



**China Daily**

**[China Life splashes out on US property](#)**

**Insurer pays \$950m to get 95% stake in commercial realty projects**

**By Cai Xiao**

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Chinese leading insurer China Life Insurance (Group) Co said on Tuesday it is buying 48 commercial properties in the United States with total value of \$950 million.

China Life Investment Holding Co Ltd, an alternative investment and management company and unit of China Life, is buying a 95 percent stake in the real estate projects from ElmTree Funds LLC, a private-equity firm based in the city of St Louis.

China Life said ElmTree would retain a 5 percent stake and continue to manage the properties together.

The 48 customized commercial properties are scattered throughout the US in 21 states and include logistics centers, office buildings and healthcare facilities. Tenants include GE, FedEx, Caterpillar and T-Mobile.

The business model of ElmTree has been to develop properties and lease them to single tenants on a long-term basis.

"The real estate properties have a steady cash flow and can generate good returns, with a rate of return usually higher than landmark office buildings in major global cities," China Life said in a statement.

ElmTree Funds Managing Principal Jim Koman told The Wall Street Journal that in general, properties in off-the-beaten-path locations produced yields that are more than 3 percentage points greater than yields from trophy buildings in top locations.

"We're seeing more and more foreign capital coming into secondary and tertiary markets all across the country," said Koman.

"China Life's latest investment is a typical example of Chinese insurers going abroad to optimize their asset allocations," said Hao Yansu, director of the school of insurance at the Central University of Finance and Economics.

Hao said Chinese insurance companies have strong financial strengths and more knowledge of the international market and overseas investments, aiming to better allocate their assets, are becoming increasingly popular with them.

Chinese insurers preferred to invest in real estate projects because they have the potential to appreciate

in value and are easy to cash out. Acquiring financial institutions is also a popular strategic move, Hao added.

In 2015, China Life made its first US deal, joining Ping An Insurance to buy a majority stake in a Boston development in the city's popular Seaport District.

*Hu Yuanyuan contributed to this story.*