

MEMBER UPDATE

Europe's largest pension fund steers investments to property

Brussels – March 03, 2010: The Norwegian Pension Fund has announced that it will allocate up to five percent of its total fund into property; this represents around NOK 130 billion (€16 billion) of investable funds. The Fund will reduce its investment in bonds correspondingly, says the Ministry of Finance.

In the light of EPRA's investor outreach programme to promote the benefits of real estate to the broader investment community, we welcome this development.

This allocation decision highlights the significance of our developing clear and credible listed property research for the pension fund sector. An especially relevant finding has been that listed real estate is a long and medium-term proxy for direct:

- [Real Estate or Equities?](#) – University of Regensburg
- [Listed Property Performance](#) – Cohen & Steers

Furthermore, the Ministry states a greater prominence will be given to environmental investment vehicles (see statement below). This increasing appetite for 'green' within an investment portfolio well suits listed real estate – its high sustainability performance is revealed in a new [Maastricht University research report](#). Versus other investment vehicles, listed real estate comes out on top.

Extract from Press announcement: "In the new guidelines for Norges Bank's work on responsible investment practices and exercise of ownership rights, which are adopted today, the bank will be required to integrate considerations of environmental issues, good corporate governance and social aspects in real estate management. In terms of environmental issues, the bank is directed to give priority to energy efficiency, water consumption and waste handling, among other considerations."

For reference: The full commitment document can be found [here](#). More light is shed on the decision within Section 3 especially.

Section 3

General framework for investments in real estate

(1) The real estate portfolio can be invested in real estate or in equity and interest-bearing instruments issued by listed or non-listed companies, fund structures and other legal entities whose primary



business is acquisition, development and management or financing of real estate.

(2) The real estate portfolio may be invested in derivatives that are naturally linked to real estate instruments. For the purpose of calculating country composition and the percentage of listed investments, derivatives shall be depicted with the underlying economic exposure.

(3) The Bank may carry out investments in the real estate portfolio through Norwegian or foreign wholly or partly owned companies.

(4) Investments in listed equity instruments shall be listed on regulated and recognised markets.

(6) The real estate portfolio may not be invested in securities issued by enterprises that the Ministry of Finance has screened out or excluded from the investment universe.

About EPRA

The European Public Real Estate Association - is the voice of the publicly traded European real estate sector. With more than 200 active members, EPRA represents over EUR 250 billion of real estate assets and 90% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index. Through the provision of better information to investors, improvement of the general operating environment, encouragement of best practices and the cohesion and strengthening of the industry, EPRA works to encourage greater investment in listed real estate companies in Europe.

Contact

Fraser Hughes: +32 (0) 27391013
f.hughes@epra.com