

Swiss Life Asset Managers expands its portfolio with acquisition of top logistics assets across Europe

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With the purchase Swiss Life Asset Managers further diversifies portfolios of its two funds: ESG European Thematic Income & Growth and ESG European Industrial & Logistics. The strategic investment includes ten logistics assets across Germany, France, Italy and Spain and provides investors exposure to a high performing sector of the market, including access to the growing cold storage logistics market.

The ten grade-A logistics assets located in Germany, France, Italy and Spain have a combined size of 187 967 sqm and a diverse tenant base, with 55% of the portfolio comprised of cold storage logistics. The cities within the portfolio are located along strong logistics routes in established locations that have a solid occupier base. With the exposure to the cold storage logistics market, which is set to grow in the coming years, investors will benefit from an increased allocation to logistics and market diversification. ESG European Thematic Income & Growth fund purchased six and ESG European Industrial & Logistics four of the assets respectively. The parties have agreed not to disclose the sales price.

Both of these ESG funds are Article 8 funds under the EU Sustainable Finance Disclosure Regulation (SFDR). Accordingly, the properties have been assessed in consideration of short- and long-term alignment with the ESG strategy of Swiss Life Asset Managers, focusing on reduced emissions and increased mobility, generating sustainable asset value.

Advantages of logistics real estate investments

Investments in European logistics real estate benefit from a number of megatrends: e-commerce, urbanisation and de-globalisation. Logistics real estate has produced steady returns with low volatility; however, with a current supply/ demand imbalance the sector offers income growth potential in the near term. The Covid-19 crisis has shown that the selection of property in sectors supported by megatrends has been a decisive criterion for success in real estate investments.

In addition to residential and healthcare properties, logistics properties have proved to be extremely robust over the last 18 months. Moreover, logistics investments offer investors diversification benefits.

Cold chain logistics

The cold chain logistics sector is growing, underpinned by population growth and the increased consumer spending on food, pharmaceuticals and other products that are typically stored in temperature-controlled warehouses between their production and sale in the marketplace. The sector benefits from high barriers to entry due to high costs and complexity compared to conventional warehousing, as well as incumbents already having the added advantage of economies of scale, long term customer relationships, working knowledge of complex regulatory compliance and bespoke IT operations. Cold storage facilities serve large “blue-chip” customers including food producers, distributors and retailers as well as smaller family-owned businesses. Another key driver in the cold storage market is the growth in the pharmaceutical sector with the pipeline of biologic drugs in development becoming more temperature-sensitive, resulting in an increased requirement to store medicines at frozen temperatures. The market is expected to grow at a CAGR of 18.3%¹ until 2026.

Longstanding experience in the industrial & logistics investment segment

Swiss Life Asset Managers has successfully expanded its investment business for third-party clients in recent

years. As at the end of June, assets under management totalled approximately EUR 90.2 billion. Together with the investments of Swiss Life's insurance companies, Swiss Life Asset Managers has assets of EUR 250.3 billion under management. With real estate valued at around EUR 100.9 billion as at the end of June 2021, Swiss Life Asset Managers is one of Europe's largest institutional real estate investors².

BEOS AG, part of Swiss Life Asset Managers since 2018, is a specialist and a market leader in Germany for the development and management of industrial and logistics real estate. It operates within Swiss Life Asset Managers as a European centre of expertise for this real estate asset class. As at the end of June 2021, BEOS managed over EUR 4.7 billion in assets in this investment segment.

¹ CBRE Cold Storage -Europe Discussion Materials January 2020; CBRE Cold Storage Market Report July 2020; Savills Market

² INREV Fund Manager Survey 2021 (AuM as of 31.12.2020)

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Swiss Life Asset Managers

Swiss Life Asset Managers has more than 160 years of experience in managing the assets of the Swiss Life Group. This insurance background has exerted a key influence on the investment philosophy of Swiss Life Asset Managers, which is governed by such principles as value preservation, the generation of consistent and sustainable performance and a responsible approach to risks. That's how we lay the groundwork for our clients to make solid, long-term plans – in self-determination and with financial confidence. Swiss Life Asset Managers offers this proven approach to third-party clients in Switzerland, France, Germany, Luxembourg and the UK.

As at 30 June 2021 assets under management for third-party clients amount to EUR 90.2 billion. Together with insurance assets for the Swiss Life Group, total assets under management at Swiss Life Asset Managers stood at EUR 250.3 billion. Swiss Life Asset Managers is a leading real estate manager in Europe¹. Of the assets totalling EUR 250.3 billion, EUR 74.6 billion is invested in real estate. In addition, Swiss Life Asset Managers, in cooperation with Livit, manages real estate totalling EUR 26.3 billion in value. Total real estate under management and administration at the end of June 2021 thus came to EUR 100.9 billion.

Swiss Life Asset Managers employs about 2400 people in Europe.

¹ INREV Fund Manager Survey 2021 (AuM as of 31.12.2020)