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Prospectus for the investment group Real Estate Switzerland Retirement and Healthcare ESG

Swiss Life Investment Foundation

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1 General information

The “Swiss Life Investment Foundation” is a foundation set up in 2001 in accordance with Art. 80 et seq. of the Swiss Civil Code and Art. 53g et seq. of the Federal Law on Occupational Retirement, Survivors' and Disability Pensions Plans (BVG) by the former Swiss Life Insurance and Pension Company, now Swiss Life Ltd.

The Swiss Life Investment Foundation, based in Zurich, is subject to supervision by the Occupational Pension Supervisory Commission (OPSC). The Swiss Life Investment Foundation is designed for tax-exempt occupational benefits institutions domiciled in Switzerland. Its purpose is the collective investment and the management of the pension assets entrusted to it by investors.

The Swiss Life Investment Foundation is a member of KGAST (Conference of Managers of Investment Foundations), which obligates its members to meet high quality standards and comprehensive transparency requirements. The highest governing body of the Investment Foundation, the General Meeting of Investors, provides all member pension funds with the opportunity to exercise direct influence through their participation rights. The Swiss Life Investment Foundation is comprised of several investment groups that invest in various asset classes, such as equities, bonds, BVG mixes, real estate, alternative investments and infrastructure.

There are six investment groups in the area of real estate:

- Real Estate Funds Switzerland (real estate investments via target funds with fund-of-funds structure)
- Real Estate Switzerland ESG (direct real estate)
- Commercial Real Estate Switzerland ESG (direct real estate)
- **Real Estate Switzerland Retirement and Healthcare ESG** (direct real estate)
- Real Estate Europe Industry and Logistics ESG (EUR) (real estate investments via target funds)
- Real Estate Europe Industry and Logistics ESG (CHF) (real estate investments via target funds)

This prospectus is for the investment group Real Estate Switzerland Retirement and Healthcare ESG.

2 Investment concept

2.1 Investment strategy

The investment group Real Estate Switzerland Retirement and Healthcare ESG primarily invests directly in real estate in Switzerland. Investments are made in real estate with and without operators.

2.2 Investment objectives

The investment group's investment objective is to achieve long-term returns in line with the market by purchasing, selling, developing, managing and holding retirement and healthcare-related properties in Switzerland over the long term (active portfolio management). In addition, the investment group pursues a systematic and incremental optimisation of the properties in terms of environmental (E) and social (S) criteria as well as aspects of good governance (G) throughout the holding period (ESG).

2.3 Financing and appropriation of income

The investment group is financed by issuing entitlements and reinvesting any income as well as through debt financing obtained by pledging properties as collateral and taking out mortgages.

2.4 Investment guidelines

1. Taking account of an appropriate distribution of risks by region, location and type of use, the investment group's assets are invested in Swiss retirement and healthcare-related properties. Such properties include:
 - a) Apartments suitable for older people, retirement homes with and without services, assisted living facilities, residential care facilities for people with dementia, senior residences and old-age and nursing homes;
 - b) Doctor's offices and medical centres, healthcare centres, laboratories, patient and senior hotels, outpatient therapy centres and clinics and hospitals for inpatient or outpatient care, recovery and convalescence facilities;
 - c) Health-promotion facilities, mixed-use properties and properties and grounds that can be converted to one of the aforementioned uses. Investments are made in real estate with and without operators.

⇒ The investment group primarily makes direct investments pursuant to letters a) to c) above. It aims for the following distribution:

 - Facilities with no inpatient care services 20-90%
 - Nursing and old-age homes 0-50%
 - Healthcare-related properties 0-50%

