

# ALLIANZ REAL ESTATE

## REAL ESTATE INVESTMENTS FROM A GLOBAL INVESTOR'S PERSPECTIVE

Investors Forum 2018

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CEO – Western Europe  
Brussels, January 18<sup>th</sup> 2018



Vertigo, Luxembourg

**Allianz** 

# AGENDA

**01** Allianz Real Estate at a glance

**02** Investment approach

**03** Preferred markets





# WHERE WE WORK

## Top 10 investment destinations<sup>1</sup>

- United States
- Germany
- France
- Switzerland
- United Kingdom & Ireland
- Italy
- Netherlands
- Austria
- Asia Pacific
- Spain

## 17 offices

- Atlanta
- Berlin
- Bern
- Brussels
- Frankfurt
- Geneva
- Hamburg
- Lausanne
- Los Angeles
- Madrid
- Milan
- Munich
- New York
- Paris
- Singapore
- Stuttgart
- Zurich

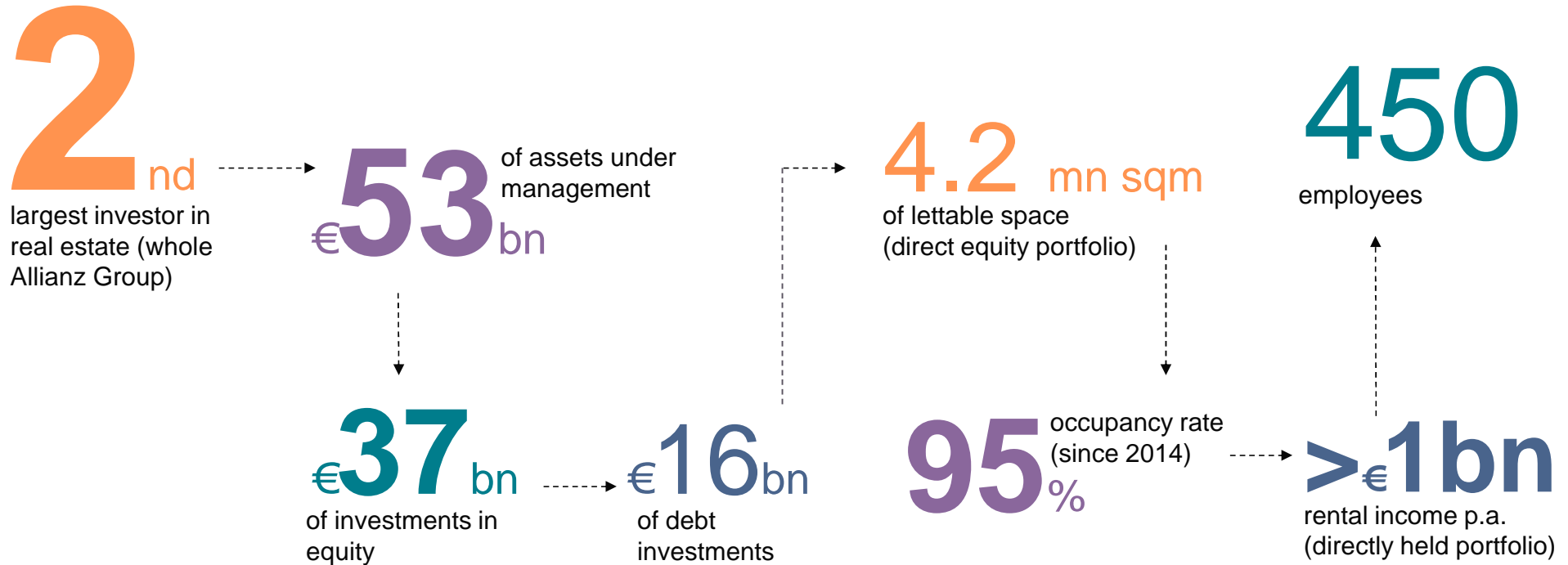
Headquartered in **Munich and Paris**, our operational management is delivered through **local offices** in Germany, France, Italy, Spain, Switzerland, Belgium, the U.S. and Singapore

Our team of **450 dedicated real estate experts** share best practices globally and employ local market expertise to **deliver stable, risk-adjusted returns to our investors** and develop effective partnerships around the world

1 ) standing portfolio (debt and equity)



