

Real Estate: helping to meet Europe's pension needs

Thursday, 1 December 2022

Online

www.inrev.org
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- 14:00 – 14:05 **Welcome remarks**
Andrea Carpenter, Director, Diversity Talks Real Estate
- 14:05 – 14:20 **How real estate contributes to meeting Europe's pension needs**
Dr Brenna O'Roarty, RHL Strategic Solutions
- 14:20 – 14:30 **Introduction and short presentations**
Manuel Wormer, Head of Global Real Estate Investment Management,
Bayerische Versorgungskammer (BVK)
Jérôme Berenz, Head of Indirect Investments, Allianz Real Estate
Jean-Pierre Hanin, CEO, Cofinimmo
- 14:30 – 14:55 **Panel discussion moderated by Andrea Carpenter**
- 14:55 – 15:00 **Wrap up**

WELCOME

Real Estate: helping to meet Europe's pension needs

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Andrea Carpenter, Director, Diversity Talks Real Estate



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Real Estate: helping to meet Europe's pension needs

Dr Brenna O'Roarty
RHL Strategic Solutions

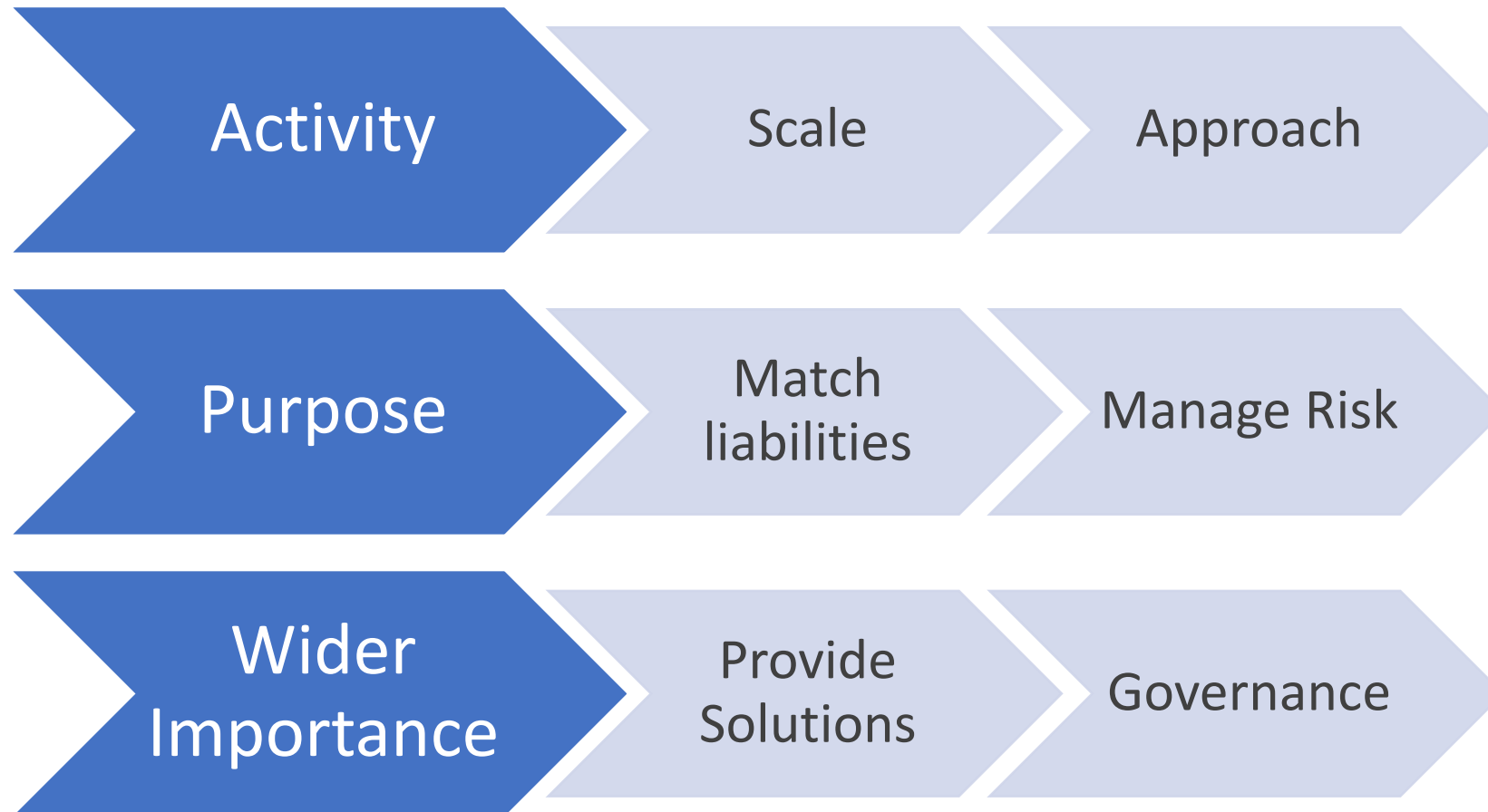


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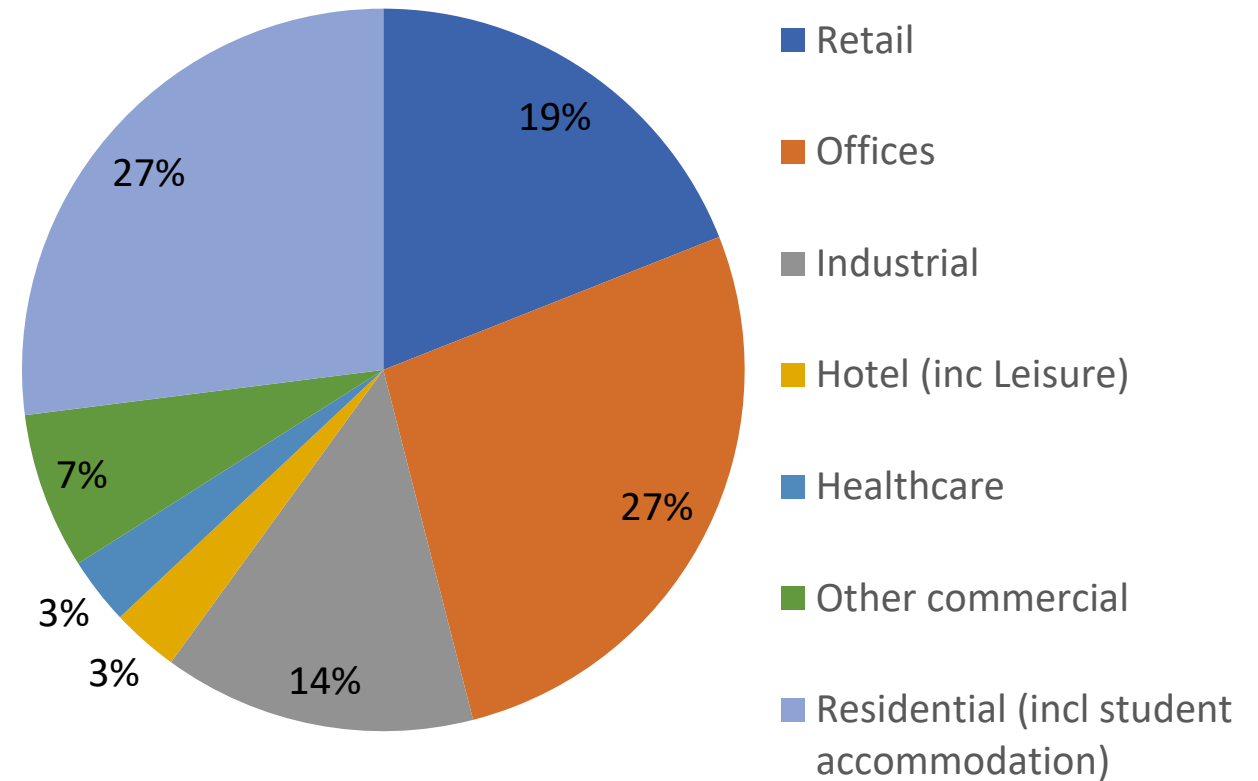
The benefits of institutional investment in real estate for pensions, society and public policy ambitions



