

AIFM Regulations: HM Treasury consultation



To: AIFMR@hmtreasury.gov.uk

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Introduction

The British Property Federation (BPF) represents the UK real estate sector, an industry that contributes more than £107bn to the economy and supports 2.3million jobs. Our members are invested in commercial and residential real estate in communities across the UK - revitalising our cities and shared spaces, re-imagining our town centres, and creating vibrant new places designed for the way we live today.

Our members invest and develop all kinds of commercial real estate from offices, retail and logistics properties to data centres, lab space and medical premises. Our members also invest in larger scale professionally managed residential rental asset classes - predominantly purpose-built student accommodation and 'Build to Rent'.

Given its size, it is typical for large scale real estate to be invested in collectively – as such, the fund sector plays a vital role in channelling much needed investment into our homes, buildings and infrastructure across the UK.

Regulations for Alternative Investment Fund Managers

We welcome proposals to simplify the regulatory framework for Alternative Investment Fund Managers, while retaining core consumer market protections. As well as supporting the sector's potential to deliver economic growth, and channel investment across the country - it is in the interest of investors to make sure that the obligations on funds are proportionate and cost effective.

We support the more detailed submission prepared by The European Association for Investors in Non-Listed Real Estate Vehicles (INREV). In particular, we would draw out our support for a review of the liability of external valuers (question 15).

It is unfair that external valuers (appointed to UK alternative investment funds) face unlimited liability under legislation. Valuation professional bodies require valuers to hold approved Professional Liability Insurance for the work they undertake. Such insurance cannot be obtained with unlimited liability, so the current AIFM regulations effectively prevent firms that are members of and regulated by professional bodies from accepting appointments as external valuers.

We support the proposals outline in INREV's response to better support the use of external valuers. In turn, this will provide better protection for investors and support the FCA and HMT to address some of the risk and conflicts identified by this review.

Please do not hesitate to get in touch if you would like to discuss our response further.

Yours Sincerely,

Rachel Kelly

Assistant Director (Finance Policy)