

AXA CoRE Europe Fund

Allocation and Impact Report
June 2021 Green Bond Issuance
ISIN: XS2351301499

13 June, 2022

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Table of Contents

I. Management Statement	P.02
II. ESG Strategy	P.03
III. Green Finance Framework	P.04 – P.05
IV. Allocation Report	P.06
V. Impact Report	P.07

I. Management Statement

We are employing innovative solutions and working closely with our partners, counterparties, tenants and the supply chain to ensure the Fund's assets are playing a productive role in the transition to a low-carbon economy. The work we are doing is not just protecting and enhancing value for our clients, or providing what we have been asked for, it is also about securing our capacity to deliver sustainable long-term value to our clients.

We are taking measurable actions. While we have many achievements to celebrate, we need to act faster and with more impact. That means continuing to deploy the Fund's sustainability strategy, based on decarbonisation, resilience and building tomorrow, with an even bigger ambition. We are ready to take on this challenge.

This report will illustrate the use of proceeds and the impact of the Fund's first Bond issuance through the strategy we have put in place for AXA CoRE Europe Fund and the targets we are aiming for. I hope it inspires all of us to go even further and find more ways that we can help build tomorrow, today.

Sincerely,

Rainer Suter
Fund Leader of AXA CoRE Europe Fund
Fund Real Assets – AXA IM Alts



Rainer Suter
Fund Leader of AXA CoRE Europe Fund
Fund Real Assets – AXA IM Alts

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II. ESG Strategy

AXA CoRE Europe Fund's investment approach is supported and enabled by our ESG strategy, which helps us integrate and embed ESG considerations into our actions and decision-making process. In line with AXA IM Alts' ESG strategy, our ESG approach is centred around **three strategic pillars** (see below). The fund has adapted AXA IM Alts' targets to reflect its ambition of delivering sustainable value and be recognised as a sustainability leader. This allows us to focus our efforts and thereby maximise our sustainability impact.

The pillars are:

– **Decarbonisation**: we aim to align our assets with The Paris Agreement's targets and reduce our reliance on fossil fuels and minimize carbon emissions, while actively investing in assets and projects that promote energy efficiency and renewable energy for a sustainable future.

– **Resilience**: we are strengthening the ability of our assets to better withstand the impacts of climate change, from extreme weather events and other physical impacts of climate change, to the transitional risks inherent in a shift to a low-carbon economy. These changes also bring with them opportunities to add value, and we continue to build on our ability to rapidly act on risks and opportunities as they emerge.

– **Building tomorrow, together**: we choose carefully where to focus our creativity and capital to have the greatest impact, engaging with a broad set of stakeholders to embed sustainability across a growing proportion of our investments. This means that together we are creating a world in which future generations can thrive.

This strategy is applied all the way from the acquisition through to the active management of the assets and their financing.



Smartside – Office building in Paris Area

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III. Green Finance Framework – Overview

The Fund’s green strategy does not only concern the asset management of the real estate assets, but also the financing of these assets. As a European leader, The Fund has moved from a traditional financing strategy – to an ESG related financing strategy, through Green Bond financing, Sustainability Linked revolving credit facility and Green secured loans.

During 2021, the Fund has successfully issued €1bn of Green Bonds (in two issuances) under its Green Finance Framework that is in line with the highest market standard (BREEAM Excellent and equivalent, or EPC A/B). The Framework has been endorsed by Sustainalytics, a market leading independent ESG and corporate governance research, ratings and analytics firm, which confirmed the framework’s alignment with the ICMA Green Bond Principles (2018), and the Green Loan Principles as administered by Loan Market Association. Both issuances have been largely oversubscribed which is a testimony to the market endorsement of the Fund’s strategy.

The process for the evaluation and selection of eligible projects utilizes internal expertise. A cross-functional Green Finance Committee (GFC) reviews, monitors, and approves all Eligible Green Projects that meet the core criteria set forth above.

The GFC is chaired by the Global Head of Responsible Investment and will include the senior executive management group and the Fund Manager. Final project selection for investment will be endorsed by the Responsible Investment Steering Committee, chaired by the CEO of AXA IM Alts – Real Assets.

Green Finance Framework is available at <https://realassets.axa-im.com/axa-core-bond-investors>








The Fund has engaged to publish an annual report including (i) allocation of proceeds relevant Green finance instrument (ii) an impact report that will provide information on the environmental outcomes on the above categories of the Eligible Green Projects. This annual reporting will also be subject to External Review.

€500m Green Bond issued in **June 2021**
ISIN: XS2351301499 – 0.75% - maturity 2028

€500m Green Bond issued in **October 2021**
ISIN: XS2401704189 – 1.25% - maturity 2030
Allocation and Impact Report due 10/2022

III. Green Finance Framework – Use of Proceeds

- 100% of net proceeds of the Bond issuance needs to be allocated to « Eligible Green Projects »
- All Eligible Green Projects must provide environmental benefits that contribute to avoiding/reducing CO2 emissions, by increasing renewable capacity, and/or improving energy efficiency. Eligible Green Projects may include physical assets such as green buildings and renewable energy capacity, as well as CAPEX and OPEX related to those assets, and may also include acquisitions of assets. A look-back period of 36 months will apply to the Framework and Eligible Green Projects must comply with the Eligibility Criteria set forth in the following section.
- The company may, at any time, extend the list of Eligible Green Projects to other type of assets which provide verifiable sustainability benefits. In this case, the company commits to update the current Framework and to extend the set of criteria to appropriately analyse the new asset class.

