

# Press release

## AXA Investment Managers - Real Assets completes €13.7 billion of transactions in 2019, alongside €8.6 billion in new capital raised

- AUM edges closer to €100 billion milestone, following landmark additions to global portfolio -

- Significant and complex transactions demonstrate flexible 360-degree approach to investing
- Increased investor appetite for alternative investments
- New money raised across real estate and infrastructure, equity and debt, and from globally diversified investor base
- Infrastructure platform expands to €8.3 billion, through active deployment on both debt and equity sides
- Responsible investment strategy forms central role in all investment decisions
- Focus for 2020 includes real assets product diversification and the continued delivery of performance to clients

AXA Investment Managers - Real Assets ("AXA IM - Real Assets"), a global leader in real assets investment and the leading<sup>(1)</sup> real estate portfolio and asset manager in Europe with €91 billion of assets under management, announces strong performance during 2019 having completed €13.7 billion of transactions on behalf of clients and raised €8.6 billion of new capital over the course of the year, whilst delivering on its strategic priorities of expanding the investor base and further geographic and asset diversification.

### €13.7 billion of transactions completed during 2019

2019 saw the completion of €13.7 billion of global equity and debt transactions, with direct property and infrastructure volumes reaching €10 billion, comprising €7 billion of acquisitions and €3 billion of disposals, while debt-related investments stood at €3.7 billion.

Demonstrating its ability to undertake **significant and complex transactions** via a range of public or private entry points, AXA IM - Real Assets completed three acquisitions involving listed entities, including the €1.1 billion take-private acquisition of NYSE listed Northstar Realty Europe. Innovatively structured transactions were also completed alongside listed retail property specialists, Hammerson plc and Eurocommercial Properties, providing AXA IM - Real Assets with significant stakes in two prime retail assets in trophy locations in central Paris and signifying its strong conviction on the opportunity to secure prime retail properties in core urban markets at a time when the overall retail environment is experiencing challenges.

The **alternatives sector**<sup>(2)</sup> remains a key growth driver for AXA IM - Real Assets, accounting for more than two-thirds of the real estate equity acquisitions completed during 2019. The focus remains on asset classes that are supported by clear demographic and structurally-driven growth drivers.

AXA IM - Real Assets continued investing in operationally-focused **alternative platforms**<sup>(2)</sup> with the capacity to grow, such as its acquisition of Groupe Kley, a fully integrated student housing and co-living operator with a portfolio of student residences across France. It also entered the Australian student accommodation market, where it has partnered with leading student housing operator and manager, Scape, to acquire two separate portfolios totalling 10,315 beds and spread across the country's leading university cities.

In addition to providing the opportunity to build further scale with experienced management teams, the newly acquired operational platforms deliver an immediate leadership position in high growth residential sub-sectors. A total of €1.7 billion was directed towards **residential asset classes** during 2019, expanding the global residential portfolio to c. €18 billion, while AXA IM - Real Assets reinforced its portfolio of properties dedicated to the private rental market with €1 billion of additions, comprising both development projects and standing assets presenting opportunities to add value. Existing market positions were consolidated through new acquisitions in Japan, Spain, Ireland, the Netherlands and the Nordic region, while attractive new rental markets, including Portugal, were also entered for the first time during the year.

**John O'Driscoll, European Head of Transactions at AXA IM - Real Assets, commented:** "AXA IM - Real Assets stood out in a highly competitive environment through its ability to leverage the diverse skillset across the platform. This facilitated the execution of a number of large, high profile and complex transactions, which were frequently sourced off-market. We further showcased our willingness to invest in operational platforms during 2019, particularly in alternative asset classes<sup>(2)</sup>, to access the most attractive opportunities for our clients whilst gaining exposure to highly scalable businesses and experienced management teams."

#### **€8.6 billion of new capital raised in 2019, owing to the suitability of product offering aligning to continued investor appetite**

A total of **€8.6 billion in new capital** was raised from international investors including **31 new third-party clients**. Adding to additional sources of capital from historical markets, 2019 saw AXA IM - Real Assets enter or significantly expand its presence in some of the largest institutional markets, including Japan, South Korea, the Netherlands and the Nordics.

A notable proportion of new capital raised was committed to AXA IM - Real Assets' renewed open-ended funds range, whether pan-European diversified or sector focused, such as logistics, as well as to large debt mandates, targeting both real estate and infrastructure strategies. The flagship Core Pan-European strategy saw an acceleration of its growth, more than doubling assets under management to reach €4 billion at the end of the year.

