

Press release

AXA IM Alts significantly expands U.S. industrial platform with acquisition of c. \$2.05 billion portfolio

- 32-asset portfolio will be acquired in two stages, with initial \$1.2 billion purchase to be followed by subsequent \$850 million of investment over next two years

AXA IM Alts, a global leader in alternative investments with c. €168 billion of assets under management^[1], acting on behalf of clients and in partnership with Dermody Properties, a leading US logistics real estate developer, investor and operator, has acquired a 23-asset portfolio from Dermody Properties Industrial Fund II (“DPIF II”) for c. \$1.2 billion. The venture is under contract to acquire nine additional assets totalling c. \$850 million upon completion of construction in 2022 and 2023. Dermody Properties will serve as the operating manager for the venture.

On completion of both acquisitions, the portfolio will total c. 8.47 million sq ft (c. 785,000 sq m) and comprise 32 high-quality assets, 65% of which were constructed within the last three years. All assets occupy strategic locations in primary logistics hubs across 11 primary U.S. industrial markets, including Inland Empire, Northern California, Seattle, Portland, Las Vegas, Chicago, Louisville, Atlanta, Eastern Pennsylvania, Northern New Jersey and Wilmington.

With an average age of eight years and average building size of 208,000 sq ft, the total portfolio offers modern facilities to suit a variety of potential occupiers. The majority of assets sit within the 150,000 – 400,000 sq ft size range which is currently experiencing the strongest leasing activity in the U.S. The initial 23-asset portfolio is 77% leased, with strong leasing prospects for the vacant space. The entire portfolio includes a majority of investment-grade tenants. US industrial vacancy stands today at a near-record low of 3.6%^[2]. A scarcity of land, increasing construction costs, as well as labor and supply chain shortages, are constraining the pipeline of future stock, driving rents and investment values.

The newly acquired and to-be- acquired assets complement AXA IM Alts’ existing exposure to the U.S. industrial sector which, upon completion of both transactions with Dermody Properties, will comprise c. \$3.4 billion (€3.02 billion)^[3] of assets under management across approximately 20 key US markets. The initial acquisition expands AXA IM Alts’ global logistics platform to c. 65 million sq ft (c. 6 million sq m) in 12 countries with a total value of c. \$8 billion (over €7 billion)^[4], as the sector remains sought-after on account of favorable supply / demand metrics driven by shifts in worldwide consumption habits.

Steve McCarthy, Head of North America at AXA IM Alts, commented: “The quality and scale of the Dermody Properties portfolio, together with its resilient income profile and attractive geographical diversification, made it stand out as a particularly compelling investment opportunity. Logistics remains one of AXA IM Alts’ long-term conviction calls as demand for prime space shows no sign of abating thanks to structural shifts driven by the rapid growth of e-commerce and evolving changes to worldwide supply chains. We are delighted to partner with Dermody Properties to maximize the value of the portfolio for the benefit of our clients in the years to come.”

Douglas A. Kiersey, Jr., President of Dermody Properties, added: “We are very pleased to welcome AXA IM Alts as our partner as they expand their US portfolio. Dermody Properties’ strategic investments in infill industrial land in select US markets has allowed us to develop assets which enhance the distribution networks of our customers and in turn, optimize delivery times to the end consumer. On behalf of U.S. Core Logistics Partners II, LP, we look forward to continuing to serve the needs of our customers.”

CBRE National Partners facilitated the sale of the DPIF II portfolio.

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1 Source: AXA IM Alts unaudited data as of 30 September 2021

2 Source: Q3 2021 US Industrial Figures/CBRE

3 Source: AXA IM Alts unaudited data as of 30 September 2021

4 Source: AXA IM Alts unaudited data as of 30 September 2021

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About AXA IM Alts

AXA IM Alts is a global leader in alternative investments with €168 billion of assets under management^[1] comprising c.€80 billion of primarily private real estate, c.€77 billion of private debt and alternative credit, as well as c.€11 billion in Infrastructure, private equity and hedge funds. We take a 360° approach to real assets (real estate & infrastructure) investing with c. €110 billion of assets under management in direct opportunities, held indirectly through debt and listed equities and via long term private equity investments into operating platforms. ESG is fully integrated into our investment decision making processes with our responsible investment approach anchored by the three key pillars of decarbonisation, resilience and building tomorrow.

AXA IM Alts employs over 750 people located in 16 offices around the world and serves the needs of more than 500 clients from Europe, North America, Asia Pacific and Middle East. We are the number one property portfolio and asset manager in Europe^[2], and one of the largest worldwide.

¹ Source: AXA IM data (unaudited). All figures 30 September 2021.

² Source: INREV Fund Manager Survey, June 2021. #1 largest European managers in total real estate 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 €879 billion in assets as at the end of September 2021. AXA IM is a leading investor in green, social and sustainable markets, managing €577 billion of ESG-integrated, sustainable and impact assets as at the end of September 2021. 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 26 offices across 20 countries and is part of the AXA Group, a worldwide leader in insurance and asset management.

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

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About Dermody Properties

Dermody Properties is a privately-owned real estate investment, development and management firm that specializes in the acquisition and development of logistics real estate in strategic locations for e-commerce fulfillment centers, third-party logistics and distribution customers. Founded in 1960, Dermody Properties has invested more than \$6.2 billion of total capital across all platforms nationwide, having acquired and developed approximately 100 million square feet of logistics and industrial facilities. In addition to its corporate office in Reno, Nev., it has regional offices in northern and southern California, Atlanta, Phoenix, Seattle, Chicago, Dallas and New Jersey.

For more information, visit www.Dermody.com.

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