



# **P3 GROUP SARL 2021 FINANCIAL HIGHLIGHTS**

APRIL 2022 INVESTOR PRESENTATION

# YOUR SPEAKERS TODAY



**THILO KUSCH**

Chief Financial Officer

- **Joined P3 in February 2022**
- 30 years experience
- Previous roles included:
  - CFO of T-systems,
  - CEO of Telecom North Macedonia
  - CFO of Hungarian Telecom



**FRANK PÖRSCHKE**

Chief Executive Officer

- **Joined P3 in April 2021**
- 30 years experience
- Previous roles included:
  - President, EMEA Markets, JLL
  - CEO of Eurohypo
  - CEO of Commerz Real



**BEN HELSING**

Group Treasurer and  
Head of Debt Investor Relations

- **Joined P3 in September 2021**
- 20 years experience
- Previous roles included:
  - Group Treasurer, Vice President, Citycon
  - Group Treasurer, CPS Color





# INTRODUCTION TO P3 LOGISTIC PARKS



# COMPANY OVERVIEW

\*P3 does not own any properties in Ukraine or Russia. We are tracking limited direct impact on the business from the conflict in Ukraine.

## 1 Leading owner of prime European Logistics assets

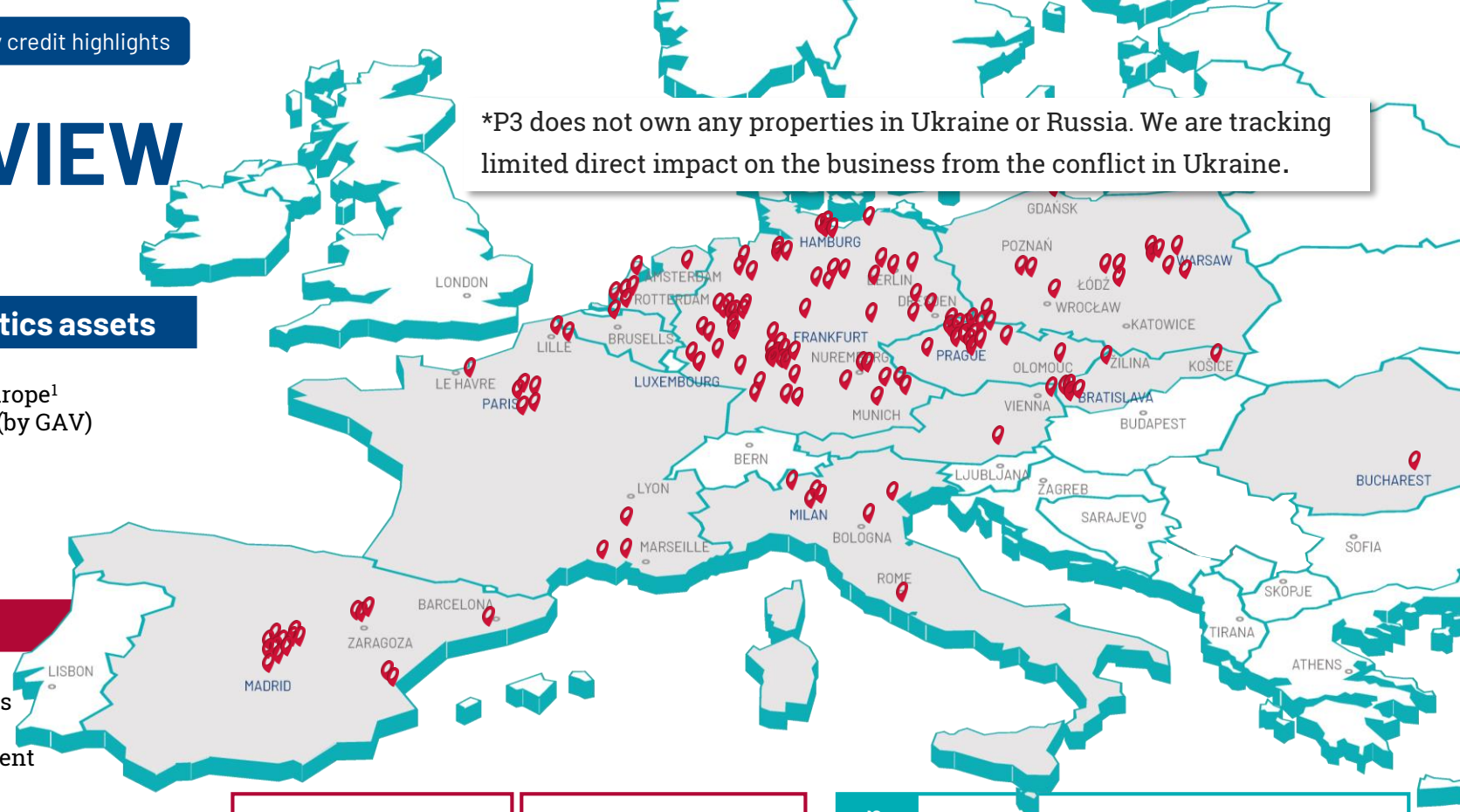
- One of the largest logistics portfolios in Continental Europe<sup>1</sup>
- 60% share of assets in Western Europe (Germany 35%) (by GAV)
- 93% of assets are big box facilities<sup>2</sup>
- 65% of the portfolio located in urban locations<sup>3</sup>
- Modern portfolio with c.11 year average age<sup>4</sup>

## 2 Fully integrated and in-house model

- Own, manage, invest, and develop high-quality logistics and industrial real estate assets
- Risk controlled approach to developments (82% of current WIP assets are pre-let)
- Offices in 9 operating countries
- In-house capabilities in key locations

## 3 Strategic long-term ownership by GIC

- Wholly owned by GIC
- ~€3.6b of equity value currently in the business
- Strategic long term investment for GIC



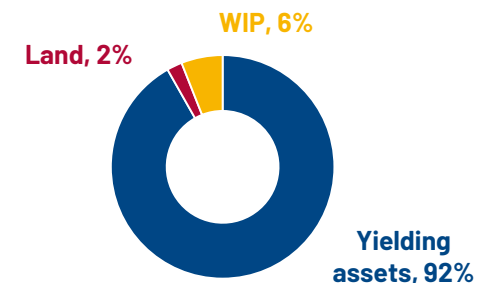
**€7.5b**  
GAV (Dec-21)

**287** buildings  
**131** locations  
**11** countries

**~450**  
Customers  
(top 20 contributes  
c.43% of GRI)

**97%**  
Occupancy

By development status<sup>3</sup>



1. Based on FY 2021 for P3 and public company disclosures for other logistics peers  
 2. Classified as assets >10,000 sqm area  
 3. Locations with a catchment of at least 0.5 million people within 30 minutes drive time  
 4. Age since last major refurbishment as at Dec-21

# P3'S KEY CREDIT HIGHLIGHTS

## Resilient industry growth dynamics

1

- Favorable long-term supply / demand trend due to retail shift to e-commerce and re-organisation of supply chains
- Covid accelerated / amplified this dynamic and demonstrated resilience of rent collection rates relative to other real estate sectors

## Highly diversified & quality portfolio

2

- One of the largest logistics portfolios in continental Europe with €7.5b of GAV across 11 countries and 6.5m sqm of GLA
- Geographically diversified portfolio with presence in 11 countries in Western (~60%) and CEE (~40%)<sup>1</sup>
- High quality, modern portfolio with average building age of only ~11 years<sup>2</sup> and 65% properties within urban location<sup>3</sup>

## Tenant strength

3

- Large institutional grade tenants, many of whom carry IG ratings or are subsidiaries of IG parents
- ~450 customers across sectors such as 3PL, food & non-food retail, automotive, building materials with high retention rate (~73%) across the portfolio and stable rent collection even throughout Covid

## Strong Operating Platform

4

- In-house teams in 9 countries for development, acquisition, asset management, construction and finance
- Attractive development pipeline and strong track record of successfully delivering projects
- Proven capability of achieving off-market acquisitions with attractive NIY (Net Initial Yield)

## ESG is a key priority for P3

5

- P3 has a strong commitment to ESG in line with the needs of the firm's customers, communities and shareholder GIC
- Targeting 75% of existing portfolio BREEAM Very Good+ by 2022 – 62% achieved to date
- Green Financing Framework established, and Green Bonds issued in January 2022

## Conservative financial policy & robust credit metrics

6

- Transition to standalone debt structure consisting of unsecured bank debt and bonds to maximise operational flexibility
- Moving to a medium-term target LTV of 47.5% (FY 2021 LTV of 44.9% and maintaining a BBB (or equivalent) credit rating with all future borrowings to be non-recourse to the shareholder)

