



Proud to support LGBT+ month



Email us: info@aref.org.uk
Investors Email: investors@aref.org.uk
www.aref.org.uk
Tel: 020 7269 4677

Newsletter

June

2019



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

New Investor Member Category

AREF has long sought the engagement of investors and their advisers to help set our agenda. In addition to our Investor Committee, investors have a seat on a number of other committees, as well as the Board. However, it has never been made clear what the status of investors is within AREF.

We are now introducing a new membership category for investors. As the funds the investors use have already paid to be members of AREF, the Investor Membership is being offered free of charge.

This does not materially change the status quo within AREF at all however it is hoped this subtle change will invoke a greater connection with AREF and hence help improve awareness of AREF among investors over time.

We encourage all our Fund Members to write to their investors about this, or perhaps mention it in client reports and investor meetings, inviting them to join.

Engaging with investors at PBUK 2019



As part of AREF's initiative to engage with investors, we had a stand at the Pensions & Benefits UK exhibition, where we promoted AREF's work on best practice in fund governance based on three key principals underpinning the AREF Code of Practice; operational integrity; transparency; and accountability.

Investment Association 2025 Vision and Long Term Asset Funds

Some of our members will have already seen the IA's [2025 Vision paper](#) which references the proposed Long Term Asset Fund. We referenced this in our [response](#) to the FCA's Patient Capital Consultation, DP 18/10, in February, and more details can be found in the [IA's response](#) to the same consultation. We will be working closely with our IA colleagues as this initiative progresses.

Happy first birthday to the AREF Quality Mark!



It has been one year since the release of the AREF Quality Mark to highlight member funds achieving high standards of transparency and corporate governance, through adherence to our Code of Practice.

To mark the one year anniversary, AREF have written a piece in Professional Pensions about how the Quality Mark may reassure investors looking for high standards in fund governance.

[Click here to read this article.](#)

New Award for Outstanding Achievement

Thank you to all the fund members who submitted their fund for the Investors' Award for Outstanding Achievement, which will be presented for the first time at the AREF Annual Dinner in September. A select panel of investors from AREF's Investor Committee will now look over the applications. The winner will be announced at the Annual Dinner. For further information, [click here](#).

Events

16 July 2019

AREF FutureGen Network Summer Drinks
and Speed Networking
At Devonshire Terrace
([Sponsorship opportunity](#))

21 August 2019

FutureGen Network
Fund Life Cycle Series - Launching &
Deployment of a fund
Proudly sponsored by Carey Olsen

24 September 2019

AREF Annual Dinner & Awards
8 Northumberland Avenue, WC2N 5BY
Proudly sponsored by Aztec

15 October 2019

Joint event with IPF on Social Impact
Investing - UK Real Estate Sector
Kindly hosted by Charles Russell
Speechlys

All our events are open to our Full, Affiliate,
Associate and Investormembers

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

[Click for more Event info](#)

Expense Ratio Reporting and the Cost Transparency Initiative

We have created a new Working Group, the purpose of which is twofold. Firstly to review, and refresh if necessary, the [AREF guidance](#) on TERs, first published 10 years ago. Secondly to consider the reporting of costs in the context of that guidance and against [the template](#) developed under the Cost Transparency Initiative.

John Forbes has kindly agreed to Chair the group and we already have a good cross-section of volunteers but if you are involved in this aspect of investor reporting and wish to contribute please let us know at info@aref.org.uk.



AREF Summer Drinks Reception 2019

KAMES
CAPITAL

It was lovely to catch up with all those who made it to the AREF Summer Drinks at The Listing, just off Cannon Street. It was a great turnout, despite the weather!

Thank you to Kames Capital, for sponsoring this highly popular event.

Illiquid Assets

Chris Cummings, CEO of the Investment Association, has written a supportive article in the Telegraph on the importance of offering investors a wide range of products to suit their needs. The article touches on the recent bad press that illiquid assets have been getting. [Read more here.](#)

Diversity & Inclusion

AREF supports the Investment Association's (IA) initiative on Diversity and Inclusion. The IA recently brought out interesting papers on addressing the gender pay gap, building black representation in investment management and the LGBT+ experience in the finance industry.

Please visit the IA's [dedicated page](#) for more information.

Event sponsorship

We are looking for a sponsor for our FutureGen Speed-Networking & Summer Drinks event, which this year is being held in Devonshire Square in July.

The Speed-networking is very popular with our FutureGen members as it allows them to meet and connect with others in our industry. Our database of FutureGens now includes over 400 members.

[Click here](#) for more details.

Investor evening event

Investors joined AREF, in association with PropertyMatch and the Real Estate Investor's Forum, for an evening event of lively discussion on investor issues with: Andrew Baum, Property Funds Research; Shiv Taneja, Fund Boards Council; Naomi Green, Schroders; and Melville Rodrigues, Charles Russell Speechlys.