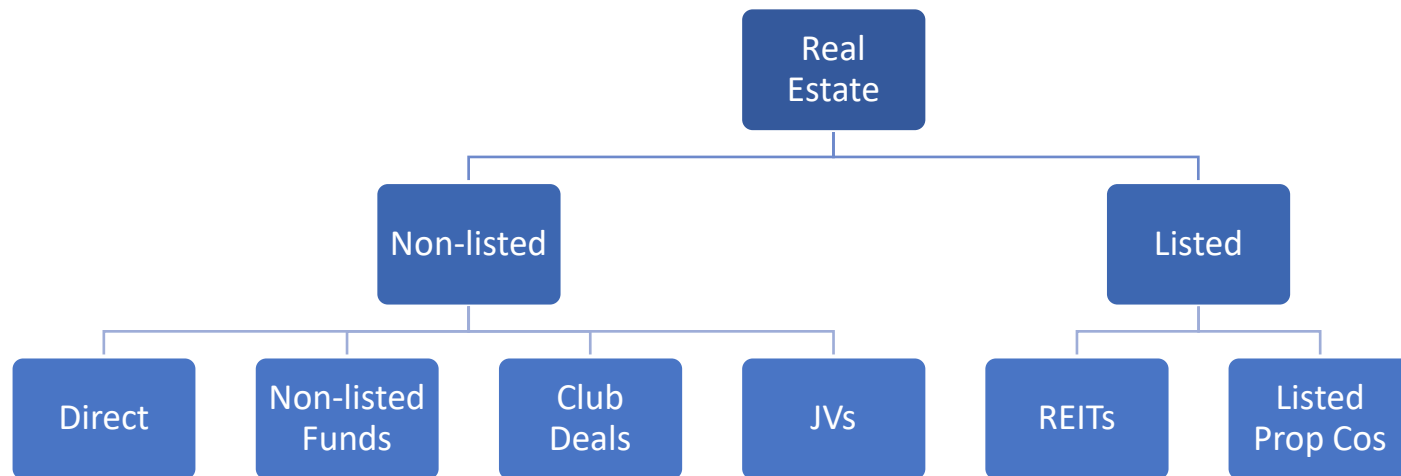
Scale of institutional investment in real estate

- Insurance companies and pension funds
- European institutions Assets Under Management (AUM):
 - € 21 trillion (bonds, equities, alternatives)
 - € 1.1 trillion exposure to real estate (4.7% of AUM)
- Blurred boundary with social infrastructure

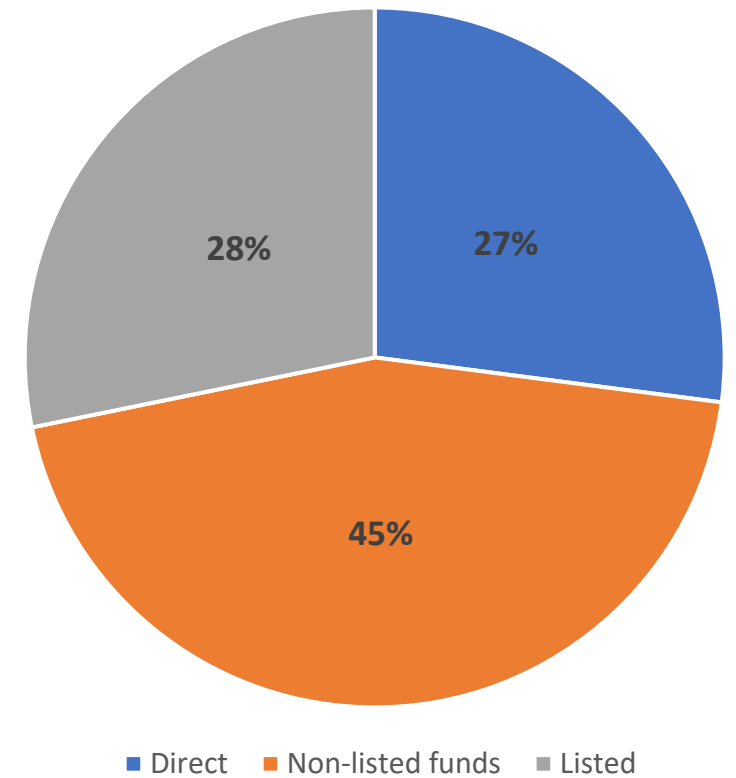
Portfolio structures
(INREV and EPRA EU & UK portfolios), 2021



