280)**	**(50,599)**	**(250,068)**	**(541,947)**
Net book value				
At 31 December 2018	589,557	34,833	16,820	641,210
At 31 December 2017	674,794	63,734	92,034	830,562

Notes to the consolidated financial statements

for the year ended 31 December 2018

7. Tangible assets (continued)

Partnership

	Leasehold improvements	Furniture & fittings	Other equipment	*TOTAL*
	£	£	£	£
Cost				
As at 1 January 2017	**829,518**	**85,432**	**252,605**	**1,167,555**
Additions	1,320	-	10,739	12,059
Disposals	-	-	-	-
As at 31 December 2017	**830,838**	**85,432**	**263,344**	**1,179,614**
Additions	-	-	3,544	3,544
Disposals	-	-	-	-
As at 31 December 2018	**830,838**	**85,432**	**266,888**	**1,183,158**
Depreciation				
As at 1 January 2017	**(70,899)**	**(18,364)**	**(99,672)**	**(188,935)**
Depreciation	(85,145)	(16,118)	(87,578)	(188,841)
Disposals	-	-	-	-
As at 31 December 2017	**(156,044)**	**(34,482)**	**(187,250)**	**(377,776)**
Depreciation	(85,237)	(16,117)	(62,818)	(164,172)
Disposals	-	-	-	-
As at 31 December 2018	**(241,281)**	**(50,599)**	**(250,068)**	**(541,948)**
Net book value				
At 31 December 2018	**589,557**	**34,833**	**16,820**	**641,210**
At 31 December 2017	**674,794**	**50,950**	**76,094**	**801,838**

8. Debtors

		Group		*Partnership*
	2018	*2017*	*2018*	*2017*
	£	£	£	£
Amounts due from related entities	3,849,812	1,815,364	3,849,812	1,868,438
Trade debtors	116,482	475,698	116,482	490,506
Prepayments	275,978	308,359	275,978	297,336
Amounts due from members	1,350,000	1,200,000	1,350,000	1,200,000
Other debtors	101,979	246,916	101,979	114,005
	5,694,251	**4,046,337**	**5,694,251**	**3,970,285**

Notes to the consolidated financial statements

for the year ended 31 December 2018

9. Creditors: amounts falling due within one year

	Group		Partnership	
	2018	*2017*	*2018*	*2017*
	£	*£*	*£*	*£*
Amounts due to related entities	1,711,792	475,050	1,711,792	1,285,620
Trade creditors	75,106	151,720	75,106	127,152
Accruals	463,490	2,716,509	463,490	2,136,542
Other creditors	2,303,768	2,589,968	2,303,768	2,589,969
	4,554,156	**5,933,247**	**4,554,156**	**6,139,283**

Management assessed that the fair values of cash, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

10. Related party transactions

PWREF I GP

As at 31 December 2018, the Partnership has amounts due from Perella Weinberg Real Estate Fund I GP Limited ("PWRE I GP") of £nil (2017 – £182,241). During the year, the Partnership charged PWRE I GP management fees of £nil (2017 – £303,398).

PWREF II GP

As at 31 December 2018, the Partnership has amounts due from Perella Weinberg Real Estate Fund II GP Limited ("PWRE II GP") of £1,366,387 (2017 – £761,468) of which £1,356,158 (2017 – £756,874) are for management fees and £10,229 (2017 – £4,594) are for travel expenses. During the year, the Partnership charged PWRE II GP management fees of £5,985,542 (2017 – £5,129,511) and £10,229 (2017 – £4,594) in relation to travel expenses.

PWREF III GP

As at 31 December 2018, the Partnership has

- (i) amounts due to PW Real Estate Fund III GP Limited ("PWRE III GP") of £1,722,022 (2017 – amounts due from PWREF III GP of £312,542) for management fees
- amounts due from PWRE III GP of £10,229 (2017 – £4,594) for travel expenses.

During the year, the Partnership charged PWRE III GP for management fees of £7,143,438 (2017 – £10,805,521) and £10,229 (2017 – £4,594) in relation to travel expenses.

ACM

As at 31 December 2018, the Partnership has amounts due from Aermont Capital Management S.à r.l. ("ACM") of £2,974,370 (2017 – £nil) for advisory services provided in relation of Fund IV as well as £102,068 in relation to various recharge of costs (2017 – payable of £475,050). During the year, the Partnership charged ACM for management fees of £2,941,495 as well as travel expenses for £197,464.34 (2017 – £nil).

As at 31 December 2018, the Partnership also has amounts due to ACM of £1,806,360 (2017 – £nil).

Notes to the consolidated financial statements

for the year ended 31 December 2018

10. Related party transactions (continued)

Others

As at 31 December 2018, the Partnership has amounts due from Stichting Depository APG Strategic Real Estate Pool ("APG") of £632,561 (2017 – £nil). During the year, the Partnership charged APG management fees of £632,561 (2017 – £475,670).

As at 31 December 2018, the total balance due by PWP RE Fund I US Feeder LP to the Partnership in relation to an interest free loan is €90,000 (£80,505) (2017 – €90,000 (£79,849)).

As at 31 December 2018, the total balance due by PWRA TSH Holding S.à.r.l. to the Partnership in relation to an interest free loan is €35,000 (£30,555) (2017 – €35,000 (£30,555)).

As at 31 December 2018, the total balance due by Picture Holdco Ltd to the Partnership in relation to the recharge of costs is £71,676 (2017 – £116,482).

As at 31 December 2018, the outstanding amounts for travel expenses which were recharged to Fund I, Fund II, Fund III and Fund IV were respectively amounting to £386,384 (2017 - £358,189)

As at 31 December 2018, an amount equivalent to £ 11,101 were due by the Partners to the Partnership following the sale of PWRA TSH Holding S.à.r.l from the Partnership to the Partners.

11. Financial Risk Management

The group is exposed to currency exchange rate risk due to a significant proportion of its cash position being denominated in non-Sterling currencies for an equivalent amount of £2,126,241 (2017 – £5,033,975). The net exposure of each currency is monitored and managed by Management.

12. Ultimate parent undertaking and controlling party

As from 1 August 2015, the Partnership's ultimate controlling party is Léon Bressler.

13. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into operating real estate leases in London and Madrid. The lease in Madrid ended in June 2018.

		Group		***Partnership***
	2018	*2017*	*2018*	*2017*
	£	*£*	*£*	*£*
Within one year	562,080	596,256	562,080	562,080
After one year but no more than five years	2,248,320	2,248,320	2,248,320	2,248,320
More than five years	1,077,320	1,639,400	1,077,320	1,639,400
	3,887,720	**4,483,976**	**3,887,720**	**4,449,800**

14. Subsequent events

There have been no significant events post the balance sheet date.