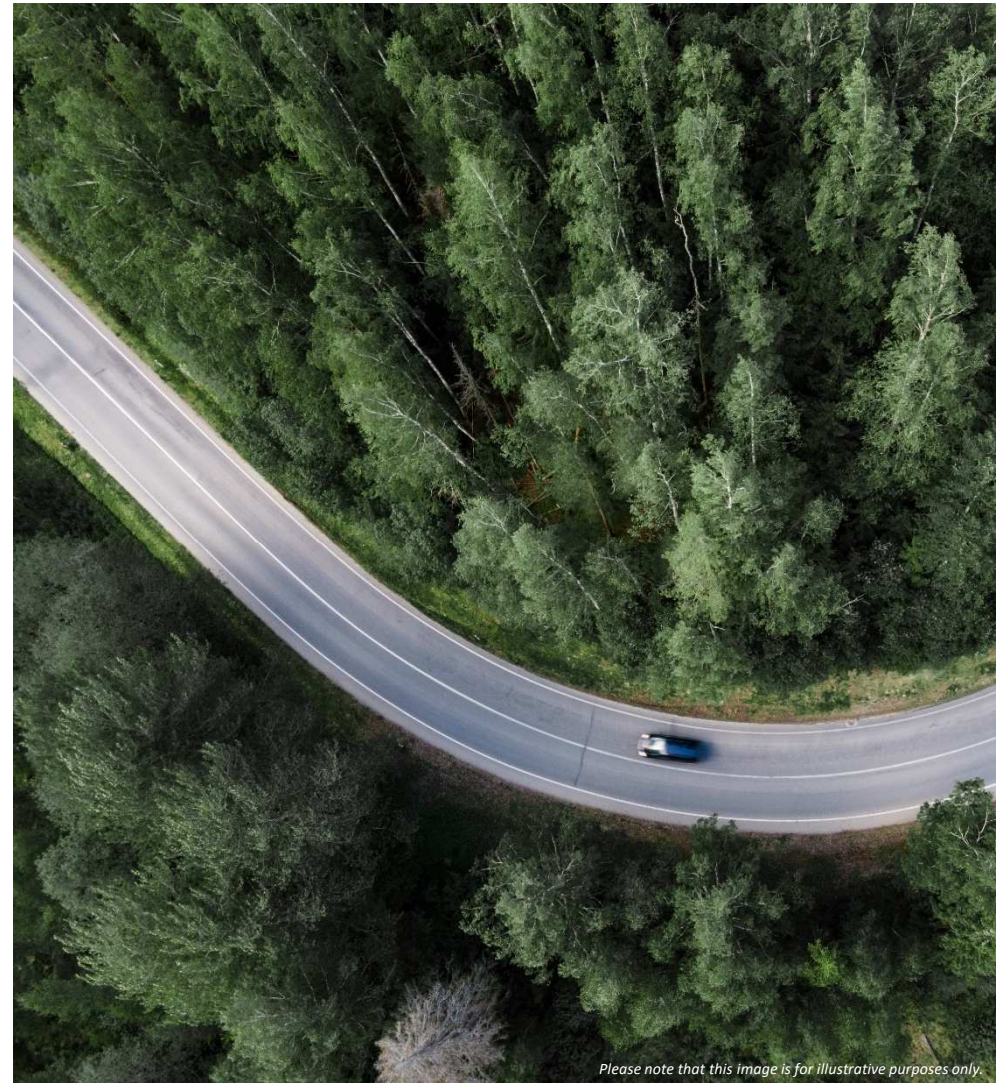




Market Outlook 2022

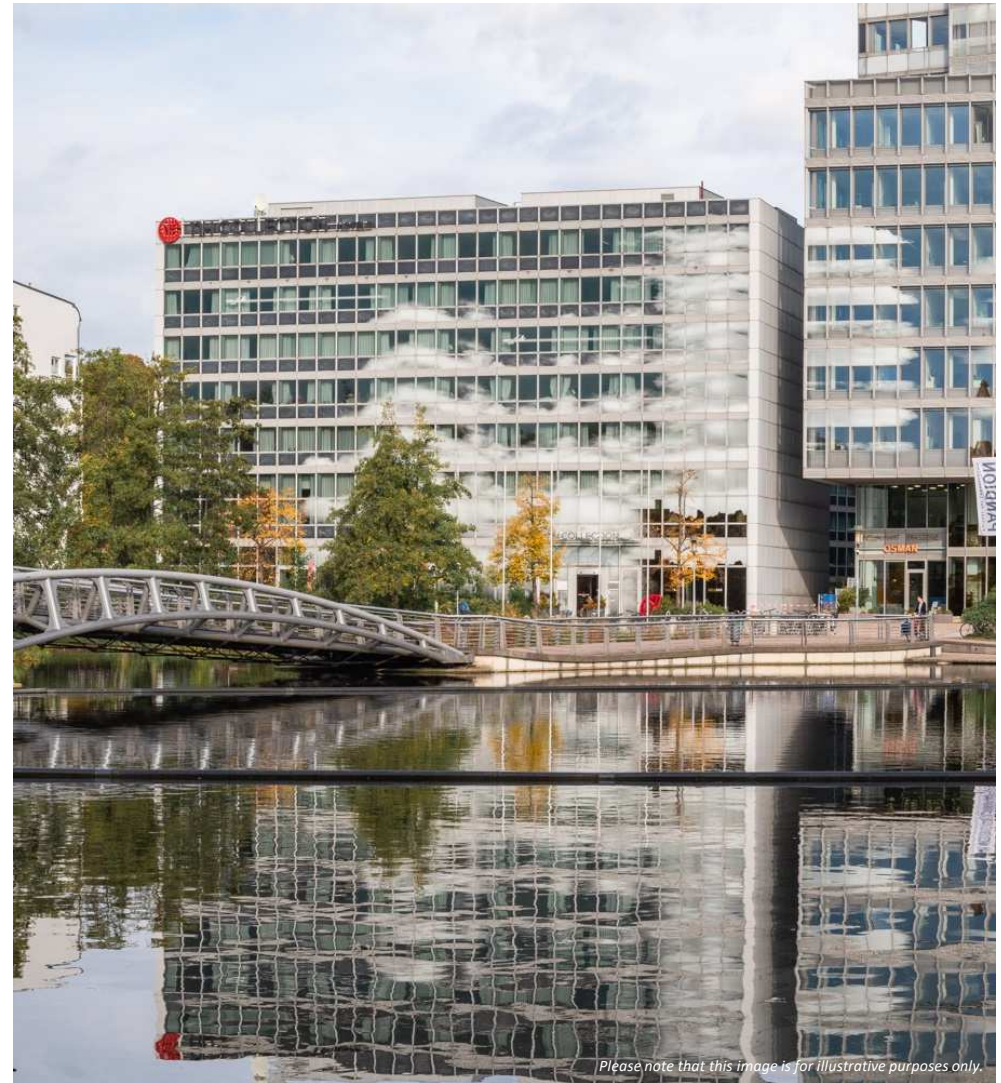
Justin Curlow
Global Head Research & Strategy
AXA IM – Real Assets