**Florence Dard, Global Head of Business Development at AXA IM - Real Assets commented:** "We have had another successful year in terms of raising capital, from an increasingly diverse pool of investors, which underlines the continued appeal of the real assets sector as well as the suitability of our product offering. Our ability to attract sizable commitments from both new and existing clients is testament to the relevance of our targeted approach, focused on the largest institutional markets across Europe, Asia and North America, and to our capacity to offer our clients actual solutions to their investment challenges. Working hand in hand with our transactions and fund management teams allowed us to secure access to some of the most attractive opportunities to come to market and to deliver strong performance for our clients."

#### **Consolidating position as a global leader, with strengthened presence in Asia-Pacific**

Delivering on its aim to offer clients a **globally diversified** real assets portfolio, transactions outside of AXA IM - Real Assets' home region of Europe accounted for €990 million. Particular headway was made in Australia, where AXA IM - Real Assets is now firmly established as a major presence and expanded its assets under management during 2019 to €3.5 billion following a number of significant and strategic portfolio acquisitions, predominantly focused on alternative asset classes<sup>(2)</sup>, such as hotels, student accommodation and healthcare. Asia-Pacific more broadly remains critical to AXA IM - Real Assets' growth strategy, both in terms of transactions, with €490 million of acquisitions undertaken by its local teams, and fundraising, with the region representing 11% of new capital raised over the past year.

#### **Infrastructure remains key to diversification of clients' real assets portfolios**

Infrastructure continues to move onto a wider pool of investors' radars, as AXA IM - Real Assets' infrastructure platform delivered 19% growth during 2019 with almost €8.3 billion of assets under management, across debt and equity, by year end. The infrastructure equity team continued to effectively manage and enhance the value of operational assets in its portfolio, while the infrastructure debt platform deployed €1.2 billion of capital during 2019, as it sourced attractive opportunities in the European market across the water, transportation, telecoms and renewables sectors.

### ***Enhancing the value of assets through integrating ESG criteria***

AXA IM - Real Assets continues to prioritise **sustainability measures** that improve its portfolio's environmental and social performance, protects it against the likely effects of climate change and anticipates societal changes, with the goal of future-proofing the assets it manages on behalf of clients while proactively engaging in building a better world. Alongside improving the ESG performance of its existing buildings through an ongoing process of decarbonisation, all newly acquired and developed assets must be reviewed against strict responsible investment criteria, with 100% of ground-up projects delivered with sustainability certifications.

In line with its **build-to-core** strategy, AXA IM - Real Assets remains one of the sector's most prolific developers, with 79 ambitious projects totaling €9.3 billion currently underway across 11 countries, such as its flagship 22 Bishopsgate scheme which delivered strong leasing progress during 2019 and currently stands at 60% pre-let ahead of completion.

**Isabelle Scemama, CEO of AXA IM - Real Assets:** *"In a lower for longer interest rate environment, investment in real assets is undisputed in its ability to deliver an attractive solution to the global search for yield. This has inevitably resulted in increased competition for assets and, against a challenging backdrop, the calibre and scale of deals executed during 2019 is a clear demonstration of the strength of AXA IM - Real Assets' origination platform. 2020 is, again, about sticking to our convictions. We benefit from a strong track record that demonstrates our capacity to both deploy and generate value through our fully integrated approach to asset management, which we expect to remain a compelling proposition as we move closer to our €100 billion milestone."*

– ENDS –

<sup>1</sup> Source: INREV/ANREV Fund Manager Survey – May 2019 – in terms of assets under management

<sup>2</sup> Alternative sector comprises: Residential, student housing, healthcare, logistics, data centers, hotels and forest assets

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#### **About AXA Investment Managers**

AXA Investment Managers (AXA IM) is an active, long-term, global, multi-asset investor. We work with clients today to provide the solutions they need to help build a better tomorrow for their investments, while creating a positive change for the world in which we all live. With approximately €801 billion in assets under management as at end of December 2019, AXA IM employs over 2,360 employees around the world and operates out of 28 offices across 20 countries. AXA IM is part of the AXA Group, a world leader in financial protection and wealth management.

**About AXA Investment Managers - Real Assets**

AXA Investment Managers - Real Assets has €91 billion in assets under management, including €69.2 billion in direct property & infrastructure and €17.8 billion in real asset finance as of end of December 2019<sup>(2)</sup>. We offer a 360° approach to investing in real assets, which comprises opportunities in equity or debt, across different geographies and sectors, as well as via private or listed instruments. We are a global leader in real assets investment, the number one property portfolio and asset manager in Europe<sup>(3)</sup>, and one of the largest worldwide. Our teams have been managing funds and mandates for over 30 years and comprise over 600 people in 13 offices that operate in over 20 countries around the world, which provide us with in-depth knowledge of countries, cities and sectors.

*1 Source: AXA IM unaudited data*

*2 Source: AXA IM - Real Assets' unaudited data*

*3 Source: INREV Fund Manager Survey – May 2019 in terms of assets under management*

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