

# AXA CoRE Europe Fund

Allocation and Impact Report  
Oct 2021 Green Bond Issuance  
ISIN: XS2401704189

October 2022

THIS DOCUMENT IS CLASSIFIED

**CONFIDENTIAL**

The recipient will not divulge any such information to any other party. Any reproduction of this information, in whole or in part, is prohibited without prior written consent of the sender.

# Table of Contents

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

# 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 second Green 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

## 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*

Notes:

ESG approach and methodology may be adapted depending on the asset classes. One of the main limitations of this approach is related to the limited availability of data relevant to assess sustainability risks, such data not being systematically disclosed by issuers or counterparties, and when disclosed may follow various methodologies.

### 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.

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.

**€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*

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

### 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"> <li>■ Acquisition, construction or refurbishment of buildings which meet recognised standards, such as:                             <ul style="list-style-type: none"> <li>— BREEAM or HQE certification of at least “Excellent”</li> <li>— LEED certification of at least “Gold”</li> </ul> </li> <li>■ 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</li> </ul>	Climate Change Adaptation through energy consumption reduction	 
Energy Efficiency	<ul style="list-style-type: none"> <li>■ Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local EPC</li> <li>■ Capex used to align performance with 1.5deg scenario under CRREM</li> </ul>	Climate Change Adaptation through energy consumption reduction	 
Renewable Energy	<ul style="list-style-type: none"> <li>■ Installation of photovoltaic solar or other renewable energy</li> <li>■ Dedicated support infrastructure for photovoltaic solar across building management systems</li> <li>■ Purchase of renewable energy for electricity consumption under medium and long term power purchase agreements ( &gt; 5 years)</li> </ul>	Climate Change Mitigation through CO2 emissions reduction	
Eco-mobility	<ul style="list-style-type: none"> <li>■ Electric vehicle (EV) charging stations</li> <li>■ Any infrastructure promoting the use of low-carbon transport solutions in urban areas, such as electric vehicles, bicycles...</li> </ul>	Climate Change Adaptation through energy consumption reduction	
Waste Management	<ul style="list-style-type: none"> <li>■ Improved waste management such as by offering multiple possibilities to recycle and dispose of waste</li> </ul>	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 October 2021 Green Bond Issuance

€500m

ISIN: XS2401704189 – 1.25% - maturity 2030

As of the 1<sup>st</sup> anniversary date of the October Bond Issuance the Net Bond Proceeds result fully allocated

Property	Sector	Country	Project Category	Net Bond Proceeds Allocation (€m)	Net Bond Proceeds Allocation (%)	Energy Performance Certificate
Capital Dock Office - Block 100	Office	Ireland	Green Building	16.7	3%	B
Capital Dock Office - Block 300	Office	Ireland	Green Building	15.2	3%	B
Drehbahn	Office	Germany	Green Building	83.8	17%	B
Valentinskamp	Office	Germany	Green Building	95.6	19%	B
Mesero	Industrial	Italy	Green Building	16.4	3%	A
Siziano	Industrial	Italy	Green Building	7.3	1%	A
Stezzano	Industrial	Italy	Green Building	3.0	1%	A
Vescovana BTS	Industrial	Italy	Green Building	10.0	2%	A
Vescovana Kering	Industrial	Italy	Green Building	5.4	1%	A
Milan	Industrial	Italy	Green Building	6.7	1%	A
Parma I	Industrial	Italy	Green Building	7.8	2%	A
Padova	Industrial	Italy	Green Building	7.9	2%	A
Helmond	Industrial	Netherlands	Green Building	6.4	1%	A
Sittard	Industrial	Netherlands	Green Building	9.9	2%	A
Zwaag	Industrial	Netherlands	Green Building	1.9	0%	A
Veghel	Industrial	Netherlands	Green Building	6.3	1%	A
Eindhoven	Industrial	Netherlands	Green Building	19.8	4%	A
Sirius Business Park Nürnberg	Industrial	Germany	Green Building	12.6	3%	A
Wusterhausen	Industrial	Germany	Green Building	29.3	6%	B
Jönköping Stigamo 1:57	Industrial	Sweden	Green Building	21.5	4%	A
Stockholm Örnäs 1:18	Industrial	Sweden	Green Building	21.8	4%	B
Capital Dock Residence	Residential	Ireland	Green Building	7.7	2%	A
Central Park Block K	Residential	Ireland	Green Building	30.9	6%	B
Ibis The Hague	Hotel	Netherlands	Green Building	6.6	1%	A
Mercure Berlin	Hotel	Germany	Green Building	12.5	2%	A
Lux Park Hotel	Hotel	Portugal	Green Building	10.8	2%	A
Hilton Vienna	Hotel	Austria	Green Building	26.2	5%	B
<b>Net Bond Proceeds</b>				<b>500</b>	<b>100%</b>	