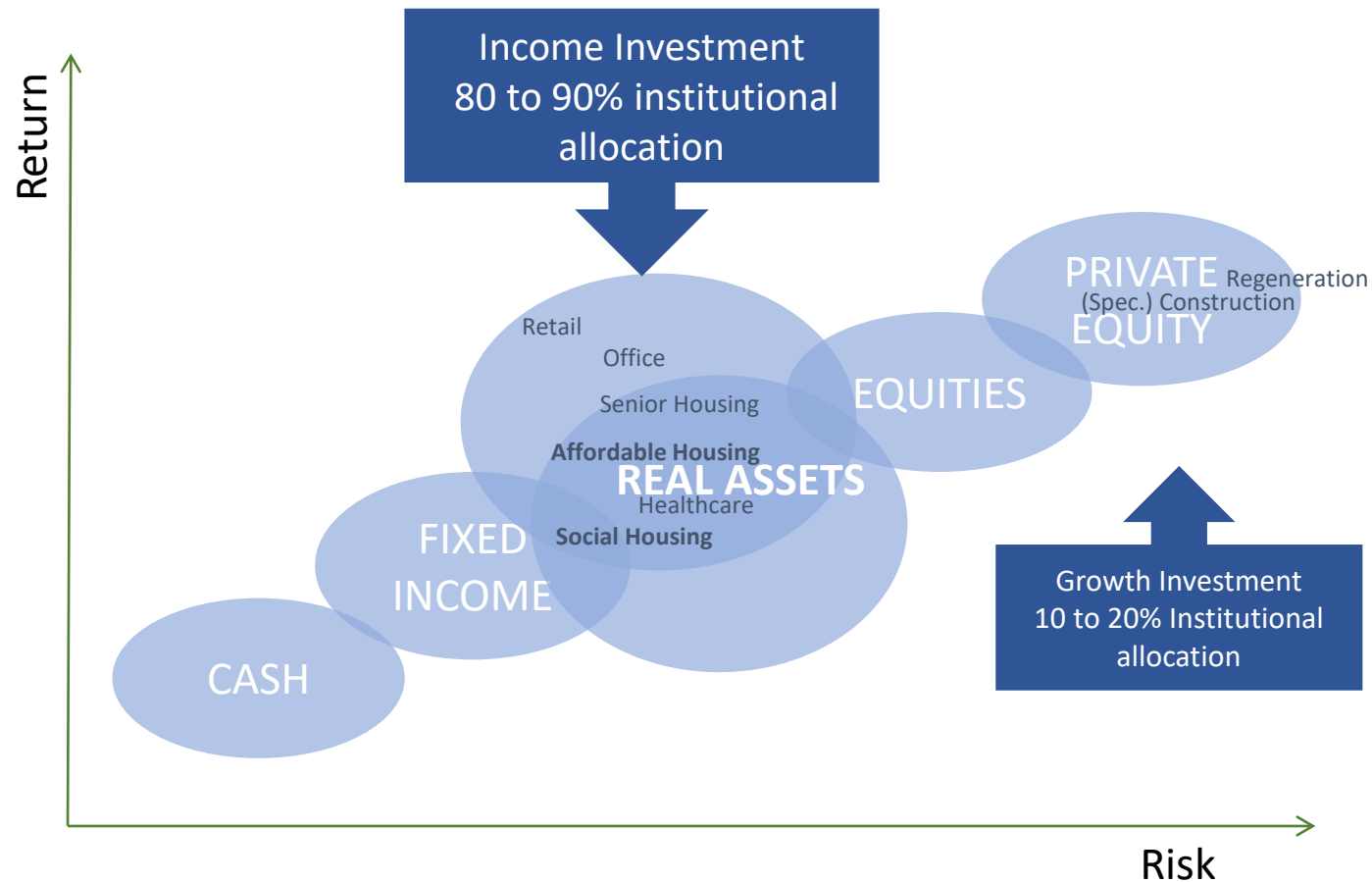
How do institutions invest in real estate?



