

Press release

AXA IM Alts targets conviction asset classes aligned to structural trends, with c. €11 billion of transactions in 2021

- Continued focus on residential, industrial & logistics and life science assets in line with long-term structural shifts
- Trends accelerated by the pandemic heighten focus on sustainable, amenity-led office space
- ESG is embedded at the heart of investment and development strategies to upgrade assets from brown to green and deliver positive and lasting change to society
- Specialist sector teams continue to pre-empt trends across asset classes to deliver performance in competitive markets
- Strong development pipeline, with 73 projects totalling c. €8 billion underway

All figures are as of end 2021, 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. €183 billion of assets under management^[1], expects the bulk of its investment in 2022 to be in conviction asset classes such as life sciences, healthcare, residential, and industrial & logistics, as well as in repositioning offices, as it announces that it completed €10.8 billion of real estate equity transactions in 2021. This comprised c. €8.7 billion of acquisitions and almost €2.1 billion of disposals^[1], and compares to €9.7 billion of transactions completed in 2020^[2]. The business' real estate equity assets under management exceeded €87.7 billion by the end of 2021^[1], up 15% from the previous year^[2], with transactions reflecting AXA IM Alts' increasingly global market position, with c. 40% of investment activity focused outside of Europe^[1].

Investment activity concentrated on high conviction sectors

AXA IM Alts' Real Assets platform targets asset classes benefiting from demographic and macroeconomic structural shifts. Within these asset classes, investment specialists are focussed on identifying the best performing assets and those that support the platform's strong commitment to ESG and sustainability.

Industrial & logistics represented 46% of total investment, or €3.9 billion, in 2021^[1]. AXA IM Alts' global industrial & logistics platform grew by €5.2 billion in 2021 to a total of €10.7 billion^[1]. Demand for modern, flexible warehouses remains strong, as driven by the growth of e-commerce, multi-channel retail and global business-to-business distribution. Last year, AXA IM Alts committed to the acquisition of a c. \$2.05 billion (€1.82 billion) U.S. logistics portfolio totalling c. 8.47 million sq ft. The business also acquired a stake in Moorebank Logistics Precinct in Sydney, the world's first automated logistics facility. A consortium of investors including AXA IM Alts invested a total of A\$1.67 billion (c. €1.06 billion) in the acquisition. In Europe, AXA IM Alts expanded its logistics footprint to the Nordics, one of Europe's fastest growing e-commerce markets, through its acquisition of a portfolio of 20 assets totalling c. 5.54 million sq ft.

The ***residential*** sector accounted for 29% of transactions in 2021^[1]. Focused on well-located, high-quality accommodation across target markets, AXA IM Alts seeks to provide housing where it is most needed, with a focus on delivering social value. In Europe,

over €2 billion was deployed into key target markets including France, Switzerland, Spain, and the Nordic region. An uncompromising approach to quality and sustainability meant investment was focused on quality single asset transactions, including the acquisition of a newly built 192-unit scheme with strong sustainability credentials close to Copenhagen city centre; and the expansion of existing market leading investment platforms, including Groupe Kley, a fully integrated student housing and co-living operator acquired by AXA IM Alts in 2019, with a portfolio of high-quality student residences across France. Outside Europe, notable investments in 2021 included the acquisition of a 346-unit portfolio of two-to four-bedroom apartments in Osaka, and the purchase of a 271-home multi-family tower in a Houston suburb experiencing rapid population growth.

Following the acquisition of the market leading Kadans platform in December 2020, AXA IM Alts continued to invest in **life sciences and healthcare**. Strong structural drivers, including greater healthcare demand from an ageing population and increased public and private funding for R&D activity are driving demand for high quality research and laboratory facilities. During the year, AXA IM Alts, through its Kadans platform, expanded its life science portfolio across existing markets and made its first investment in Belgium through the acquisition of Watson & Crick Hill, a Research & Technology Park that is part of the Louvain-la-Neuve Science Park, a leading innovation cluster. The property consists of six buildings totalling over 28,000 sqm of offices and laboratories.

