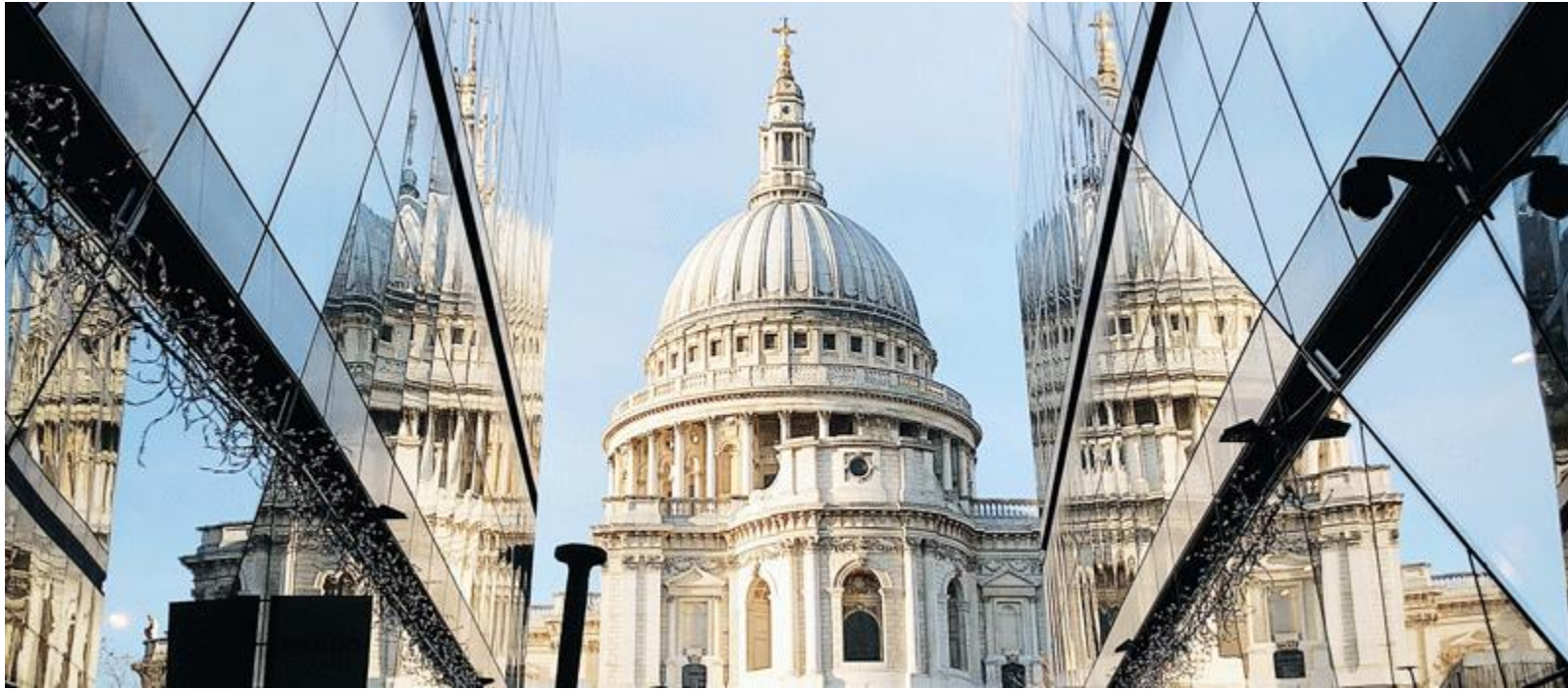




**Investor webinar: Private/Unlisted REITs
and the effect of Inflation**
from indirect real estate investors' perspective

Wednesday 25th May 2022



Welcome

Sam Whitham, Unlisted Real Estate Fund
Secondaries Broker at PropertyMatch





Moderator

Melville Rodrigues, Head of Real Estate Advisory,
Apex Group & REIF Co-ordinator



Agenda for today

- 09.00 Webinar start
- 09.00 Moderator - Melville Rodrigues, Apex Group
- 09.05 **Presentation** - Jennet Siebrits, Head of UK Research, CBRE *considers inflation and effect on our real estate market. Are lessons from the past helpful now and going forward?*
- Presentation** - Aisling Colgan, Real Estate Tax at Deloitte *assesses the market impact of UK Unlisted/Private REITs (operational from April 2022)*
- 09.20 Discussion and Q&A with speakers
- 09.35 Closing remarks from Melville Rodrigues
- 09.45 Close