How institutions invest in real estate



What is the purpose of real estate investments for the portfolio?



- Who are institutions investing on behalf of?
 - Defined benefit pension and life insurance plans
 - Public sector, health and education workers
- What is their over-riding objective?
 - To uphold their fiduciary duty to pensioners & savers
 - Duration matching of assets and future liabilities
- How do the specific attributes of real estate contribute?
 - Real estate acts as a proxy-bond offering certain long-term income
 - Risk premia to compensate for higher transparency, liquidity and management risks
 - Delivers strong diversification benefits for the portfolio

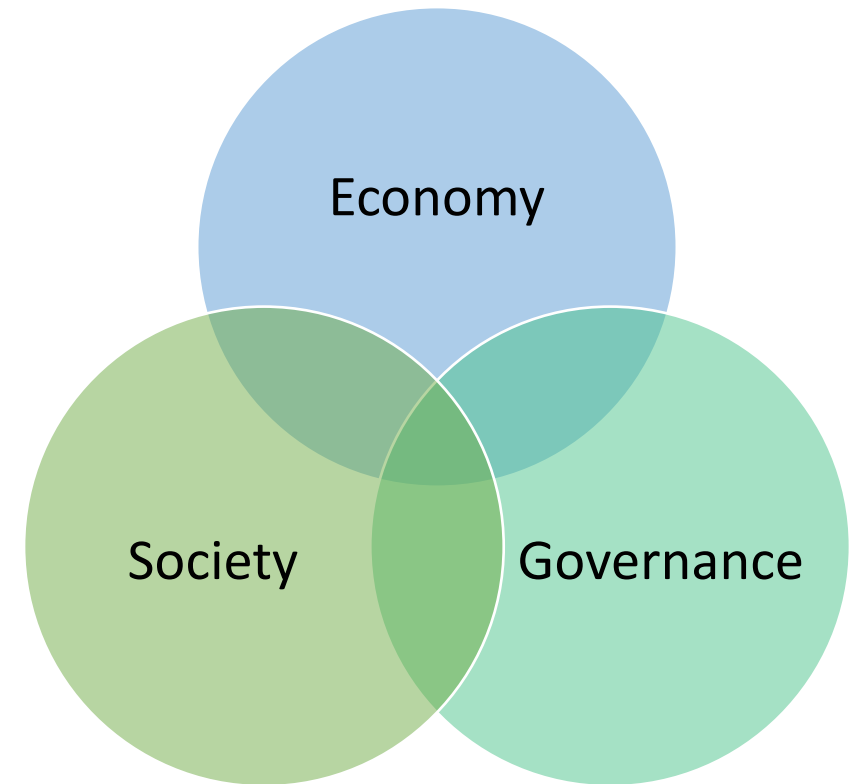
What is the wider importance of institutional real estate investment?

- Institutional investors underpin the European real estate industry, which contributes 2.7% to GVA and 4.2 mn jobs to the economy¹
- Around 35% of all commercial real estate is held as investment, providing occupying businesses with financial and strategic agility, enabling them to focus on their core activities
- Since the GFC, institutional real estate investment strategies have tilted towards long-term structural trends for example, ageing society, urbanization, income/ wealth polarisation and climate change.
- By focusing on economic and societal challenges they are able to develop real estate anchored solutions, for example
 - Social and/ or affordable housing
 - Senior housing – independent, assisted and dependent living
 - Healthcare – hospitals, rehabilitation, nursing homes
 - Education
- For pensions and savings plans, this offers attractive risk adjusted returns
 - Secure, long-term income
 - Dislocation from economic cycles, lowering volatility risk
 - Enhanced diversification benefits



Institutional investors bring more than capital to the table

- Institutional investors are Universal Investors – It is prudent for them to be holistic and long-term in their strategic planning
- Institutional investment in real estate provides:
 - Increased transfer of knowledge and best practice
 - Quality of provision and service
 - Enhances governance practices
- As early signatories to UN PRI and Agenda 2030 SDGs, sustainability and ESG are integral to their mandates
 - The built environment represents 39% of total emissions
 - Institutional real estate investors are pivotal to accelerating decarbonisation
- Institutional investors de-facto stewards of the built environment – and deliver the commercial and social infrastructure the economy and society rely upon.



