

The Association of Real Estate Funds Chairman's Overview 2017



Deborah Lloyd, AREF Chairman

Deborah Lloyd
gives an
overview of
what to
expect in
2017

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Deborah Lloyd, Chairman of AREF gives an overview of what you can expect to see from AREF in 2017:

Here at AREF we will be focussing on three main themes this year:

The AREF/IPD Quarterly Property Fund Index



This long-established Index, open ONLY to [our members](#), measures quarterly total returns on a Net Asset Value basis and is managed by MSCI. All the funds included in the Index are collective investment schemes offering indirect exposure to the UK property market. The performance of their directly held portfolios is also independently measured by MSCI.

Each year members can attend a yearly seminar where a representative from MSCI presents the findings of the Index results and talks through the drivers of performance. This is then followed by market views from both an Investor and a Manager. To see the slides from the recent presentation, [please visit our website by clicking here.](#)

Brexit

The EU Referendum was an unprecedented event, the result of which triggered widespread uncertainty in markets, no more so than in real estate. The resultant suspensions of a number of retail investor real estate funds, following much greater than normal redemptions, has been widely reported, and often misunderstood, whereas the experiences of investors and managers in institutional open-ended funds has been very different. At the time we were in close contact with both groups of funds during the period immediately following the Referendum and are now taking stock, through a number of initiatives, whilst events remain fresh in minds to see what, if any, lessons can be learnt.



Open Ended Fund Issues

AREF is at the forefront of these issues and is best placed to be the centre of knowledge for open-ended funds in the real estate sector.

Retail:

We have appointed John Forbes of [John Forbes Consulting](#), to undertake an independent review of the impact of the referendum result on real estate funds and to evaluate whether any improvements could be made to deal with market shocks in the future. The primary focus of the research is to assess the impact on clients following the referendum, but also to take a view of the whole market including fund distributors, managers, valuers and other service providers. The review will also look to identify areas where market participants believe there might be aspects of manager or investor behaviour for which 'best practice' might be established by AREF itself or the regulator. A Discussion Forum was held last week and we are now seeking feedback from the wider industry on the Consultation Draft Report. [Click here to view the Consultation Draft.](#)

Institutional

On the Institutional side, AREF is working closely with INREV on open-ended fund issues. A new Working Group 'The Open Ended Funds Focus Group' has been set-up, with representatives from AREF and INREV, as well as other industry professionals. Their aims are to agree best practice and educate the industry as a whole on harmonising the NAV definition and pricing models as well as looking at the practical mechanics of redemptions and other issues going forward. We will be updating our members through various channels, including workshops and seminars on the outcomes of this focus group.

New Committees Launching in 2017



All of our members have the opportunity to influence the development of the industry by participating in one of our Committees or Working Groups.

Public Affairs Committee

With the consequences of the EU Referendum and our growing engagement with other industry bodies we reached the conclusion that we need to raise and broaden our policy involvement with Government and other official organisations by the formation of a Public Affairs Committee (in place of our Regulation Committee). The new Committee will monitor political, regulatory and other developments including relevant national, EU and international legislation and regulation as well as assess the impact of Brexit on the industry.

Education & Training Committee

We want to build on the growing engagement with the “next generation” of staff in our member firms, the first step of which is the formation of an Education and Training Committee. This new committee will build a training programme that can be combined with networking opportunities.

We will soon be rotating committee places so if you are interested in getting involved please contact us for further information:

info@aref.org.uk

Our Contacts

We are currently updating our contacts database and have contacted all members to review the information we hold. Feel free to forward this document onto a colleague who you think might be interested in giving us their contact details. This will ensure that all your members of staff benefit from AREF membership.

If you are not a member but would like a copy of our Newsletter, please email us at info@aref.org.uk.



Linked-in

We have both a Secure Members Linked-in Forum and a public page where we share information. **Click the buttons to join:**



Join Members Forum

Follow Public Page

Working with Others for the Benefit of our members

Property Industry Alliance (PIA) - We are a member of the Property Industry Alliance. This Alliance is formed of eight leading UK property bodies (ABI, AREF, BCO, BPF, IPF, REVO, RICS, ULI and CRE Finance Council) who work together to give the commercial property sector a stronger voice on issues such as policy, research and best practice. The Property Data Report, produced yearly by the PIA features key information and statistics. The latest report highlighted that the value of the UK's commercial property stock reached an all-time high of £871 billion in 2015, representing 10% of the UK's net wealth.