Speakers



Aisling Colgan
Real Estate Tax
Deloitte



Jennet Siebrits
Head of UK Research
CBRE



Jennet Siebrits

**Head of UK Research
CBRE**

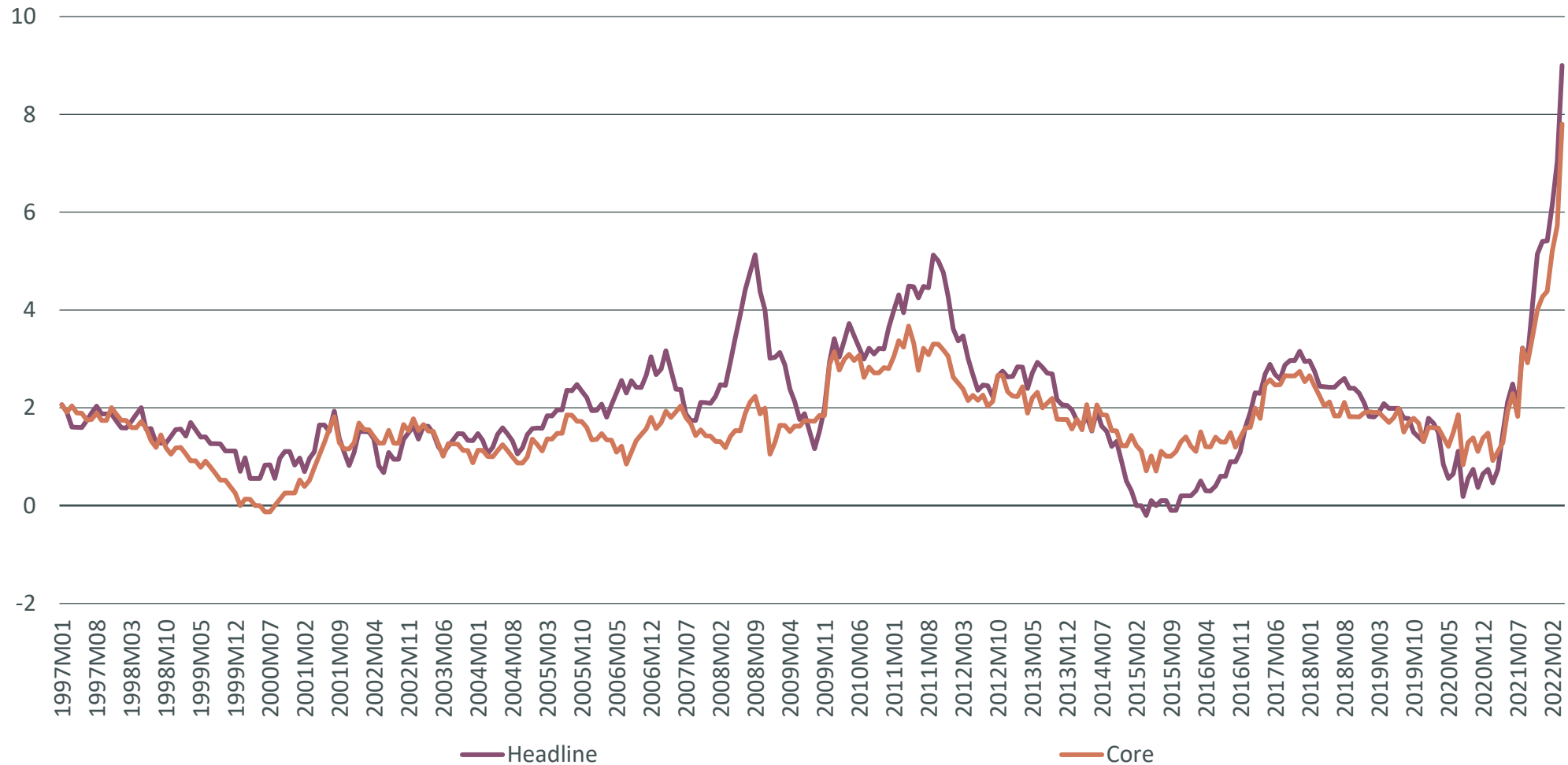


Inflation and the implications for Real Estate

Jennet Siebrits, Head of UK Research