## Strong and well-capitalized shareholder

7

- GIC is a long-term oriented investor with significant capital resources as the sovereign wealth fund of Singapore
- ~€3.6b equity value currently in the business

1. Measured as percentage of GAV as at December 2021

2. Age since last major refurbishment as at December 2021

3. Locations with a catchment of at least 0.5 million people within 30 minutes drive time





# 2021 FINANCIAL HIGHLIGHTS

# 2021 HIGHLIGHTS

A strong year with increasing profitability, disciplined growth and new financing strategy

## 1 Solid Operating Results

- Net rental income increased by +27% to €307m
- Recurring EBITDA grew +41% to €261m, margin exceeded 82%
- Cash generated from operations €236m

## 2 Occupancy improved

- Improved further to 97%

## 3 Significant portfolio growth

- GAV reaching to €7.5b with valuation uplifts and acquisitions

## 4 New management

- CEO Frank Pörschke started in April 2021
- CFO Thilo Kusch started in February 2022

## 5 New financing strategy in place

- BBB credit rating published
- €1b unsecured senior Green bonds issued under new EMTN programme in January 2022

## 6 Robust credit metrics

- Year-end LTV of 44.9%
- A stable investment grade credit rating from S&P (BBB)
- Ample liquidity with new €750m Revolving Credit Facility signed in December 2021

## 7 Progress on ESG roadmap

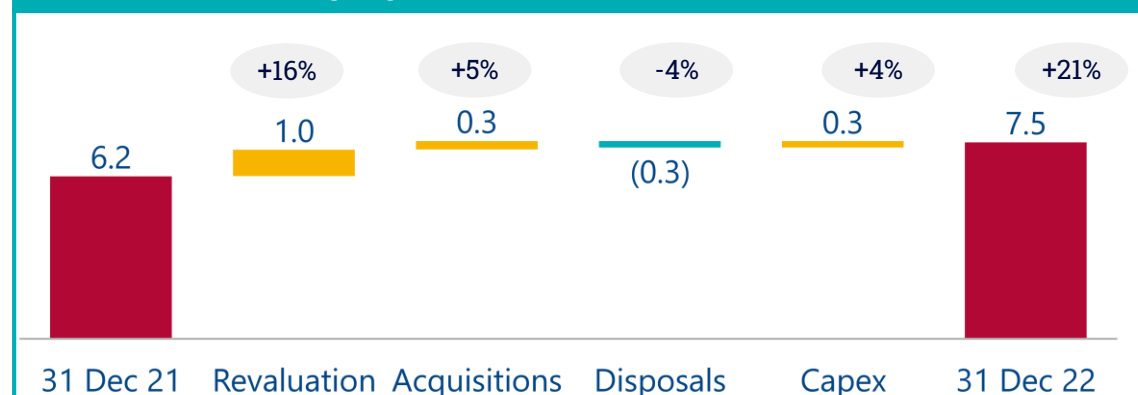
- BREEAM certification program underway across entire portfolio
- Green Financing Framework established

# PROPERTY PORTFOLIO GREW FURTHER IN 2021

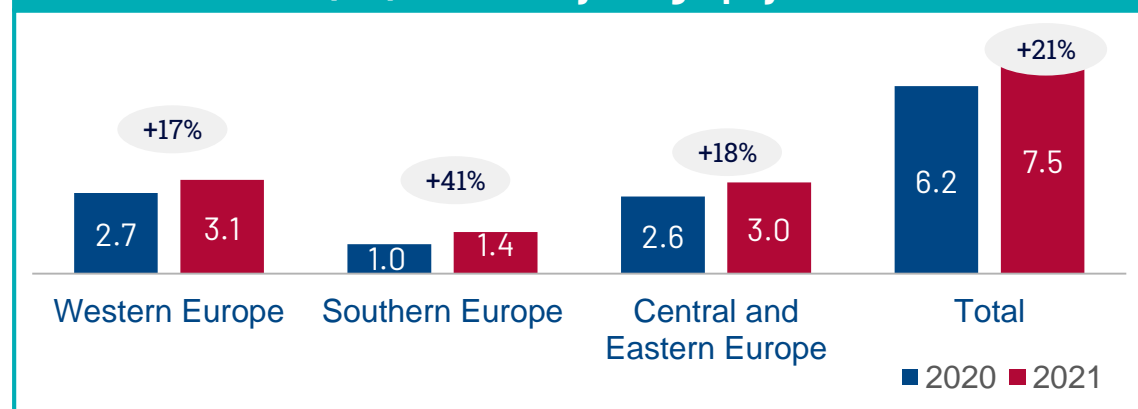
## Disciplined approach to acquisitions and disposals

- +21% gross asset value growth reaching €7.5b, driven by lower property yields, investment and development activity, net of disposals.
- 0.3m sqm of new developments finalized during year with high profitability, and 0.6m sqm currently under construction with 82% pre-let.
- €333m of acquisitions and €247m of disposals.
- Disposals primarily include a pan-European portfolio of 16 logistics properties closed in July 2021, as part of our asset management strategy to dispose of assets in non-strategic locations, with low potential for rental growth or higher re-let risk in the future.
- Portfolio in WE, SE and CEE grew +17%, +41% and +18% respectively

### Gross asset value (€b) increase breakdown



### Gross asset value (€b) increase by Geography



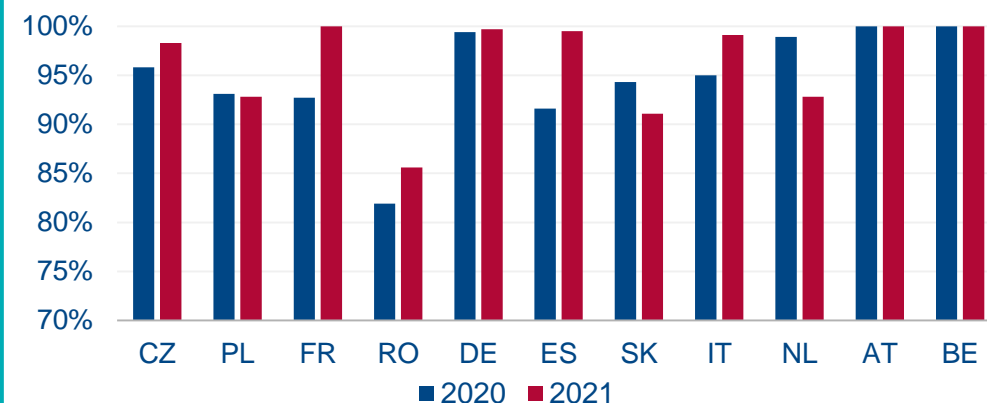


# POSITIVE OPERATING PERFORMANCE DELIVERED

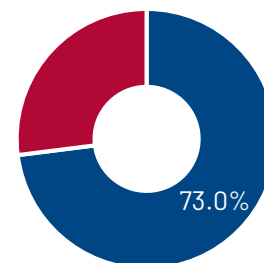
## Supported by continued strong occupier demand

- Occupancy rate has increased 1.6% year-on-year to 96.6% for total portfolio.
- The retention rate was 73% continuing the trend of the strong average levels in the prior years, and in line with our objectives to keep manageable portion of the portfolio roll-off each year as it provides an opportunity to improve lease terms and / or transition to higher income tenants.
- 1.2m sqm GLA of new leases commenced in 2021 generating €66m of new headline rent.
- On a like-for-like<sup>1</sup> basis, net rental income increased by 2.5% due to a strong leasing performance across our portfolio.
- At the end of the period, WAULT to break was 4.7 years and WAULT to expiry 7.1 years.
- Rent collection remained high with only 0.8% of rental income outstanding at the end of the year for a period exceeding 30 days.

