

1 February 2013

European Securities and Markets Authority
103 Rue de Grenelle
75007 Paris
FRANCE

Submitted electronically at: www.esma.europa.eu

Dear Sir

Response to consultation paper: guidelines on key concepts of the AIFMD

The Association of Real Estate Funds (AREF) represents the UK unlisted real estate funds industry and has about 80 member funds with a collective net asset value of over €52billion under management on behalf of their investors. The Association is committed to promoting transparency in performance measurement and fund reporting through the AREF Code of Practice, the AREF/IPD UK Pooled Property Funds Indices and the AREF/IPD Property Fund Vision Handbook.

We find that the proposed guidelines achieve an appropriate balance between providing additional clarity about the entities that should be considered AIFs and AIFMs whilst avoiding becoming too prescriptive about the definitions given in the Directive. In this respect we agree with the MSG that there is no need for any further definition of terms and with their assessment of the key elements of the AIF definition. We consider the ESMA's clarifications are helpful subject to addressing our comment made in response to question 10 of the consultation paper.

Please contact us if we can be of any further assistance.

Yours sincerely



Mark Sherwin
Secretary General
The Association of Real Estate Funds

AREF response to questions raised in ESMA/2012/845

Q10: Do you agree with the proposed guidance for determining whether a ‘number of investors’ exists for the purposes of the definition of AIF? If not, please explain why.

To be an AIF there must first be an activity of "raising capital" within the meaning ESMA gives to that term in Guidelines 11-14 for it to be possible to assess whether capital is raised from a "number of investors". Guideline 15 purports to deem an entity to be an AIF when that AIF is not legally restricted to raising capital from a single investor. This sets aside the "raising capital" aspect of the AIF definition. A possible solution would be to amend Guideline 15 to read "A *collective investment undertaking that raises capital, and which is not prevented...*".