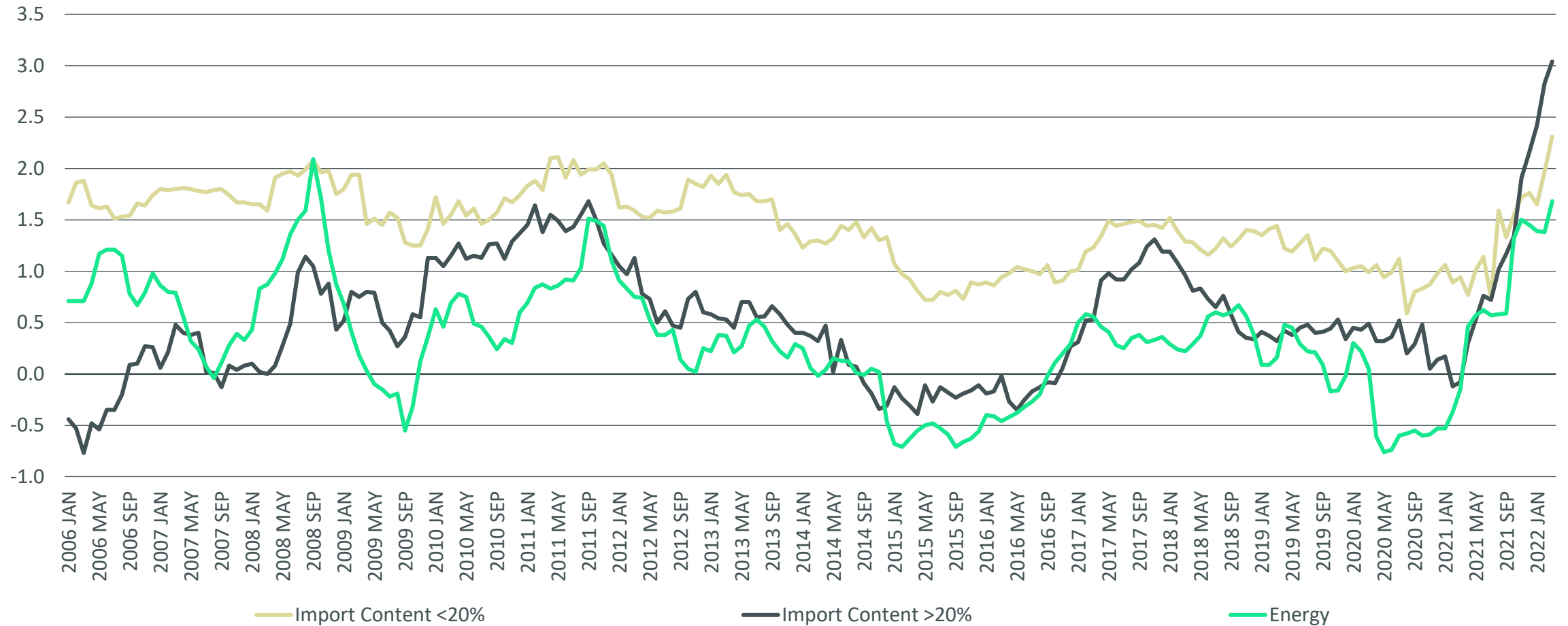
Sharp Reversal of Inflation Trends in 2021



Source: CBRE

Confidential & Proprietary | © 2022 CBRE, Inc.

Energy and imported goods prices are the big drivers of higher inflation



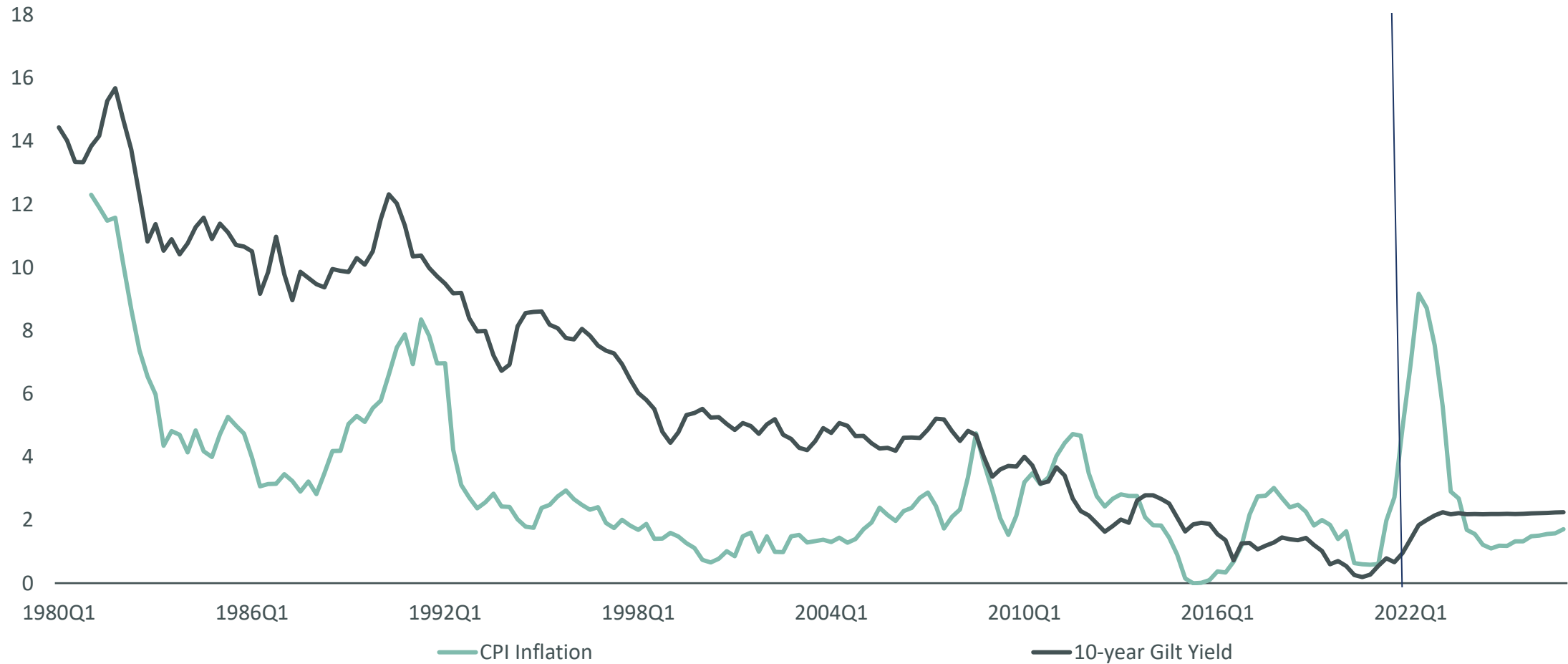
Energy & Non-Energy Commodity price Increases