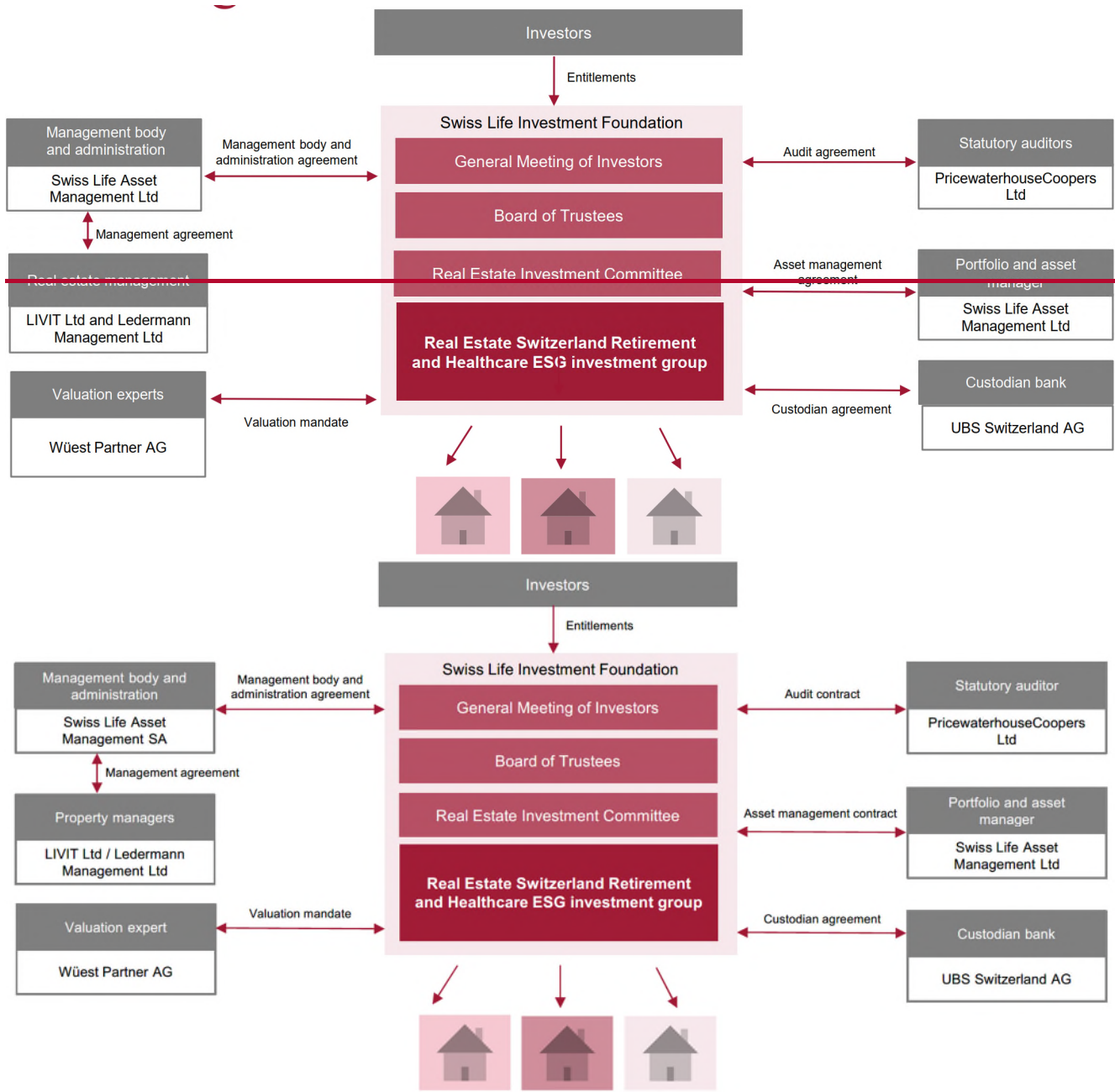
(paramedicine and rehabilitation facilities, doctor's offices, hospitals etc.)
2. The investment group ~~takes ESG criteria into account~~aims to take adequate account of sustainability aspects; it has therefore defined corresponding ESG criteria.
3. The investment group may invest its assets in real estate as the sole owner or as a joint owner, including leasehold buildings and building land.
4. The investments may be made as direct investments or as collective investments.
5. Real estate held by subsidiaries that are owned solely by the investment foundation is considered equivalent to direct investments.
6. Investments in collective investments must be in compliance with Art. 56 BVV 2 and Art. 30 ASV and are limited to a maximum of 25% of the investment group's assets.
7. Investments in collective investments must not jeopardise compliance with the investment guidelines or maintenance of management responsibility.
8. Collective investments are only permitted if their sole purpose is to acquire, build on, let or lease the investment group's own properties. Money market funds are exempt from the purpose limitation.
9. A collective investment may not make up more than 20% of the assets if the collective investment a) is not subject to supervision by FINMA or authorised for sale in Switzerland by it or b) has not been issued by a Swiss investment foundation.