Tuesday, 18 January

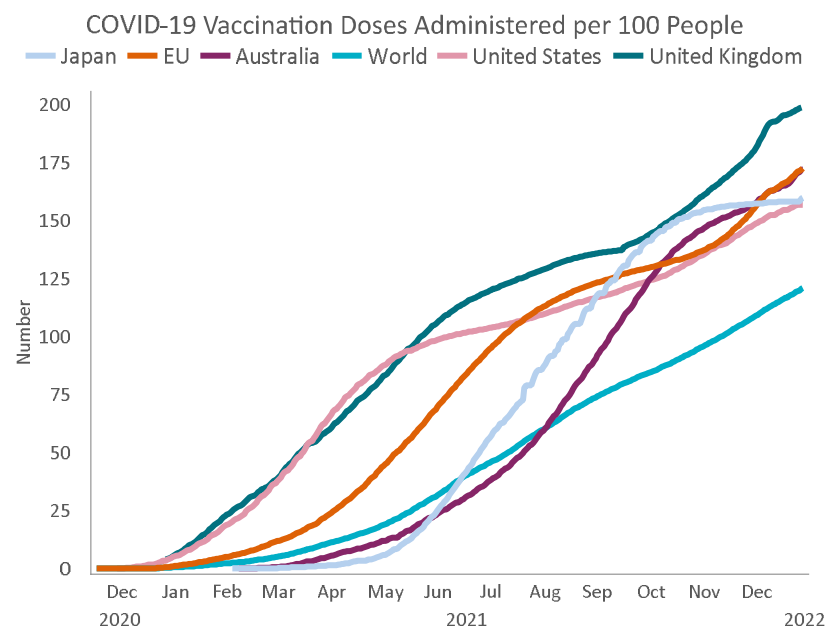




Macro Overview

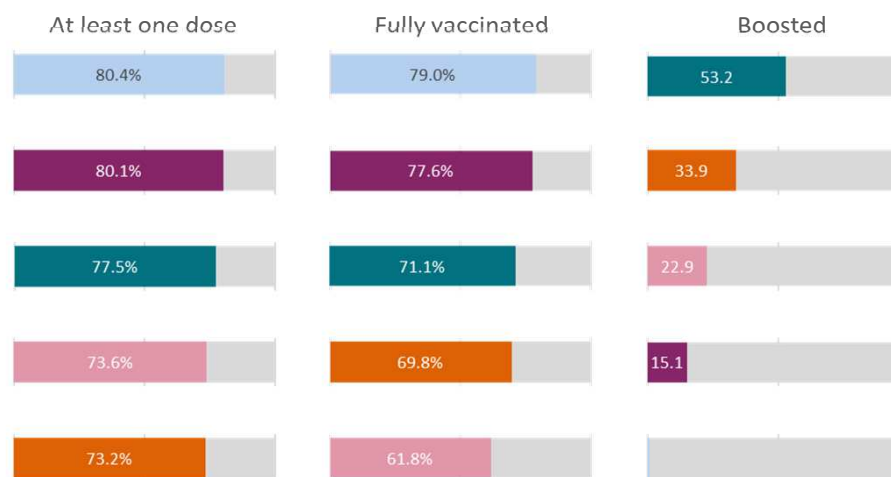


Vaccine progress and boosters leading to more modest restrictions during Omicron wave



Source: Macrobond, AXA IM – Real Assets, data as at 12 January 2022

Vaccination program status



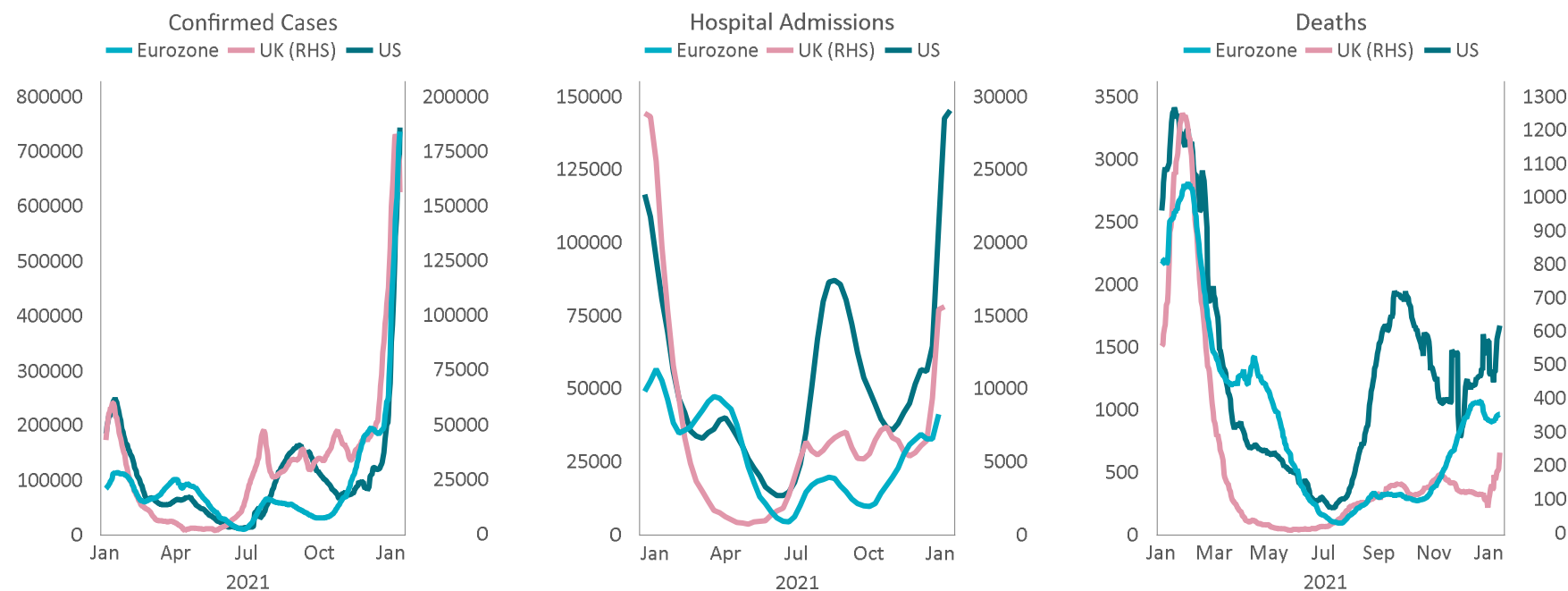
Source: Financial Times, AXA IM – Real Assets, data as at 12 January 2022

Note: At least one dose and Fully vaccinated stated as % of population, Boosted stated as doses per 100 residents

Important Notice: The information has been established on the basis of data, projections, forecasts, anticipations and hypotheses which are subjective. This analysis and conclusions are the expression of an opinion, based on available data at a specific date. Due to the subjective aspect of these analyses, the effective evolution of the economic variables and values of the financial markets could be significantly different from the projections, forecast, anticipations and hypotheses which are communicated in this Material. For illustrative purposes only.