Some prices have increased since the Russian invasion of Ukraine but the bigger increases came before then

Average of Last 5 days (to 13/5/22): % change:

	Oil (\$)	European Gas (€)	World Gas (\$)	Non-Energy Commodities (\$)
since Feb 23	14.0	0.2	73.9	-5.5
since November	33.9	8.2	58.4	18.6
Since December 2019	75.9	521.8	257.4	53.3

Our latest inflation forecasts



What does this mean for property?

Good Inflation

- Good for property
- Particularly secondary

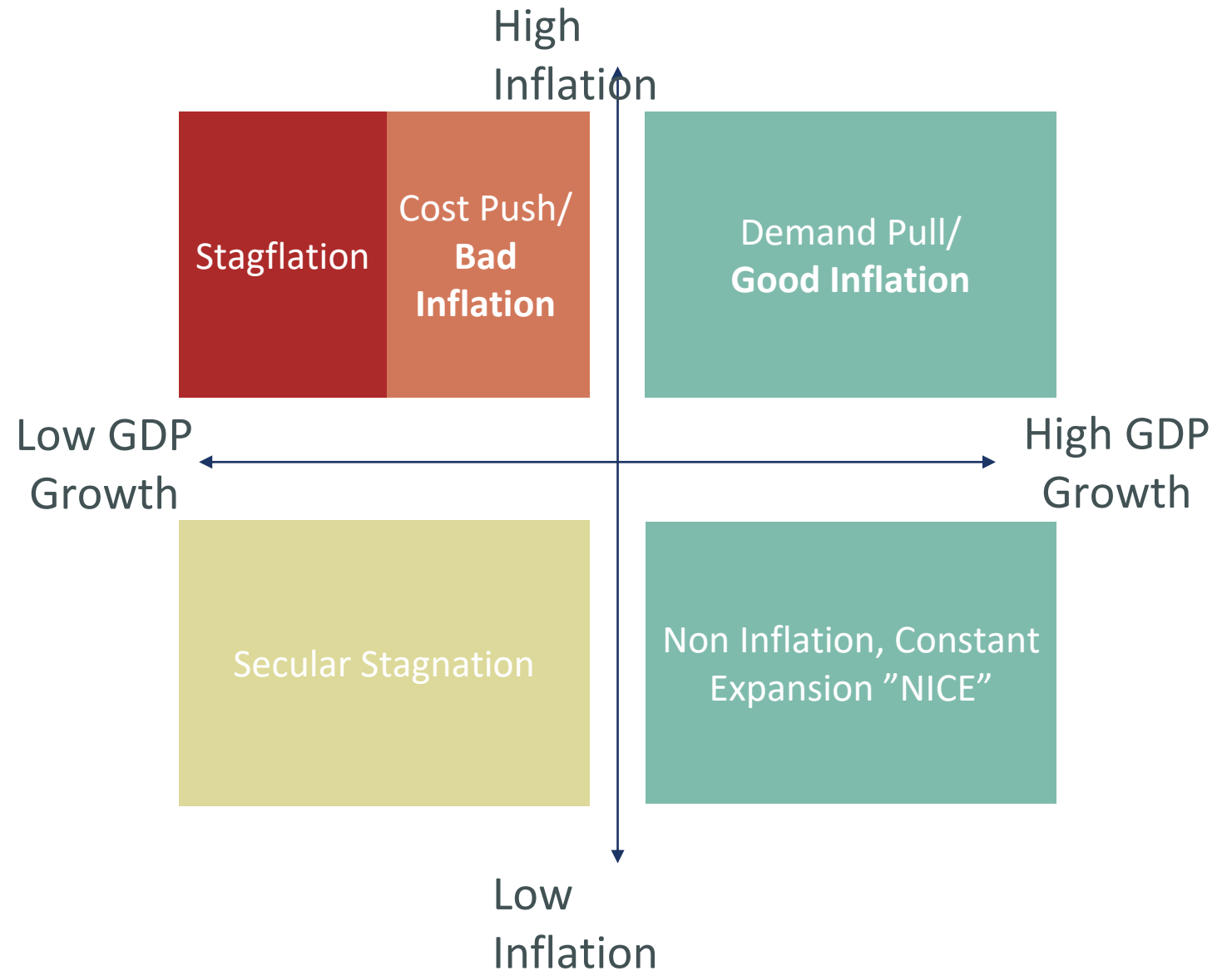
Bad Inflation

- Higher interest rates are a hit to yields (particularly prime)
- Lower growth hits yields and income (particularly secondary)