10. Participations in Swiss exchange-listed real estate companies whose sole purpose is to acquire, sell, build on, let or lease the investment group's own properties are permitted.
11. Co-ownership properties without a majority of the co-ownership shares and votes in real estate in accordance with no. 1 a) to c) are permitted as long as their total market value does not exceed 30% of the investment group.
12. Investments in undeveloped sites are permitted if they have been approved for development and are ready for immediate construction, provided that a legally binding building permit is not required.
13. The investment group may not invest in buildings which are purely for factory or agricultural use and cannot be converted to other uses.
14. Investments in building land, construction that has commenced and properties in need of renovations may not exceed a total of 30% of the investment group's assets.
15. The market value of an individual property may not exceed 15% of the investment group's assets. Developments built according to the same construction principles and adjacent plots of land count as a single property.
16. Investments with obligations to make additional payments that exceed the original investment are not permitted.
17. Mortgaging of the properties is permitted. The whole real estate portfolio may be mortgaged on average up to a maximum of one third of the market value. The loan-to-value ratio can as an exception and temporarily be increased to 50%, if this is necessary for liquidity purposes and is in the interests of the investors. The value of the real estate collective investments exceeding a loan-to-value ratio of 50%, can comprise a maximum of 20% of the investment group's assets.
- ~~18. Liquid assets may be held for the purpose of liquidity management. Money market funds are limited to 10% of the investment group's assets. In addition to sight and time deposits at first class banks and the post office, money market investments may be made for liquidity management.~~
- ~~19. Where there is a lack of investment opportunity, the investment group may also invest in Swiss franc debt securities of debtors based in Switzerland, with a term or remaining term of up to 12 months. A minimum requirement for acquiring such direct debt securities acquisition is an "A" rating and the average rating quality must be at least "A+".~~
- ~~18-20. Loans backed by mortgage collateral in accordance with Art. 53, cl. 1b, no. 6 of the BVV 2 (Swiss mortgage deeds) to other Swiss Life Investment Foundation investment groups with direct investments in real estate in Switzerland are also permitted both for liquidity management or and in the absence of investment opportunities. The term of the loans may not exceed 12 months. The loans may not exceed 10% of the net asset value (NAV) of the investment group.~~
- ~~21. A maximum of 5% of assets may be invested in equity securities from the same real estate company in accordance with no. 10.~~
- ~~19-22. A maximum of 10% of the assets may be invested with the same debtor.~~
- ~~20. The provisions under 1, 11, 14 and 15 are not binding for up to five years following the initial issue (i.e. up to 29 November 2022).~~

2.5 Due diligence

The due diligence process includes a thorough qualitative and quantitative analysis of the property or collective investment to be acquired. This involves a review of financial, legal and technical aspects as well as ESG criteria in particular.

3 Organisation



3.1 General Meeting of Investors

The highest governing body of the foundation is the General Meeting of Investors, which comprises representatives of all investors. The General Meeting of Investors meets when required by the foundation regulations, but at least once per year.

For the duties and powers of the General Meeting of Investors, please see the Articles of Association and the foundation regulations of the Swiss Life Investment Foundation.

3.2 Board of Trustees

The Board of Trustees is the highest executive body. It has all the duties which are not expressly within the remit of the General Meeting of Investors, the statutory auditor or the supervisory authority. The Board of Trustees

represents the foundation to external parties. The Board of Trustees comprises a minimum of five expert members, who must be natural persons. The members of the Board of Trustees are elected by the General Meeting of Investors. The founding company, its legal successor and persons with economic ties to the founding company, may be represented by no more than a third of the Board of Trustees. The founding company has the right to submit nominations for the election of members of the Board of Trustees. Persons entrusted with the foundation's administration or asset management may not be elected to the Board of Trustees. If the Board of Trustees delegates management to third parties, they may not be represented on the Board of Trustees.

3.3 Management body and administration

The management body of the Swiss Life Investment Foundation is responsible for the day-to-day business of the foundation within the framework of the Articles of Association, the foundation regulations, the investment guidelines and any other special regulations, directives and ordinances issued by the Board of Trustees. It is also responsible for administering the investment group, carries out performance controlling and coordinates cooperation with the statutory auditor and the supervisory authority.

