

Press release

AXA IM Alts continues global expansion and focus on conviction asset classes with c. €10 billion of real estate equity transactions in 2020

- Future economy asset classes continuing to dominate in 2021 -

- High levels of capital deployed into primarily high conviction future economy sectors, against the backdrop of the global pandemic
- Almost c. €7 billion invested into alternative and residential asset classes, reflecting increased investor appetite for these sectors
- Global residential investment more than doubling vs 2019 to €3.6 billion
- France, Japan, the UK and the US were the top markets for deployment including a record 21% into Asia Pacific
- Focus for 2021 places ESG at the heart of investment thesis to help affect positive changes in society and future-proof assets
- Continued focus on acquiring best-in-class operational real estate assets supported by strong structural drivers
- Significant and complex transactions including platform acquisitions demonstrate 360-degree approach to investing
- Strong development platform with c. €8 billion pipeline across 75 projects currently underway

All figures are as of end 2020, unless otherwise specified, and sourced from AXA IM Alts' unaudited data. All figures correspond to real estate equity transactions only.

AXA IM Alts, a global leader in alternative investments with c. €157 billion of assets under management, announces that its market leading Real Assets platform¹ significantly progressed its strategic priorities of further geographic expansion and capital deployment in 2020 despite the backdrop of the global pandemic. The business completed €9.7 billion of real estate equity transactions on behalf of clients in 2020 compared to €6.5 billion in 2019², comprising €7.6 billion of acquisitions and €2.1 billion of disposals. Its real estate equity assets under management exceeded €76 billion by the year end, up 6% from the previous year².

Investment into alternative asset classes accounted for close to half of transactional activity

Investments into alternative real estate sectors³ which are supported by clear demographic and structurally driven growth drivers, remains a key focus for the business, accounting for more than €3.3 billion or 43% of total investment activity in 2020.

Logistics accounted for over 20% of acquisitions, up from 9% in 2019², with almost €1.6 billion invested in the asset class last year globally, expanding the total logistics platform to €4.3 billion (2019: €2.5 billion²). Significant investments included the \$875 (€720) million acquisition of a 27-asset portfolio across eight of the ten largest US logistics markets and a ¥39 billion (€330 million) highly innovative, four storey logistics asset in Tokyo, Japan.

The **student accommodation sector** accounted for 7% of total investments, with c. €600 million invested in the asset class in 2020. As part of AXA IM Alts' RESA joint venture, the business acquired a 1,100-bed Spanish student accommodation portfolio – constituting one of the largest transactions in the student accommodation sector in Spain to date, exceeded only by the Venture's acquisition of all 37 student accommodation assets (9,400 beds) in 2017.

2020 also saw AXA IM Alts further consolidating its position in the **datacentre sector** through the purchase of one of Tokyo's largest datacentres. The business also progressed its strategy of undertaking long term private equity investments into operational platforms with the acquisition of Kadans Science Partner, giving it simultaneous entry and leadership in the emerging European **life sciences sector**.

John O'Driscoll, European Head of Transactions at AXA IM Alts commented: *"We remained highly active throughout 2020, with our local network allowing us to continue to source and execute acquisition opportunities at a time when the COVID-19 pandemic severely limited international travel. We remained disciplined in our approach to investing in conviction asset classes which are supported by structural shifts in society, as well as in opportunities where we can see long term value or invest at scale, demonstrated through the substantial increase in our average deal size this year. In 2021 we expect to maintain momentum in these strategies while also including further platform investments. In addition, we are seeking further development opportunities which allow us to deliver highly sustainable, technologically advanced and service-led properties that meet the exacting requirements of today's occupier."*

Acceleration in residential strategy accounted for 47% of transactional activity, including significant investment into affordable housing

AXA IM Alts invested c. €3.6 billion into **residential sectors⁴** in 2020, accounting for 47% of all real estate equity investments and more than double the €1.7 billion deployed into the asset class the previous year². In line with AXA IM Alts ambition to affect positive change in society, these investments included a 75% stake in newly created property company in'li, which owns and manages a portfolio of c.9,800 affordable residential units in the greater Paris region. This partnership will help in'li achieve its goal of delivering 80,000 new intermediary housing units over the next 10 years. This theme also influenced the acquisition of a new Grade A tower in Nagoya built to house multiple generations for c.¥20 billion (€165 million) which also underlined AXA IM Alts' pursuit of highly innovative investments that satisfy structural demographic demand.

Other notable transactions included the iconic Dolphin Square scheme in Central London which, with over 1,200 homes, is the U.K.'s largest single private residential complex, as well as the forward funding of a 919-unit affordable housing rental portfolio in Madrid for €150 million. These transactions have helped AXA IM Alts expand its European residential portfolio to €18.6 billion (2019: €16.5 billion²) across more than 14 countries, including amongst others, Spain, Portugal, Germany and France.

Isabelle Scemama, Global Head of AXA IM Alts added: *"The pandemic that dominated almost all of 2020 and now looks to be a key feature for the majority, if not all, of 2021 has made us look at many aspects of how we use real estate in a different light. However, many of the changes we have seen over the last 12 months are an acceleration of themes that were already highly prevalent. Our strong conviction is that the general technological and urbanisation themes supporting our main conviction asset classes remain. We will therefore continue to invest in residential, logistics and life sciences through portfolio and asset acquisitions as well as via operational platforms. While there continues to be much talk about the future of the workplace, I firmly believe that the office will continue to act as the bedrock of corporate life. However, the polarisation in demand between well located, prime modern stock that is both sustainable and capable of absorbing new technologies, and lower quality stock, will become even more pronounced. Human nature being what it is, I also feel that the longer the lockdown has continued the more diminished the appeal of working from home has become and that there is a real pent up demand in society to get out and to interact once more."*

"The economic damage caused by the pandemic will also lead to a lower for even longer interest rate environment, further enhancing the appeal of the alternatives asset class – in its broadest sense - as a source of sustainable yield for investors. The scale of our global but local platform, our ability to be innovative in our approach and invest through multiple entry points as well as our willingness to invest boldly but with conviction, position us well to continue to deliver opportunities that meet our clients' requirements."