Diagrams for illustrative purposes only

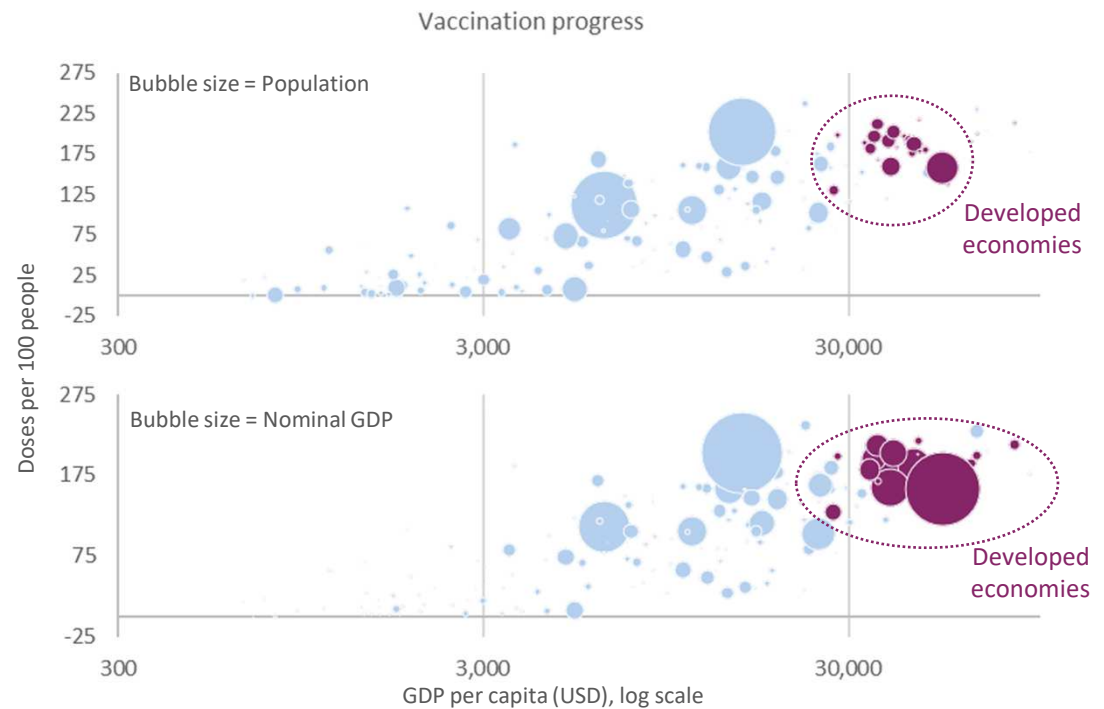
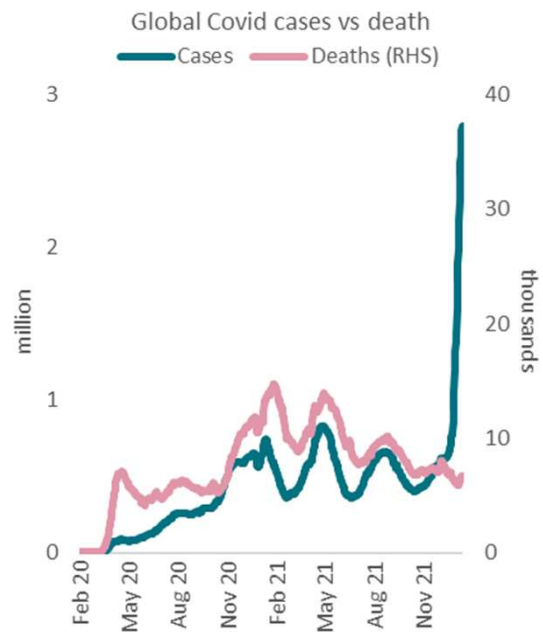
Omicron: More transmissible but less severe



Source: World Health Organisation, Our World in Data, Macrobond, AXA IM – Real Assets, data as at 12 January 2022

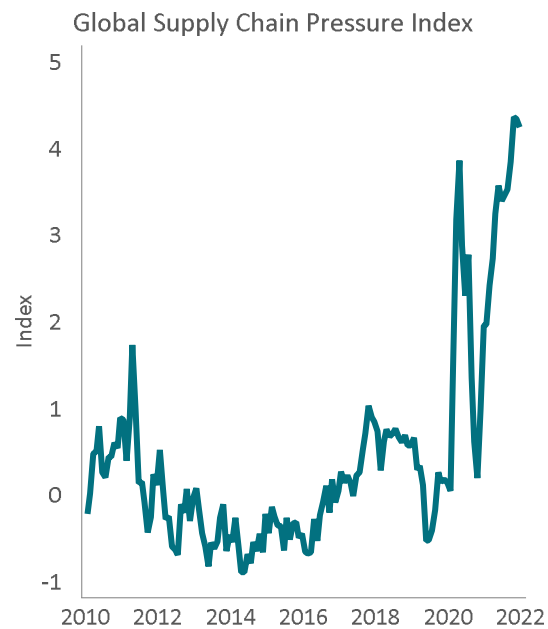
Note: Cases and Deaths stated as rolling 7 day averages, Hospital admissions stated as weekly figures; Eurozone Hospital Admissions exclude Austria, Lithuania and Slovakia
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Omicron: Vaccination program significantly more advanced in developed economies

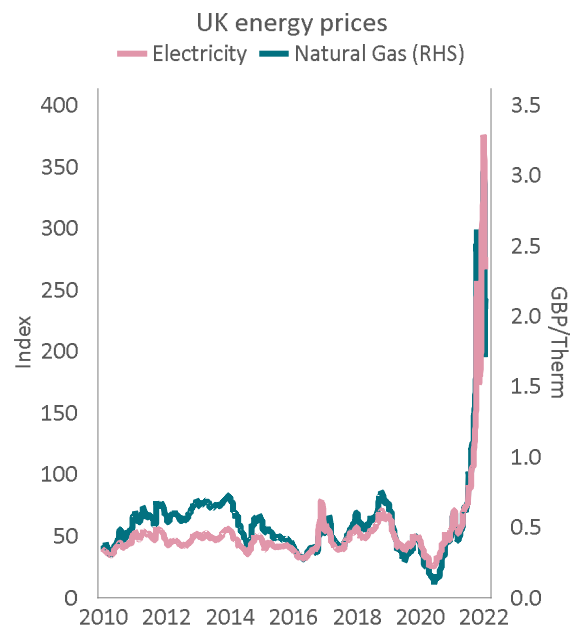


Source: Our World in Data, FT.com, AXA IM – Real Assets, data as at 13 January 2022
 Note: Developed economies as classified by FTSE Group
 Diagrams for illustrative purposes only. Please see important notice on slide 2

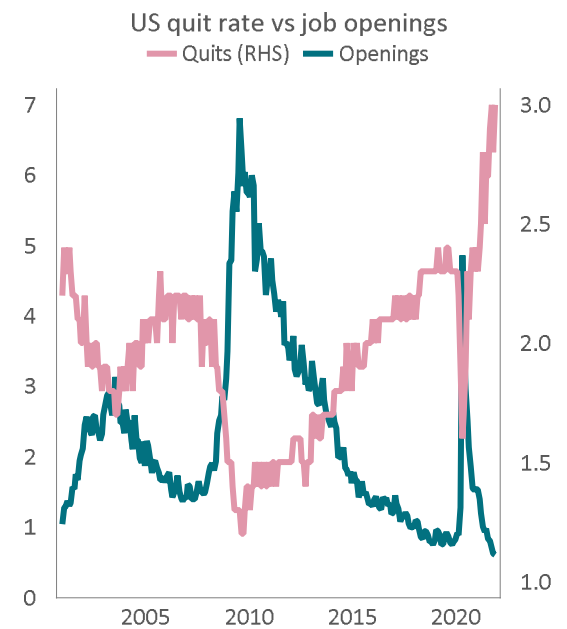
Inflation: A thorn in the side of the recovery



