

# Press release

## AXA IM Alts raises c.€800 million following first closing of fifth-generation development strategy which seeks to meet society's changing real estate needs post COVID

**-Develop-to-trade strategy delivering modern, highly sustainable, technology and service led buildings focused on residential and office sectors-**

AXA IM Alts, a global leader in alternative investments with c. €157 billion of assets under management<sup>1</sup>, announces that its fifth generation development strategy has secured commitments totalling €799 million during its first closing period. The equity was raised from five Asian, North American and European institutions including investors into AXA IM Alts' four generations of previous development strategies.

AXA IM Alts will pursue an opportunistic long-term capital appreciation strategy by implementing a develop-to-trade approach which takes advantage of investor demand for large, high-quality income-producing assets which are future fit and have strong ESG credentials. Prioritising opportunities in France, the U.K. and Germany, but with the flexibility to deploy capital in Europe's other key real estate centres, investments will capitalise on the differences in timing between individual real estate markets.

This latest strategy will have flexibility to invest across all asset classes, but will primarily focus on the development of office and residential assets in locations which have shown long-term liquidity and which are set to benefit from urban infrastructure investment. AXA IM Alts believes these sectors offer a compelling investment case characterised by structural supply demand imbalances and are benefitting from mega themes including urbanisation and technology-led changes in how people live, work and play which have been accelerated by the COVID-19 pandemic.

AXA IM Alts believes that the COVID-19 pandemic has already led to further polarisation in favour of prime new offices that meet occupiers' requirements for high quality, flexible office space aligned with future working habits at the expense of older stock, where physical and functional obsolescence will be accelerated. This new development strategy will therefore seek to employ the latest in sustainable building design to satisfy that demand through the delivery of well-located, new offices that incorporate state-of-the-art technology from the outset, allow for more efficient use of office space to meet the requirement for flexible working patterns, adopt a customer service-led approach and have a strict focus on occupier health and wellbeing.

High quality residential development, through new-build projects and the conversion of old office stock, will remain one of AXA IM Alts key conviction calls. As a sector which remains structurally undersupplied with respect to institutional standard purpose-built stock and with urbanisation expected to continue to drive demand, AXA IM Alts will seek to develop build-to-rent assets especially for middle-income and affordable 'real economy' homes. These types of assets are also highly desirable for institutional investors who are attracted by the granularity and durability of income they offer.

In line with AXA IM Alts' commitment to seeking to affect positive changes in society through its investments, an integrated approach will underpin investment and development activity, focused on the three key pillars of decarbonization of building stock, resilience to the impacts of climate change and building to meet the needs of tomorrow. All projects will be reviewed against strict responsible investment criteria, targeting maximum achievable sustainability certification.

AXA IM Alts' fifth generation development strategy is a continuation of its approach to undertaking large-scale and high-profile developments in leading cities across Europe, building out its portfolio of core assets. AXA IM Alts has completed over 300 development projects with a total value of c. €18 billion across Europe since 2000, and currently has a further c. €8 billion currently underway across nine countries which includes Project Mark, a 55,000 sqm office project in Munich; Alphabet, a 40,000 sqm office project in Bois-Colombes, Paris; and Assembly, a 29,000 sqm part pre-let office project in Bristol, U.K.

**Ian Chappell, Head of Development & Value-Added Funds, AXA IM Alts, commented:** "Our fifth-generation develop-to-trade strategy is uniquely placed to benefit from an embedded development platform across a European network, built up over nearly 20 years, and matched with access to local, on-the-ground origination and asset management expertise.

"Whilst development activity slowed during 2020, a flight to safety will prolong capital targeting modern office and residential assets in prime and emerging locations with market leading technology and ESG credentials, increasingly focused on individual health and wellbeing. With COVID-19 disrupting development pipelines, coupled with reduced competition and a retrenchment from the space by some of the more traditional players, we see an opportunity at all stages of the development cycle to create buildings that deliver environmental performance and long-term economic value, for both investors and users. Whilst the office sector has been characterised by uncertainty around future occupier need, it will remain an essential amenity for businesses to attract talent and we expect to see increased demand for CBD locations. We have several very promising residential and office projects in our pipeline which are advancing well, and which evidences our convictions."

**Florence Dard, Global Head of Client Group, AXA IM Alts, added:** "This significant amount of capital raised at first closing reflects our clients' trust in a strategy that has a more than 20-year track record and an extremely solid performance, with a 15+% IRR on each generation. Moreover, it is testament to the confidence in the expertise and skills of our 35+ strong pan-European development team. Our ability to continue attracting capital from a globally diverse investor base, with clients from Asia, North America and Europe, is a strong endorsement of the broader AXA IM Alts approach and reaffirms the continued attraction of the European real estate sector."

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1 Source: AXA IM Alts unaudited data, as of December 2020

2 Source: INREV/ANREV Fund Manager Survey – June 2020 – in terms of assets under management

3 Source: AXA IM Alts unaudited data, as of December 2020

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## 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 2020<sup>1</sup>, 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 Europe<sup>2</sup>, and one of the largest worldwide.

1 Source: AXA IM 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 2020.

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.*

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