3.4 Portfolio and asset manager

Portfolio and asset management for the investment group have been delegated to Swiss Life Asset Management Ltd. Swiss Life Asset Management Ltd selects the properties and can be authorised by the Board of Trustees to conduct transactions. The Board of Trustees will be informed of acquisitions at the next meeting.

3.5 Real Estate Investment Committee

The Real Estate Investment Committee is convened by the Board of Trustees and serves as an advisory body to the latter in the following duties:

- Preparing and recommending large real estate transactions for the attention of the Board of Trustees
- Carrying out preliminary discussions on special real estate topics, such as contributions in kind of real estate from current or new investors, opening the investment group for the issue of new entitlements etc.

3.6 Property ~~management~~managers

Property management is based on the portfolio and asset manager concept and is provided by LIVIT Ltd and Ledermann Management Ltd.

3.7 Valuation experts

The foundation ensures that the value of the real estate properties is assessed once a year by the independent valuation expert(s). The estimated value can be used for the annual accounts, provided no obvious significant changes have taken place since the valuation.

Before the acquisition and sale of real estate, a valuation must be carried out by the valuation experts. The valuation expert visits the properties ~~The experts survey the properties~~ to carry out the valuation.

The investment foundation has appointed Wüest Partner AG as the independent valuation experts.

3.8 Statutory auditor

PricewaterhouseCoopers ~~AG-Ltd (PwC)~~ has been appointed as statutory auditor for the investment foundation. The duties of the statutory auditor are defined in Art. 10 of the Ordinance on Investment Foundations (Verordnung über die Anlagestiftungen, or ASV). They include reviewing compliance with the provisions of the Articles of Association, the foundation regulations and the investment guidelines. It also verifies the value of contributions in kind.

3.9 Custodian bank

The custodian bank for the investment group is UBS Switzerland AG.

4 Issue and redemption of entitlements

4.1 Issue of entitlements

Investors are, as a general rule, eligible to acquire as many entitlements as they wish within the framework set by the foundation regulations and in accordance with their own investment guidelines.

Entitlements are acquired through the issue of new entitlements by the foundation. Free trading in entitlements is not permitted. The assignment of entitlements among investors is permitted ~~in individual justified cases and for less liquid investment groups~~ subject to prior approval by the management body.

As a rule, the foundation can accept capital commitments at any time and of any amount. The rights and obligations involved in a capital commitment are regulated in this prospectus (see subsequent paragraphs), in the foundation regulations and in a separate contract on capital commitments.

A capital commitment is a binding offer to acquire entitlements in the Real Estate Switzerland Retirement and Healthcare ESG investment group. It contains the irrevocable and unconditional undertaking to pay the capital call (to deposit money equivalent to the called amount) to the investment foundation on first request.

~~Upon receipt of subscriptions and/or capital commitments, the management body may make reductions in accordance with objective criteria. If the capital commitments exceed the issue volume, the Swiss Life Investment Foundation management body may make reductions.~~

The management body decides on the exact number and timing of the individual capital calls.

Capital calls are to be paid within at least ten bank working days. The details of the legal repercussions in the event of late payment are governed by a separate contract regulating capital commitments.

Upon written request of an investor, the management body can offer their binding capital commitment in favour of an investment group to one or more other former or potential investors.

4.2 Issue price

Entitlements are issued at the valid net asset value as of the issue date, plus an issuing commission. The equivalent value of the issue price must generally be paid in cash. With the agreement of the investment foundation, it may also be provided as a contribution in kind (see 4.5 below).

4.3 Redemption of entitlements

Investors may at any time, taking account of the relevant notice periods, request the redemption of some of all of their entitlements by the foundation. Entitlements are sold through the redemption of existing entitlements by the foundation. Free trading in entitlements is not permitted.

The entitlements are redeemed at the end of the quarter. The notice period is six months. The entitlement to redemption of the cancelled entitlements is limited to CHF 2 million per investor and quarter (cap). All cancelled entitlements will be redeemed within 24 months of the beginning of the notice period at the latest. Irrespective of this, redemption can be deferred in accordance with Art. 9, no. 7 of the foundation regulations.