# OUR KEY FIGURES

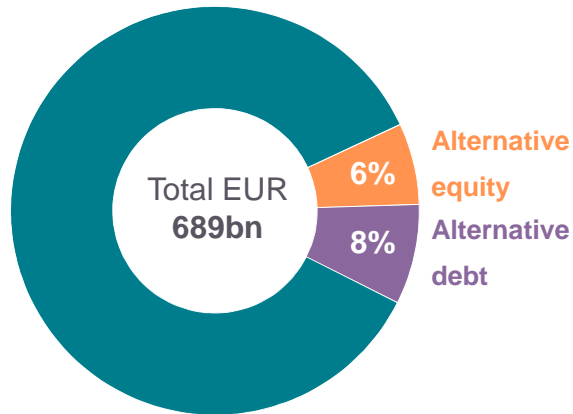




# OUR AUMs

## The case for Alternative Investments...

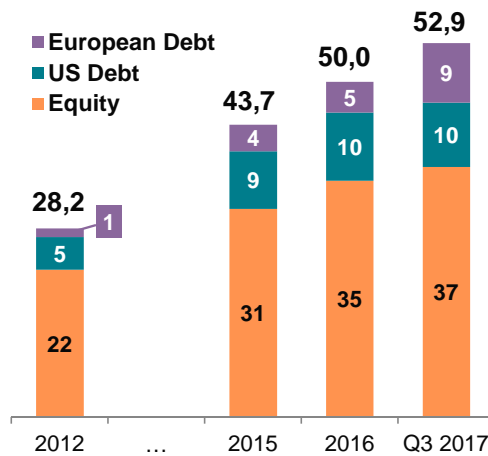
Allianz investment universe



- ∅ Due to the current low-interest environment accompanied by the relative unattractiveness of bonds, Allianz is looking for asset classes with a more appealing risk-return profile
- ∅ Thanks to an increased capital efficiency, Allianz is able to increase its investments in alternatives (18% y-o-y growth) with stable cash flows and thus fit very well from the liabilities side

## ...tremendous growth in AUMs...

Total equity in EUR bn



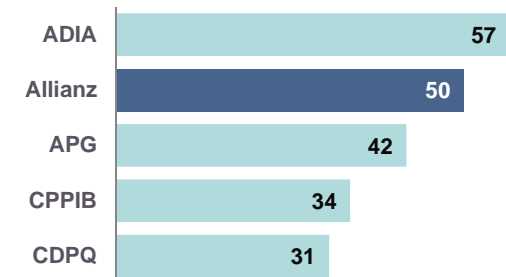
...drives a...

- ∅ ARE's AUMs roughly represent 50% of Allianz alternative assets
- ∅ Mid-term equity target of EUR 50bn, equal to a 35% increase

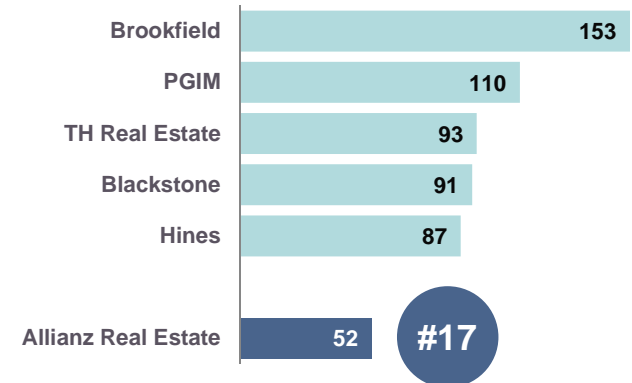
...making us one of the...

## ...largest RE players globally

Global TOP RE investors<sup>1</sup>



Global TOP RE investment managers<sup>2</sup>



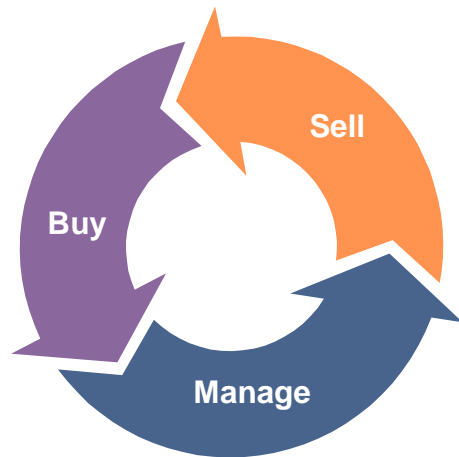
#17

Allianz Real Estate

Source: Allianz Real Estate June 2017; 1) IPE 2017, in EUR bn as of 31.12.2016; RE equity & debt; 2) IPE 2017, in EUR bn as of 30.06.2017; RE equity & debt