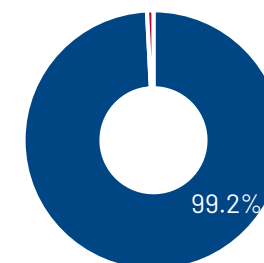
### Occupancy (%)



### Retention rate %



### Rent collection %



1. Like-for-like metric is based on properties held throughout both 2021 and 2020 for the whole year.

# PROVEN DEVELOPMENT CAPABILITY

## Development projects currently under construction



12

# of projects



471

Cost to complete (€m)



6%

Effective  
Development yield



632

GAV after  
Stabilisation (€m)



82%

Current pre-let



8%

% of GAV<sup>1</sup>

## Selection of finalized developments in 2021

- **Kamen, Germany:** 85k sqm started on a speculative basis and fully let to TEDI before completion
- **Various locations, Germany:** 3 delivery stations with 30k sqm in total as a 100% BTS for Amazon
- **Bratislava, Slovakia:** 65k sqm big box directly next to the Bratislava Airport

## Development portfolio

- Owned landbank with **1.3m sqm of potential lettable area. 0.6m sqm currently under construction (12 projects)**
- Pipeline of **9 approved additional projects (0.25m sqm lettable area)** yet to commence construction
- Average construction period typically 9-12 months
- **Additional 0.25m sqm of potential lettable area secured under exclusive options** represents significant **future organic growth potential**

\*Note: Data as at December 2021  
1 Based on GAV after stabilisation



# ROBUST CREDIT METRICS WITH AMPLE LIQUIDITY

## LTV

- Year-end LTV of 44.9%
- Financial policy: Max 47.5% LTV

## Cost of Funding

- At year-end P3 had €3,450m external debt
  - €3,400m unsecured bank loans with guarantee from shareholder
  - €50m secured bank loans.
- Average cost of funding 0.56%

## RCF

- €750m syndicated Revolving Credit Facility with 8 banks signed in December
- 5-year tenor plus two-year extensions options
  - Committed facility that can be utilized at very short notice
  - Fully unutilized at year-end so providing significant liquidity of €828m including cash
  - Ample headroom under financial covenants

## Finance Strategy

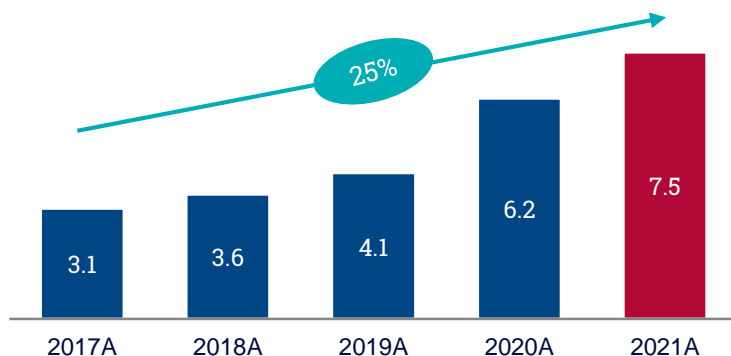
**S&P Global**  
**BBB (Stable)**

- New financing strategy implemented in January 2022: Transition to debt structure with unsecured bonds and bank debt, non-recourse to the shareholder
- BBB credit rating from S&P with Stable outlook announced
- Green financing framework with second party opinion from Sustainalytics established. Enables financing or refinancing of new or existing green projects or assets
- €5b EMTN program established
- €1b senior unsecured Green bonds issued across 4- and 7-year tenors.
  - Listed on Luxembourg Stock Exchange
  - Fixed coupon of 0.875% for the 4-year tranche, and 1.625% for the 7-year tranche.
  - Proceeds were used to prepay existing shorter guaranteed bank debt, thereby extending the average debt maturities, diversifying funding sources and increasing the fixed rate ratio.

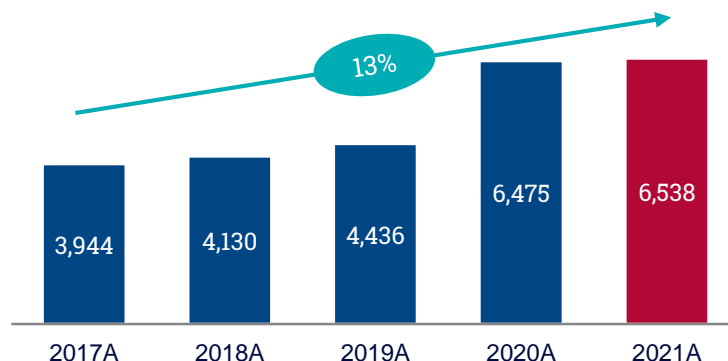
# FINANCIAL AND OPERATIONAL KPI'S

Disciplined investment in growth alongside increasing profitability

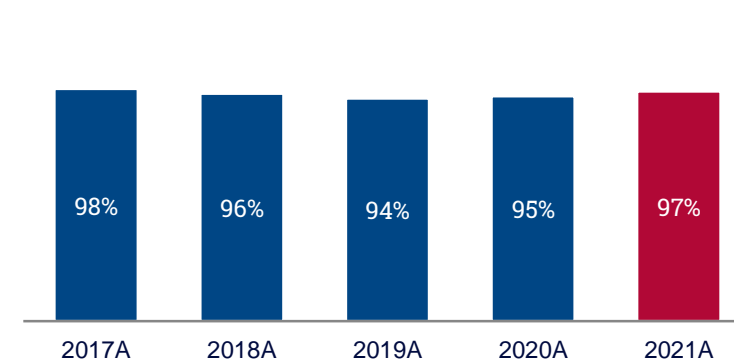
## GAV (€b)



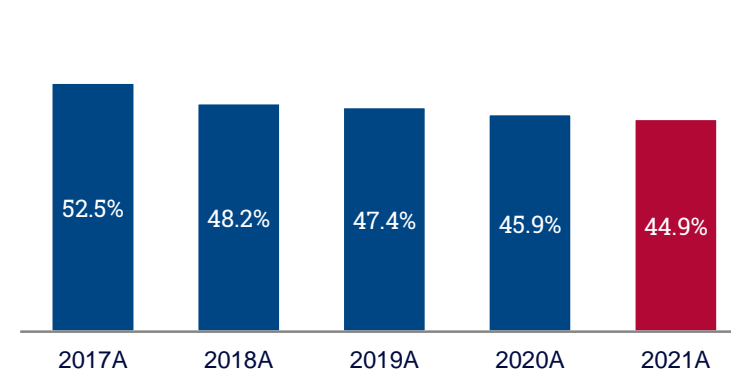
## Gross Lettable Area (k sqm)



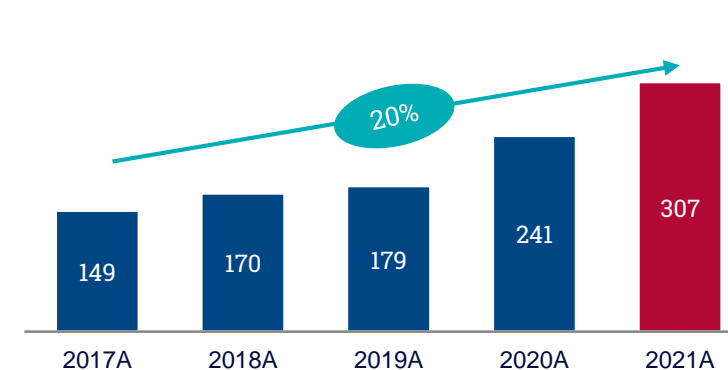
## Occupancy (%)



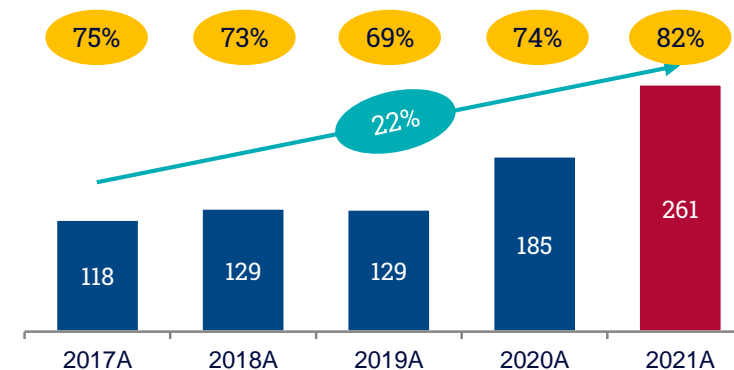
## LTV (%)



## Net Rental Income (€m)



## Recurring EBITDA (€m)



Margin

CAGR



# SUMMARY OF CONSOLIDATED INCOME STATEMENT

- Net rental income increased by €66m (27%) to €307m primarily driven by developments and acquisitions. On a like-for-like<sup>1</sup> basis, net rental income increased by €4m (2.5%), due to a strong leasing performance across our portfolio.
- Operating profit was up by €683m (158%) to €1,116m largely in respect of the increase in the market value of investment properties and development land during the year.
- Operating performance of the properties, excluding of fair value adjustments and transaction type of expenses, is reflected in Recurring EBITDA, which grew by €76m (41%) to €261m.
- Recurring EBITDA margin increased to 82% as a result of the portfolio growth and contained administrative expenses<sup>2</sup>.
- External Financing costs of €22m, reflecting an average cost of funding of 0.56%
- Tax charge on Profit before tax was €168m, reflecting Effective tax rate of 18%.

