

Press release

AXA Investment Managers - Real Assets completes €15.2 billion of transactions globally in 2018, while attracting €7.2 billion in new capital

- AUM grows by 8% to €82 billion, broadly diversified across asset class and geographies -

- Landmark deals completed across the U.S., Europe and Asia, strengthening global reach
- Alternative investment activity accounted for 40% of 2018 acquisitions, in line with strategic direction
- Continued growth in Europe whilst successfully penetrating new markets, at both investor and transaction levels
- New capital raised across each strategic quadrant, evenly directed towards debt and equity products
- Focus for 2019 includes both the continued expansion of global reach and the delivery of performance to our clients

AXA Investment Managers - Real Assets (“AXA IM - Real Assets”), a global leader in real asset investments and the leading⁽¹⁾ real estate portfolio and asset manager in Europe, announces strong performance during 2018 having completed €15.2 billion of transactions on behalf of clients and raised €7.2 billion of new capital over the course of the year, whilst delivering on its strategic priorities of geographic and asset diversification, and expanding the investor base.

€15.2 billion of transactions completed during 2018

2018 saw the completion of €15.2 billion of global equity and debt transactions, with direct property and infrastructure volumes reaching €9.2 billion, comprising €5.2 billion of acquisitions and €4 billion of disposals, while debt-related investments stood at €6 billion.

In line with its stated objective to **focus on alternative asset classes**, acquisitions in this space accounted for 40% of overall 2018 investment activity. The emphasis was on sectors supported by clear demographically-driven growth prospects as AXA IM - Real Assets built on its successful track record of investing in logistics, hotel and healthcare real estate to grow the overall alternatives portfolio to €7 billion⁽²⁾. Its teams of transaction and sector specialists also sourced innovative investment opportunities in exciting growth sectors, such as digital infrastructure, which AXA IM - Real Assets increased its exposure to with the acquisition, on behalf of clients, of DATA4, a leading European data centre portfolio and operating platform.

The **residential sector** accounted for €750 million of acquisition activity in 2018, expanding the global residential portfolio to over €10 billion. Highlight deals in this space included a series of acquisitions in the Irish Private Rented Sector (PRS), totaling 2,700 units⁽³⁾ and providing AXA IM - Real Assets with an immediately meaningful scale in this attractive market which it entered through a 50/50 joint venture with Kennedy Wilson in May 2018. Further residential acquisitions in were made globally, including in Japan, the Netherlands, Switzerland, and the Nordic region.

John O’Driscoll, European Head of Transactions at AXA IM - Real Assets, commented: “In what was a competitive market environment we maintained strict investment discipline and did not compromise on the quality of assets that we invested client funds into during 2018. We remained resolute in our focus on alternative investment strategies whilst effectively expanding our international reach. 2019 is about continuing to expand globally and sourcing attractive opportunities to invest in alternatives, value-add and development projects in particular, whilst carefully navigating the shifting market environment. We will also aim

to grow the value of investments and ventures undertaken over the past year, such as our data centre, residential and logistics platforms.”

Delivering on its aim to offer clients a diversified real assets portfolio, AXA IM - Real Assets' **infrastructure platform** has grown to over €7bn of AUM across debt and equity in the five years since its launch. In 2018 it completed, on behalf of clients, its first direct infrastructure investment in the UK, with the acquisition of a 15% stake in Agility Trains West, grew its digital infrastructure exposure through the acquisition of the DATA4's European data centre portfolio and operating platform, and announced the investment, as part of a consortium, in Altice France's 'Fibre to the Home' business .

100% of ground-up developments delivered with sustainability certifications

AXA IM - Real Assets continues to prioritise **sustainability measures** that reduce environmental impacts, improve tenant wellbeing, and set high standards for corporate governance. Its aim is to improve the sustainability performance of its existing buildings and to acquire and develop assets that meet the increasing investor and tenant demand for sustainability credentials.

In line with its build-to-core strategy, AXA IM – Real Assets continued to invest in **ground-up development projects** throughout 2018 with new schemes undertaken globally as its flagship 22 Bishopsgate project – set to be the City of London's tallest building – remains underway, delivering strong leasing progress. Highlight additions include the investment in a c. 3,500 sqm Tokyo office development, anticipated to complete in 2021, where it has already secured a pre-let. It also completed the acquisition of TechnoCampus, a landmark office complex in Berlin, where planning permission has been secured to realise identified development potential through the delivery of an additional 20,000 sqm of new Grade A office space.