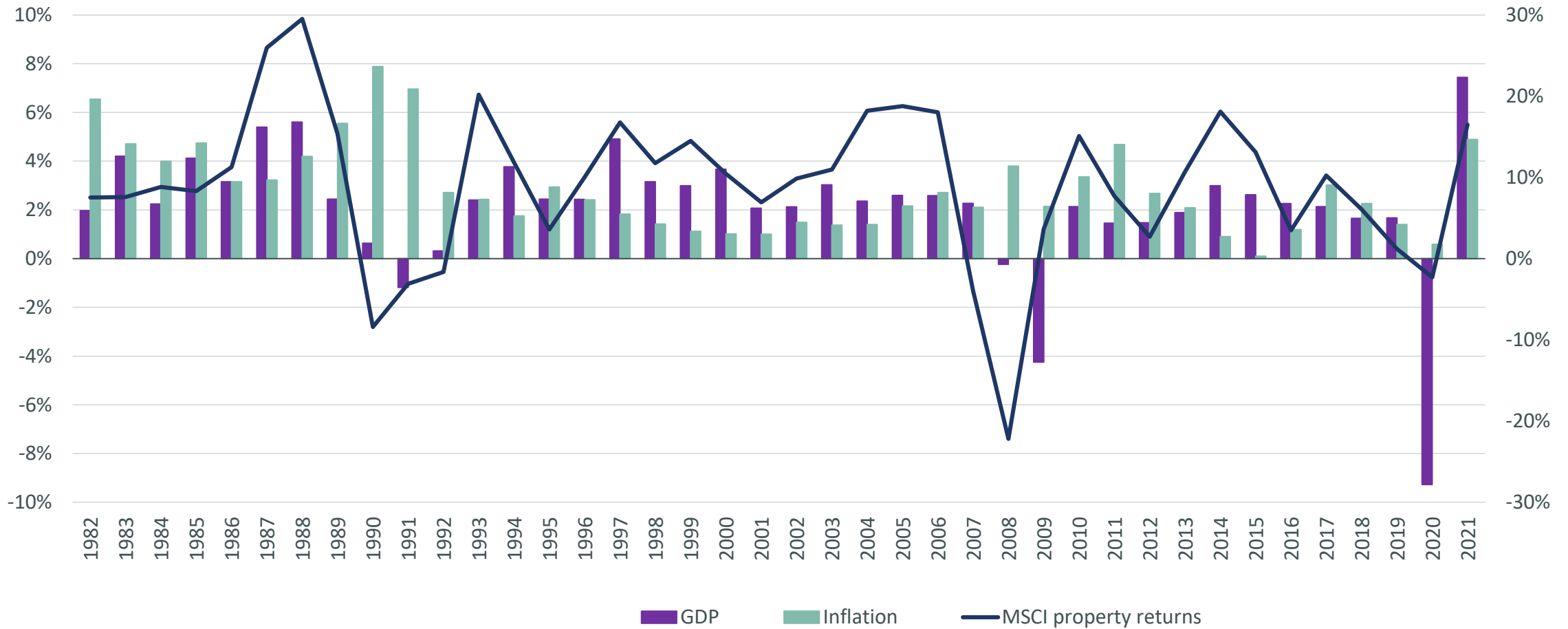
Stagflation

- Bad for property

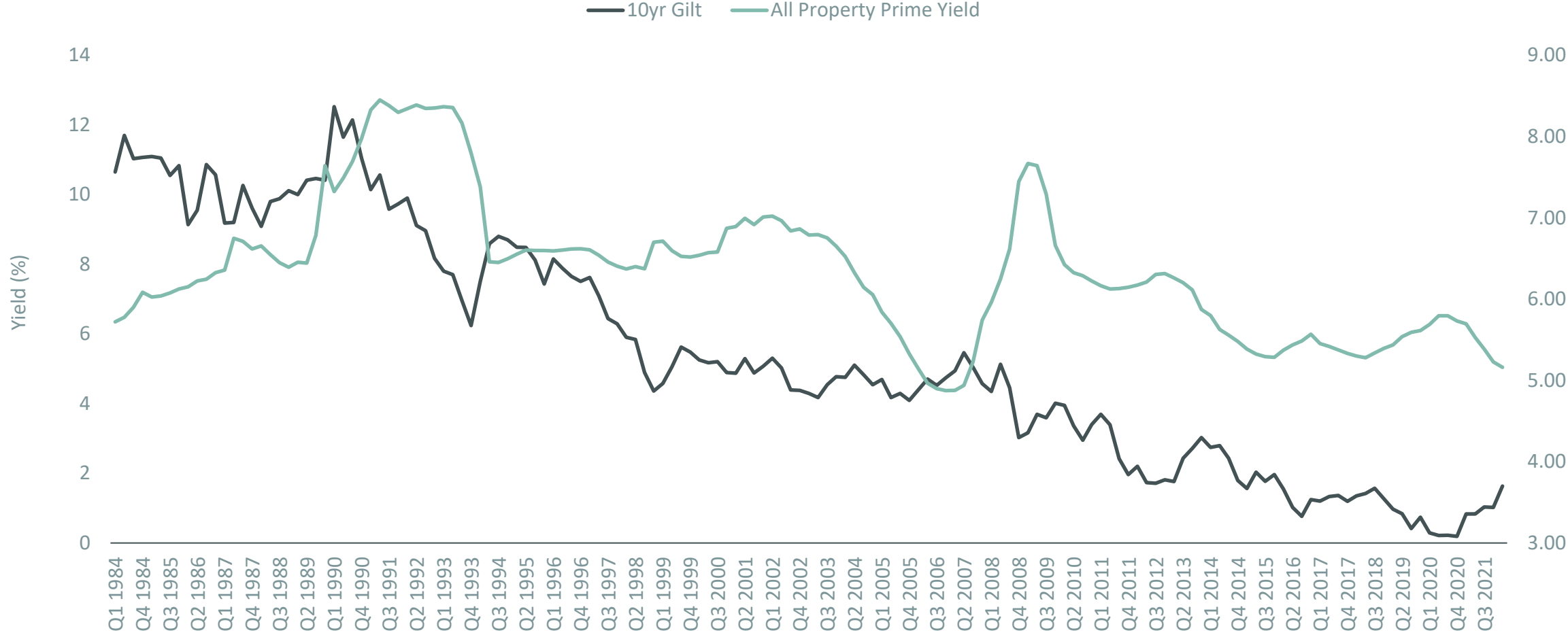
Think about real returns not just nominal returns