# BUY-MANAGE-SELL APPROACH



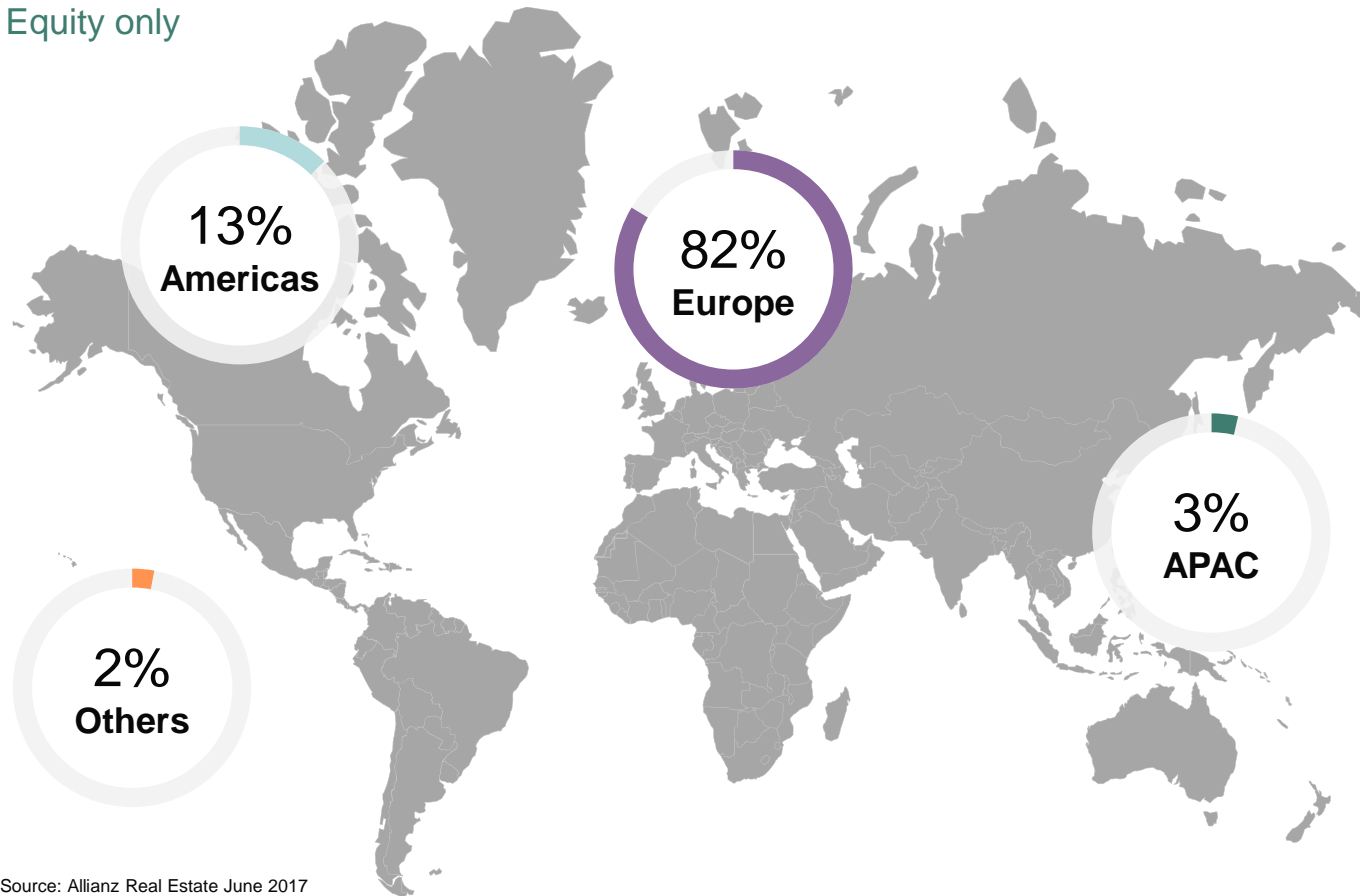
- Buy**
  - where demographics are strong and markets that are deemed to be the winners of the future
  - where supply is constrained (physical, planning etc.)
  - where markets are liquid in the large-scale segment (EUR 100mn +) -> focus on gateway cities
  - where capital is scarce or complexity matters and Allianz can capitalize its strong balance sheets, allowing us to do 100% equity deals (no need to secure financing)
  - when special situations arise (opportunity-driven)
- Manage**
  - reposition assets when our 90 asset managers see (re-)development opportunities
  - Find strong partners, both on the operations side (ca. 40 partners) as well as on the tenant side to maintain a 95%+ occupancy rate across our portfolio
- Sell**
  - assets that lost their strategic fit and no longer match with our clients strategy
  - smaller assets to generate economies of scale on the asset management side

