

Opening of the investment group “Real Estate Switzerland Retirement and Healthcare”

- » *Direct investments in age-appropriate and assisted housing, care institutions and healthcare properties*
- » *Investment segment with excellent growth outlook and attractive returns*
- » *Diversification potential and appropriate addition to current Swiss real estate investments*
- » *Longstanding experience of Swiss Life in the asset management of real estate and cooperation with strong partners in the area of age-appropriate housing and healthcare*

On 2 May 2019, the Swiss Life Investment Foundation is planning an opening of the investment group “Switzerland Retirement and Healthcare” with a volume of around CHF 67 million. The investment group offers access to an investment segment with an excellent growth outlook and attractive returns.

Attractive investment opportunity

The investment group “Real Estate Switzerland Retirement and Healthcare” was launched successfully in December 2017. As of the end of January 2019, the investment group includes four properties with a total value of CHF 91.3 million. In November 2018, it acquired the “Oase Rümliang” senior centre with modern age-appropriate residences, an integrated residential care group and shared infrastructure.



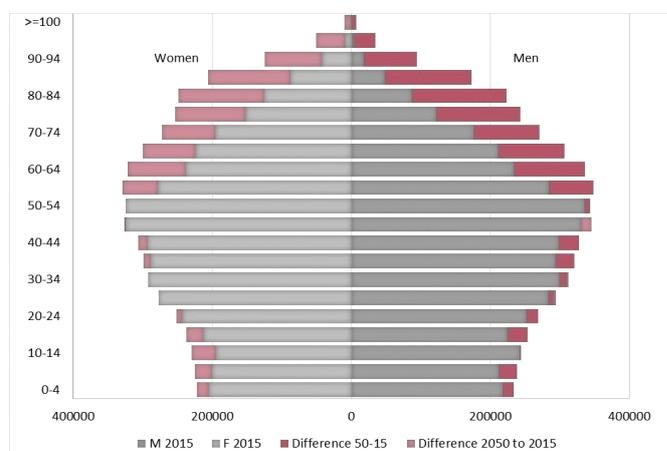
“Oase Rümliang” senior centre
Source: Oase Rümliang

The nearly 200 current investors profited from a net performance in 2018 of 5.18%. A promising acquisition pipeline was developed during this period. The upcoming opening will facilitate the purchase of properties and construction projects and reduce debt financing.

As part of the opening, allocated units will be settled at the net asset value calculated on 26 April 2019, plus an issuing commission in favour of the investment group of 1.5% (= issue price per unit) as protection against dilution with a value date of 2 May 2019. The subscription period runs from 2 to 18 April 2019, 4:00 p.m.

Investment segment with solid growth outlook

Demand for retirement and healthcare real estate is rising sharply as a result of demographic changes and the resulting ageing of the population. Life expectancy continues to rise in Switzerland: according to the FSO, there are already some 400 000 people over the age of 80, and this figure is set to reach around 1.2 million by 2050. Their share of the overall population will increase from 6% to 11%, which presents significant challenges for pensions and caring for the elderly.



Change in the Swiss population (2015 to 2050)

Source: FSO, Swiss Life Asset Managers

Longer self-determined living

The ageing of society and the imminent retirement of the baby-boomer generation guarantee that demand for age-appropriate housing will rise for years to come. Another important factor for housing the elderly is the search to find affordable solutions. According to the FSO, annual spending on healthcare increased from CHF 38 billion in 1995 to CHF 80 billion in 2016, which represents average growth of 3.7% per year in nominal terms. This trend will likely continue in future as well.

Another factor that has led to an increase in demand for housing for the elderly is the social desire for self-determination and the availability of technological developments, such as assistance systems.

Many elderly people wish to retain their independence in their own home for as long as possible. The design of such homes is therefore gaining importance: age-appropriate residences stand out primarily for their accessibility and functional layout. This means sufficient room and no steps. Furthermore, the doors need to be somewhat wider than normal and without thresholds. Location and immediate surroundings are also becoming increasingly important factors as they exert a major impact on opportunities to participate in social life, run errands and make use of everyday services. Social exchange within a building complex is likewise gaining importance.



Seniors want to be able to live in their own home in a self-determined manner for as long as possible.

Source: Swiss Life Asset Managers

Combination of age-appropriate housing and long-term care

If the condition of a senior citizen deteriorates, increased use of care services becomes necessary. Homes for the elderly that offer both age-appropriate apartments and inpatient care beds are appropriate for this situation. The former are normally equipped with an emergency call system. Services can then be requested when the residents consider this necessary. Both minor and more comprehensive care and nursing also take place in the apartments.

The transition between the different forms of housing needs to be as simple as possible so that senior citizens and their relatives can flexibly choose the right forms of

housing depending on their life situation. Correspondingly, the market has seen an increase in combined residential forms, which involve a combination of age-appropriate housing and long-term healthcare.