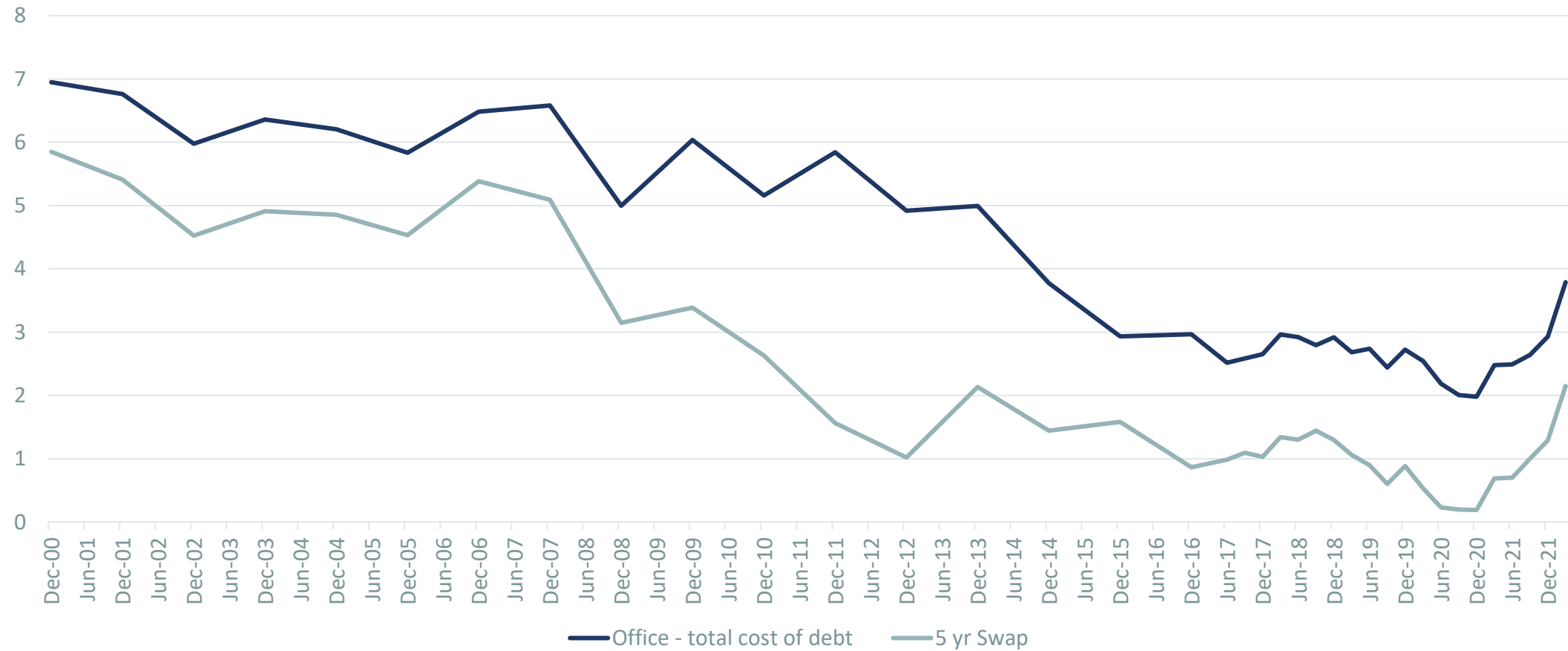
And just to illustrate “bad inflation”



Rates vs yield



Higher interest rates are increasing the cost of debt...