(€ million)	2021A	2020A
Rental income	318	249
Service charges	46	38
<b>Gross rental revenue</b>	<b>364</b>	<b>287</b>
Property operating expenses	(57)	(46)
<b>Net rental income</b>	<b>307</b>	<b>241</b>
<i>% of Rental income</i>	<i>96%</i>	<i>97%</i>
Net gains from fair value adjustments on investment property	855	255
Disposal of investment property	7	5
Other expense, net	(1)	(10)
Administrative expenses	(46)	(56)
Depreciation	(6)	(3)
<b>Operating profit</b>	<b>1,116</b>	<b>432</b>
Net gains from fair value adjustments on investment property	(855)	(255)
Disposal of investment property	(7)	(5)
Other expenses, net	1	10
Depreciation	6	3
<b>Recurring EBITDA</b>	<b>261</b>	<b>185</b>
<i>% of Rental income</i>	<i>82%</i>	<i>74%</i>
Financial income	3	0
Shareholder financing costs	(148)	(99)
External and other financing costs	(22)	(72)
<b>Profit/ (Loss) before tax</b>	<b>949</b>	<b>261</b>
Current income tax expense	(21)	(16)
Deferred income tax expense	(147)	(59)
<b>Profit/ (Loss) for the year</b>	<b>781</b>	<b>186</b>

1. Like-for-like metric is based on properties held throughout both 2021 and 2020 for the whole year.

2. In 2021 Group capitalised expenses related to internal employee staff costs directly involved in developing the property portfolio in amount of €4.2m.

# SUMMARY OF CONSOLIDATED BALANCE SHEET

- Significant portfolio growth with GAV reaching to €7.5b
- Majority (>90%) of the portfolio is yielding assets with less than 10% comprising land and assets under construction.
- Cash balance at target ~€80m.
- €3,450m external debt of which €3400m is with a guarantee from the shareholder. Only €50m of bank loans are secured.
- Net asset value increased by €617m (21%), driven primarily by property gains in the period.
- Year-end LTV of 44.9% (financial policy max 47.5%).
- During 2021, €400m of a new bank borrowing was used for repayment of the shareholder loan that was provided to fund one of the acquisitions made in 2020.
- Net debt increased to €3.4b.

(€ million)	2021A	2020A
<b>Assets</b>		
Gross asset value	7,505	6,204
<i>Of which yielding assets</i>	6,920	5,839
<i>Of which land</i>	177	129
<i>Of which under construction</i>	408	236
Property right-of-use assets	96	95
Cash and cash equivalents	80	156
Other	222	198
<b>Total assets</b>	<b>7,904</b>	<b>6,653</b>
<i>Yielding Assets (%GAV)</i>	92%	95%
<i>Land (%GAV)</i>	2%	2%
<i>Under Construction (%GAV)</i>	6%	3%
<b>Liabilities</b>		
External Borrowings	3,446	3,000
<i>Of which bank (secured)</i>	50	0
<i>Of which bank (unsecured)</i>	3,400	3,000
<i>Of which bond (non-recourse)</i>	0	0
<i>Of which deferred financial costs</i>	(5)	0
Tax liabilities	574	422
Trade and other payables	205	149
Other	77	97
<b>Total liabilities (excl. Shareholder borrowings)</b>	<b>4,302</b>	<b>3,668</b>
<b>Net assets (excl. Shareholder borrowings)</b>	<b>3,602</b>	<b>2,985</b>
Shareholder borrowings	1,021	1,628
<b>Equity</b>		
Equity attributable to owners of the Company	2,582	1,351
Non controlling interest	(1)	6
<b>Total equity</b>	<b>2,581</b>	<b>1,357</b>
<b>Total equity plus Shareholder borrowings</b>	<b>3,602</b>	<b>2,985</b>
Net LTV	44.9%	45.9%
Net debt	3,368	2,847



# SUMMARY OF CONSOLIDATED CASH FLOWS STATEMENT

- Cash generated from operations increased by €66m (42%) due to the increase of rental income.
- The Group made investments of €561m of investment and development properties during the year on a cash flow basis.
- In terms of acquisitions, the Group completed one acquisition of an entity owning land in the Czech Republic, a portfolio of 5 entities in Spain and 1 entity in Germany; purchased properties in the Netherlands and France, and land in Italy, France and Spain.
- Other investing activities include disposals, primarily a disposal of pan-European portfolio of 16 assets that was successfully completed in July 2021.

(€ million)	2021A	2020A
<b>Cash flows from operating activities</b>		
Profit before taxation	949	261
Adjustment for:		
Depreciation and amortisation	6	3
Valuation net gains on investment property	(855)	(255)
Other operating activities	124	143
<b>Operating cash flows before working capital changes</b>	<b>224</b>	<b>152</b>
Changes in working capital	(1)	5
<b>Cash generated from operations</b>	<b>223</b>	<b>157</b>
Interest paid	(20)	(17)
Taxes paid	(15)	(11)
<b>Net cash generated from / (used in) operating activities</b>	<b>188</b>	<b>128</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment property and subsequent expenditure	(561)	(1,993)
Other investing activities	264	160
<b>Net cash used in investing activities</b>	<b>(297)</b>	<b>(1,833)</b>
<b>Cash flow from financing activities</b>		
Proceeds from shareholder borrowings	35	1,105
Repayment of shareholder borrowings	(400)	(300)
Proceeds from external borrowings	400	1,550
Repayment to external borrowings		(600)
<b>Net cash generated from financing activities</b>	<b>35</b>	<b>1,755</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(74)</b>	<b>50</b>
Foreign exchange differences	0	19
Cash and cash equivalents at the beginning of the year	152	102
<b>Cash and cash equivalents at the end of the year</b>	<b>78</b>	<b>152</b>





# KEY CREDIT HIGHLIGHTS

1

Resilient industry growth dynamics

2

Highly diversified & quality portfolio

3

Tenant strength

4

Strong Operating Platform

5

ESG as a key priority

6

Conservative financial policy & robust credit metrics

7

Strong and well-capitalized shareholder

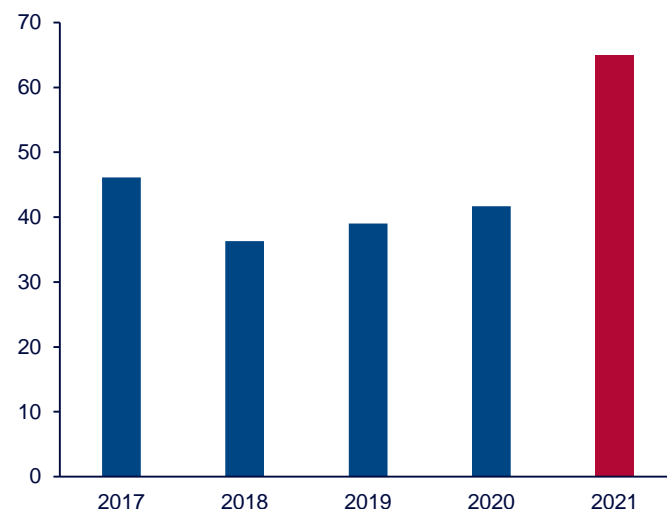


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# INCREASING DEMAND FOR LOGISTICS...

Strong demand fundamentals driving favourable and stable rental growth expectations

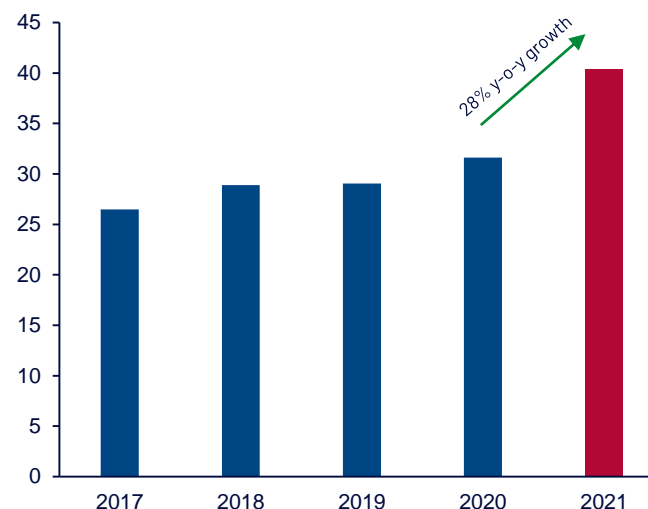
European Industrial & Logistics investment volumes (€bn)



Source Knight Frank

- Industrial investment totalled **€65b in 2021**, significantly exceeding the previous record of €45b in 2017.
- Rental growth prospects and occupiers' demand remain strong, and thus continuing **high capital allocations** towards logistics can be expected.

