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Newsletter

January

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The Association of Real Estate Funds (AREF) is the body that represents the interests of its fund managers, those firms that advise and support them and the end customers that invest in our member funds. For further information, please visit our [website](#).

FCA CP 18/40 & DP18/10

The FCA have published FCA [CP18/40](#) regarding investment by retail investors in a broader range of long-term assets via unit-linked funds and [DP18/10](#): Patient Capital and Authorised Funds. The deadline for response is 28 February 2019 for both.

AREF Public Affairs Committee are considering AREF's response and will share a draft with members in mid-February.

EU Commission's report on the operation of AIFMD

The European Commission has published a report on the operation of AIFMD.

[Click here](#) to download the report.

AREF response to FCA CP 18/27

AREF sent it's response to the FCA CP 18/27 on illiquid assets and open-ended funds and is consulting on proposals to reduce the potential for harm to retail investors in funds that hold illiquid assets, particularly under stressed market conditions, and help address financial stability concerns.

To view more information on this consultation and the AREF response please [click here](#).

Events

7 February 2019

F-O-R-T Training Series Event 2 'Fund Structures'

Sponsored by the Citco Group
 Kindly hosted by Cass Business School

28 February 2019

FutureGen Network - Fund Life Cycle Series
 Series sponsored by Carey Olsen
 'Back to Basics - Intro to Funds'

Kindly hosted by Cass Business School

5 March 2019

AREF Committee Day - by invitation only

Date TBC

Capital Gains Tax - Training session
 More details to follow

All our events are open to our Full, Affiliate and Associate members, as well as Professional Investors and Fund Non-Executives

Email us at: info@aref.org.uk to book.

[For more info on our events click here](#)
[Interested in Sponsoring an event? Click here](#)

ESG & Impact Investing - New Committee

In the final quarter of 2018, the ESG Committee (initially formed in 2010) was re-launched as the ESG & Impact Investing Committee, chaired by Kathleen Mitzschke from LaSalle Global Partner Solutions. The aim of the new committee is to advise, represent and engage with AREF and its members on all matters relating to ESG and impact investing.

At the inaugural meeting on 17th January the committee members debated the aim and future objectives of the committee as well as discussing the new terms of reference, marketing and training initiatives. The next meeting is currently scheduled for 20th March, where the focus will be on agreeing the short and long-term direction of the committee. This will include working with the AREF Corporate Governance and Education & Training Committees to provide input into the Code and promote seminars to highlight developments within ESG regulation and best practice.

If you have any project ideas or specific concerns regarding ESG that you would like raised at a future meeting, please contact AREF.

For a list of committee members please click [here](#).

Kathleen Mitzschke, Fund Manager at LaSalle Global Partner Solutions & Chair of the ESG & Impact Investing Committee

AREF in the Press

Advisor-hub published an AREF article discussing the corporate governance regulation changes all UK fund management houses are having to address before September this year.

The two crucial issues for Fund Managers and Investors are:

- 1) the need to appoint at least two independent directors to their fund boards;
- 2) the assessment of value required of them annually going forwards

[Click here](#) to read the full article.

Investor Breakfast - 24 January

This event was run in association with Property Match and Real Estate Investors Forum. This event was a great success and was very well attended.

For a summary of the event [click here](#).

Committee Day

AREF will be hosting the second annual Committee Day on 5th March 2019 from 09.00 - 12.30. This event allows AREF committee and working group members to come together and discuss strategy for the year ahead.

Thank you to Charles Russell Speechlys for hosting.

Committee Vacancies

We have vacancies on the following committees:

- [Research and Information Committee](#) - Looking for a member with a background in research
- [Corporate Governance Committee](#) - Looking for an investor
- [Education & Training Committee](#) - especially interested in members in Scotland

If you are interested in any of the above vacancies please contact info@aref.org.uk

Committee Changes

Belinda Souter, CBRE Global Investors has stepped down from the Public Affairs Committee. We would like to thank her for her valuable contribution to the Committee.

The Tax Committee welcomes two new members:

- Leoni Webster, Partner at Deloitte
- Simon Brunning, Head of Property Tax (interim) at Legal & General.

