



Investment
Property Forum

Investment Property Forum
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Broadening the investment opportunities of defined contribution pension schemes

The Investment Property Forum (IPF) welcomes the opportunity to respond to the above consultation.

IPF is a national membership organisation of senior professionals, all active in the property investment and finance market. The organisation has a diverse membership of over 1,800, which includes fund managers, investment agents, accountants, bankers, lawyers, researchers, academics, actuaries and other related professionals.

The IPF's Mission is to enhance the understanding and efficiency of property as an investment asset class, including public, private, debt, equity and derivatives, for its members and other interested parties, including government. We are not a lobby organisation but one of our key priorities is to identify where legislation or regulation has an impact on the market and to alert government, our members and others to any adverse or beneficial issues.

The IPF's scope covers direct and indirect routes to investing in property. With regards to the latter, we have an Indirect Property Interest Group that covers issues relating to both the listed and unlisted property sector.

Our general comments below are in respect of property investments. We have not responded to the specific questions within the consultation as they are outside the area of our expertise.

IPF response

We agree with the objective to make it easier for DC pension schemes to invest in illiquid assets. We therefore support the proposals for DC pension schemes to disclose and explain their policies on illiquid investment and their asset allocations and to exclude performance fees from the DC charge cap.

Although the proposals set out in the consultation remove some obstacles to DC pension schemes investing in illiquid assets, there remain very significant practical issues to be addressed. Nearly a decade ago, the IPF, along with the Association of Real Estate Funds, European Public Real Estate Association and the Institute and Faculty of Actuaries commissioned a major piece of independent research by the Pensions Institute at Cass (now Bayes) Business School into DC pension scheme investment in real estate. The outcome was published in October 2013 as the report, *Returning to the Core: Rediscovering a Role for Real Estate in Defined Contribution Pension Schemes*. Although



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the report specifically addressed investment in investment property, the same challenges arise for investment in other illiquid assets such as infrastructure and private equity.

A key obstacle identified in the report was the operation of the platforms used by DC schemes to invest. The platform architecture is designed for funds that allow subscriptions and redemptions daily, without the capacity to accommodate less frequent redemptions, deferrals and notice periods. Nine years on, and this has not changed.

The report is enclosed for your information.

Following the consultation, the IPF would be delighted to engage with the DWP on this initiative. In the meantime, please contact me should you require any further details arising from this response.

A handwritten signature in black ink that reads 'Sue Forster'.

Sue Forster
Chief Executive, Investment Property Forum