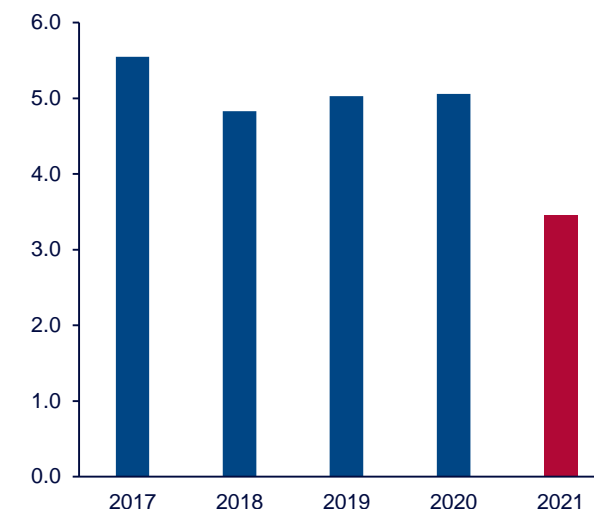
European logistics take up (sqm)



Source Savills

- COVID-19 has accelerated structural changes** in favor of logistics property (particularly through **disruption of physical retail channels**)
- E-commerce** continues to drive market demand as space taken-up for e-fulfilment purposes accounted for 23% in 2021

Vacancy – Euro average (%)



Source Savills

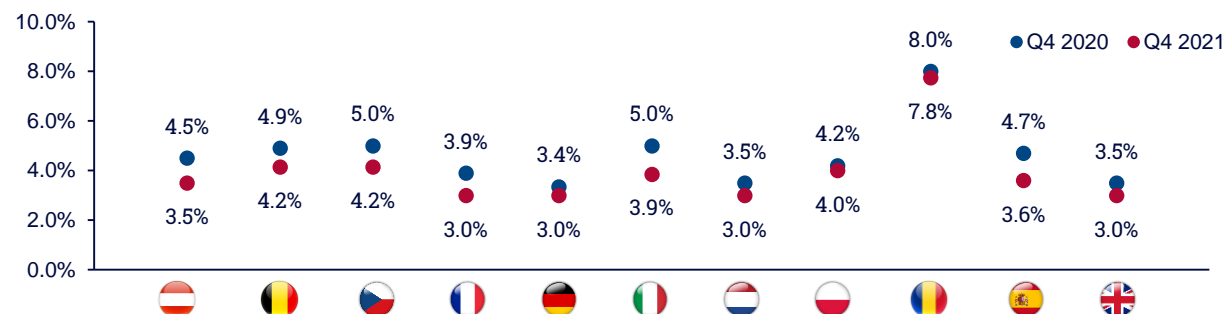
- Vacancy levels dropped to 3.5%** due to record demand and constraints on the supply side (land scarcity, long planning process).
- Taking into account strong inflation expectations and a constructive view on supply/demand fundamentals, **organic rent growth projections are expected to be steady**

1

# ...AS IT CONTINUES TO OUTPERFORM OTHER ASSET CLASSES

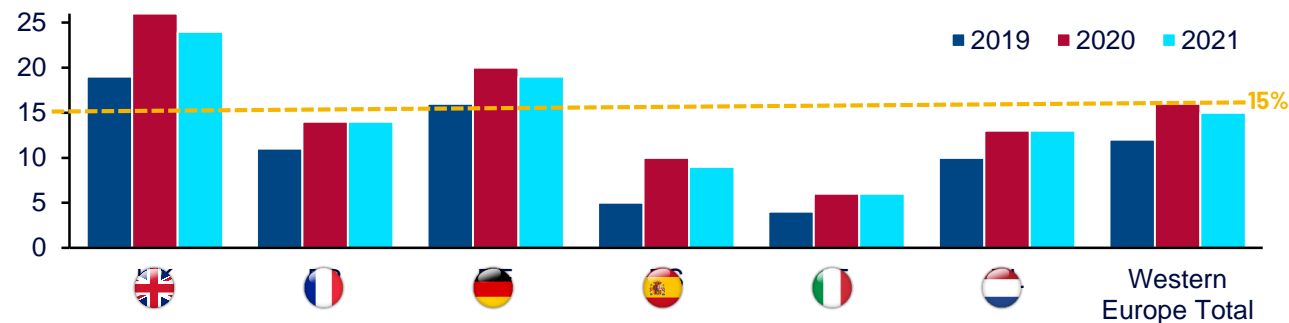
Logistics sector has continued to outperform with further growth potential anticipated

Net Prime Yields for selected European economies



Source: BNP Paribas Real Estate

Online retail sales as a percentage of total (%)



Source Knight Frank

- The resilience of the logistics market compared to other asset classes resulted in compression of yields in almost all European countries
- Prime yields are likely to compress further despite increasing bond yields, due to steady demand and the scarcity of products in prime locations

- E-commerce led demand for logistics continues to rise in the wider European markets, boosted by the disruption in traditional distribution channels and change in consumption patterns
- This will continue to place significant importance on distribution and supply chain networks



