

# A new authorised fund regime for investing in long term assets



25 June 2021

To: [cp21-12@fca.org.uk](mailto:cp21-12@fca.org.uk)

## Introduction and background

The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £100bn to the economy in 2019 and directly employed more than 1 million people<sup>1</sup>.

We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate as well as those who support them. Their investments help drive the UK's economic success; provide essential infrastructure and create great places where people can live, work and relax.

## BPF Response

We welcome the FCA consultation on a proposed new Long Term Asset Fund (LTAF). As we set out in our [response](#) to the recent UK Funds Review, we support moves by the Government to strengthen the UK's position as a centre for asset management services.

Given the illiquid nature of real estate investment, we particularly welcome moves to create a new fund to facilitate investment in long-term, illiquid assets and, as such, we support the introduction of the LTAF. This has the potential not only to increase investment but also to help address some of the major challenges that the UK faces – including our net zero carbon targets, the regeneration of our high streets, and the development of more high-quality homes.

INREV, the European Association for Investors in Non-Listed Real Estate Vehicles, has submitted a detailed response to the consultation. We support their response, and would draw out the following points:

- I. as noted in our response to the UK Funds Review, it will be important to ensure that the LTAF is an appropriate fund vehicle to channel increasing levels of DC (defined contribution) pension savings;
- II. we agree that the LTAF should be able to invest in other collective instruments schemes and believe this should include Professional Investor Funds (PIFs). It may make sense to introduce the LTAF and PIF at the same time; and
- III. when setting up the LTAF we should learn from the experience of other jurisdictions. This should include learning lessons from the introduction of the European Long-Term Investment Fund. The INREV response provides more details on this.

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<sup>1</sup> <https://bpf.org.uk/about-real-estate/>

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- IV. The tax rules for the asset management sector will also be important to the success of this new fund vehicle in the UK, and as such, we continue to be supportive of government's efforts to address the challenges in this regard and look forward to engaging further on the wider funds review and asset holding company workstreams in due course.

Please do not hesitate to get in touch if you require any further information.

Kind regards,

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