



Prospectus for the investment group Real Estate Switzerland Retirement and Healthcare

Swiss Life Investment Foundation

Contents

| | | | | | |
|----------|---------------------------------------|-----------|----------|----------------------------|-----------|
| 1 | General information | 4 | 7 | Risk information | 12 |
| | | | 7.1 | Liquidity risks | 12 |
| | | | 7.2 | Location risks | 12 |
| | | | 7.3 | Development risks | 12 |
| | | | 7.4 | Tenant market risks | 12 |
| | | | 7.5 | Environmental risks | 12 |
| | | | 7.6 | Valuation risks | 13 |
| | | | 7.7 | Interest rate risks | 13 |
| | | | 7.8 | Regulatory risks | 13 |
| | | | 7.9 | Operator risks | 13 |
| | | | 7.10 | Restricted third-party use | 13 |
| | | | 8 | Taxes | 13 |
| | | | 9 | Further information | 14 |
| 2 | Investment concept | 5 | | | |
| 2.1 | Investment strategy | 5 | | | |
| 2.2 | Investment objectives | 5 | | | |
| 2.3 | Financing and appropriation of income | 5 | | | |
| 2.4 | Investment guidelines | 5 | | | |
| 3 | Organisation | 7 | | | |
| 3.1 | General Meeting of Investors | 7 | | | |
| 3.2 | Board of Trustees | 7 | | | |
| 3.3 | Management Board | 7 | | | |
| 3.4 | Portfolio manager | 7 | | | |
| 3.5 | Real Estate Investment Committee | 7 | | | |
| 3.6 | Property management | 7 | | | |
| 3.7 | Valuation experts | 8 | | | |
| 3.8 | Statutory auditor | 8 | | | |
| 3.9 | Custodian bank | 8 | | | |
| 4 | Issuing and redeeming claims | 9 | | | |
| 4.1 | Issue of claims | 9 | | | |
| 4.2 | Issue price | 9 | | | |
| 4.3 | Redemption of claims | 9 | | | |
| 4.4 | Redemption price | 9 | | | |
| 4.5 | Contributions in kind | 9 | | | |
| 5 | Net asset value | 10 | | | |
| 6 | Fee structure | 11 | | | |
| 6.1 | Management fee | 11 | | | |
| 6.2 | Property management | 11 | | | |
| 6.3 | Purchase and sale commission | 11 | | | |
| 6.4 | Construction commission | 11 | | | |
| 6.5 | Issue commission | 11 | | | |
| 6.6 | Redemption commission | 11 | | | |
| 6.7 | Other costs and expenses | 11 | | | |

1 General information

The “Swiss Life Investment Foundation” is a foundation set up 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 (OAK BV). The Swiss Life Investment Foundation is designed for tax-exempt occupational benefits institutions domiciled in Switzerland. Its purpose is the collective investment and 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 investment foundations, the general meeting of investors, provides all member pension funds with the opportunity to exercise direct influence. The Swiss Life Investment Foundation is comprised of several investment groups that invest in various asset classes, such as equities, bonds, BVG mixes and real estate. There are four investment groups in the area of real estate:

- Real Estate Funds Switzerland (indirect real estate)
- Real Estate Switzerland (direct real estate)
- Commercial Real Estate Switzerland (direct real estate)
- **Real Estate Switzerland Retirement and Healthcare** (direct real estate)

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

2 Investment concept

2.1 Investment strategy

The investment group Real Estate Switzerland Retirement and Healthcare primarily invests 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, developing, managing and holding retirement and healthcare-related properties in Switzerland over the long term.

2.3 Financing and appropriation of income

The investment group is financed by issuing claims 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;
 - d) 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 20–70%
 - 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 may invest its assets in real estate as the sole owner or as a joint owner, including leasehold buildings and building land.
3. The investments may be made as direct investments or as collective investments. Collective investments are limited to a maximum of 25% of the investment group's assets.
4. Real estate held by subsidiaries that are owned solely by the investment foundation (Art. 33 ASV) is considered equivalent to direct investments.
5. Collective investments are the jointly invested assets of different investors. Institutional investment funds used solely for an employee benefits institution are considered equivalent to collective investments. In compliance with Art. 56 BVV 2 and Art. 30 ASV, the investment group may invest in collective investments. Investments in collective investments must not jeopardise compliance with the investment guidelines or maintenance of management responsibility.
6. Collective investments are only permitted if the sole purpose of the investment is to acquire, build on, let or lease the investment group's own properties (Art. 27c ASV).
7. 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.
8. Investments 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.
9. Co-owned properties in which the investment group does not hold a majority of the shares or votes for the property in accordance with para. 1a through d are permitted if the total market value of the property does not exceed 30% of the investment group.