# 2 PRIME PORTFOLIO OF WAREHOUSES

IN 11 EU MEMBER STATES



**6.5m sqm**

of high-quality gross  
lettable area



**1.3m sqm**

of landbank for  
development



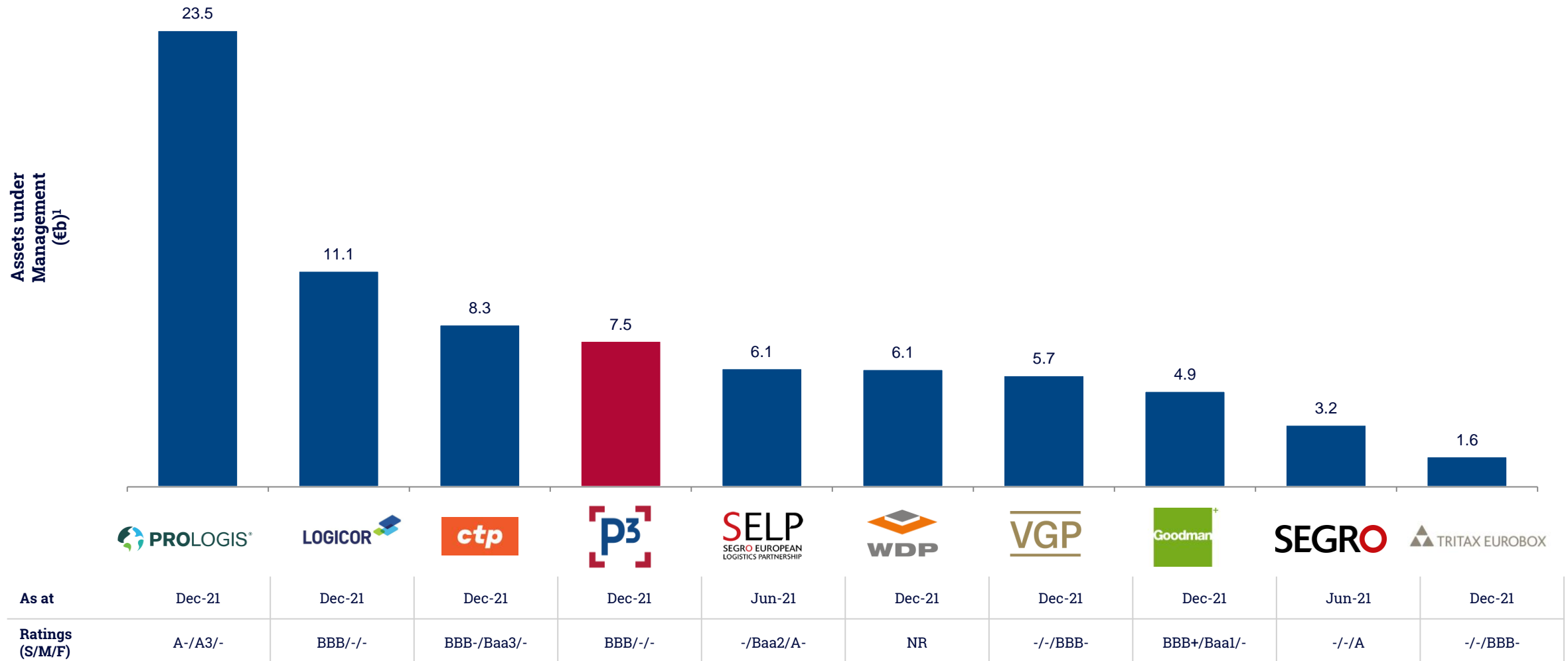
**0.3m sqm**

risk-controlled  
development pipeline



2

# STRONG POSITION IN CONTINENTAL EUROPE

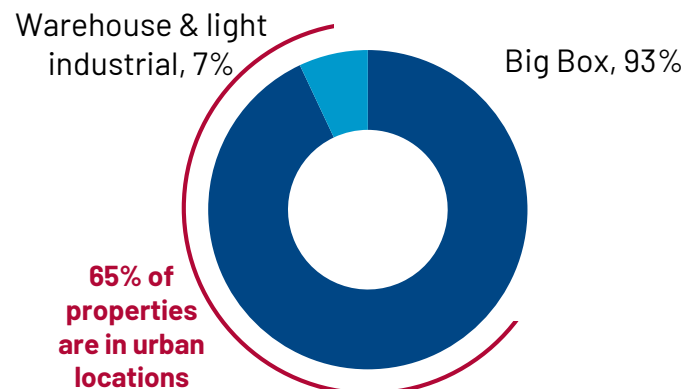


1. Estimated Assets under Management for continental European exposure excluding UK share.

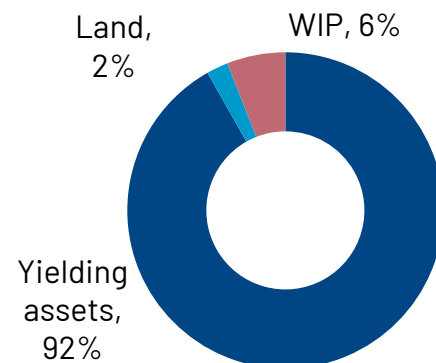
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# ATTRACTIVE ASSETS IN QUALITY LOCATIONS

## Asset type<sup>1</sup>



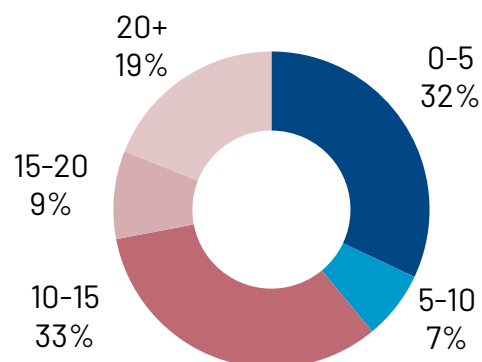
## By development status<sup>2</sup>



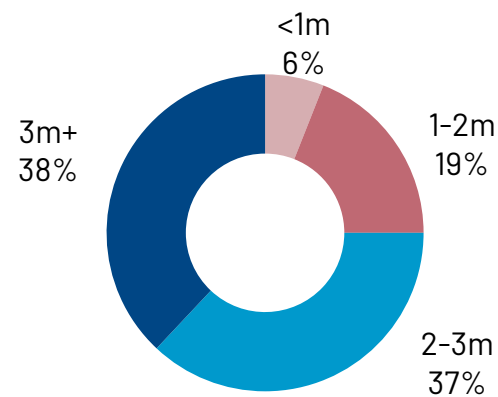
## Portfolio overview

- **High-quality, diversified portfolio** of ~300 assets with a proven track record of high occupancy
- **93% of assets are Big Box assets** and **65%** of all properties are within **urban locations**
- Focus on the **newest asset standards, appropriate size and the right locations** to meet customer demand
- **Complementary, attractive development pipeline** which grows the portfolio and presents opportunities for improving yield on cost
- **Modern portfolio** with an average building **age of only ~11 years<sup>3</sup>**
- **Strategic locations in highly dense urban areas** with 75% of the portfolio in conurbations which have a population catchment of 2m+ people within a 1 hour drive time

## By building age (years)<sup>3</sup>



## Population within 1 hour drive<sup>4</sup>



1 Based on GRI

2 Based on GAV as at Dec-21

3 Age since last major refurbishment; based on GRI of €336m

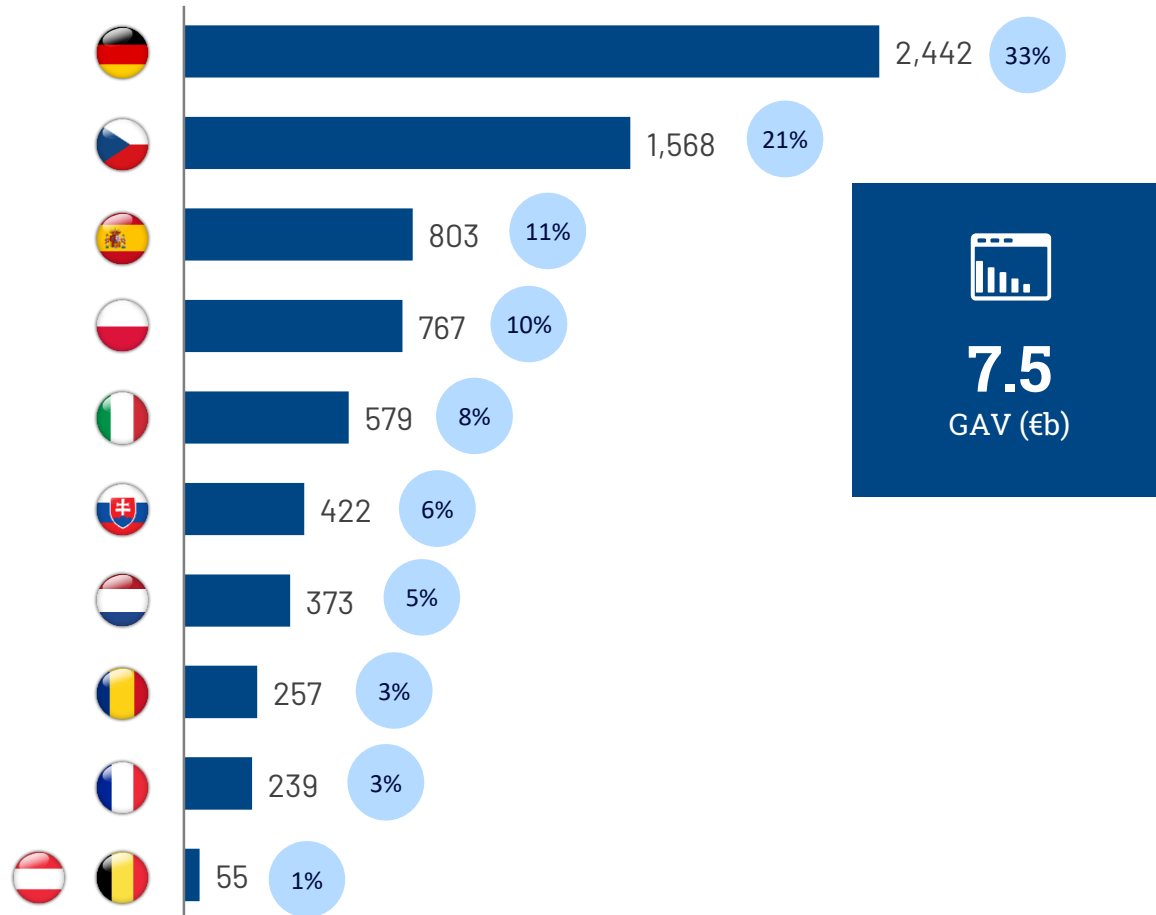
4 Based on adjusted GRI of €320m (excluding Apex portfolio)



