

The second annual ULI UK REIT seminar took place at law firm Goodwin on 27th September 2018.

The panelists were:

- **Fiona Le Poidevin**, CEO of the The International Stock Exchange, Channel Islands
- **Chris Phillips**, Chairman of Triplepoint Social Housing REIT, Londonewcastle and Places for People
- **Hemant Kotak**, MD & Head of UK and Swiss coverage, Green Street Advisors
- **Jason Baggaley**, Real Estate Fund Manager, Aberdeen Standard Investments
- **Struan Robertson**, Chairman of EMEA Real Estate, Gaming & Lodging, Bank of America Merrill Lynch

An audience of 100 heard them debate the current state of the UK REIT market, in a discussion chaired by John Forbes, chair of the ULI UK Capital Markets Committee.

Fiona Le Poidevin opened with some statistics, the most notable of which was that in 2017 there were twelve UK REIT IPOs, nine of them on the London Stock Exchange (LSE) and three on the Channel Islands, The International Stock Exchange (TISE). In 2018 to date there have been eight, three on the LSE and five on TISE.



There was an interesting debate on liquidity, contrasting the liquidity of REITs, where the liquidity is provided by trading on an exchange, with the liquidity of open-ended funds which is provided by redemption and subscription, the challenges of which were illustrated in the immediate aftermath of the EU referendum result. The point was also made that there may be a significant difference in the market liquidity of large REITs and smaller ones with limited day to day trading in the shares. Some entities are not established as REITs for liquidity reasons – TISE does not require property companies to have a free float. Sovereign Wealth Funds and other big institutional investors holding for the long term are

not interested in short term liquidity.

There was a fascinating discussion on the broad purpose of REITs, with the question raised as to whether in Europe we are unnecessarily fixated on Net Asset Value as a measure. Many REITs are now more focussed on generating income, and within that many of the businesses are becoming much more operational, as property becomes much more of a service. This opens up some major questions as to how value is measured not to mention some technical issues as to what can be undertaken within the UK REIT regime. Luckily, we had some experts in the audience.



The practical limitations of the REIT rules also came up in respect of other interesting new developments. Could a REIT raise capital through an Initial Coin Offering of a cryptocurrency?

Returning to more familiar territory, as at the 2017 seminar, there was a debate as to the merits of internally managed and externally managed REITs. As previously the answer was very much “it depends”. Some of the historical concerns about externally managed REITs are being mitigated by more recent successful examples.

The panel discussion finished on the challenging question of political and economic uncertainty. After some debate, the conclusion was that it was uncertain, but we had been living with uncertainty for a decade and that it would no doubt still be uncertain when we reconvene in a year’s time.

Words by John Forbes, John Forbes Consulting LLP, ULI UK Vice Chair & Capital Markets Committee Co-Chair