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

## V. Impact Report of October 2021 Green Bond Issuance

€500m

Green Bond issued in **October 2021**

ISIN: XS2401704189 – 1.25% - maturity 2030

### Avoided Energy Consumption (KWh/year)

Avoided energy consumption (kWh/year)	Coverage (As % of Net Bond Proceeds)	Source	Benchmark
2,773,362	36%	Real Data	Deepki
2,852,922	64%	Estimated Data	Deepki

### GHG Emission Avoided (KgCO<sub>2</sub>/year)

GHG emission avoided (kgCO <sub>2</sub> /year)	Coverage (As % of Net Bond Proceeds)	Source	Benchmark
5,570,437	36%	Real Data	CRREM
2,391,001	64%	Estimated Data	CRREM and MSCI

### Water Consumption Evolution

Water consumption evolution (2021 vs 2020)	Coverage (As % of Net Bond Proceeds)	Source
+1.81%	11%	Real Data

Methodology	Definitions
<p><b>Energy Intensity</b> 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><b>Avoided energy consumption</b> It shows the energy consumption avoided thanks to the energy performance of the assets by comparing energy intensity to a relevant benchmark (Deepki) and multiplying the latter by the surface area of the asset.</p>
<p><b>Carbon Intensity</b> Where possible the analysis is based on actual data. Missing data, when available, has been completed using EPC Report.</p>	<p><b>GHG emissions avoided</b> 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><b>Water Consumption</b> Where possible the analysis is based on actual data.</p>	<p><b>Water consumptions</b> It shows the evolution of water consumption compared to previous year, when available.</p>



# IMPORTANT NOTICE

This material (the "Material") is being furnished by AXA Real Estate Investment Managers SGP (together with its affiliates, "AXA IM-Real Assets") in good faith on a confidential and non-reliance basis, solely for the recipient's convenience and information for discussion purposes and for the purposes of providing certain information about AXA CoRE Europe Fund (the "Product"). Persons interested in investing in the Product should inform themselves about and observe legal requirements within their own countries for the acquisition of the interests in the Product (the "Interests") and any taxation or exchange control legislation affecting them personally, including the obtaining of any requisite governmental or other consents and the observation of any other formalities. A prospective investor may not rely on AXA IM-Real Assets when making determinations in relation to these matters. Any reproduction of this information in whole or in part is prohibited and the recipient agrees to return it to AXA IM-Real Assets upon request.

This Material does not constitute an offer to sell or a solicitation of an offer to purchase Interests. Any such offer or solicitation shall be made only pursuant to the final offering memorandum and other subscription materials relating to the Product complying with relevant laws and regulations (as amended or supplemented from time to time, the "Subscription Materials"), which describe certain risks and conflicts of interest related to an investment in the Product as well as other important information about the Product. AXA IM-Real Assets does not accept any responsibility for ensuring that a recipient complies with applicable laws and regulations.

**Investment in the Product is speculative and involves substantial risks, including a high degree of risk, potential conflicts of interest and risks of loss. It is suitable only for sophisticated investors that have the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Product. Any decision to invest in the Product should be made after reviewing the Subscription Materials carefully, conducting such diligence and investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Product. AXA IM-Real Assets disclaims any and all liability relating to a decision based on or for reliance on this Material.**

The figures provided herein relate to past periods and past performance is not a reliable indicator of future performance; past performance may have been calculated on unaudited figures. There can be no assurance that the Product's investments will achieve comparable results, that targeted returns, diversification or asset allocations will be met or that the Product will be able to implement its investment strategy and investment approach or achieve its investment objective.

Models are inherently imperfect and there is no assurance that the Product will perform as predicted by such models, or that such Product will be profitable. AXA IM-Real Assets expressly disclaims any responsibility for (i) the accuracy of the models or estimates used in deriving the analyses, (ii) any errors or omissions in computing or disseminating the analyses or (iii) any uses to which the analyses are put.

Statements contained in the Material that are not historical facts are based on current expectations, estimates, projections, opinions, and/or beliefs and/or market estimation of AXA IM-Real Assets at the date of this Material. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon.

AXA IM-Real Assets makes no representation or warranty (express or implied) of any nature nor is responsible or liable in any way with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (express or implied) in, or omission from, this information.

© 2022 AXA Real Estate Investment Managers SGP and its Affiliated Companies. All rights reserved.