

Swiss Life Asset Managers plans new European real estate fund

- Launch of a new fund product planned for autumn 2017
- Investment focus on commercial properties with stable value in European metropolitan regions
- Swiss Life Ltd aims to make a substantial investment at its inception and thus remain committed to this fund over the long term
- At the launch, the fund is to have capital of at least EUR 250 million
- A volume of over EUR 1 billion is envisaged in the medium term
- Listing is expected in three to five years



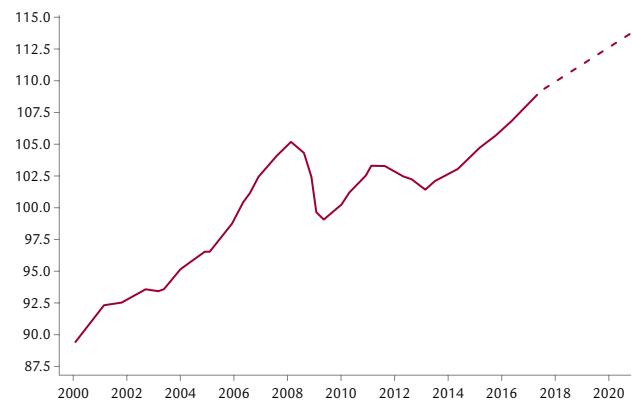
Advantages of investing in European real estate

Investments in European real estate generate attractive returns in the current low interest rate environment. They also have a low correlation to other asset classes. Exposure to European real estate reduces the overall risk of a Swiss real estate portfolio. A limited range of offerings and intense competition are making it ever more difficult for institutional investors to find attractive properties in Switzerland. Thanks to investment in European real estate, Swiss investors can significantly expand their investable universe. Other advantages include the generation of stable returns through rental income and protection against potential inflation.

Stable real estate market with a positive outlook

Economic forecasts indicate short to mid-term stable growth in Europe. We anticipate GDP growth of 1.7% in the current year and 1.3% in 2018 for the Eurozone, supported by positive leading indicators such as the Consumer Confidence and Purchasing Managers Index. Growth is increasingly widely buttressed across countries and sectors. The unemployment rate in the currency union sank from a high of 12.1% in March 2013 to 9.5% as of March 2017, its lowest level since 2009.

Real gross domestic product in the Eurozone

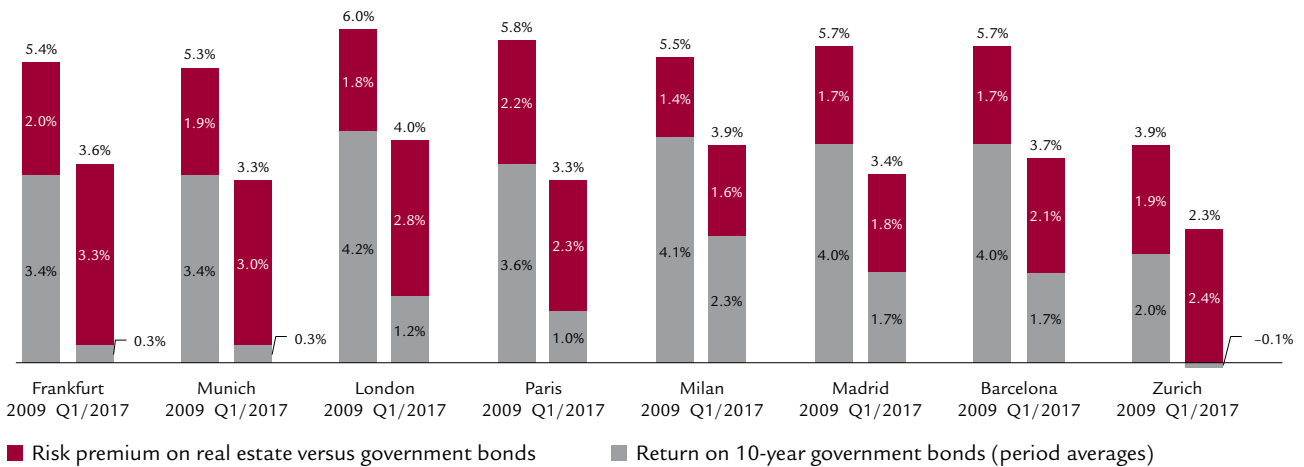


— Eurozone: Real gross domestic product (2010 = 100)

Source: Macrobond/as of 03.07.2017

Economic development and the continuing low interest-rate environment are having a positive effect on the real estate market, with returns for European real estate investments set to remain mostly stable in the current market environment according to our growth forecasts. We are expecting rising rents for office and retail spaces as vacancies fall.