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Manuel Wormer

Head of Global RE Investment Management
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Jérôme Berenz

Head of Indirect Investments
Allianz Real Estate

Jean-Pierre Hanin

CEO
Cofinimmo



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Bayerische
Versorgungskammer

Bayerische Versorgungskammer („BVK“)

Manuel Philippe Wormer
Head of Global Real Estate Investment Management

BVK is Germany's largest pension group under public law. As a public authority of the Bavarian Ministry of the Interior, it is the joint executive body of twelve occupational and communal pension schemes. BVK is based in Munich and covers about 2.5 million insured persons in total, with contributions of €5.4 billion and about €3.9 billion pension payments annually. It currently has about €100 billion assets under management (market value per mid 2022) and more than 1,460 employees. BVK has been a signatory of the UN Principles for Responsible Investment (PRI) since 2011. It became a member of the Global Real Estate Sustainability Benchmark (GRESB) in March 2020 and joined the Net-Zero Asset Owner Alliance in May 2021.



JEROME BERENZ, HEAD OF INDIRECT INVESTMENTS, ALLIANZ REAL ESTATE

€ 148.5bn
revenues¹

€ 6.6bn
net income²

€ 84.8bn
market cap³

AA Rating
with stable
outlook¹

#1
Property &
Casualty
insurer

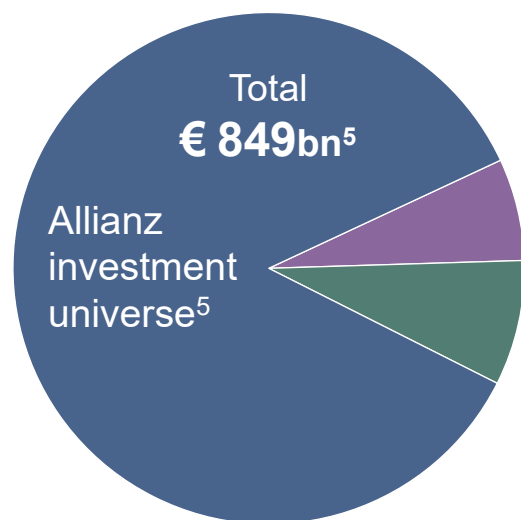
Top 5
Life & Health
insurer

Top 5
Asset Manager
€2.6tn AuM⁴

209%
Solvency II
capitalization¹

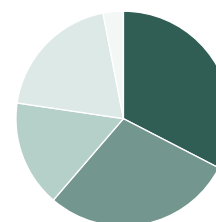
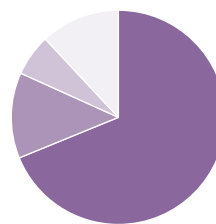
Alternative investment portfolio 2021

€ 212.1bn



Alternative equity
11%⁶

Alternative debt
14%⁶



Allianz Real Estate in numbers⁷



€91.3bn

ASSETS UNDER
MANAGEMENT

€46.5bn

DIRECT EQUITY

€17.7bn

INDIRECT EQUITY

€27.1bn

DEBT INVESTMENTS

Source: Allianz 31st December 2021; 1. FY 2021, 2. FY 2021 attributable to shareholders, 3. December 2021 4. FY 2021, thereof third party assets under management € 1,966bn 5. Based on economic view. Compared to accounting view, it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own use). 6. Alternative equity denoted in market value, alternative debt in book value. 7. Allianz Real Estate data as of 30th September 2022

Jean-Pierre Hanin CEO Cofinimmo



Cofinimmo is a Belgian REIT that has been acquiring, developing and managing rental properties for almost 40 years.

The company has a portfolio spread across 9 European countries, with a value of approximately 6.1 billion EUR, of which 4,2 billion EUR in Healthcare real estate.

Panel discussion

Dr Brenna O’Roarty

RHL Strategic Solutions

Manuel Wormer

Head of Global RE Investment Management, Bayerische Versorgungskammer (BVK)

Jérôme Berenz

Head of Indirect Investments, Allianz Real Estate

Jean-Pierre Hanin

CEO, Cofinimmo



Thank you



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