Source: Bank of England, CBRE Research, 2021

Confidential & Proprietary | © 2022 CBRE, Inc.

Thank you

Deloitte Disclaimer

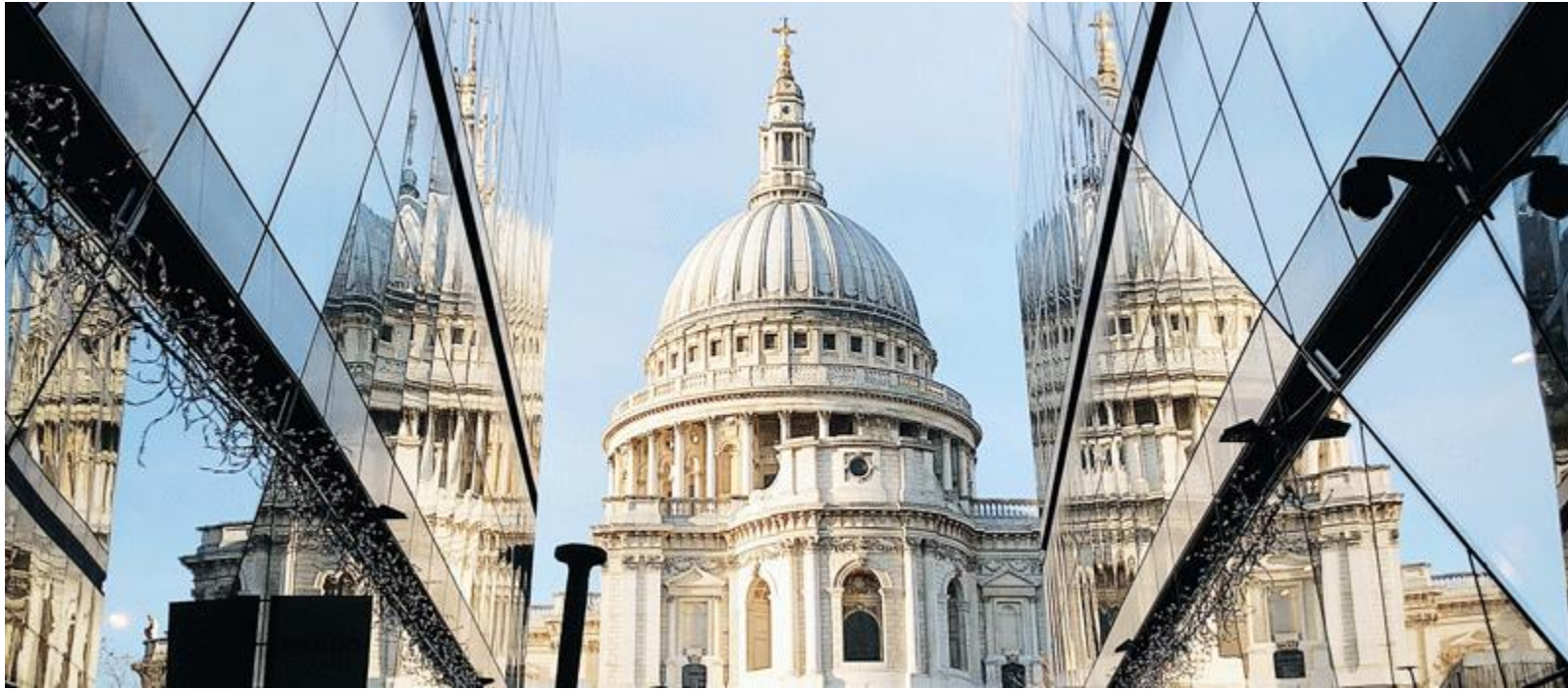
“This presentation has been written and presented in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this presentation.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2022 Deloitte LLP. All rights reserved.”





Aisling Colgan
Real Estate Tax
Deloitte



UK REITs

Agenda

- What is a REIT?
- Key benefits and limitations of REITs
- Why we are seeing more and more funds and institutional investors establishing UK REITs to hold their real estate investments



Aisling Colgan

acolgan@deloitte.co.uk

020 7007 4848

Aisling co-leads Deloitte's REIT practice and since 2007 has worked on many major REIT transactions, including conversions/IPOs, acquisitions, reorganisations, takeovers and joint ventures.

UK REITs

What is a REIT?

