

# AXA CoRE Europe Fund

**Type of Engagement:** Allocation Review

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## Introduction

In October 2021, ACEF Holding SCA, a subsidiary of its guarantor AXA CoRE Europe Fund (AXA CEF) issued a green bond aimed at refinancing existing projects and financing new projects aimed at providing positive environmental impact. In May 2021, Sustainalytics provided a Second-Party Opinion<sup>1</sup> on the AXA CEF Green Finance Framework<sup>2</sup> (the “Framework”). In November 2022, AXA CEF engaged Sustainalytics to review the projects funded through the green bond issued in October 2021 and to provide an assessment as to whether the projects met the use of proceeds criteria outlined in the Framework.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the October 2021 green bond based on whether the projects and programmes met the use of proceeds and eligibility criteria of the AXA CEF Green Finance Framework.

**Table 1: Use of Proceeds, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Green Building</b>	<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.<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Level of certification by property</li> <li>• Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> <li>• Annual energy savings (MWh)</li> <li>• Annual reduction in water consumption (in m<sup>3</sup>)</li> </ul>

## Issuer’s Responsibility

AXA CEF is responsible for providing accurate information and documentation relating to the projects funded, including description of projects and amounts allocated.

<sup>1</sup> Sustainalytics Second Party Opinion, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance#anchor-11805da7-b595-4ebd-b004-2b7e3feccc40>

<sup>2</sup> AXA CoRE Europe Fund, “AXA CEF Green Finance Framework”, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance#anchor-11805da7-b595-4ebd-b004-2b7e3feccc40>

<sup>3</sup> Energy performance certificate (EPC) of class A in France, Netherlands and Portugal, and a minimum EPC of class B or above in Denmark, Germany and Ireland.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings to investors, conducted the verification of the use of proceeds from the AXA CEF's green bond. The work undertaken as part of this engagement included collection of documentation from AXA CEF and review of said documentation to assess conformance with the AXA CEF Green Finance Framework.

Sustainalytics relied on the information and facts presented by AXA CEF with respect to the funded projects. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by AXA CEF.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not meet the use of proceeds criteria outlined in the AXA CEF Green Finance Framework. AXA CEF has disclosed to Sustainalytics that the proceeds of the October 2021 bond were fully allocated as of 26 October 2022.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the October 2021 green bond to determine if the projects meet the use of proceeds criteria outlined in the AXA CEF Green Finance Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the October 2021 green bond to determine if impact of projects was reported in line with the KPIs outlined in the AXA CEF Green Finance Framework and above in Table 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

### Appendix 1: Allocation and Impact Reporting

As of 31 October 2022, AXA CEF had allocated 100% of the net proceeds of the October 2021 green bond among 27 building projects under the Green Buildings category. Out of the 27 acquired buildings, 19 obtained an EPC level A and the remaining 8 buildings an EPC level B. By country, 47% of the net proceeds were allocated to projects located in Germany, 14% in Ireland, 13% in Italy, 10% allocated in the Netherlands, 9% in Sweden, 5% in Austria and 2% in Portugal. By sector, 42% of the net proceeds were allocated to office buildings, 39% to industrial buildings, 11% to hotel buildings and 8% to residential buildings.

**Table 3: Allocation Reporting**

Use of Proceeds Category	Sector of the Project	Name of the Property	Property Location	Acquisition Date	Net Bond Proceeds Allocation (EUR million)	EPC Label
Green Building	Residential	Capital Dock Residence	Ireland	06-06-2019	7.7	A
	Office	Capital Dock Office - Block 100	Ireland	06-06-2019	16.7	B
	Office	Capital Dock Office - Block 300	Ireland	06-06-2019	15.2	B
	Industrial	Eindhoven	Netherlands	15-10-2019	19.8	A
	Industrial	Sirius Business Park Nürnberg	Germany	31-07-2019	12.6	A
	Hotel	Ibis The Hague	Netherlands	19-12-2019	6.6	A
	Office	Drehbahn	Germany	30-09-2019	83.8	B
	Office	Valentinskamp	Germany	30-09-2019	95.6	B
	Hotel	Mercure Berlin	Germany	19-12-2019	12.5	A
	Hotel	Lux Park Hotel	Portugal	19-12-2019	10.8	A
	Residential	Central Park Block K	Ireland	20-12-2019	30.9	B
	Hotel	Hilton Vienna	Austria	17-02-2020	26.2	B
	Industrial	Mesero	Italy	01-12-2020	16.4	A
	Industrial	Siziano	Italy	01-12-2020	7.3	A
	Industrial	Stezzano	Italy	01-12-2020	3.0	A
	Industrial	Vescovana BTS	Italy	01-12-2020	10.0	A
	Industrial	Vescovana Kering	Italy	01-12-2020	5.4	A
	Industrial	Helmond	Netherlands	02-07-2020	6.4	A
	Industrial	Sittard	Netherlands	28-05-2020	9.9	A
	Industrial	Zwaag	Netherlands	28-05-2020	1.9	A
	Industrial	Veghel	Netherlands	28-05-2020	6.3	A
	Industrial	Milan	Italy	01-12-2020	6.7	A
	Industrial	Parma I	Italy	01-12-2020	7.8	A
	Industrial	Padova	Italy	01-12-2020	7.9	A
	Industrial	Wusterhausen	Germany	13-01-2021	29.3	B
	Industrial	Jönköping Stigamo 1:57 - JONKOPING	Sweden	30-11-2021	21.5	A

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	Industrial	Stockholm Örnäs 1:18 - KUNGSANGEN	Sweden	30-11-2021	21.8	B
<b>Total Proceeds Allocated (EUR million)</b>					<b>500</b>	
<b>Total Proceeds Raised (EUR million)</b>					<b>500</b>	

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