-In the event of a resale on the value date, a daily redemption of entitlements is possible without redemption commission and without limiting the redemption volume.

4.4 Redemption price

The redemption price per entitlement is the net asset value on the date of redemption, minus a redemption commission.

4.5 Contributions in kind

The management body may allow an investor to make a contribution in kind for the investment rather than a cash payment. A contribution in kind is only permitted if the real estate provided is consistent with the investment policy and the investment guidelines and does not infringe on the interests of the other investors in any way.

Contributions in kind are generally valued on the basis of the discounted cash flow method; where necessary, another proven method may be used. The value of a contribution in kind will be confirmed by a second, independent expert and verified by the statutory auditor.

Contributions in kind are permitted at any time.

5 Net asset value

The net assets of a real estate investment group are calculated based on the value of individual assets, plus any accrued interest, less any liabilities and likely taxes incurred in the liquidation of the properties.

The market value of the real estate is calculated upon each individual purchase on the basis of the discounted cash flow method or, in the case of construction projects, using an adequate valuation method.

The net asset value of an entitlement is determined by dividing the net assets of the relevant investment group by the number of existing entitlements on the date of the calculation. The net asset value is calculated daily.

6 Fee structure

The following fees and costs ~~and expenses~~ result in a reduction of the returns that can be achieved on the entitlements by investors.

6.1 Management fee

The investment group is charged a management fee of no more than 1.00% p.a. of the total assets for the management and administration of the foundation and the investment group by Swiss Life Asset Management Ltd. The fees are governed by the fee and costs agreement.

6.2 Property management

As compensation for management of the individual properties, the investment group is charged a maximum of 4.50% of the actual annual net rental income.

6.3 ~~Purchase and sale~~ Transaction commission

The investment group is charged a maximum commission of 2.00% of the transaction volume for the purchase and sale of real estate and properties.

6.4 Construction ~~commission~~ and renovation fee

The investment group is charged a maximum construction and renovation fee of 3.00% of the total costs for constructing buildings as well as for renovations and conversions.

6.5 Issue commission

A maximum issue commission of 5.00% in favour of the investment group may be charged.

6.6 Redemption commission

A maximum redemption commission of 5.00% in favour of the investment group may be charged. No redemption commission is charged on entitlements that are resold by the relevant value date.

6.7 Other costs ~~and expenses~~

In addition to standard property ~~expenses~~ costs, the investment group will be charged the costs that third parties invoice (special valuation costs, property-related fiduciary fees, administration fees, change of ownership taxes, notary expenses, duties, attorney and court costs, brokerage fees and specific property costs etc.).

7 Risk information

The price at which entitlements are redeemed depends on, among other things, the future performance of the investment group's real estate portfolio. If the performance is unfavourable, investors risk losing some or all of the capital they have invested. Because of its special focus, it is recommended that the investment group be used solely for diversification purposes.

Investments in real estate, particularly healthcare and retirement-related real estate, involve the following risks:

7.1 Risks associated with the adopted sustainability approach

Incorporating the sustainability strategy can lead to increased investment in repair work. When assessing an investment, the weighting of ESG factors is based not only on quantitative but also on qualitative assessments. There is therefore invariably a certain degree of subjectivity and discretion in the evaluation. Energy consumption data is obtained from the commissioned property managers and other third-party providers. As a result, there is a certain dependence on the quality and timeliness of the data. Despite appropriate control processes, a certain susceptibility to errors or reduced data coverage during a reporting period cannot be completely ruled out.

7.2 Liquidity risks

In general, real estate is not very liquid. It is thus more difficult to sell than exchange-listed securities. For this reason, it can take longer to repay entitlements to the investment group that have been redeemed (see 4.3 above).

7.3 Location risks

Location and the utilisation of a location are generally very important when selecting properties. Several other factors are important as well, such as accessibility, the type of use, construction quality and taxes, the attractiveness of a building and the value of the property.

7.4 Development risks

Delays may be caused by government regulations and problems with the planning and construction of a building. Planning and budgeting entail the risk of cost overruns. The following elements can have a negative impact on the income from a construction project: defects, poor construction or construction errors that can cause unexpected and above-average maintenance and renovation costs. There may be a loss of income in connection with the letting of new properties. Special-use buildings may require operating permits that may not be issued during the development phase.