Project category	Description	Environmental Benefit	Related SDG
Green Building	<ul style="list-style-type: none"> ■ Acquisition, construction or refurbishment of buildings which meet recognised standards, such as: <ul style="list-style-type: none"> — BREEAM or HQE certification of at least “Excellent” — LEED certification of at least “Gold” ■ All new construction and existing buildings that either have or are expected to receive an Energy Performance Certificate (EPC) of class A, or an EPC of class B 	Climate Change Adaptation through energy consumption reduction	 
Energy Efficiency	<ul style="list-style-type: none"> ■ Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local EPC ■ Capex used to align performance with 1.5deg scenario under CRREM 	Climate Change Adaptation through energy consumption reduction	 
Renewable Energy	<ul style="list-style-type: none"> ■ Installation of photovoltaic solar or other renewable energy ■ Dedicated support infrastructure for photovoltaic solar across building management systems ■ Purchase of renewable energy for electricity consumption under medium and long term power purchase agreements (> 5 years) 	Climate Change Mitigation through CO2 emissions reduction	
Eco-mobility	<ul style="list-style-type: none"> ■ Electric vehicle (EV) charging stations ■ Any infrastructure promoting the use of low-carbon transport solutions in urban areas, such as electric vehicles, bicycles... 	Climate Change Adaptation through energy consumption reduction	
Waste Management	<ul style="list-style-type: none"> ■ Improved waste management such as by offering multiple possibilities to recycle and dispose of waste 	Climate Change Adaptation through sustainable waste management	

Green Finance Framework is available at <https://realassets.axa-im.com/axa-core-bond-investors>

IV. Allocation Report of June 2021 Green Bond Issuance

€500m

Green Bond issued in **June 2021**

ISIN: XS2351301499 – 0.75% - maturity 2028

As of the 1st anniversary date of the June Bond Issuance the Net Bonds Proceeds result fully allocated

Property	Sector	Location	Project Category	Net Bond Proceeds Allocation (€m)	Net Bond Proceeds Allocation (%)
Smart Side	Office	France	Green Building	178.0	36%
Issy	Office	France	Green Building	135.7	27%
Clancy Quay 1	Residential	Ireland	Green Building	14.5	3%
Clancy Quay 2	Residential	Ireland	Green Building	5.5	1%
Clancy Quay 3	Residential	Ireland	Green Building	7.6	2%
Liffey Trust	Residential	Ireland	Green Building	2.4	0%
Elysian	Residential	Ireland	Green Building	6.2	1%
Schaapherderweg 30	Logistic	Netherlands	Green Building	13.1	3%
Irma	Residential	Denmark	Green Building	34.4	7%
Halldorhus	Residential	Denmark	Green Building	52.5	11%
The Grange - Jade	Residential	Ireland	Green Building	7.2	1%
Organistens Hus	Residential	Denmark	Green Building	42.9	9%
Net Bond Proceeds Allocation				500	100%

Notes: Net Bond Proceeds Allocation is computed under Proportionate Basis (Company ownership) as follow : $[(RE\ GAV\ of\ the\ Eligible\ Asset\ as\ of\ 31.12.2021\ \text{€m}) - External\ Mortgage\ Loan\ related\ to\ the\ Eligible\ Asset\ as\ of\ 31.12.2021\ \text{€m}] / 500\ \text{€m}]$

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V. Impact Report of June 2021 Green Bond Issuance

€500m

Green Bond issued in **June 2021**

ISIN: XS2351301499 – 0.75% - maturity 2028

Property	Certifications/EPC	Avoided energy consumption (kWh/year)	GHG emission avoided (kgCO2/year)	Water consumption evolution (2021 vs 2020)
Smart Side	BREEAM – Excellent	1,108,200	2,324,267	-40%
Issy	HQE - Excellent	-2,314,402	813,657	-33%
Clancy Quay 1	EPC - B	2,185,320	n/a	n/a
Clancy Quay 2	EPC - A	2,348,830	n/a	n/a
Clancy Quay 3	BREEAM – Excellent	1,175,891	n/a	n/a
Liffey Trust	EPC - B	390,178	n/a	n/a
Elysian	EPC - B	2,555,590	n/a	n/a
Schaapherderweg 30	EPC - A	3,237,056	841,480	n/a
Irma	BREEAM – Excellent	1,242,140	115,158	-6%
Halldorhus	BREEAM – Excellent	1,850,651	174,298	-2%
The Grange - Jade	EPC - B	27,110,100	n/a	n/a
Organistens Hus	EPC - A	1,396,076	294,146	-1%

Notes: disclosed figures are at asset level; n/a (not available data);

Methodology	Definitions
<p><u>Energy Intensity</u> Where possible the analysis is based on actual data. Missing data, when available, has been completed using EPC Report or BER Level converted into energy intensity.</p>	<p><u>Avoided energy consumption</u> It shows the energy consumption avoided thanks to the energy performance of the assets by comparing energy intensity to a relevant benchmark (OID or BEES) and multiplying the latter by the surface area of the asset.</p>
<p><u>Carbon Intensity</u> Where possible the analysis is based on actual data. Missing data, when available, has been completed using EPC Report.</p>	<p><u>GHG emissions avoided</u> It shows the emissions saved thanks to the efficiency of the building, by comparing asset's GHG emission intensity to a relevant benchmark (MSCI or CREEM) and multiplying the latter by the surface area of the asset.</p>
<p><u>Water Consumption</u> Where possible the analysis is based on actual data.</p>	<p><u>Water consumptions</u> It shows the evolution of water consumption compared to previous year, when available.</p>

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