Our ultimate goal is to achieve a portfolio with a **modest risk profile** and the **highest – possible – returns for our clients**, therefore we diversify our **portfolio across regions and asset classes**

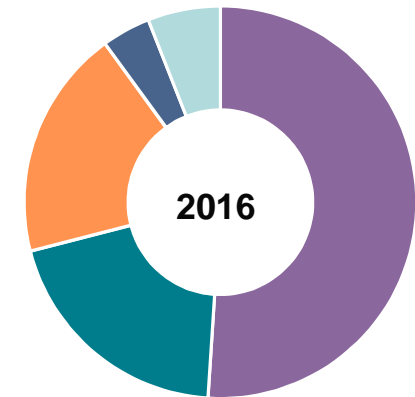


# DIVERSIFICATION BY GEOGRAPHY AND LOCATION

Asset allocation by regions  
Equity only



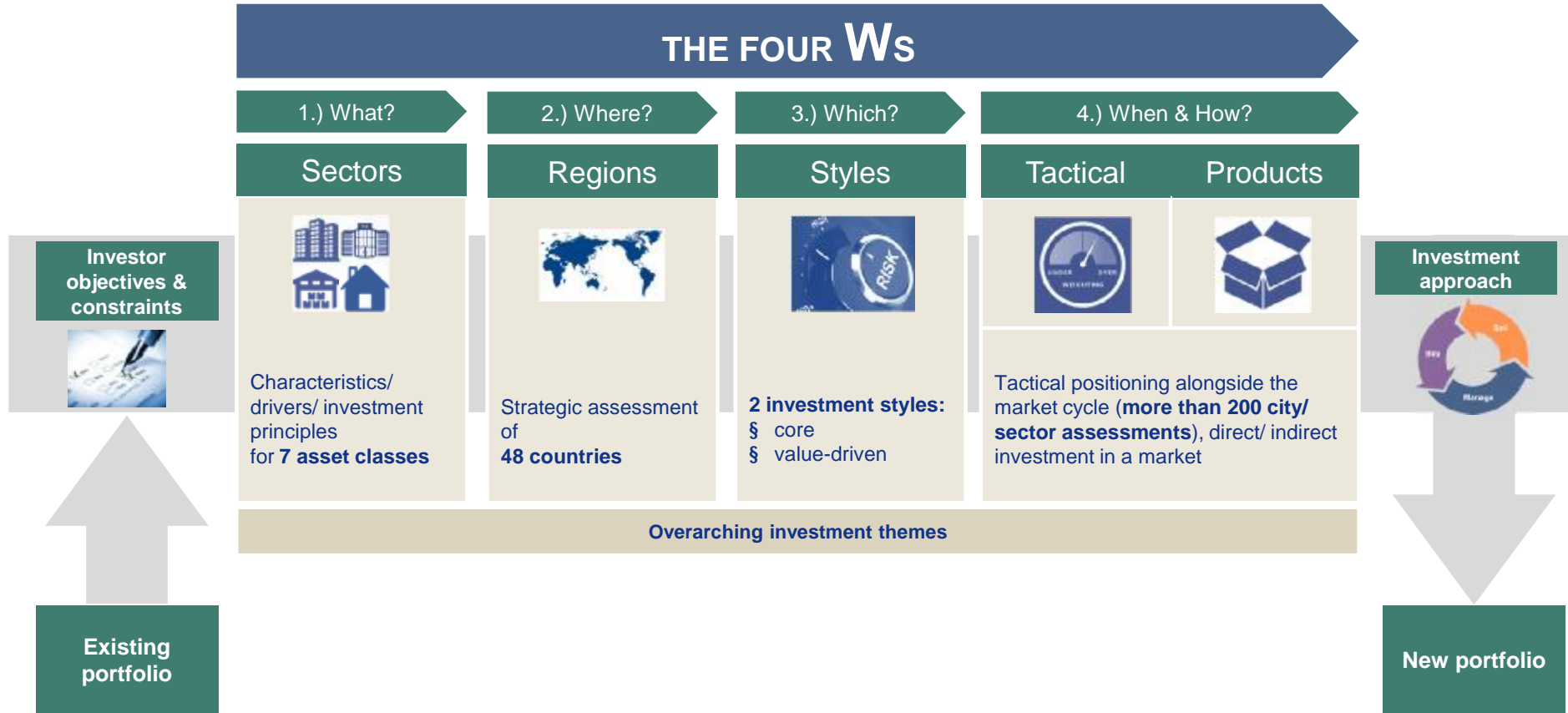
Asset allocation by classes  
Equity only