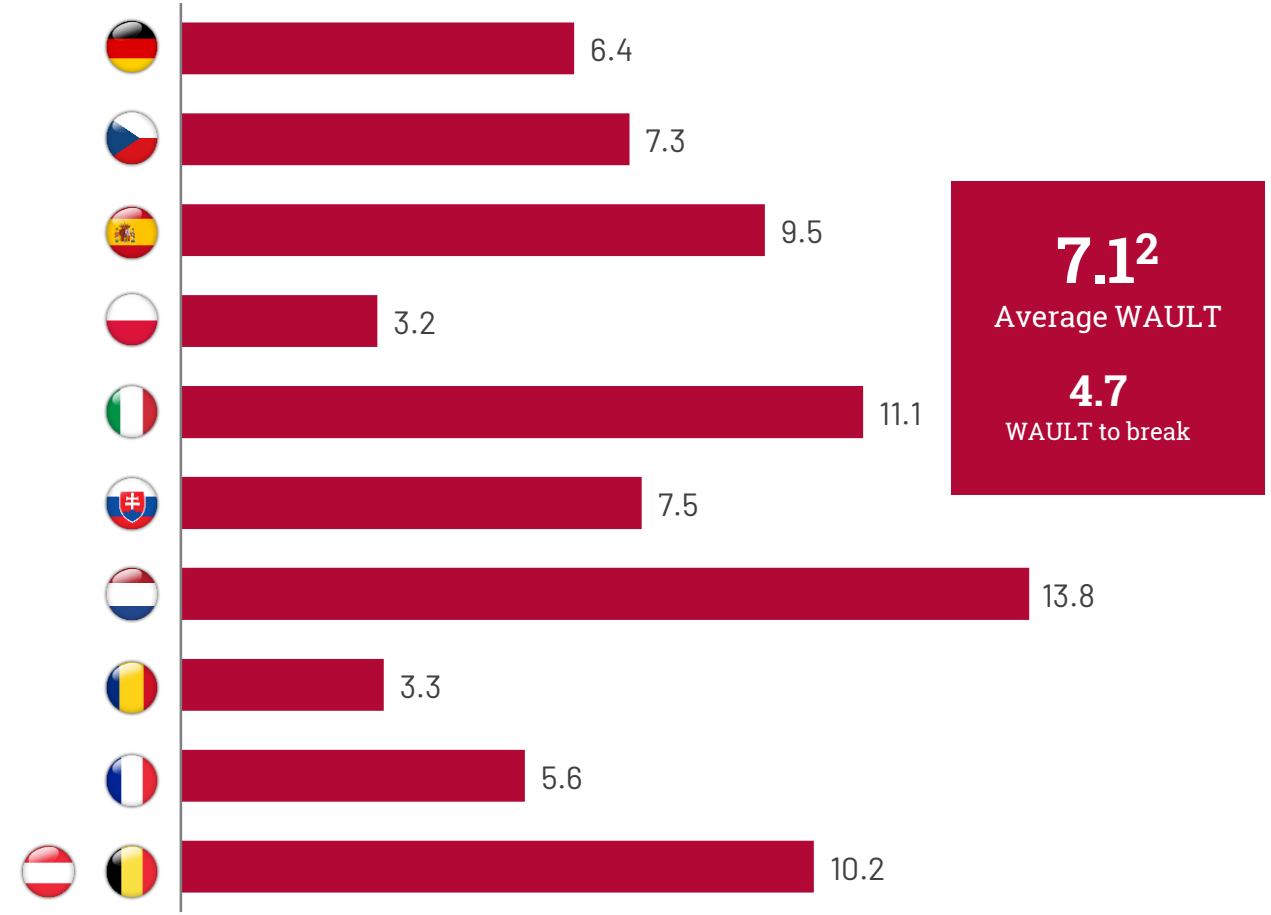
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# STRONG GEOGRAPHIC DIVERSIFICATION

## Gross Asset Value (€m) (as of Dec-21)



## WAULT to Expiry<sup>1,2</sup> (years) (as of Dec-21)

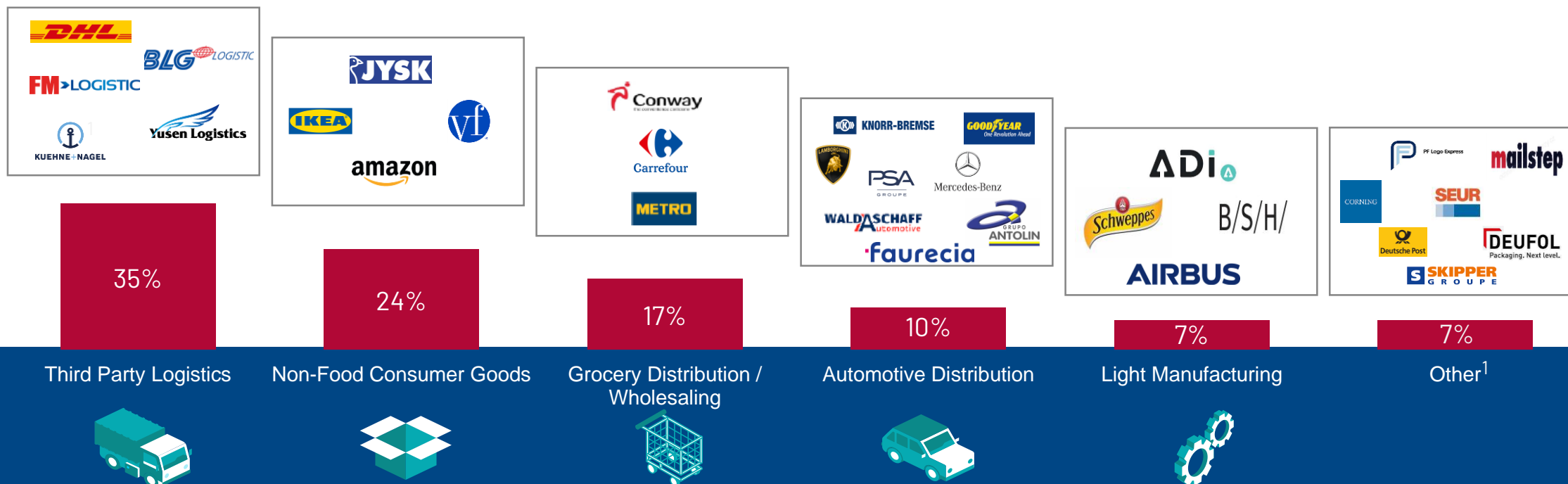


1. Average weighted based on headline rent of the assets within each country
2. WAULT to expiry (historically there has been an 80% retention rate on expiring leases)

3

# 450+ CUSTOMERS FROM DIFFERENT SECTORS

- ✓ Well-diversified portfolio across ~450 tenants
- ✓ 93% rent from big box assets with remaining warehouses / light industrial sites predominately in urban locations
- ✓ 19% of rent from tenants providing e-commerce logistics across sectors and expected to grow
- ✓ 35% of tenants providing 3rd party logistics
- ✓ Industry-leading companies several of whom carry investment grade credit ratings themselves



Notes: Figures represent percentage of Total Headline Rent as at Dec-2021

<sup>1</sup> Other tenant industry sectors include businesses distributing IT/electronics goods, postal services, industrial products, paper goods and other products not aligned with the major categories on the left

4

# STRONG OPERATING PLATFORM TO DRIVE GROWTH

A

## Asset Management

- Dedicated in-house asset management
- Proactive & regular dialogue with tenants to assess their business' logistics needs and monitor credit quality evidenced through consistently strong retention rates

B

## Acquisitions

- Strong focus on value creation through acquisitions
- Sourcing of new opportunities through acquisitions via local on-the-ground teams who fully understand competitive dynamics
- Moderate disposal programme of mature, non-strategic assets which do not fulfil future return requirements

C

## Development

- Risk controlled approach to developments (c.70% of current WIP assets are pre-let to investment grade rated tenants)
- In-house development teams active since inception
- Predominantly Built-to-Suit developments which allows for highly customised products for tenants with longer lease lengths






# ESG IS A KEY PRIORITY FOR P3



## ESG Strategy

- P3 has a strong commitment to ESG in line with the needs of the firm's customers, communities and shareholder GIC; **the €1b Green Bonds issued under new Green Financing Framework further re-iterates P3's focus on ESG**
- ESG represents a long-term investment** that strengthens P3's operations, enhances competitive positioning, improves risk management and attracts top talent
- Underpinning this commitment, **P3 was the first European logistics real estate developer to sign the UN Global Compact in 2017**
- The company **progresses against its 5-year plan** and already has a strong existing foundation in place to achieve its ESG goals, including:
  - ✓ All new developments currently reach stated BREEAM targets
  - ✓ BREEAM-in-Use program underway across entire portfolio
  - ✓ Active solar and LED programs running across the portfolio
  - ✓ Undergoing a Carbon Footprint review across the portfolio
  - ✓ Ethical business training mandatory for all employees annually
  - ✓ ESG risks/DD part of all developments and acquisition processes
  - ✓ Green Lease Annex included with new leases and renewals
  - ✓ Biodiversity plans included in all new development projects

