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Press Release

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FIRST GERMAN PENSION FUND INVESTS IN HERMES EUROPEAN FOCUS FUND

Ärzteversorgung Westfalen-Lippe (“ÄVWL”) has joined other international pension funds as a limited partner in the London-based Hermes European Focus Fund I L.P.

On 3 July ÄVWL, a public pension fund catering to medical doctors in the area of Westfalen-Lippe with some € 6.85 billion of funds under management, has invested € 25 million in the Hermes European Focus Fund (the “Fund”).

Since its launch in 2002 the Fund has aimed at improving the long term prospects of stock exchange listed companies in Continental Europe. With this approach it has outperformed its benchmark (FTSE World Series Europe ex UK Index) in each of the last three calendar years. Since its inception, the total return has been around 60%, some 24% ahead of the index⁽¹⁾. The fund is managed by an international team with an industrial and financial background.

“Many of our most successful investments to date as well as an important part of our current portfolio are based in Germany. We are pleased that our group of international investors is now also joined by ÄVWL, a premier German pension fund”, says Stephan Howaldt, CEO of Hermes Focus Asset Management Europe Ltd.

Andreas Kretschmer, CIO of ÄVWL, stresses two crucial motives for this investment. First, ÄVWL’s diversification philosophy places great importance on the experience and the involvement of fellow investors. Furthermore, an investment in the Hermes fund provides an opportunity to support a proven investment manager in its efforts to exercise corporate governance in the long term interests of shareholders.

Alongside ÄVWL, other important European pension funds and insurance companies like PGGM (the Netherlands), BT Pension Scheme (UK) and Pension Danmark (Denmark) have previously invested in the Fund through the limited partnership structure.

On 3 July Crédit Agricole Asset Management (France), the Local Government Pension Institution (Finland) and another large Finnish pension fund also made contributions to the Fund.

⁽¹⁾ BTPS investment net of charges and performance fees: 25/2/02 – 30/6/06; outperformance relative to FTSE Europe ex UK index is calculated on an arithmetic basis

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Notes to editors

Hermes Focus Asset Management Europe Limited (“HFAME”) is an FSA authorised and regulated fund management company, ultimately 100% owned by the BT Pension Trustees. It manages the Hermes European Focus Funds, launched in February 2002. HFAME currently invests more than EUR 1.5 billion in continental European equities on behalf of 21 institutional investors, mostly pension funds. It seeks to improve long-term value by conducting relational shareholder engagement programmes with investee companies. These programmes typically address issues relating to strategy, capital structure, corporate governance and management. The fund aims to achieve an out-performance of an average of 5%pa on a three year rolling basis over the FTSE World Series Europe (ex-UK) Index.