Enhancing the value of assets through integrating ESG criteria

AXA IM Alts continues to prioritise **sustainability initiatives** that improve its portfolio's environmental and social performance. These help the business achieve its wider goals of helping to both mitigate some of the impacts of climate change and make a positive contribution to society while at the same time future-proofing the assets it manages on behalf of clients. Alongside

improving the ESG performance of its existing buildings through energy efficiency initiatives and increasing the use of renewable energy, all newly acquired and developed assets must be reviewed against responsible investment criteria, with 100% of ground-up projects delivered with sustainability certifications.

Consolidating position as a global leader, with strengthened presence in Asia-Pacific and in the US

AXA IM Alts continued to expand globally, with the Asia-Pacific region accounting for 21% of all transactions completed in 2020. **Japan** was once again the most active market with ¥177 billion (€1.4 billion) invested across six significant and strategic portfolio acquisitions predominantly focusing on data centres, residential and logistics. Asia-Pacific remains a critical element of the business' growth strategy, with assets under management growing to €6.7 billion over the course of the year (2019: €4.7 billion²). The business also continued to grow its **US** platform, which exceeded \$14.5 billion (€12 billion) at year end (2019: \$2.8 billion / €2.3 billion²).

Development

AXA IM Alts remains one of the sector's most prolific developers, with 75 ambitious projects totaling c. €8 billion currently underway across 9 countries. One notable highlight in 2020 included its flagship 22 Bishopsgate scheme achieving practical completion. The asset, which is currently c. 60% pre-let, has been built to the highest sustainability standards both in environmental terms and in relation to the health and wellbeing of its occupiers. 22 Bishopsgate was also the first building in the UK to apply for the WELL Building Standard and has been awarded a BREAAAM Excellent sustainability rating.

- ENDS -

1. The leading real estate portfolio and asset manager in Europe. Source: INREV/ANREV Fund Manager Survey – June 2020 – in terms of assets under management
2. Source: AXA IM Alts unaudited data as of December 2019
3. Alternative sector comprises: life sciences, student housing, healthcare, data centers, hotels and forest assets. Whilst logistics is not classified as part of the alternative sector in the US, it is classified as an alternative asset class in Europe, and as such has been included in the total figures in this PR.
4. The residential sector does not include student accommodation, which has been classed under the alternatives sector.

Press Contacts

AXA IM Alts

Jocelyne Tamssom, Head of Communications

Tel: +33 1 44 45 97 95

PressOfficeAXAIMAlts@axa-im.com

FTI Consulting Inc.

Richard Sunderland, Richard Gotla, Methuseloh Tanyanyiwa, Talia Jessener

Tel: +44 20 3727 1000

AXAIMAltsRA@fticonsulting.com

About AXA IM Alts

AXA IM Alts is a global leader in alternative investments with c. €157 billion of assets under management as at 31 December 2020¹, across real assets (real estate & infrastructure), private debt & alternative credit and private equity & hedge funds. AXA IM Alts employs over 700 people located in 16 offices around the world and serve the needs of more than 350 clients from Europe, North America, Asia Pacific and Middle East. We are a global leader in real assets investment with c. €105 billion of assets under management, the number one property portfolio and asset manager in Europe², and one of the largest worldwide.

1 Source: AXA IM Alts data (unaudited). All figures as at 31 December 2020.

2 Source: INREV Fund Manager Survey, June 2020. #1 Real estate manager headquartered in Europe based on total assets under management.

About AXA Investment Managers

AXA Investment Managers (AXA IM) is a responsible asset manager, actively investing for the long-term to help its clients, its people and the world to prosper. Our high conviction approach enables us to uncover what we believe to be the best global investment opportunities across alternative and traditional asset classes, managing approximately € 858 billion in assets as at 31 December 2020¹. AXA IM is a leading investor in green, social and sustainable markets, managing €555 billion of ESG-integrated, sustainable and impact assets. We are committed to reaching net zero greenhouse gas emissions by 2050 across all our assets, and integrating ESG principles into our business, from stock selection to our corporate actions and culture. Our goal is to provide clients with a true value responsible investment solution, while driving meaningful change for society and the environment. AXA IM employs over 2,440 employees around the world, operates out of 27 offices across 20 countries and is part of the AXA Group, a worldwide leader in insurance and asset management.

¹ Source: AXA IM's unaudited data. All figures as at 31 December 2020.

Visit our websites <https://realassets.axa-im.com> and www.axa-im.com

Follow us on Twitter @AXAIMAlts and @AXAIM

This document is aimed solely at the media and is for information purposes only. The opinions expressed here are the views of the author and do not constitute investment advice. This is not a recommendation to purchase, sell or subscribe to financial instruments, an offer to sell investment funds or an offer of financial services. This press release is as dated. They do not necessarily represent the views of any company within the AXA Investment Managers Group and may be subject to change without notice. This does not constitute a Financial Promotion as defined by the Financial Conduct Authority. This is for information purposes only. No financial decisions should be made on the basis of the information provided. Past performance is not necessarily representative of future results: performance is not constant over time and the value of investments may fall as well as rise.