- 'Normal' corporate/group that has elected into a special tax regime
- Taxes property income and gains only at the investor level as if they held the property directly
- Essentially changes a structural tax into an investor-level tax by way of a withholding tax
- Can enable investors to access their own tax profile position, including possible tax exemptions for sovereigns or pension schemes, or treaty access for non-UK investors



UK REITs

Key benefits and limitations



Government-approved,
onshore tax regime



Understood by global
investors



Access to investor-level tax
attributes / Enhanced
shareholder returns



Attractive for funds, as well
as joint venture / club-
deals



Ability to carry on business
in a tax-free environment
(at the structure level)



Pricing advantage on
corporate acquisitions



Limitations on the scale of
activities outside the
investment property rental
business



Conditions, requirements,
and ongoing reporting

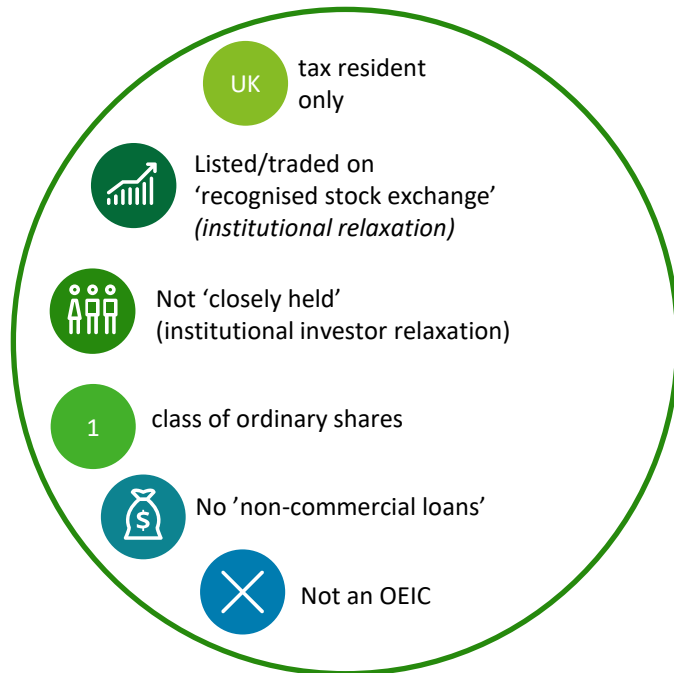


Possible investor-level tax
filings

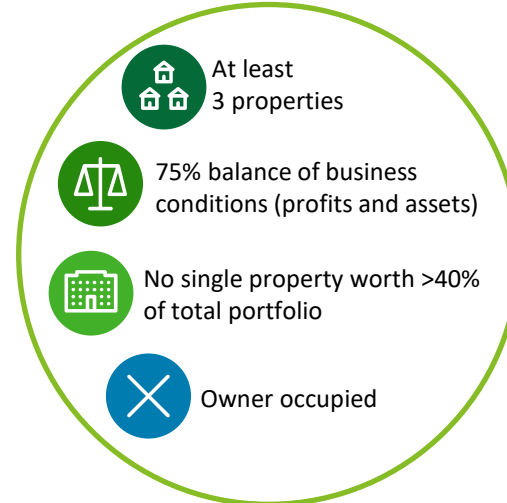
UK REITs

Conditions and requirements

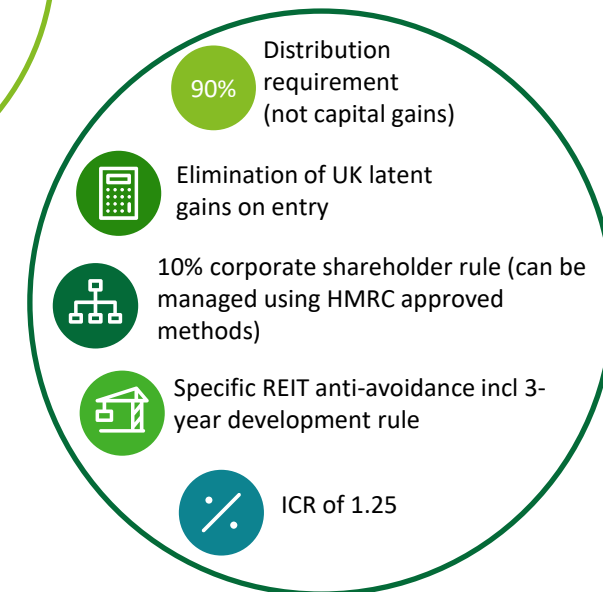
Company conditions (apply to principal company only)



Property rental business conditions



Other conditions



UK Institutional REITs

Qualifying institutional investors

Sovereign investors

CIS limited partnerships

Pension schemes
(UK & overseas)

Insurance companies
(UK & overseas)

Charities
(UK & EU)

Social landlords
(UK)

REITs
(UK & overseas)

Authorised unit trusts
(UK & overseas)

Open-ended investment companies
(UK & overseas)



Panel discussion

To ask a question to the speakers:

Click the Q&A button at the bottom of your screen to bring up the Q&A board



Thank you