Allianz Real Estate reaches EUR50bn global portfolio following new investments of EUR5.8bn in 2016 and expands footprint into the UK

- EUR3bn investment growth globally through direct and indirect equity investments in 2016
- Real estate financing climbs by EUR2.8bn across Europe and US in 2016
- Senior financing of the London landmark ‘Citypoint’ brings UK debt exposure to ca. EUR300m

2016 and the first quarter of 2017 sees Allianz Real Estate continue its expansion path into new regions, sectors and investment styles.

Cannes, March 13 2017, “2016 was a very active year for us,” declared Francois Trausch, CEO of Allianz Real Estate. “Given the ongoing low interest rates, the Allianz companies continue to find real estate an attractive investment opportunity. We have expanded our portfolio strategy to 24/7 megacities such as New York, Shanghai and London, as well regionally to Asia Pacific and Iberia. Over 2017 we will look to further diversify our portfolio geographically and product wise.”

Senior financing of London’s Citypoint deepens UK footprint

On behalf of two Allianz entities, Allianz Real Estate has participated with an undisclosed amount in the senior financing of the London landmark Citypoint, arranged and underwritten by Morgan Stanley and sponsored by Brookfield Asset Management.

Citypoint Tower is a 36-storey office building located in the well-established city of London. The skyscraper comprises c. 66,000 sqm with a level of occupancy of c. 90%, leased to a range of highly reputable tenants, including international law firms.
For Allianz Real Estate, this transaction is part of the roll-out strategy to grow the debt exposure in the UK. The overall lending strategy for the UK will focus on core office, retail and logistics assets with prime quality sponsors.

Roland Fuchs, Head of European Debt for Allianz Real Estate, commented: "For Allianz Real Estate this is the first single asset real estate debt transaction in the UK, and represents a stepping stone towards our overall UK lending strategy. The implementation of our UK strategy will lead to further diversification of our European debt portfolio."

**Global growth for debt**

Senior financing grew, in the US by EUR1.9bn and in Europe by EUR0.9bn, increasing the AUM of our debt portfolio to EUR14.7bn.

In addition to growth in the UK, the European Debt team delivered long term financing for the acquisition of IZD Tower, a high-rise office building in Vienna, Austria and the co-financing of a pan-European portfolio, covering 27 locations across seven countries, to Invesco Real Estate where Allianz’s share amounted to EUR366m.

The US team garnered a number of outstanding financial opportunities. Most notably Lafayette Tower in Washington DC and Cupertino City Center in California.

**Direct and indirect equity investments on track for ambitious growth target**

The direct and indirect equity investments carried out by Allianz Real Estate and its national entities in Germany, France, Italy, Spain, Switzerland, the US and Singapore totaled EUR3bn in 2016 leading to a total of EUR35.3bn of direct and indirect equity investments managed at the end of that year. The business delivered occupancy levels of 95% in its direct property assets.

The US team acquired equity positions in several premium assets. Allianz’s purchase of a 44% stake in 10 Hudson Yards, an investment of c EUR375m, is a strong example. 10 Hudson Yards is the first tower completed as part of the mixed-use Hudson Yards development on Manhattan’s west side. In Southern California, a 45% interest in Park Place, one of the best performing mixed-use office campuses, represented Allianz’s first direct investment in that market.

In Ireland, Allianz secured a 50% stake of the premium retail asset ‘Dundrum Town Centre’ alongside Hammerson, following the acquisition of the ‘Project Jewel’ loan portfolio in 2015. Dundrum Town Centre is located in Dublin and one of Ireland’s most renowned shopping and leisure centers. Other investments in shopping centers were closed in Wiener Neustadt, Austria (Fischapark) and Bratislava (Central Shopping Center).

Indirect exposure expanded over the period, with our first investment into student housing in Continental Europe alongside German operator IC Campus. Interest grew in logistics funds that have a European focus where Allianz Real Estate and Pan European real estate group
VGP have agreed to fund a 50:50 joint venture with an overall equity investment volume of EUR500m. The assets, which will be developed by VGP will be located in Germany, Czech Republic, Slovakia and Hungary.

In 2016 we committed a further EUR460m investment into the Asia Pacific underlining our expansion into that region where Allianz now holds EUR1.2bn of real estate investments. This was made up of through three indirect opportunities and included the core plus Pan-Asian PAG PREP Fund.

As well as driving new investments, Allianz Real Estate continuously reviews its existing assets, in order to optimize the portfolio. In addition to selling real estate of EUR0.9bn worldwide, a number of new or refurbishment projects were carried out on attractive sites in the Allianz portfolio, most notably in Germany (Hamburg, Frankfurt and Cologne) and Italy (Rome and Trieste).

“We have meaningful ambitions for the years ahead and plan to continue the strong delivery made in the last 12 months. 2016 saw us strengthen our market position by developing new joint-ventures or nurturing existing partnerships with leading actors in their respective regions or segments. For 2017, we are looking into further developments in Asia – particularly China and India – but office and logistics opportunities in Western Europe will remain at the heart of our investment strategy. 2017 has had a strong start, with our purchase of the office project development Kap West in Munich, the consolidation of our investments with Prologis, and the expansion into global opportunistic strategies. Lastly, our involvement in the financing of London’s Citypoint is an early footstep in the UK, allowing us to deepen our understanding of the market before making our equity debut.”, commented Olivier Téran, Chief Investment Officer of Allianz Real Estate.

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These assessments are, as always, subject to the disclaimer provided below.

About Allianz Real Estate
Allianz Real Estate is the global real estate investment and asset manager of Allianz, developing and executing tailored portfolios and investment strategies worldwide for the various insurance companies of the Group, considering direct as well as indirect investments and real estate loans. The operational management of investments and assets is currently performed in eight international subsidiaries and hubs in Germany, France, Switzerland, Italy, Spain, Portugal, USA and Asia/Pacific. The headquarters of Allianz Real Estate are located in Munich and Paris. Allianz Real Estate has approximately €50 bn assets under management.
About Allianz
The Allianz Group serves 86 million retail and corporate customers in more than 70 countries, making it one of the world’s largest insurers and asset managers. In 2016, over 140,000 employees worldwide achieved total revenues of 122.4 billion euros and an operating profit of 10.8 billion euros. Allianz Group managed an investment portfolio of 653 billion euros. Additionally, our asset managers AllianzGI and PIMCO managed over 1.3 trillion euros of third-party assets. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property and health insurance to assistance services to credit insurance and global business insurance. As an investor, Allianz is active in a variety of sectors including debt, equity, infrastructure, real estate and renewable energy. The Group’s long-term value strategies maximize risk-adjusted returns. These assessments are, as always, subject to the disclaimer provided below.

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