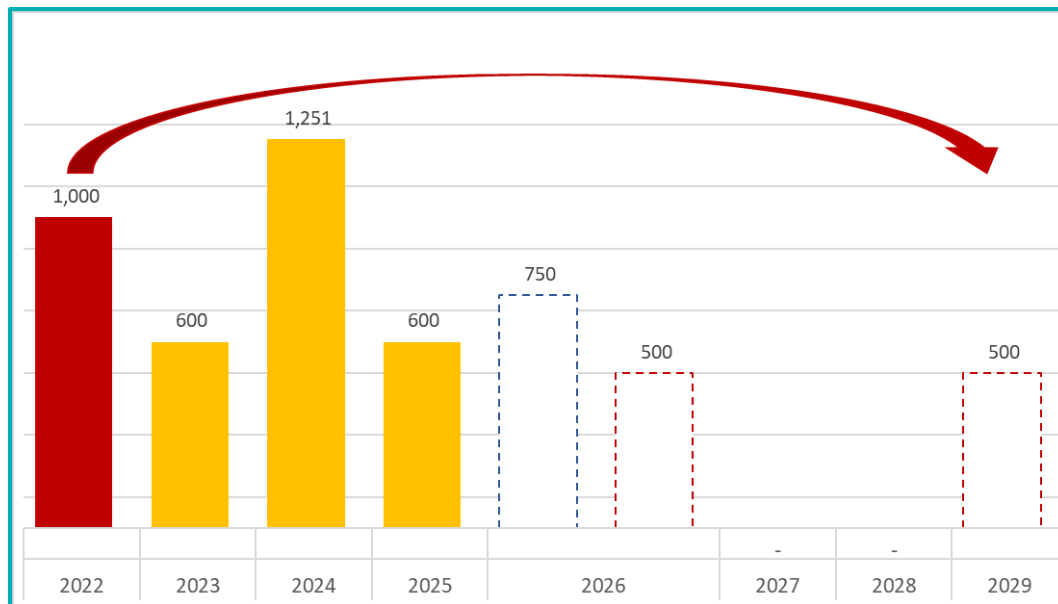
## ESG Goals and progress

	KPI	Target	Q4 2021	Q1 2022	% change
 <b>Environmental</b>	<b>LED penetration*</b>	90% (by 2030)	-	71.62%	-
	<b>Renewables capacity</b>	50MW (by 2026)	22,000	22,427	2%
	<b>BREEAM certification</b>	75% (by 2022)	45%	62%	38%
 <b>Social</b>	<ul style="list-style-type: none"> <li>Defined benchmark for calculating and evaluating Scope 1, 2 &amp; 3 GHG emissions – <b>achieved in 2021</b></li> </ul>				
	<ul style="list-style-type: none"> <li>Define diversity and inclusion benchmark and targets – <b>by year end 2022</b></li> </ul>				
 <b>Governance</b>	<ul style="list-style-type: none"> <li>Social Investment Program defined and implemented – <b>by year end 2024</b></li> </ul>				
	<ul style="list-style-type: none"> <li>100% of employees to achieve ethics training - <b>annually</b></li> <li>Annual Transitional Risk report devised and published – <b>by year end 2022</b></li> </ul>				

\*standard methodology for assessing LED penetration updated in Q1 2022

# OVERVIEW OF CAPITAL STRUCTURE

## Debt maturity profile (€m) Dec 2021



## Refinancing Plan and future strategy



Bank debt maturing in 2022 refinanced with €1.0bn unsecured Green bonds in January: €500m maturing in 2026 and €500m in 2029.



€750m RCF maturing Dec 2026 (+2 year extension options) available as source of flexible funding and liquidity buffer



Remaining guaranteed debt to be refinanced over time with non-recourse borrowings. Target to extend the average weighted maturity to >4 years

- Credit rating of BBB underpinned by the strength of the business model and sustainable financial profile
- Maintain a predominately unsecured capital structure whilst transitioning to a non-recourse capital structure funded primarily from the public bond and syndicated bank loan markets

# STRONG FINANCIAL RISK POLICIES

**P3 has a robust set of financial policies to control and manage the business. This includes ongoing monitoring of tenant financial performance, ensuring P3 has a diverse source of financing available to it with no concentration / exposure risk with any one lender or maturity**

## Funding Principles

- Funding principles to be stated publicly
- P3 is targeting a minimum BBB rating and an LTV of no more than 47.5%<sup>1</sup>
  - All key financial metrics including both LTV and Net Debt to EBITDA are at levels consistent with maintaining a BBB (or equivalent) rating at all times

## Minimum Liquidity

- For ordinary course of business, maintain liquidity  $\geq 1.3x$  cash commitments over a rolling 12 month period

## Refinancing Risk

- Debt weighted average tenor > 4 years (following replacement of existing bank loans)
- Maintain strong relationships with bank partners

## Financial Counterparty Risk

- Financial counterparties rated A-/A3 and above

## Credit Management

- Access to specialist data to assess the credit quality of potential new tenants
- Regularly monitor the creditworthiness of tenants

## Interest Rate Risk

- As of 2022, minimum 80% of drawn borrowings to be fixed rate or hedged using derivatives (including caps) following the replacement of existing loans

## Foreign Exchange Risk

- Natural hedging strategies are preferred with debt denominated in the economic currency of the assets

## Governance

- Board approves the policy on an annual basis and regularly reviews its compliance on a quarterly basis

### Notes

<sup>1</sup> Permitted to rise above on short term basis in advance of pre-approved equity contribution



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# A STRONG AND WELL-CAPITALIZED SHAREHOLDER

- Established in **1981** and headquartered in Singapore, GIC is a **global long-term investor** with **AUM > US\$100b**
- GIC invests in over **40 countries** and is engaged across a diverse range of asset classes via both **public** and **private market**
- GIC's investment strategy is designed to provide a **flexible** and **diverse exposure** to a broad range of asset classes: nominal bonds and cash, developed & emerging market equities, private equity, real estate and inflation-linked bonds
- GIC's existing Policy Portfolio has an approximate real estate allocation of **c.8.0% of total AUM**. The goal is to **increase** this allocation to **c.9%–13%**
- The Company benefits from the experience of a **dedicated asset management team** that leverages previous experience to generate income and **enhance** the market value of its assets
- Acquired P3 Group in 2016**



40

Countries worldwide



\$100b+

Total AUM



6.8%

20-Year Annualised  
Nominal Returns

8%

Allocation of AUM  
to Real Estate

**CORE  
SHAREHOLDER  
STRENGTHS:**

**Long-Term  
Orientation**

**Broad  
Investment  
Mandate**

**Value-Driven  
Investor**

**Global  
Operations**

**Collaborative &  
Committed  
Partner**

# THANK YOU FOR YOUR ATTENTION



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# DEFINITIONS

- **Gross asset value (GAV):** The aggregate of Investment property and Investment property under construction, including assets held for sale.
- **Big box:** Assets >10,000 sqm area.
- **Urban locations:** Locations with a catchment of at least 0.5 million people within 30 minutes' drive time.
- **WIP:** Investment property under construction.
- **Yielding asset:** Investment property available to generate rental income.
- **Pre-let:** A lease agreement is in place before completion of the asset.
- **Gross rental income (GRI):** Contracted rental income recognised in the given period of the income statement. Rent-free is amortised on a straight-line basis over the lease term until break.
- **Net rental income (NRI):** Gross rental income and service charge income, less property operating expenses.
- **Gross lettable area (GLA):** The area in a commercial property designed for exclusive use of the tenant. Includes areas designated as structurally vacant or under refurbishment. Any development to create new lettable area at any property is only included when the relevant space or development is complete and available to generate income.
- **Occupancy rate:** Proportion of the aggregate GLA of the leased properties at that point in time.
- **Recurring EBITDA:** Net rental income less administrative expenses prior to any exceptional gains, losses, or expenses as reported in the Financial Statements.
- **Loan-to-value ratio (LTV):** Relative difference between Net Debt and GAV.
- **Net debt:** Loans payable to unrelated parties less cash and cash equivalents
- **Net initial yield (NIY):** Passing rent less non recoverable property expenses, divided by gross asset value.
- **BREEAM:** Third party certification of the assessment of an asset's environmental, social and economic sustainability performance.
- **WAULT:** Weighted average unexpired lease term.
- **WAULB:** WAULT until the break.
- **Retention rate:** Leased area of all renewals commenced during the reporting period divided by the leased area of all potential expiring leases in the same period and excluding short-term leases.
- **Like-for-like:** Metric based on properties held throughout 2 comparative periods.



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