Source: Macrobond, Federal Reserve Bank of New York, data as at January 2022



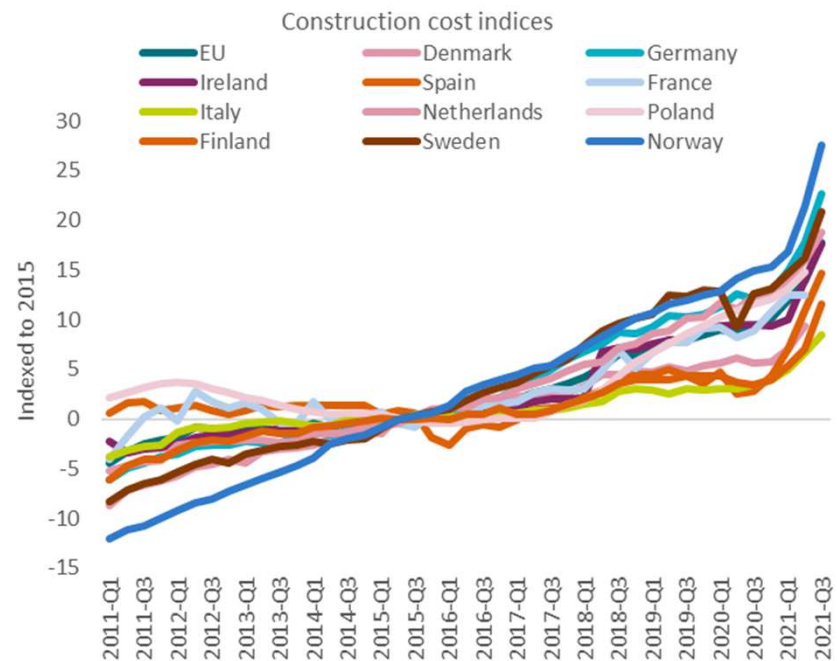
Source: ICE, Macrobond, data as at January 2022



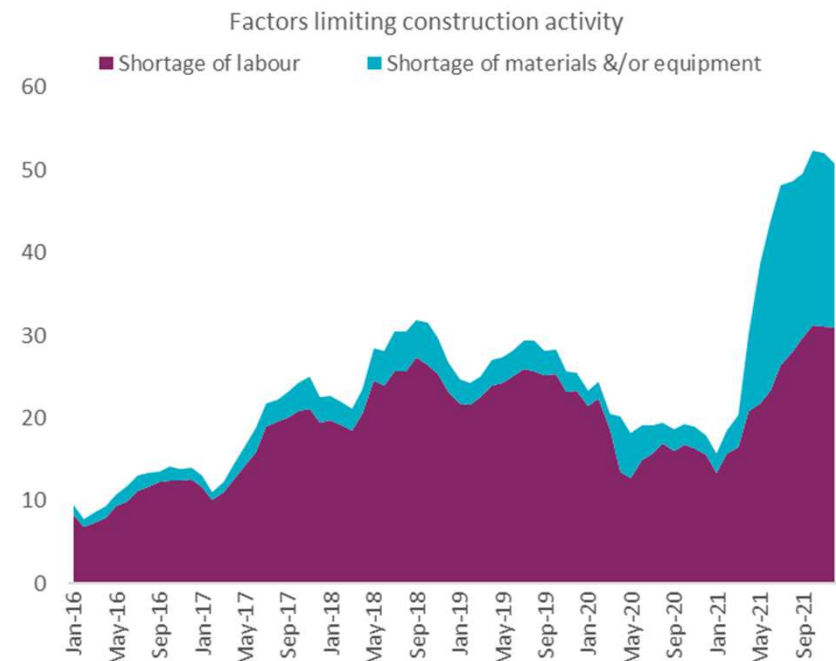
Source: BLS, Macrobond, AXA IM—Real Assets, data as at January 2022

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Increased construction costs should support rent growth



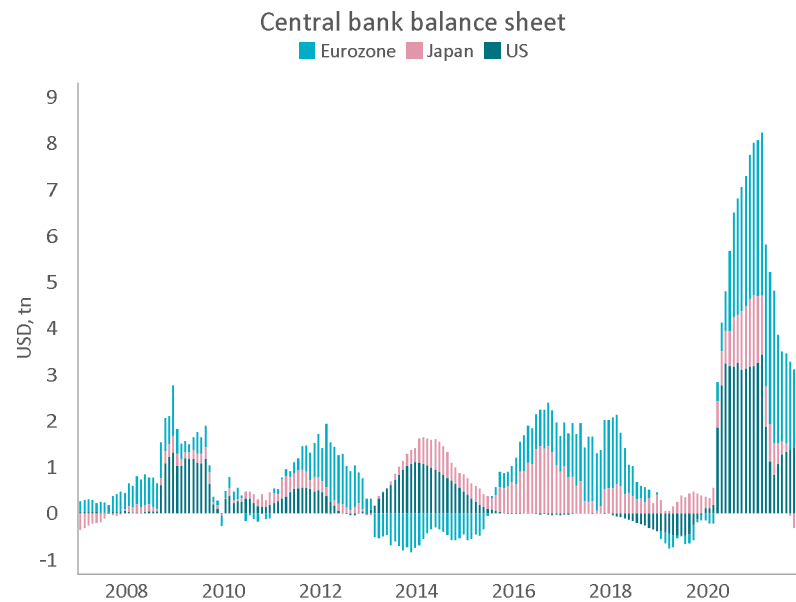
Source: Eurostat, AXA IM - Real Assets, data as at Dec 2021



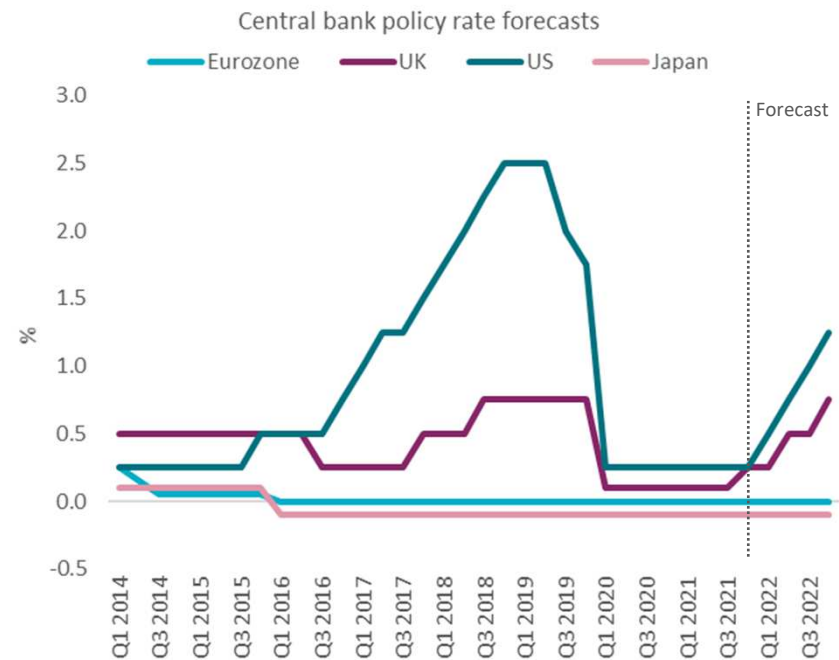
Source: European Commission, AXA IM - RealAssets, data as at Dec 2021

