

The Association of Real Estate Funds Monthly Newsletter January 2018



Steward Building, Brushfield St, London - TH Real Estate Central London Office Fund



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Committee Update

We are delighted to confirm that Adrian Benedict, Fidelity International, has been appointed Chairman of Corporate Governance Committee and, as a consequence, a member of Management Committee.

Stephanie Henwood-Darts, SANNE, has joined Corporate Governance Committee.

Committee Vacancies

We have places available on a number of our Committees for investors. If you are an interested Investor, or know of one, please contact info@aref.org.uk.

Membership Matters

We welcome BrickVest as Associate Members.



Disruptors in the Industry Event 6 March 2018 Sponsorship Opportunities

Would you be interested in sponsoring this event? We have a sponsorship package which is open to all AREF members. [See here for further info](#). With over 200 members registered to attend in London, Jersey and Edinburgh this promises to be a great event.

We will hear from speakers from Pi Labs, Europe's first property tech venture capital firm; from BrickVest, on crowdfunding for institutional grade property investment and the advantages that blockchain can bring to the market; and from WeWork, the global company capitalising on the flexible working trend, which since it's founding 7 years ago is now valued at £17bn with more than 170 locations over 40 cities in the world. Nick Mansley, Executive Director of the Cambridge Real Estate Research Centre, Land Economy at the University of Cambridge has also been confirmed as moderator.

The event is almost fully booked. If you would like to attend this London event, which will also be shown live in Edinburgh and Jersey, please email: info@aref.org.uk to book your place (please state your City).

AREF/IPD UK Quarterly Property Fund Index (QPFI) Q417 & Property Fund Vision Q317

MSCI have released the QPFI for Q417 and the PFV for Q317. [Click here](#) to view/download.

Capital Gains Tax - 16th/22nd January events - Event Summary

The Autumn Budget proposed some changes to CGT that could affect the real estate market in the UK materially. These events were another excellent example of AREF representing the collective voice of the real estate funds industry. Our thanks to Cathryn Vanderspar and Leonie Webster for their insight and guidance. Thank you also to Eversheds Sutherland for being such excellent hosts for this event.

Lastly, thank you to all the delegates that came from our members and investors for all your tremendous input.

To read the Event Summary, [click here](#).

MIFID II raises the best execution bar in relation to secondaries

The EU MiFID II changes apply from 3 January 2018. Intermediaries who act for investors in institutional unlisted real estate funds need to plan for the changes and should review their policies and processes for executing client orders in the context of secondary trade sales and purchases. Intermediaries include investment firms acting on a discretionary basis or on a non-discretionary basis including brokers or other providers of execution-only services.

When executing transactions, firms are required to demonstrate that they have taken "all sufficient steps" - a higher standard than the current "all reasonable steps" criteria - to obtain the best possible result for their clients, taking into account the execution factors. The execution factors are: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

When the funds are unlisted, seller/buyer representatives would typically explore execution options offered by the fund manager: for instance subscription and pre-emption events, redemption windows, matched bargains (where the manager directly matches buyers with sellers). "All sufficient steps" raises the best execution bar: it obliges such investor representatives to consider alternative venues to execute a client order. If the fund units are tradeable on platforms - commonly known as 'the secondary market' - there may be the prospects of achieving a better result via this secondary market.

The secondary market for units in institutional unlisted (open and closed-ended) funds - holding underlying UK and European real estate - has grown significantly in recent years with an estimated £2bn (USD 2.66bn) traded in 2016.

Seller and buyer representatives, who operate within MiFID investment firms, should have regard to opportunities presented by the secondary market. The new obligation to demonstrate "all sufficient steps" has been taken to achieve best execution under MiFID II.

*Melville Rodrigues, Partner, CMS & Member of the AREF Public Affairs Committee
January 2018*

Events

6 March 2018 - 08.30hrs
Disruptors in the Industry Event
Shown live: London, Jersey & Edinburgh
Kindly hosted by: Natwest, Carey Olsen & Aberdeen Standard Investment

21 March 2018 - 15.30hrs
AREF Committee Day - BY INVITATION ONLY
Kindly hosted by: Hogan Lovells

14 March 2018 - 12:00hrs
MIPIM Event - Joint event with Intertrust
Full details to follow

27 March 2018 - *Save the Date*
LGPS event - Joint with IPF

3 May 2018 - *Save the Date*
Public Affairs Committee Event
Kindly hosted by Link Asset Services - details tbc

21 June 2018 - *New Date*
AREF Member-only Summer Drinks Reception
Kindly hosted by UBS

26 September 2018 - *Save the Date*
AREF Annual Dinner

[Click here for further info and to book](#)

[Click here for Sponsorship Opportunities](#)