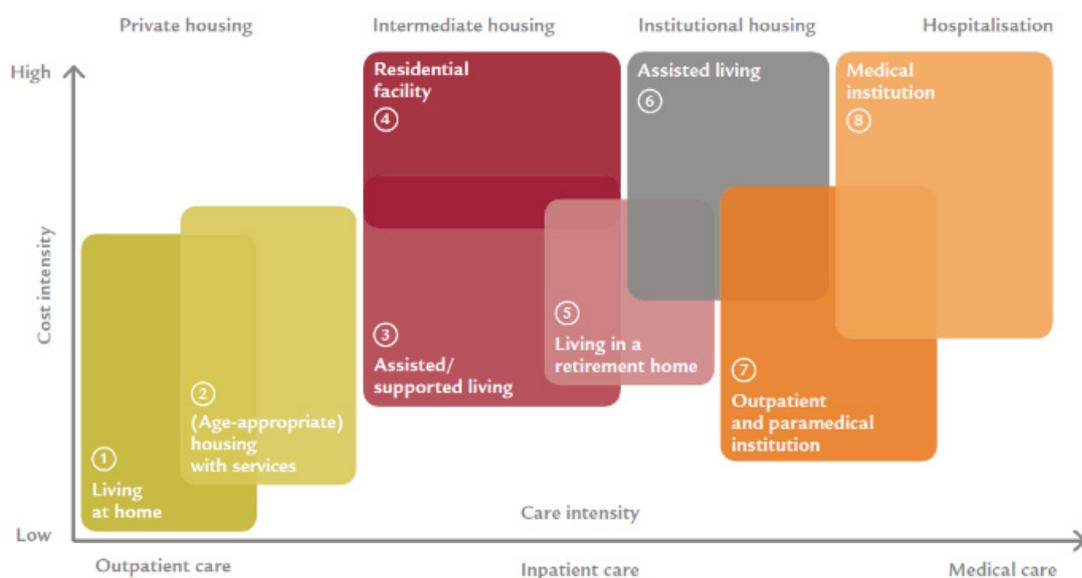
Attractive for investors too

Age-appropriate apartments and nursing homes are less sensitive cyclically than traditional real estate investments and help to increase the diversification of real estate portfolios. Nursing homes have attractive return potential, partially due to operator risks and restrictions on third-party use. However, these risks can be minimised with in-depth knowledge of the real estate, retirement and healthcare market.

Investment group investment strategy

- The investment group invests in age-appropriate and assisted living, care facilities and properties near healthcare providers and hospitals.
- Its investment focus is on direct investments in Switzerland, targeting long-term returns and added value.
- The investment group is broadly diversified, with a main focus on heavily populated conurbations with good public transport connections and areas with a strong demand for retirement and healthcare properties.
- It invests in new construction projects and existing properties as well as real estate with and without management companies.
- The following types of ownership are considered: sole ownership, co-ownership and construction rights. Real estate is purchased through asset deals, contributions in kind or sale-and-rent-back transactions.
- The real estate is managed actively in line with our proven “buy, build and manage” approach.
- In the medium term, it is expected that the investment group will reach a target volume of over CHF 500 million.

Housing forms available for the elderly



Forms of housing in the context of the type of care and cost intensity

Source: Casea, Swiss Life Asset Managers

Good reasons for a participation

- Access to an investment segment with excellent growth prospects
- Diversification potential and appropriate addition to traditional Swiss real estate investments
- Attractive and stable returns for real estate investments in the area of retirement and health
- Investment at the net asset value (NAV) in the form of a new investment group of the Swiss Life Investment Foundation
- Longstanding experience of Swiss Life in real estate management
- Cooperation with strong partners in the area of age-appropriate housing and healthcare

Swiss Life Investment Foundation

Founded in 2001 by Swiss Life Ltd, the Swiss Life Investment Foundation currently has CHF 8.5 billion in total assets under management on behalf of 425 pension funds and collective foundations. It is thus one of the six largest investment foundations. The Swiss Life Investment Foundation has increased its total assets by more than tenfold since 2008, making it the fastest growing investment foundation during this period.

The range of 27 investment groups comprises eight fixed income, nine equity, one alternative investment and four Swiss real estate products as well as five Mixed BVG products. Swiss Life Investment Foundation is a member of the Conference of Managers of Investment Foundations (KGAST) and is monitored by the supervisory oversight commission for the occupational pension system (OAK-BV).

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 64 billion at the end of June 2018. Together with the investments of Swiss Life's insurance companies, Swiss Life Asset Managers has assets under management of over CHF 225.1 billion. With properties valued at around CHF 83.6 billion at the end of June 2018, Swiss Life Asset Managers is Europe's largest institutional real estate investor¹⁾ with locations in Switzerland, France, Germany, Luxembourg and the United Kingdom. There are more than 1 300 employees working in the real estate area.

¹⁾ *PropertyEU, Top 100 Investors, October 2015, 2016, 2017 and 2018*

Key data on the opening of the investment group

Name	Swiss Life “Real Estate Switzerland Retirement and Healthcare”
ISIN/Swiss security no.	CH0385556482 38555648
Legal form	Investment foundation
Launch date	1 December 2017
Volume	Around CHF 67 million
Calculation of issuing price	NAV as of 26 April 2019, plus issuing commission
Issuing commission	1.5% in favour of the investment group (protection against dilution) ²⁾
Subscription period	2 to 18 April 2019 (4:00 p.m.)
Issue of units (value date)	2 May 2019 ²⁾
Appropriation of issue proceeds	Purchase existing properties and construction projects and reduce debt financing
Benchmark	KGAST Index mixed
Management	Swiss Life Asset Management Ltd
Portfolio management	Swiss Life Asset Management Ltd
Valuation expert	Wüest Partner
Supervisory authority	Supervisory oversight commission for the occupational pension system (OAK BV)
Price publications	Bloomberg: ASSL Internet: www.swisslife.ch/anlagestiftung

²⁾ The effective issuing commission on the new issue of a maximum of 469 500 units (approx. CHF 50 million) is 2%. As a maximum of 156 500 additional units with a total value of around CHF 16.7 million with no issuing commission are available for the allocation, an average issuing commission of 1.5% will be charged on the entire allocation of a maximum of 626 000 units (around CHF 66.7 million). The units with no issuing commission are from investors who opted for cash compensation during the spin-off (initial launch on 1 December 2017).

Further information about the investment group “Real Estate Switzerland Retirement and Healthcare” can be found under the following link: www.swisslife.ch/anlagestiftung

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Zurich, January 2019