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Walking the tightrope: Central banks respond to inflationary pressures



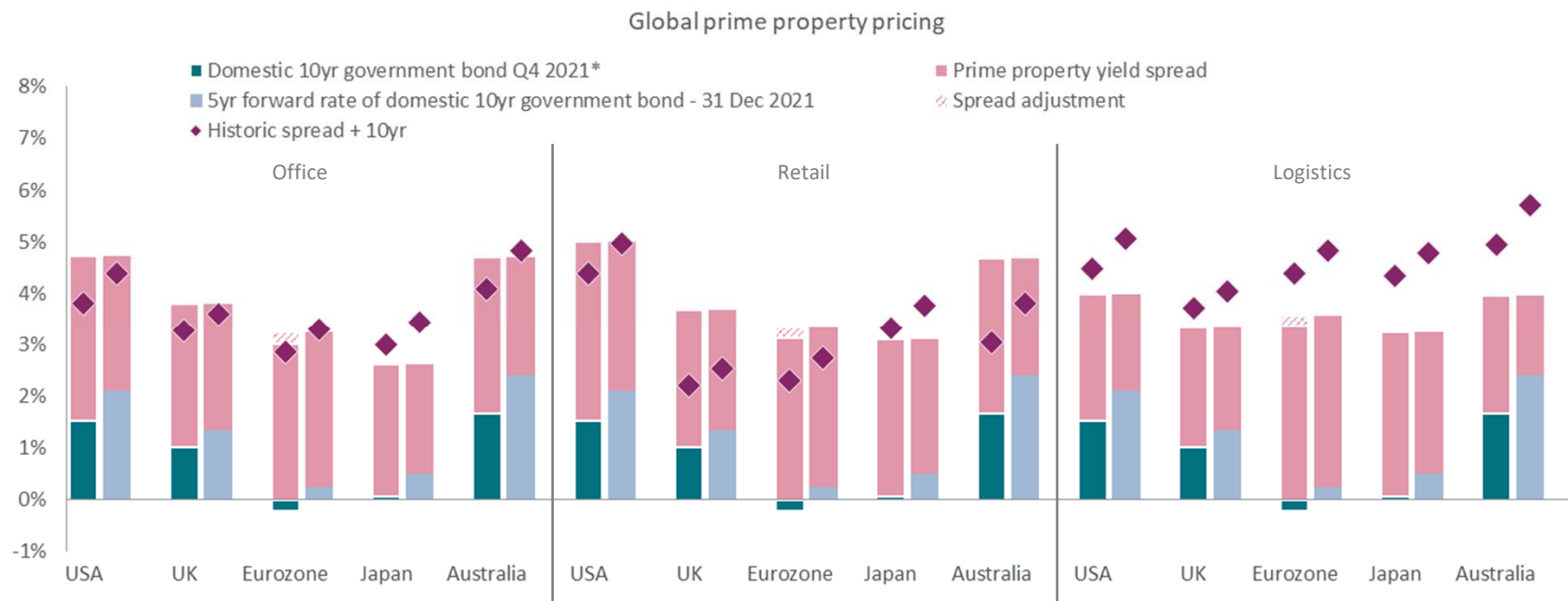
Source: Macrobond, AXA IM – Real Assets, data as at 12 January 2022



Source: AXA IM Macro Research, forecast as at 17 Jan 2022

Diagrams for illustrative purposes only. Please see important notice on slide 2

Interest rate environment still largely supportive for property pricing and capital values



Source: CBRE, PMA, RCA, Bloomberg, AXA IM - Real Assets, data as at 30 December 2021

*Property yields as at Q3 2021

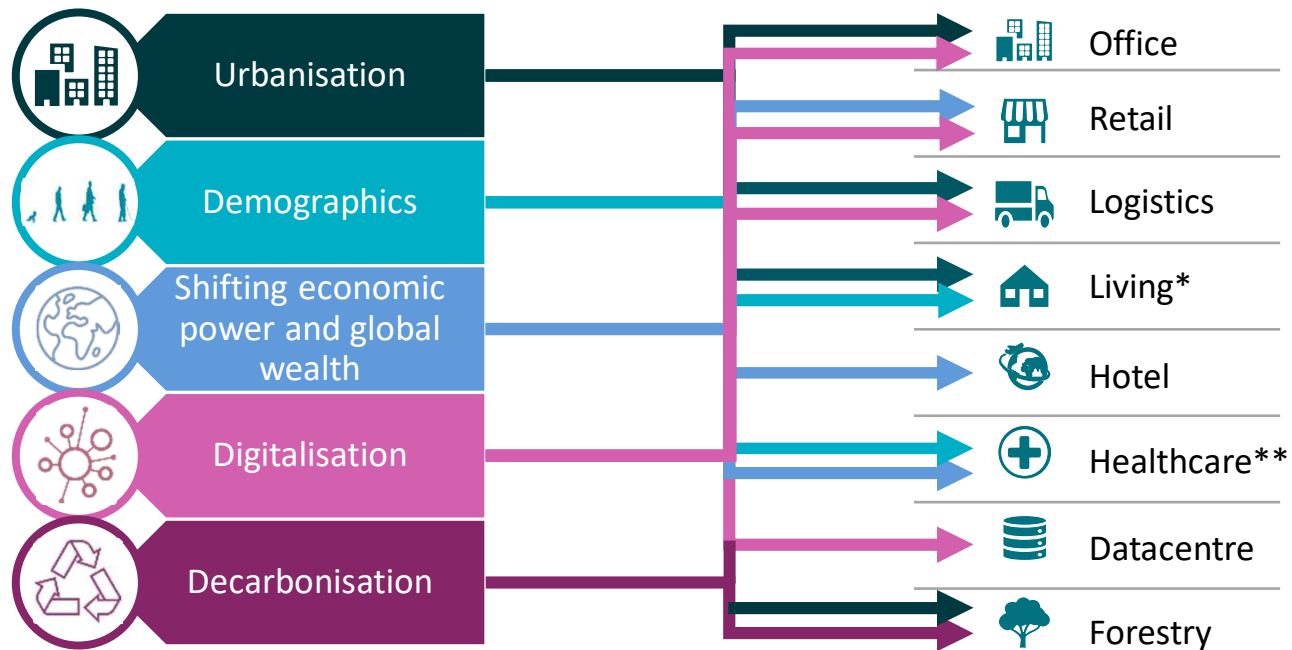
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Sector Recovery Prospects



Thematics underpinned by megatrends remain a long term, through cycle focus



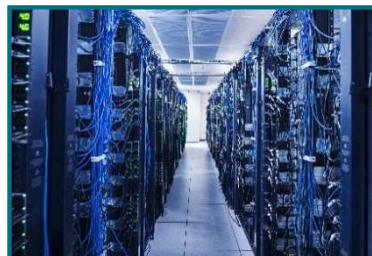
Source: AXA IM – Real Assets, as at March 2021

Note: * includes Private Rental Sector (PRS), Purposed Built Student Accommodation (PBSA), and Senior Housing (SH), **including Assisted Living

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Defensive vs offensive recovery plays