AXA IM - Real Assets remains one of the sector's most active developers in Europe, with an established track record of managing and executing over 250 development projects worth more than €14 billion over the past 20 years, while it also has an additional almost **€8 billion of projects currently underway**, including: a redeveloped luxury hotel in boulevard des Capucines in Paris which will be operated under Kimpton, InterContinental Hotel Group's luxury boutique brand; Stories, an ambitious c. 62,000 sqm office complex on the outskirts of Paris; FREEDOM, a 16,600 sqm office property being redeveloped in the Porte Maillot district of Paris, that has already been pre-let in its entirety, and; Aquarel, a 34,000 sqm office building in Issy-les-Moulineaux, southwest of Paris, that has been fully pre-let.

€7.2 billion of new capital raised in 2018

In 2018, a total of **€7.2 billion in new capital** was raised from international investors including **26 new third party clients**. Capitalising on AXA IM - Real Assets' long-established track record in Europe, a significant proportion of funds derived from new and existing sources in this market , whilst there was also breakthrough success in increasing capital from Asian institutions in Japan and South Korea, and continued strong penetration amongst North American investors. New capital raised was committed to a diverse range of products including infrastructure debt and PEVAV II, the second Pan-European Value-Added Venture, which closed in record time and above target with €643 million. The flagship Core European Fund continued to grow with a total of €1.7 billion in commitments at year-end. New third party capital was evenly directed towards debt and equity strategies, targeting both real estate and infrastructure investments.

Florence Dard, Global Head of Business Development at AXA IM - Real Assets commented: *“Our continued success in raising capital, from both new and existing clients, underlines the attractiveness of the broad range of investment opportunities being offered by AXA IM - Real Assets. We have generated strong investor support for our core, value-add and alternative real estate strategies, while infrastructure is moving onto a wider pool of investors' radars. Looking ahead to 2019, we have equally ambitious targets but will remain cognisant of where the market cycles are in our various territories and the importance of investing cautiously.”*

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

Transactions outside of AXA IM - Real Assets' home market of Europe accounted for €1.1 billion, comprising c. €290 million in the U.S and c. €850 million in Asia-Pacific. In a move that firmly positioned the business as a global leader in commercial real estate debt, it has agreed the acquisition⁽⁴⁾ of a real estate debt team from U.S.-based Quadrant Real Estate Advisors, assuming the management of \$9.4 billion (c. €8 billion) in U.S. commercial mortgage loans, bringing its total debt platform to c. €24 billion, once completed. The Asia-Pacific region also remains critical to AXA IM - Real Assets' international growth agenda and it continued to strengthen its presence in this market, with €4.5 billion of assets under management (equity and debt) by its local team of investment professionals working out of offices in Tokyo and Sydney.

Isabelle Scemama, CEO of AXA IM – Real Assets: *“2018 has been another hugely rewarding, yet intensive, year. Demonstrating the strength of our origination platform, we gained significant exposure to some of market’s best performing structurally supported asset classes, such as data centres and the PRS market, whilst continuing to create value through ambitious development projects. We continue to effectively satisfy our clients’ appetite for portfolio diversification through our 360° investment approach in multi-assets together with our market-leading capabilities in both equity and debt. We look forward to generating a return on strategic transactions, such as the expanded U.S. debt offering, with the key overriding objective being to best serve our client needs.”*

– ENDS –

All figures are AXA IM - Real Assets' data as at 31 December 2018 (unaudited)

1 Source: INREV/ANREV Fund Manager Survey – May 2018 – in terms of assets under management

2 Alternatives portfolio includes hotel, logistics, healthcare, data centers assets

3 Including units to be developed

4 The transaction is subject to regulatory approvals.

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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 €730 billion in assets under management as at end of December 2018⁽¹⁾, AXA IM employs over 2,390 employees around the world and operates out of 30 offices across 21 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 €82 billion in assets under management, including €62.1 billion in direct property & infrastructure and €16.6 billion in real asset finance as of end of December 2018⁽²⁾. 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⁽³⁾, 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. AXA Investment Managers is part of the AXA Group, a world leader in financial protection and wealth management.

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

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¹ Source: AXA IM unaudited data

² Source: AXA IM - Real Assets' unaudited data

³ Source: INREV/ANREV Fund Manager Survey – May 2018 in terms of assets under management

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