John O'Driscoll, Global CIO and Head of Investment at AXA IM Alts, commented: “2021 saw AXA IM Alts continue to invest in high conviction asset classes, including residential, industrial & logistics, healthcare and life sciences. Each is experiencing strong demand owing to long-term structural growth drivers which have been accelerated by the pandemic, not least the growing importance of technology and sustainability to occupiers. AXA IM Alts has maintained a disciplined but active approach, leveraging the expertise of its local teams to identify the best assets in sectors we believe in.

“We continue to pre-empt, understand and capitalise on changing market dynamics to invest in high quality properties across a range of asset classes which meet the changing demands of occupiers and allow us to deliver strong returns for our clients.”

Continued belief in the importance of high-quality offices

AXA IM Alts continues to believe in the value of sustainable, amenity-driven offices. The sector rebounded swiftly from the initial impacts of the pandemic. The preference for sustainable workspaces providing ample communal space and accompanying amenities is a longstanding trend, accelerated by employees’ experience of remote working during the past two years. During the year, AXA IM Alts focussed on securing opportunities that will enable the development of best in class offices for the future.

The business acquired a central Munich development site in July 2021, where it plans to develop an innovative and highly sustainable hybrid timber office. The asset will be primarily constructed of a sustainably sourced timber frame around a concrete core. The fully recyclable material will provide passive thermal protection, and the development is targeting a Platinum certification as well as further certifications relating to its technology and focus on wellness.

Key focus on sustainable development and decarbonisation

AXA IM Alts is committed to enacting positive change through its investment and development activity, embedding stringent ESG standards at the core of its strategy to mitigate the impacts of climate change, deliver a positive contribution to the communities in which it invests and futureproof assets on behalf of clients. Its commitment to sustainable, modern, amenity-led spaces was evidenced by its development activity in 2021, with notable completed and ongoing developments including the construction of BLACK, a c. 50,000 sqm sustainable urban mixed-use building in Paris, which will be one of the largest low-carbon

buildings in France once complete^[3]; and the construction of 121,000 sq ft of new offices at its prime harbourside Assembly Bristol city centre development in the UK. The business has 73 projects totalling c. €8 billion currently under development across 9 countries^[1].

In line with its global green investment strategy and efforts to pursue decarbonisation, in 2021, the business also acquired a 537-hectare deciduous forest known as 'Forêt de la Reine' in north-east France, which it will sustainably manage on a long-term basis to sequester an estimated 2,500 tCO₂ per year and avoid a further 4,000 tCO₂ of annual emissions. This acquisition brought AXA IM Alts' forestry assets under management to 84,000 hectares across France, Ireland, Finland and Australia^[1].

Isabelle Scemama, Global Head of AXA IM Alts, concluded:

"Our belief that a successful real estate investment strategy requires a research driven approach to anticipate major structural trends, a commitment to securing best-in-class, highly sustainable space across asset types and careful stock selection executed by locally based teams is fully reflected in our 2021 activity. We are leading the market in developing new sectors, including life sciences, and in re-inventing established sectors, notably offices, where the post-pandemic occupier is increasingly focused on sustainability, flexibility and greater amenity to support a hybrid working strategy.

"Anticipating the trends driving each asset class will again be key for 2022. Within each sector there is a wide gap in value between premium and non-premium assets. We are being disciplined and selective, investing, developing and repositioning assets to deliver a premium portfolio that caters to post-pandemic trends in demand, and which will allow us to continue to create long-term value on behalf of investors."

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¹ Source: AXA IM Alts unaudited data, as of 31 December 2021

² Source: AXA IM Alts unaudited data as of 31 December 2020

³ Source: BLACK project aims to achieve BBCA label (Association pour le développement du Bâtiment Bas Carbone)

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About AXA IM Alts

AXA IM Alts is a global leader in alternative investments with €183 billion of assets under management^[1] comprising over €86 billion of primarily private real estate, c.€82 billion of private debt and alternative credit, as well as c.€12 billion in Infrastructure, private equity and hedge funds. We take a 360° approach to real assets (real estate & infrastructure) investing with over €121 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 as of 31 December 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 €887 billion in assets as at the end of December 2021. AXA IM is a leading investor in green, social and sustainable markets, managing €563 billion of ESG-integrated, sustainable and impact assets as at the end of December 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.

At the end of December 2021, AXA IM employs over 2,460 employees around the world, operates out of 23 offices across 18 countries and is part of the AXA Group, a worldwide leader in insurance and asset management.

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