Risk premium for prime real estate investments – for example office markets (in %)



Source: PMA, Wüest Partner, Macrobond/as of 11.07.2017

Broadly diversified real estate portfolio

The planned real estate fund aims to invest in European office, retail and residential real estate as well as mixed-use properties. It will focus on Core and Core+ locations in large European cities and regional centres as well as their suburbs. The geographic focus of its investments will be European core markets (Germany, Austria, France and Benelux) with a strategic target allocation between 40% and 60% of capital assets. We are also planning investments in the United Kingdom (10–20%), Scandinavia (10–20%) and Southern Europe (10–20%). Our selection of locations will be guided primarily by the real estate market cycles, economic strength, economic forecasts and a comprehensive local property analysis.

Investment strategy

- Investments will focus on office, retail and residential real estate as well as mixed-use properties
- Selection of properties located centrally (Core and Core+ locations in large European cities and regional centres and their suburbs) with a low risk profile
- Focus on commercial multi-tenant structures; commercial single tenants as long as the tenant demonstrates adequate solvency
- Diversification in terms of geographical location, type of use, size and age with a clear focus on stable-income and stable-value investments
- Increase of rental income and stabilisation of property values via proactive asset management (“buy and manage”)

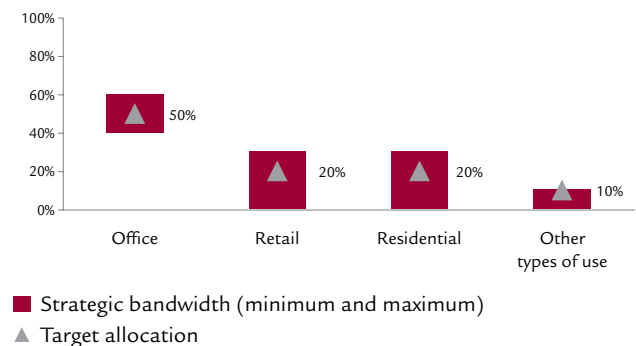
Strategic allocation and indicative performance

Investment with focus on Core and Core+ real estate in Europe:

- Office 40–60%
- Retail 0–30%
- Residential 0–30%
- Other uses 0–10%

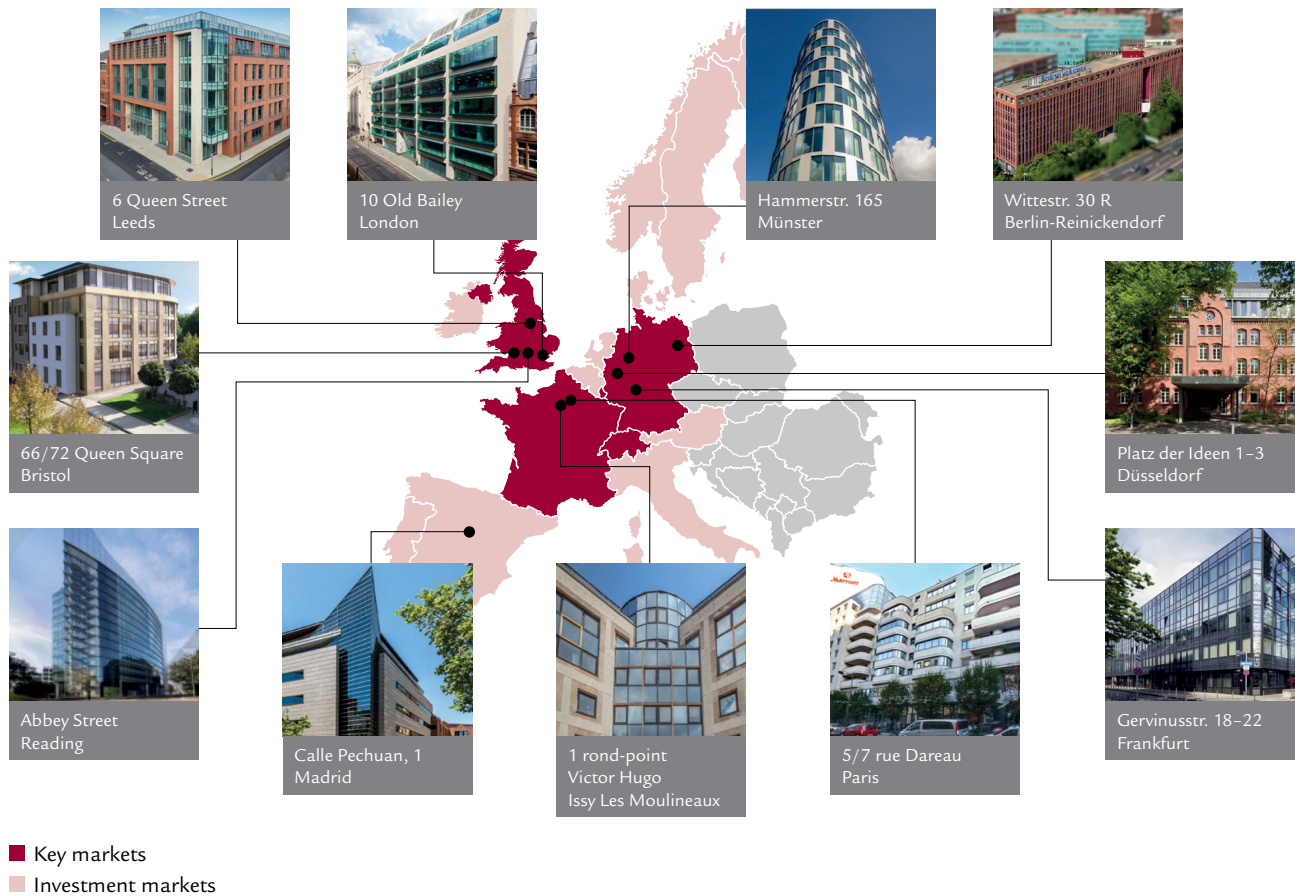
Given current market conditions, an average overall performance of 5% and a yield on distribution of between 3% and 4% are reasonable expectations for a fund of commercial properties in European metropolitan regions.

Sectoral investment strategy



Source: Swiss Life Asset Managers

Sample portfolio¹⁾ (as at July 2017)



¹⁾ The sample portfolio comprises properties currently under review. These may differ from the properties actually acquired.

Source: Swiss Life Asset Managers

Reasons for a commitment

- The planned real estate fund will offer institutional investors access to a real estate portfolio broadly diversified by country and sector
- Great diversification potential for Swiss investors / logical complement to Swiss real estate investments
- Strong commitment by Swiss Life Ltd as long-term investor (“alignment of interest”)
- Swiss Life has many years of experience in real estate portfolio and asset management, coupled with outstanding knowledge of local markets and a strong local presence
- Sound growth expectations suggest stable returns and increasing rents for European real estate investments
- Partial inflation protection, since rents in many European countries are directly linked to the consumer price index
- Attractive conditions for first-time investors

About Swiss Life Asset Managers

Swiss Life Asset Managers has successfully expanded its investment business with third-party clients in recent years. Assets under management in this area have more than tripled in the past five years and came to over CHF 52 billion at the end of March 2017. Together with the investments of Swiss Life’s insurance companies, Swiss Life Asset Managers has assets of over CHF 200 billion under management. With properties valued at around CHF 72.3 billion as of the end of 2016, Swiss Life Asset Managers is Europe’s largest institutional real estate investor²⁾ with locations in Switzerland, France, Germany, Luxembourg and the United Kingdom. There are more than 1100 employees working in Real Estate.

²⁾ PropertyEU, Top 100 Investors, October 2015 and 2016

As of: July 2017

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