European Real Estate Forum (EREF) - We are a member of EREF. This Forum represents 32 real estate organisations from 9 countries and aims to educate and influence European policymakers.



Green Property Alliance - We are a member of the Green Property Alliance (members include AREF, AR, BBP, BCO, BPF, British Retail Consortium, REVO, RICS, IPF, ULI, Corenet Global and UK Green Building Council). The Alliance aims to promote cross industry communication on sustainability.



Breaking news - We have just participated in an initial scoping meeting, involving industry bodies from a number of other countries, aimed at developing a global alliance of organisations with common interests in Non-Listed Real Estate Funds. The initial outcome looks promising and we will publish further details once the initiative is formalised.

Working with INREV



End of Fund Life Project -

We will continue to work with INREV and IPF on the End of Fund Life Project. Last year saw the project launch The End of Fund Life Report outlining guiding principles and best practice to help improve the end of fund life experience for all involved. For further information visit the [project website](#).

Cost Transparency – AREF and INREV recently commissioned the following on cost transparency:

- [Snapshot](#)
- [Full Report](#)

Articles of Association

AREF's revised Articles of Association were approved in November 2016. The key change is that the AREF Board now have a much wider range of measures and more power to deal with cases of non-compliance with our Code of Practice. The revised Articles are published on our web-site and can be found on the AREF website ([link](#)).



2017 Dates for your diary

- 06 Jun 2017 – AREF Member Summer Drinks Reception
- 20 Sep 2017 – AREF Annual Dinner & Awards
- 27 Sep 2017 – Channel Islands Event – further details to follow
- Date TBA – Review of real estate fund behaviour following EU Referendum – Report Launch
- Date TBA – Global Funds Review event - further details to follow
- Date TBA – Financial Advisors Survey event - further details to follow
- Date TBA – LGPS Investment Pooling: Implications for Property – Follow up

Past events



Events over the last year included:

- AREF/IPD/INREV End of Fund Life Project – Breakfast Workshop
- Channel Islands – Breakfast Workshop in Jersey
- AREF Members Summer Drinks – Evening Reception
- AREF/IPD Green Property Alliance Workshop – Breakfast event
- AREF Annual Dinner & Awards
- End of Fund Life Funds Project Launch – Breakfast Event
- Cost Transparency Study – Consultation Launch
- Presentation of the AREF/IPD Quarterly UK Property Fund Index – Breakfast Seminar
- Diversity in the Asset Management Sector – Breakfast Seminar
- LGPS Investment Pooling: Implications for Property
- Review of real estate fund behaviour following EU referendum - Discussion Forum

If you would be interested in hosting an event for AREF we'd be delighted to hear from you. Please email us on: info@aref.org.uk.

How we work

We benefit from the collective expertise and experience of representatives from all our member firms and investors through the work of our Committees and Working Groups.

The Board

| | | | |
|------------------------------|------------------------------------|--------------------------------|-----------------------------|
| Deborah Lloyd Chairman | John Cartwright Chief Executive | Paul Dennis-Jones PGIM | Ian Mason AEW UK |
| Simon Radford Lothbury IM | Paul Richards Mercer | Nick Thompson (Independent) | David Wise Kames Capital |

Management Committee (includes Board members above):

| | | | | |
|---|--|---------------------------|----------------------------------|---------------------------------|
| Kevin Aitchison Knight Frank Investment Management | Paolo Alonzi Standard Life Investments | Justin Brown Blackrock | Will Chetwood Aviva Investors | Paul Edwards Legal & General |
| Gerry Ferguson Aberdeen Asset Management | Graeme Rutter Schroder | Anthony Shayle UBS | Darren Stolzenberg Nabarro | |

AREF Committees

| | | | | | |
|-------------------------|-------------------------|-------------------|----------|-------------------|-----|
| Corporate Governance | Education & Training | Indices & Data | Investor | Public Affairs | Tax |
|-------------------------|-------------------------|-------------------|----------|-------------------|-----|

For further information, including what our Committees are currently working on, visit our website: www.aref.org.uk.

The Association of Real Estate Funds

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www.aref.org.uk