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Property Authorised Investment Funds (PAIFs) - where are we going?

Indirect Investment briefing
January 2009

PAIFs arrived with excitement for the funds industry in April 2008. PAIFs were expected to be the holy grail for unlisted indirect property investment – a truly tax transparent structure at last!

So far, none have been launched. The economic climate has not helped, but on top of this, fund managers are still grappling with the technical issues on conversions of existing funds and new launches.

To start with, a PAIF must be authorised and structured as an open-ended investment company. In contrast, most existing real estate funds aimed at institutional investors are unauthorised, unit trusts and often closed-ended. Will fund managers wish to promote these types of vehicles for new funds? Those fund managers with existing authorised funds have been weighing up the costs of converting unit trusts to OEICs. There has also been discussion about the viability of bringing off-shore funds on-shore.

There are a host of technical problems that remain unanswered by HM Treasury. The 2008 Pre-Budget Report has clarified and simplified issues for feeder vehicles but has not given the necessary SDLT relief to off-shore or unauthorised unit trusts and partnerships to encourage conversion.

Please let me know if you would like us to come and talk to you about PAIFs, the issues they raise and the ongoing discussions with HM Treasury.

A fuller briefing on this topic is available [here](#).



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