Defensive



Living



Healthcare



Logistics



Datacentre

Offensive



Retail



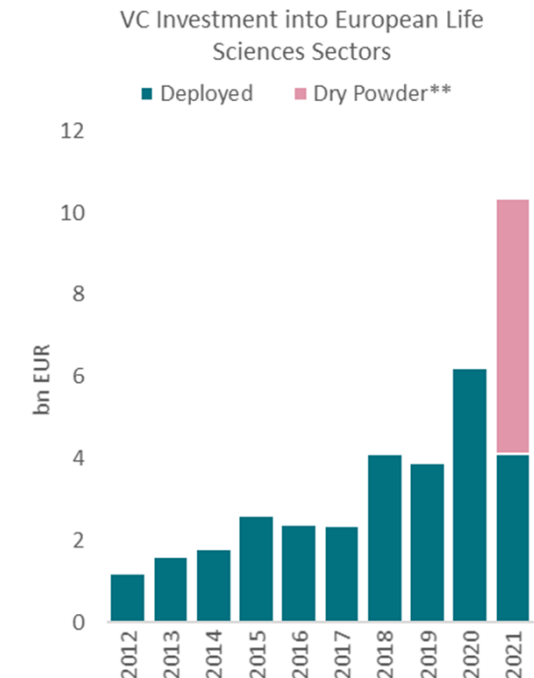
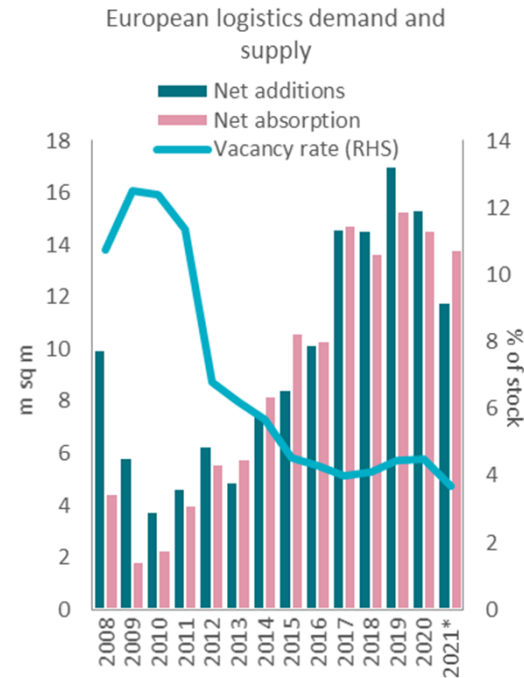
Hotels



Airports

Images for illustrative purposes only. Please see important notice on slide 2

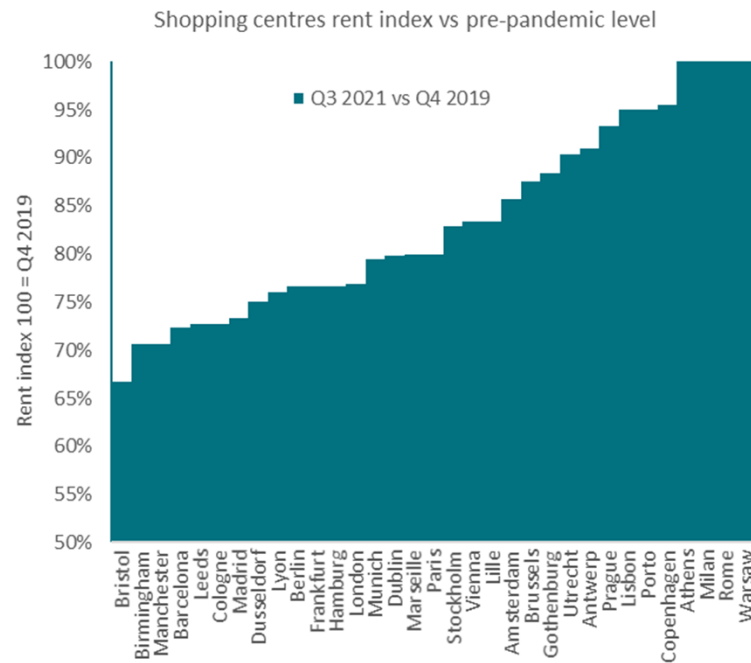
Defensive focus on 'Beds, Sheds and Meds'



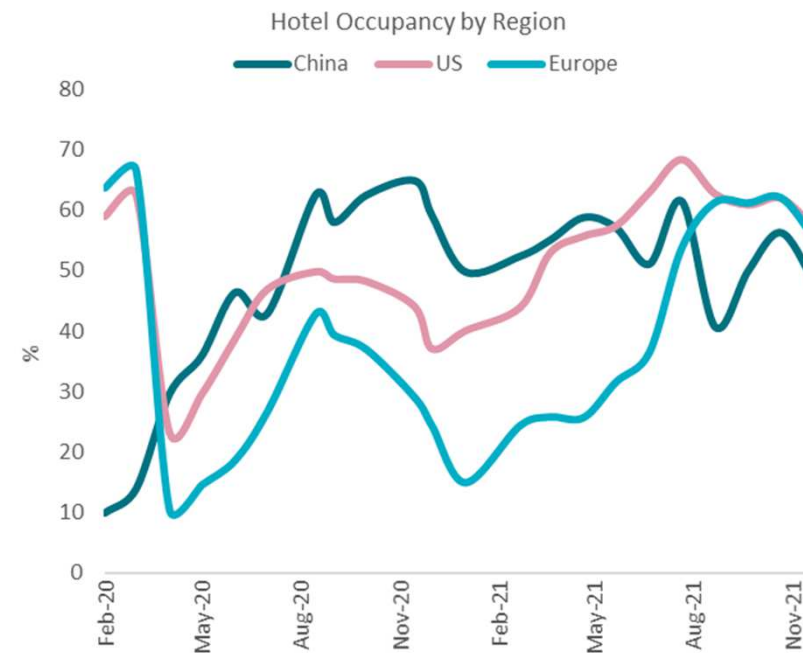
Source: Eurostat, Fred, Prologis, JLL, CBRE, Savills, FT, Pitchbook, AXA IM - Real Assets, data as at November 2021

Note: European logistics markets - France, Germany, Italy, Netherlands, Spain, UK, Czech Republic, Hungary and Poland; Modern warehousing units 5,000+ sq m; 10,000+ sq m in the UK; * Q1-Q3 2021 net additions and net absorption are totals for the three quarters, whereas vacancy rate is for Q3; **Note: Dry Powder = venture capital targeting life science ventures, raised in 2021, but, as of August 2021, not yet deployed

Offensive: Retail correction accelerated by pandemic while pent-up demand fills hotels



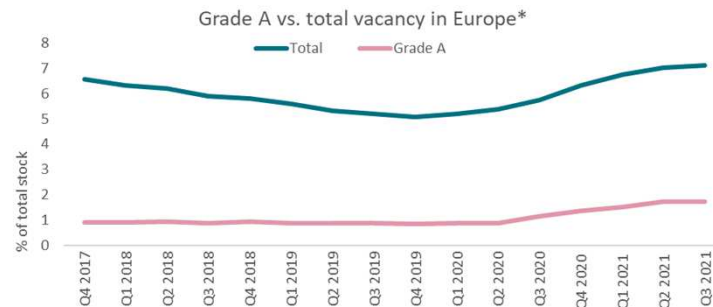
Source: CBRE, AXA IM - Real Assets data as of Q3 2021