2016		Mid-term
51%	Office	40-50%
20%	Retail	20-30%
19%	Residential	10%
4%	Industrial	10%
6%	Other	10%



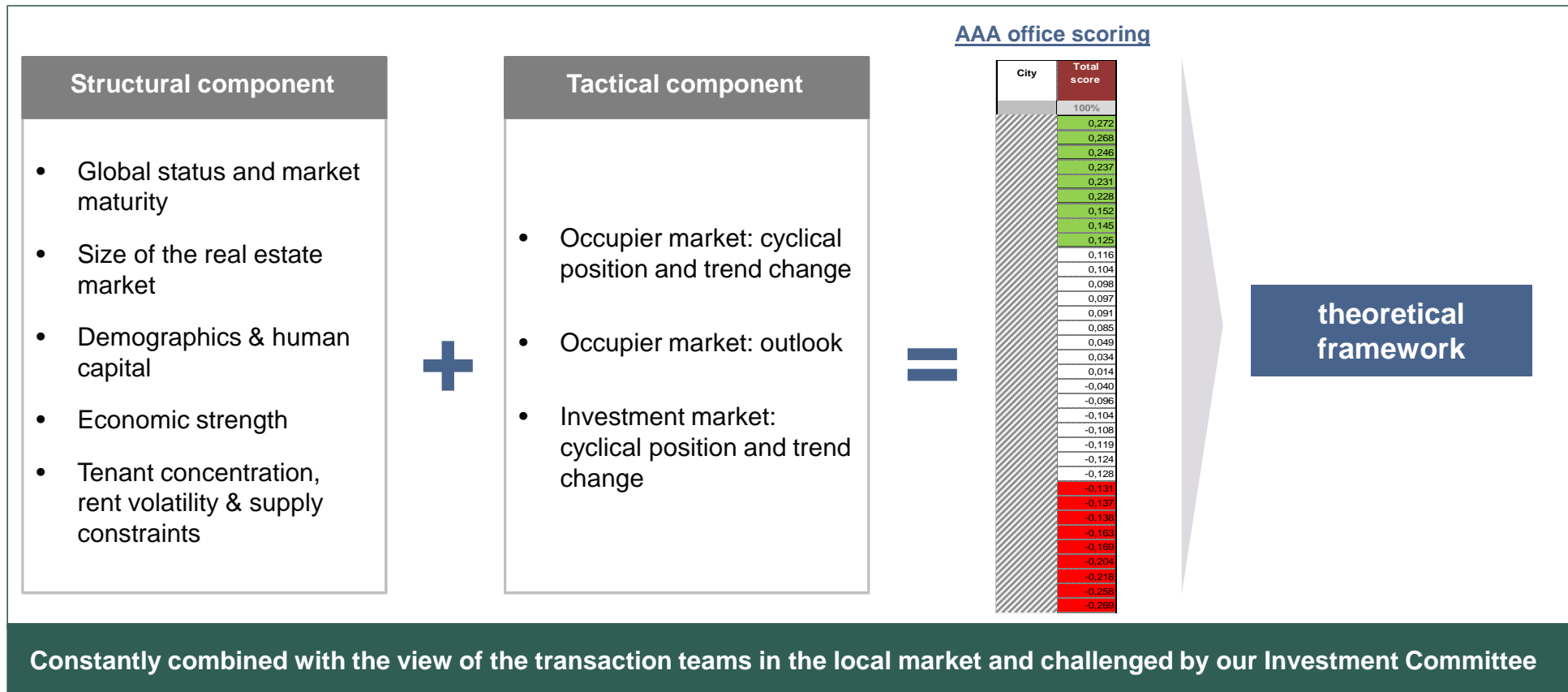
# DEFINING A REAL ESTATE INVESTMENT STRATEGY