10. Investments in undeveloped properties are permitted if they have been approved for development and are ready for immediate construction.
11. The investment group may not invest in buildings which are purely for factory or agricultural use and cannot be converted to other uses.
12. 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.
13. 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.
14. Investments with obligations to make additional payments that exceed the original investment are not permitted.
15. 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.
16. In addition to sight and time deposits at first-class banks and the post office, money market investments may be made for liquidity management. 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 acquisition is an "A" rating and the average rating quality must be at least "A+".
17. Loans backed by mortgage collateral in accordance with Art. 53, cl. 1b, para. 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 permitted. The term of the loan may not exceed 12 months. The loan may not exceed 10% of the net asset value (NAV) of the investment group.
18. A maximum of 5% of assets may be invested in equity securities from the same real estate companies in accordance with para. 8. A maximum of 10% of the assets may be invested with the same debtor.
19. Deviations from the requirements in accordance with 1, 9, 12 and 13 may be made for a period of no more than five years after the initial issue.

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 auditors 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 Swiss Life Investment Foundation is entitled to nominate a minority of the members of the Board of Trustees, including the chairman. The other members of the Board of Trustees are to be elected by the General Meeting of Investors. A maximum of one third of Board of Trustee members may be involved in operational management, administration or asset management at the foundation.

3.3 Management Board

The Management Board 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 also executes performance controlling and coordinates cooperation with the auditor and the supervisory authority.

3.4 Portfolio 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 may be authorised by the Board of Trustees to carry out transactions; however, Swiss Life Asset Management Ltd must inform the Management Board of the Swiss Life Investment Foundation of such transactions before they are carried out. 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 in-kind contributions of real estate from current or new investors, opening the investment group for the issue of new claims etc.

3.6 Property management

Property management is based on the portfolio manager concept and is provided by Livit 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 experts. 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 first be carried out by the valuation experts. These 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 (PwC), Zurich branch, has been appointed statutory auditor for the present and until further notice. The statutory auditor reviews whether the Management Board has complied with the provisions of the investment guidelines, the regulations and the Articles of Association. 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 Issuing and redeeming claims

4.1 Issue of claims

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

Claims are acquired through the issue of new claims by the foundation. Free trading in claims is not permitted. The assignment of claims among investors is permitted in individual justified cases and for less liquid investment groups subject to prior approval by the Management Board. Upon written request of an investor, the Management Board 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

Claims 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.

4.3 Redemption of claims

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

The notice periods are set by the Board of Trustees and are a maximum of 24 months. Redemptions are possible at least once every quarter.

In extraordinary circumstances, the Board of Trustees can defer the redemption of claims in all or individual investment groups. In such a case it informs all investors concerned. In justified cases, claims can be assigned among investors, subject to the prior consent of the Management Board.

4.4 Redemption price

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

4.5 Contributions in kind

The Management Board 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 the interests of the other investors.

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.

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 a claim is determined by dividing the net assets of the relevant investment group on the date of the calculation by the number of existing claims. The net asset value is calculated daily.

6 Fee structure

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

6.1 Management fee

The investment group is charged a management fee of no more than 1.00% p.a. of total assets for Swiss Life's management and administration of the foundation and the investment group.

6.2 Property management

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

6.3 Purchase and sale 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

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

6.7 Other costs and expenses

In addition to standard property expenses, the investment group will also 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 claims 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, investors are advised to use the investment group solely as a complementary investment.

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

7.1 Liquidity risks

In general, real estate is not very liquid. It is thus more difficult to sell than exchange-listed securities. In the event of unusual circumstances, the Board of Trustees may, with the consent of the General Meeting of Investors, postpone the redemption of claims until after the end of the notice period.

7.2 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.

7.3 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 of a construction project: defects, improper construction or design flaws, which can cause unexpected and higher-than-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.

7.4 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.

7.5 Environmental risks

Properties and projects are reviewed for environmental risks when they are acquired or when construction is started. If environmental damage or problems are found, 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.

8 Taxes

7.6 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.

7.7 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.

7.8 Regulatory risks

Some aspects of healthcare are subject to government regulation. Changes or reforms may affect healthcare and retirement-related properties.

7.9 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.

7.10 Restricted third-party use

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

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. 1d of the Federal Act on the Harmonisation of Direct Taxation at Cantonal and Communal Levels of 14 December 1990 [DTHA]). However, the foundation is subject to property taxes, real estate taxes and property transfer taxes (in particular, property gains taxes and change of ownership taxes).

The distribution of income by the foundation is subject to the federal withholding tax (35% of gross income distributed). The foundation requests reimbursement of this tax on behalf of investors. Income is therefore distributed without deducting the withholding tax and investors do not have to request reimbursement.

9 Further information

Investment category

Real estate (Art. 53, cl. 1c BVV 2). The claims 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 claims they own.

Benchmark

KGAST Immo-Index mixed

Publications

The foundation regulations, the investment guidelines and the annual and quarterly reports are available at www.swisslife.ch/anlagestiftung.

Amendments and entry into force

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

This prospectus enters into force by resolution of the Board of Trustees as at 30 September 2017.

The future starts here.

*Swiss Life Investment Foundation
General-Guisan-Quai 40
P. O. Box, 8022 Zurich
Telephone 043 284 79 79
Fax 043 284 79 80
anlagestiftung@swisslife.ch
www.swisslife.ch/anlagestiftung*