Thank you to CBRE for hosting the presentation and drinks & canapes reception afterwards.

Discussions with European Real Estate Forum (EREF)

Jacqui Bungay from AREF joined the European Real Estate Forum meeting in Brussels this month. The main topics on the agenda were sustainable finance and labelling; improvements to AIFMD; Solvency II and investing in affordable housing.

AIFMD - New rules on pre-marketing & reverse solicitation

The text of the new [directive](#) on the cross-border distribution of investment funds is expected to be published in the Official Journal of the EU within the next few weeks. Included in this is a suite of revised marketing rules under AIFMD. The aim of these are to bring about a more uniform definition of, and approach to, pre-marketing across the whole of the EU. However, they will introduce an extremely broad definition of what could amount to pre-marketing. We would like to highlight some key points within these new rules, which are expected to be implemented in 2021:

- The new rules only apply to EU managers promoting EU funds. EU states could apply a more restrictive definition of pre-marketing to non-EU managers. The proposal expressly bars EU member states from adopting a regime that is more advantageous for non-EU managers than for EU managers.
- Firms will have to notify their home regulator when they start pre-marketing in another EU country. It is not clear how this mechanism would apply to managers whose home regulator is outside the EU.
- A subscription made within an 18 month period of pre-marketing activity will be deemed to have resulted from marketing i.e. rendering reliance on reverse solicitation impermissible. It is unclear whether the 18 months moratorium applies to each investor or to each country.

Committee Vacancies

We are looking for candidates for open positions on:

- [Research and Information Committee](#) - Looking for a member with a background in research
- [Corporate Governance Committee](#) - Looking for an investor
- [FutureGen Committee](#) - looking for a member from a fund administrator firm
- [Investor Committee](#) - looking for an investor to join this committee
- [Tax Committee](#) - Looking for a member from a fund administration firm

If you are interested please contact info@aref.org.uk

FutureGen Fund Life Cycle series

We held the second event in the FutureGen Fund Life Cycle Series which focused on Fund Structures and Tax. Over 70 members of the FutureGen network joined this event to hear from Leonie Webster, Deloitte and James Mulholland, Carey Olsen.

Thank you to our sponsors Carey Olsen. This event was kindly hosted by Cass Business School.

Watch out for the video which will be uploaded to our website soon.

For more information on the third event in this series [click here](#).

Committee Corner

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

CORPORATE GOVERNANCE (next meeting 2nd Jul 2019):

- Deborah and John joined our meeting to share their thoughts on establishing a set of AREF principles to be incorporated within the code. Initial details will be communicated at the forthcoming Committee day
- Discussed how we ensure members are consulted on the proposed AREF principles and eventual timetable for implementation
- Lessons learnt from AREF self-certification process. Reviewing how the submission can be made more streamlined and straightforward for member funds to complete
- Governance award - agreed AREF marketing team (namely Ed) should take the lead

EDUCATION AND TRAINING (next meeting 17th Jul 2019):

- The Committee is working on a number of events, including the next in the FORT series, looking at proptech in 'Operations'.

FUTUREGEN (next meeting 17th Jul 2019):

- Committee members are also working on the new training series called the 'Fund Life Cycle', the third event is on Fund Deployment and will be taking place in August.

INVESTOR (next meeting 23rd Jul 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 6th Sep 2019):

- The Committee has been leading on AREF's response to FCA CP18/40 regarding proposed amendments to permitted links rules and DP18/10 on Patient capital and authorised funds. In relation to the FCA's CP18/27 on illiquid assets and open-ended funds, the Committee continues to engage with the regulator and the Bank of England on behalf of AREF members.

ESG & IMPACT INVESTING (next meeting 11th Sep 2019):

- A subset of Committee members met to formulate AREF's response to The IA's Consultation on Sustainability and Responsible Investment which was submitted in February. For more information please follow the [link](#).
- A joint event with the IPF, on the subject of Social Impact Investing in the UK Property Sector, is being planned for September 2019.
- The Committee is in the process of setting up a working group to create an AREF member survey to better understand the needs of the AREF membership.

- On the evening of April 2nd, the SPR and ULI are holding a joint seminar on - Green Buildings: are there financial benefits? There is some availability, please follow the [link](#) for more information.

RESEARCH & INFORMATION (next meeting 4th Sep 2019):

- The committee approved a research topic proposed by the working group with the next step to apply to AREF for a budget to undertake the work
- The committee discussed proposed letters to be sent by AREF to member funds contributing data late for submission in the quarterly index
- The committee discussed means of highlighting the improved timeliness of PFV data and how this may be publicised

RETAIL FUNDS COMMITTEE (next meeting 20th Sep 2019)

- Continued dialogue with the FCA regarding 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.
- Liaison with RICS re Rapid Sale Pricing
- 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 9th Jul 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.