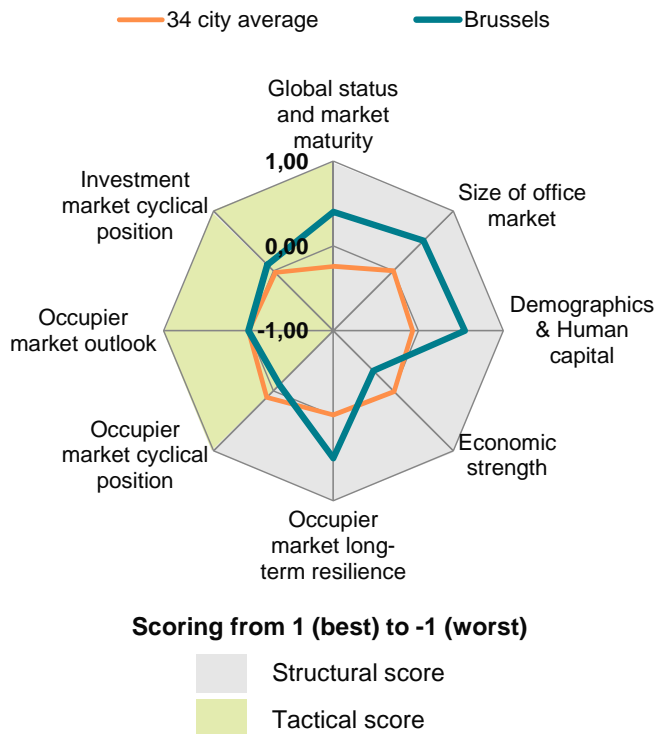
# TOP DOWN DRIVEN ASSET ALLOCATION ON A REGIONAL LEVEL





# OUR VIEW ON BRUSSELS

## ARE's AAA office scoring Brussels vs EU-34 city average



## Qualitative assessment



- Stability of the market
- Low vacancy rate (below 5%) in the city center (but double-digit in the fringe)
- Low supply (completions in the past were mainly refurbishments and only few developments)



- Dependency on European union and its entities
- Illiquidity compared to other European cities
- Strict rules for foreign direct investments
- Stock quality
- Stagnating prime rents (in 2017 first uplift in 5 years)

## Preferred submarkets

**Brussels: CBD, North district, Louise and Leopold**



# EXPANSION FOCUS

Geographies



APAC



USA

Classes



Logistics



Alternatives

Acquisition of prime office, retail, logistic, residential property in established markets. Investment in direct properties in the 'core' and 'core+' categories in excess of EUR 50mn or more

Joint ventures and fund investments with other market leaders in specific asset classes requiring operating knowhow (e.g. logistics and student housing), new markets (e.g India and Canada) and higher risk strategies (e.g. value-add or opportunistic)

Preferred markets



# RECENT ACQUISITIONS OF PRIME PROPERTIES IN KEY MARKETS ACROSS THREE CONTINENTS



1515 Broadway: New York, USA (Joint Venture)



The Icon: Vienna, Austria (Direct Investment)



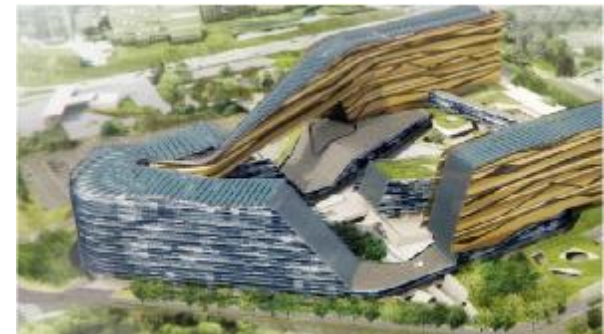
Vertigo: Luxembourg (Direct Investment)



Trinity Tower: Shanghai, China (Co-investment)



Kapwest: Munich, Germany (Direct Investment)



Eni Head Quarter: Milan, Italy (Direct Investment)

Source: Allianz Real Estate

Allianz Real Estate

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## **Forward-looking statements**

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and

trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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