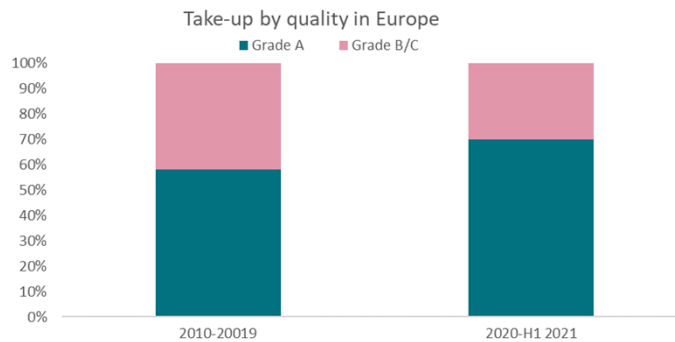
Source: STR, AXA IM - Real Assets, Data as at 17 January 2022

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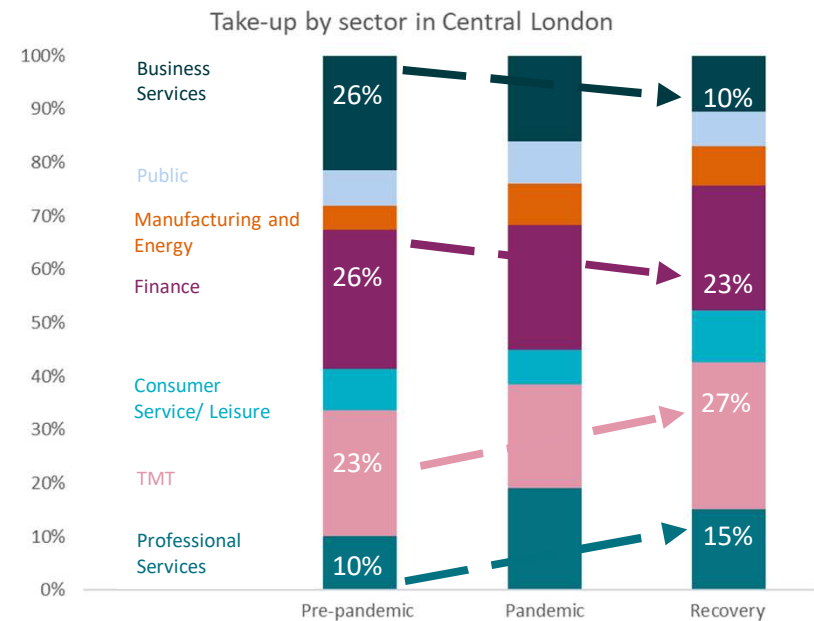
Office leasing activity focused on modern space at the expense of older obsolete stock



Source: CBRE, AXA IM – Real Assets, data as at Q2 2021, * based on Brussels, Paris IDF, Berlin, Munich, Milan, Amsterdam, Barcelona



Source: JLL, AXA IM – Real Assets, data as at Sep 2021



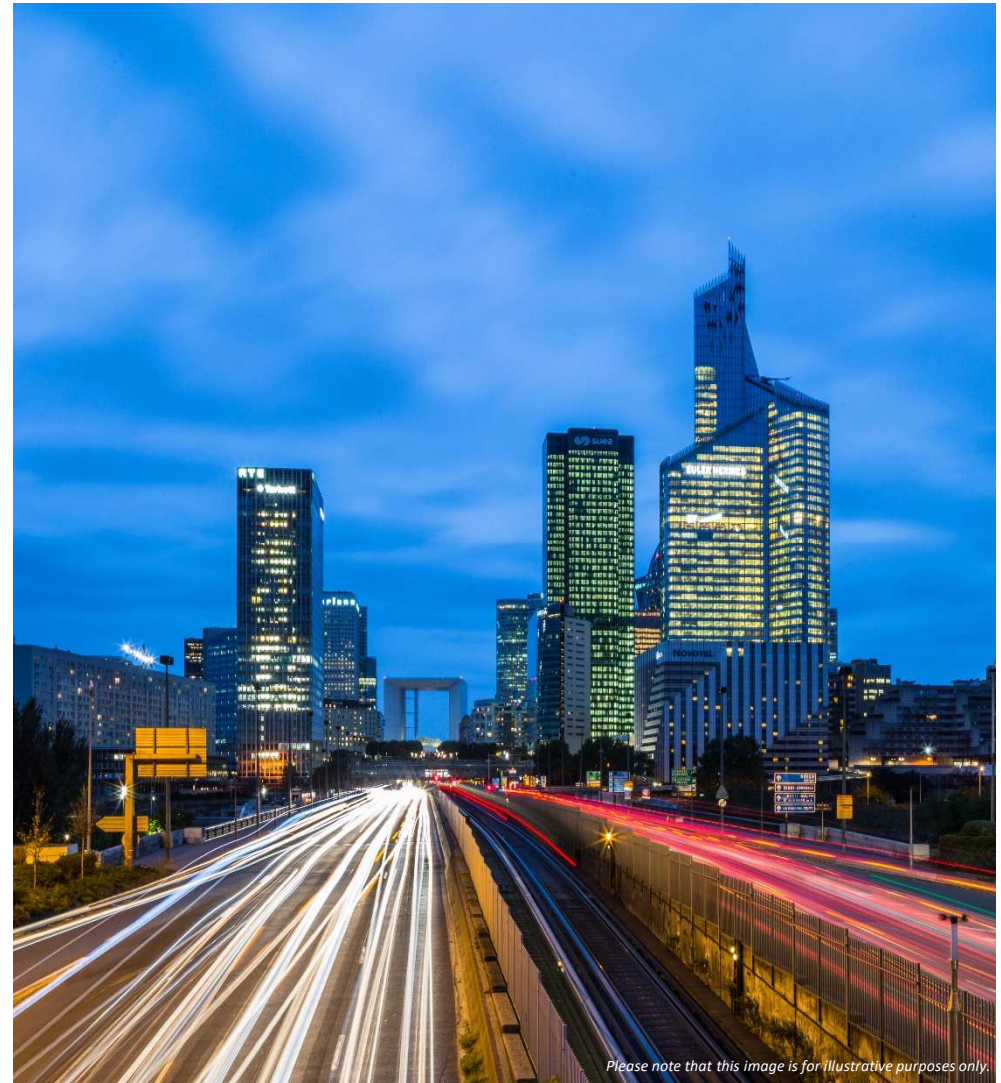
Source: CBRE, AXA IM – Real Assets, data as at Q3 2021, *Pre-pandemic=Q2 2010-Q1 2020, Pandemic=Q2 2020 - Q1 2021, recovery=Q2 2021 - Q3 2021

Office demand rebound has happened more swiftly than anticipated but is centred on top quality space