7.5 Tenant market risks

Rental income is subject to economic fluctuations and restrictions imposed by tenancy law. Demand for rental space generally depends on the economic situation and demographic developments. Properties tailored to specific users may make a conversion to other uses difficult.

7.6 Force majeure

In connection with force majeure (e.g. earthquakes, floods, environmental damage, terrorism or pandemics such as Covid-19), there can be considerable economic impacts that can affect the real estate market to varying degrees.

7.7 Environmental risks

Properties and projects are reviewed for environmental risks when they are acquired or before construction is started. If discernible environmental damage or problems are found, either the expected costs are included in the risk analysis or purchase price calculation, indemnification is agreed with the seller or a decision is taken not to purchase the property. However, the possibility of subsequently uncovering environmental problems generally cannot be excluded. Such problems can result in significant unforeseen clean-up costs with a corresponding impact on the value of the asset.

7.8 Valuation risks

The valuation of the properties depends on many factors and is subject to a certain degree of subjective assessment of these factors. As a result, the values of the properties determined as of the value date and reviewed by the valuation experts may deviate from the price received from the sale of the property, as the sale price is based on supply and demand at the time of the sale.

7.9 Interest rate risks

Changes in capital market interest rates affect the mortgage and discount rates of independent real estate appraisers. This, in turn, can affect financing costs, the development of rental income and thus the value of the real estate.

7.10 Regulatory risks

Some aspects of healthcare are subject to government regulation. Changes or reforms may affect properties in the retirement and healthcare segment.

7.11 Operator risks

Rental income and the value of real estate may depend on the success of the operator. Economic difficulties experienced by the operator may have a negative impact on the investment group.

7.12 Restricted third-party use

Retirement and healthcare-related properties may include buildings that restrict or prohibit use by third parties.

7.13 Counterparty risks

The counterparty risk with real estate investments is the risk of tenants failing to fulfil their contract, resulting in a default on payment. A payment default can reduce the value of the properties in the investment group.

7.14 Concentration risks

When acquiring properties there may be corresponding concentration risks, including in terms of regions and individual tenants. If there is insufficient portfolio diversification, the performance of the portfolio may be affected by the corresponding geographic business/economic performance.

8 Taxes

Because its income and assets are intended solely for occupational pensions, the investment foundation is exempted from direct federal, cantonal and municipal taxes (Art. 80, cl. 2 of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans of 25 June 1982 [BVG] in conjunction with Art. 23, cl. 1 let. d of the Federal Law on the Harmonisation of Direct Taxation at Cantonal and Communal Levels of 14 December 1990 [DTHA] and Art. 56 let. e of the Federal Law on Direct Federal Tax of 14 December 1990 [DBG]).

The investment foundation, on the other hand, is not exempt from property taxes (in particular real estate taxes on the gross value of the property), real estate transfer taxes and legal transaction taxes (in particular stamp duty) as well as taxation of added value from the sale of properties.

Distributions of income by the investment foundation are made without deduction of Swiss federal withholding tax. The investment foundation is entitled to claim reimbursement of withholding tax incurred by an investment group.

9 Further information

Investment category

Real Estate Switzerland (Art. 53 cl. 1 let. c BVV 2). The entitlements are considered to be a collective investment (Art. 56 BVV 2).

Swiss security number

38 555 648

Accounting year

1 October to 30 September

Accounting unit

Swiss francs (CHF)

Distribution policy

The investment group's net income is generally reinvested annually. The Board of Trustees can decide to distribute net income to investors in proportion to the number of entitlements they hold.

Benchmark

KGAST Real Estate Index

Investor information/publications

The Articles of Association, foundation regulations, investment guidelines, factsheets, annual and quarterly reports and other key investor information can be found at www.swisslife.ch/investmentfoundation.

Amendments and entry into force

Amendments to the prospectus are requested by the management body and approved by the Board of Trustees. The amended prospectus is immediately sent to all investors in the investment group in a suitable format.

This prospectus replaces the one from ~~30 September 2022~~ ~~31 March 2022~~ and enters into force on ~~30 September 2023~~ 30 September 2022.