The Public Affairs Committee welcomes two new members:

- Anthony Shayle, Head of Global Real Estate - UK at UBS is the new Chair of the AREF Public Affairs Committee
- Hannah Marshall, Head of UK Funds at CBRE Global Investors

We are still looking for candidates for open positions on R&I, Corporate Governance and E&T Committees. For more information see Committee vacancies.

Committee Corner

A high level summary of what's being discussed in each Committee:

CORPORATE GOVERNANCE (next meeting 5th Feb 2019):

- The Committee is liaising with the AREF Research & Information Committee on how the Code of Practice could assist them in improving more timely data submissions to MSCI.
- Members of the Committee met with the AREF Investor Committee to discuss promotion of the Quality Mark and the implementation of a new AREF award for outstanding governance.
- The Committee also discussed: new Guiding Principles; sustainability & ESG in relation to the Code of Practice and fund liquidity principles.
- The Committee are overseeing CRS's reviews of compliance with the Code of Practice and are monitoring receipt of self-certification submissions for this year.

EDUCATION AND TRAINING (next meeting 13th Feb 2019):

- The Committee is continuing with the new F-O-R-T educational series (funds, operations, regulation, and tax). The second event is on Fund Structures on 7th February 2019, launching a comprehensive report looking at trends in fund structures for the UK & Europe. A joint event, with FutureGen, on the subject of Wellness in the work environment, is being planned for May 2019.
- ### FUTUREGEN (next meeting 13th Feb 2019):
- Committee members are preparing to launch a new training series called the 'Fund Life Cycle'. The first event will be on 28th February 2019 focusing on 'Fund Formation'.

INVESTOR (next meeting 31st Jan 2019):

- The Committee is currently reviewing topics such as: fire safety; GRESB results; revisions to the AREF Questionnaire and secondary market trading.

PUBLIC AFFAIRS (next meeting 8th Feb 2019):

- The Committee has focused on the proposed CGT rules for non-UK residents and in particular the implications for real estate funds; the FCA's CP on funds invested in illiquids including direct engagement with the FCA in advance of the submission of a response to the CP; and, engagement with the Bank of England on a wide variety of topics related to real estate and the real estate funds industry. Dealing with CP18/40 regarding unit-linked funds and DP 18/10 on Patient Capital.

RESEARCH & INFORMATION (next meeting 13th Feb 2019):

- The impact of benchmark regulations on the index with particular reference to the rules that govern admittance to the index and how these may need to be tightened.
- Clarity regarding the basis for fund submissions to MSCI to be referenced by the Code of Practice in the future.
- The timeliness of data submission to the MSCI, the impact on compiling the index for late submissions and AREFs position regarding persistently late submitters.

RETAIL FUNDS COMMITTEE (next meeting 12th Mar 2019)

- AREF's response to the FCA consultation paper CP18/27 on illiquid assets and open-ended funds.
- The impact of ongoing Brexit negotiations on daily traded PAIFs as per discussions held before and after the referendum.
- Consideration of a NAV index for the retail funds.
- Engagement with the platforms to ensure that all investors are able to benefit from the correct tax treatment of PAIF distributions.
- Enhancing industry engagement with wealth managers and advisors.
- Improving consumer education.

TAX (next meeting 25th Apr 2019):

- The Committee has been discussing the draft guidance issued by HMRC on taxing gains made by non-residents on UK immovable property, particularly the guidance for collective investment schemes and continue discussions with HMRC to obtain further clarity.
- VAT registered businesses with a taxable turnover above the VAT threshold are required to use the Making Tax Digital service to keep records digitally and use software to submit their VAT returns from 1 April 2019. This date has been pushed back to 1 October 2019 for specified businesses with "more complex requirements" as specified by HMRC.
- The Finance Bill 2019 contains provisions to reduce the SDLT filing and payment window from 30 days to 14 days for land transactions with an effective date on or after 1 March 2019.

If members would like further information on any of the committees and the work they are engaged with, please contact info@aref.org.uk.