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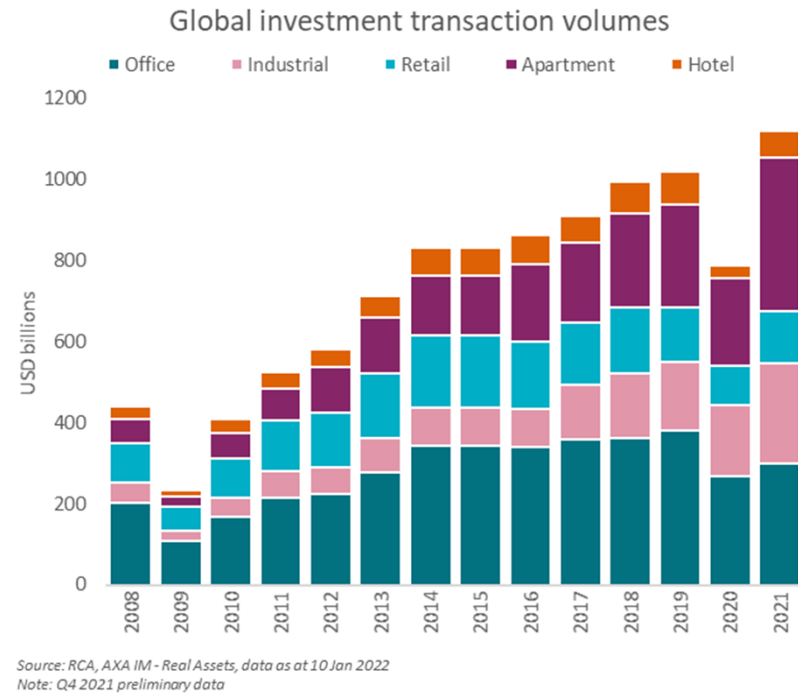
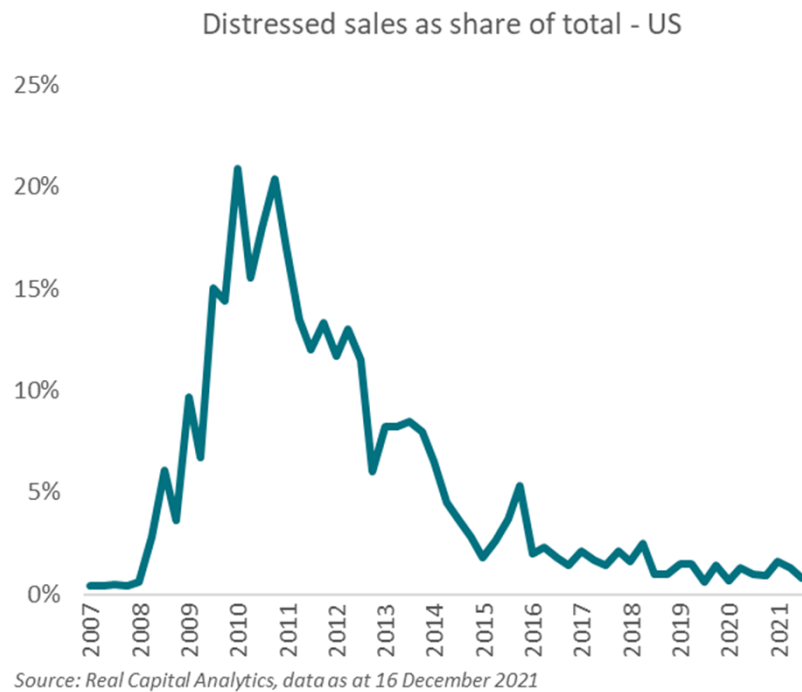


Capital Markets & Investment Strategy



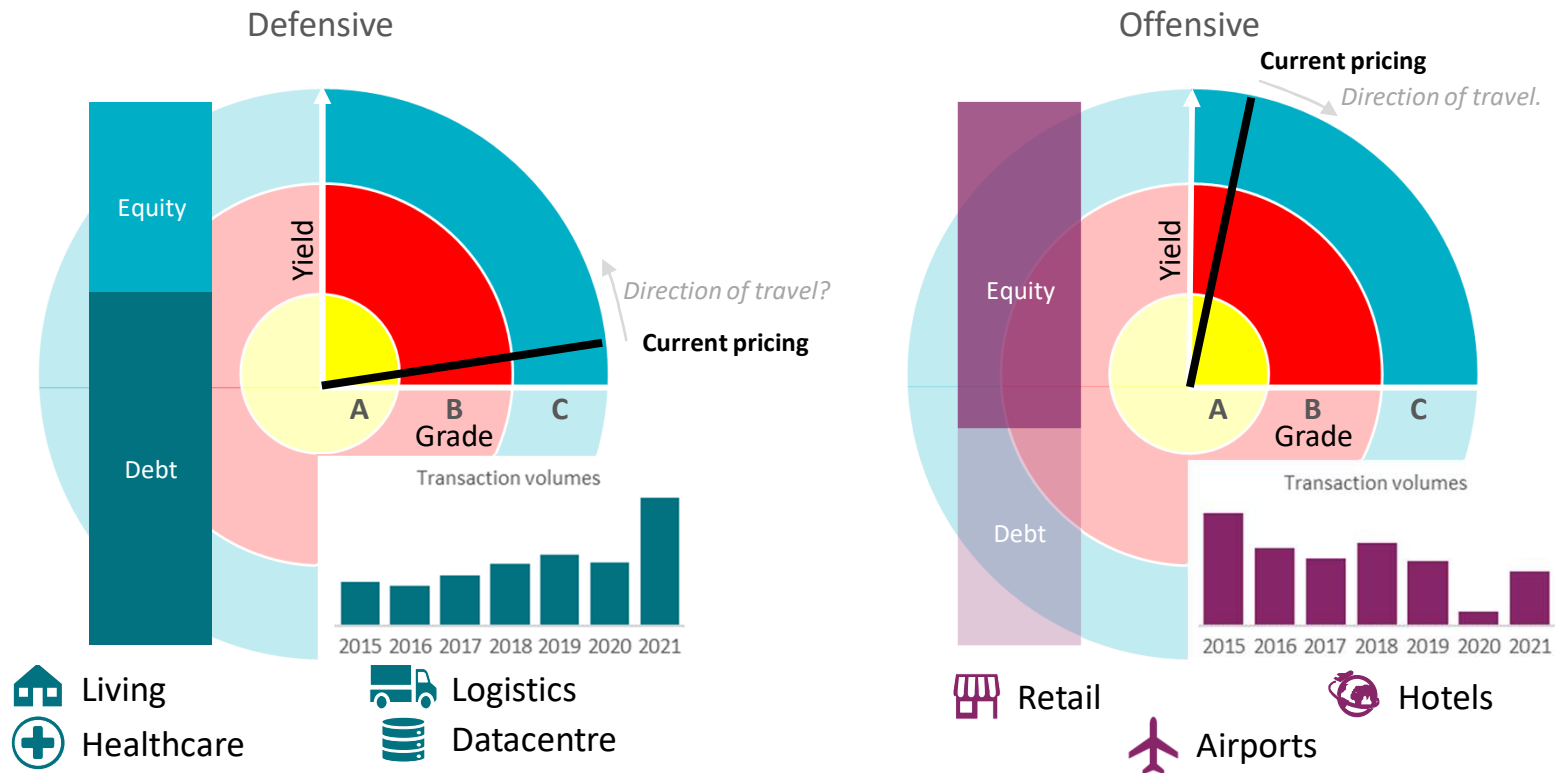
Please note that this image is for illustrative purposes only.

Distressed sales activity limited amid resurgence in transaction volumes



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With the roadmap to recovery offensive investment plays become more under writable



Source: RCA, AXA IM – Real Assets, data as at 14 January 2022

Note: Annual global investment transaction volumes. Defensive refers to industrial and apartment; scale \$1.0 trillion to \$7 trillion. Offensive refers to retail and hotels; scale \$1.0 trillion to \$3.5 trillion; 2021 data provisional

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Summary: property well positioned for next phase of recovery



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