

## Our 9th year in business



30th June marked the end of our ninth year in business, a year that has seen a significant return to work normality after the various covid-related lockdowns. A year ago, John had just started spending time back in London, having face-to-face meetings again, and, perhaps more importantly, occasionally meeting up with people for a beer. As we noted at the time:

*'There is nothing which has yet been contrived by man, by which so much happiness is produced as by a good tavern or inn.'*

James Boswell, Life of Samuel Johnson (1791)

Although the inn experience in London does not quite match our "local" up here in the middle of nowhere in North Wales where people still turn up by horse, we appreciate the limits of what can be achieved in Zone 1.

In our annual review a year ago, we commented "We finished our update this time last year with a comment that we hoped that the world would have returned sufficiently to normal by the end of the year to be able to see you all at the usual round of Christmas drinks. This clearly did not happen, but we hope that it might this year...". Although lockdowns were over, John contrived to have a very restricted Christmas drinks season at the end of 2021 too, by having a major cycling accident in October.

John was supposed to be speaking on 6th October last year at the SPS Property, Infrastructure & Real Asset Investment Strategies for Pension Funds conference

on "A Turning Point in ESG", particularly the "E" with major regulatory changes in the EU, UK and more generally. Unfortunately, he had a slight mishap on his preferred environmentally friendly transport (Brompton bicycle) and ended up in hospital with a broken pelvis instead. Due to the lack of availability of ambulances, Helen had to go and find him in taxi. Passers-by helped lift him in. The hospital (St Thomas') did come with a rather splendid view of the Houses of Parliament. As readers of our newsletter will be aware, this is the photo that John took from his bed the evening after the accident:



It will also come as no surprise to anyone that by the end of the second day in hospital, John was conducting Zoom meetings from the ward, at which point they sent him home.

John's post on LinkedIn about the accident was read by well over 23,000 people, making falling off his bike by some way our most successful marketing initiative in the nine years that we have been in business.

Despite the experience, SPS have invited him back to speak at their events, the next one will be on 5th October this year.

So, what have we been up to over the last twelve months?

## Clients

The most significant development in the year from a client perspective was that it was the final year of John's role as chair of the Supervisory Board of the UBS Triton Property Fund. When John took on the role originally, he said that he would follow whatever the Financial Reporting Council recommended in its UK Corporate Governance Code as the maximum tenure for a chairman. At the time, this was under debate, but the conclusion in the updated Code in 2018 was nine years so John decided then that this would be the time to pass on the baton. Apart from the fund's total return performance over the nine year's, two things particularly stand out for John from his time as chair:

- In the 2021 GRESB Real Estate Assessment announced in October 2021, Triton was again first its UK peer group of 102 UK core, diversified strategies, topping the GRESB rankings for the fifth consecutive year. Although GRESB has its flaws, it is still the most widely accepted benchmark for the most important challenge facing the real estate industry.
- In 2019, Triton won the Association of Real Estate Funds' inaugural Investors' Award for Outstanding Achievement. This award is open to all AREF Fund Members and is judged by a panel of key fund investors. Triton won for its exemplary governance and demonstrable ESG achievements.

The Urban Splash Residential Fund, for which John chairs the Investment Committee, has also had a successful year and has received additional equity commitments in excess of £100 million.

The majority of John's work is consultancy projects for clients, and this has continued to be very busy over the year. We have a number of existing clients who have been active, as well as several new mandates. As in previous years, open-ended, semi open-ended and evergreen funds have been a major focus, with a lot of interest in John's work on fund pricing and liquidity.

## Conferences and webinars

As in previous years, John has been a speaker / moderator at a number of webinars and conferences.

Two particularly stood out:

- Chairing the Association of Real Estate Fund's webinar "Vision '22: Onwards and Upwards?" This was AREF's annual forecast for the year ahead.



- The London Stock Exchange annual investment fund conference took place in April. John chaired the session on real estate, looking at externally managed REITs with panellists:
  - Petrina Austin, Head of Asset Management, Tritax Group
  - Gareth Jones, Partner, Alvarium Capital Partners



The return of face-to-face events is particularly welcome.

## Judging awards

John was a judge for two sets of awards last year:

- The IPE Real Estate Global Awards 2022 You can find details of the winners [here](#).
- ULI UK Awards for Outstanding Contribution to Real Estate 2022. You can find details of the winners [here](#).

Both had very high-quality entries up for the awards and really rather splendid dinners at which they were handed out. The latter is an important consideration for John in assessing roles to take on.

## Lobbying and policy

Through his roles on the Association of Real Estate Funds (AREF) Public Policy Committee and the Investment Property Forum (IPF) Indirect Investment Committee, John has been involved in a number of consultation responses. We have also submitted our own responses to some.

Two areas have been particularly copious:

### ESG

There have been several consultations in the UK this year on the regulatory framework for ESG reporting. This has been undertaken by the Financial Conduct Authority (FCA) with specific proposals for pension funds undertaken by the Department of Work & Pensions (DWP). John has been a member of the AREF and IPF working parties on these.

### DC pension funds investing in illiquid assets

John has been involved in the discussions on this important topic for several years. There have been two detailed consultations in the last year, to which we have responded as well as assisting AREF and the IPF in their responses. Our responses have focussed on two main points:

- Exclusion of performance fees from the DC pension charge cap.
- Aligning the property cost exclusion definition for DC pension scheme with that in the Cost Transparency Initiative (CTI) reporting templates used particularly by defined benefit pensions schemes. John chairs the Association of Real Estate Funds (AREF) CTI & Expense Ratio Working Group and represents the real estate industry on the CTI Technical Expert Panel.

We were delighted that the government response set out in the consultation published on 30th March quoted our letter on what we regard as the pointy end of the challenge on performance fees:

*“Market competition is the best control to keep fees competitive, but this requires trustees of DC schemes to develop the skills to understand the fee implications of the products into which they are investing and also to better understand and evaluate the performance of those products.” John Forbes Consulting*

This consultation process is plodding inexorably towards a resolution, and we will remain involved.

## Other geeky stuff

AREF's CTI & Expense Ratio Working Group, which John chairs, has been reviewing AREF's guidance on expense ratios. It proposed that AREF bring its guidance in line with the Total Global Expense Ratio (TGER) agreed by INREV, ANREV, NCREIF and PREA that came into effect from 1st January 2021.

Following a consultation, the new guidance came into effect on 1st April 2022.

There has also been further work for John on fund pricing following the new AREF / INREV guidance on which John worked coming into effect a year ago.

## Our newsletter

Our regular newsletter continues to blend the geeky and the childish, informing and offending in equal measure, including getting blocked by recipients' firewalls for profanity for a second time. The historical trivia seems to have been particularly appreciated this year. Our suggestion that Luxembourg should be reinstated to its Roman status of “part of the province of Germania Inferior” was especially well-received amongst current inhabitants of the Grand Duchy.



If you are not yet on the distribution list, you can register [here](#) and you can find previous issues [here](#).

## Cycling

We continue to venture into the wilds of the North Downs for our regular monthly "property cycle" rides. These leave from Tower Bridge at 9am, pick up from Crystal Palace at about 9.45am and head out for about 50 lumpy miles, returning to Crystal Palace for lunch.



If you want to be added to the mailing list for these, let us know.

## Thank you



Thank you as ever to all our clients and everyone else who has supported us over the last year. Next year will be our tenth, so we are already planning a big party for the end of June. You have been warned....

*John & Helen*

July 2022