

## PRESS RELEASE

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### **Pan European Personal Pension (PEPP) regulation unlocks vast investment potential in listed real estate sector**

The new PEPP regulations are set to unlock vast investment potential in the LRE sector, with a total EUR 231 billion set to flood the European equities market, according to a study undertaken by Ernst & Young.

The adoption of the new PEPP regulation, which states that *‘PEPP providers are encouraged to allocate a sufficient part of their asset portfolio to sustainable investments in the real economy with long-term economic benefits’* will see pension providers able to invest in shares of publicly traded companies, including REITs and listed real estate.

#### **The new opportunity for retirement investment in LRE**

The European Public Real Estate Association (EPRA) has been actively advocating throughout the legislative process in order to provide beneficial context for LRE. Investments in listed property companies are a great example of long-term investments that have the potential to help Europe overcome its pension challenge and to help people achieve their retirement goals.

The PEPP framework is designed to allow pension providers the ability to offer safe and profitable investments with transparent market pricing, low costs and enhanced liquidity. LRE companies have continuously yielded a strong and stable long-term performance to investors, especially pension funds and insurers through reliable dividends, effectively contributing to the retirement of millions of people.

The new regulations could see the size of personal pension investment in the equities market double according to the study commissioned by Ernst & Young for the European Commission. It is estimated that today’s EU personal pension providers hold 700 billion EUR of assets. With PEPP in place, personal pension providers will hold 2.100 billion EUR of assets by 2030 with the right tax conditions, compared with just 1.400 billion EUR without PEPP.

Tobias Steinmann, Director, Public Affairs at EPRA, says: “We at EPRA welcome the adoption of PEPP and are particularly supportive of the optionality left to the PEPP taker to invest in shares, as well encouraging sufficient investment in sustainable assets in the real economy which provide long-term economic benefits.

“Since the European Insurance and Occupational Pensions Authority (EIOPA) issued a consultation paper on ‘the creation of a standardised PEPP’ in 2016, we have identified this as a growth opportunity for the sector and worked with the European Parliament to recognise the benefits of a prudential approach that looks to channelling more savings to long-term investments, notably in public shares, and encouraging diversified portfolios.

“Through PEPP we can now expect to see an increase flow of money entering the asset class as pension providers consider portfolio diversification to include greater capital allocations of LRE to better meet the long-term investment goals of the European savers market.”

**Out on the market** Following endorsement by the European Parliament, the European Council has adopted the new legislation on 20 June.

Over the coming year, the Commission will work together with EIOPA on a number of delegated acts for the effective technical implementation of the PEPP regulation. The regulation will enter into application 12 months after the publication in the Official Journal of the delegated acts envisaged and the first PEPPs are expected to come to the market soon after.

**About EPRA**

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 275 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 450 billion of real estate assets\* and 94% of the market capitalisation of the FTSE EPRA Nareit Europe Index. EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on [www.epra.com](http://www.epra.com).

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