

GREEN FINANCING ALLOCATION AND IMPACT REPORT


December 2023

Introduction

P3 Group S.à.r.l (“P3”, the “Company”) is a leading European investor and developer of high-quality logistics and industrial properties owning more than 8.4 million m² of assets under management and a land bank of 3.7 million m² for further development. The property portfolio is valued at approximately EUR 9.0 billion.

Currently, P3 has commercial activities in 10 European countries and has been investing, developing and operating assets in the region for over two decades. P3 employs more than 250 people across 10 offices in key European cities, offering integrated investment, development, asset and property management services.

As part of our corporate vision P3 is committed to providing sustainable and high-quality space for approximately 450 tenants to grow and thrive in. P3’s ability to deliver on tenant needs is seen in our high tenant retention and consistently high occupancy rate across the portfolio. Our ability to deliver on development and investment promises has positioned us as a trusted partner for many leading companies.

P3 is convinced that green financing instruments are effective tools to support its efforts and aspirations to improve the sustainability of the logistics properties we own, acquire, and develop. Currently 75.2% (based on the 2023 like-for-like¹) of P3’s assets have a Building Research Establishment Environmental Assessment Method (“BREEAM”) certification of “Very Good” or better or local equivalent. Further information on how P3’s sustainability activities are reflected in and are aligned with the green financing activities can be found in the ESG report (www.p3parks.com/ESG .

¹ Use of like-for-like is standard practice to track performance against targets and this application is particularly necessary to allow any development and acquisition time to gain certification (e.g., BREEAM New Construction may require up to six months after handover to receive the certification, and newly acquired assets requiring BREEAM In Use certification will require renovation/refurbishment activities to bring them up to our requirements). P3 defines like-for-like as: Newly developed/acquired property is fully stabilized (operational) for the whole time in both periods being compared. A property is fully stabilized (operational) if it meets all 3 conditions below:

- Is a completed development/acquisition
- Has occupancy of at least 90%
- Has Weighted Average Lease Break of at least 1 year

In January 2022, we issued our first dual-tranche Green Bond under our Green Finance Framework (“the Framework”), raising EUR 1.0 billion. The Framework (www.p3parks.com/investors/green-financing) follows the International Capital Market Association Green Bond Principles (“GBP”) 2021² and the Loan Market Association Green Loan Principles (“GLP”) 2021³. It has been reviewed by Sustainalytics who has provided a Second Party Opinion (www.p3parks.com/-a17168---SsSITLI0/p3-green-financing-framework-second-party-opinion) on it. As P3 intends to follow best market practice this Allocation and Impact Report provides the following sections as communicated in the Framework:

- Allocation Report for assets complying with our Green Buildings Use of Proceeds category
- Impact Report for our Green Buildings Use of Proceeds category
- External verification report

P3 periodically updates the Green Finance Framework⁴ in accordance with the validity of the Second Party Opinion. This allows the business to update any related Environmental, Social, and Governance (“ESG”) targets, evolving practices and regulations of the Green Finance markets and for ESG reporting. At that time, we may consider updating eligibility criteria or adding new categories.

CRITERIA FOR GREEN FINANCING

Use of Proceeds

An amount equal to the net proceeds from the issuance of each Green Financing Instrument will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects that meet the Eligibility Criteria from our 2021 Green Finance Framework. Use of Proceeds by category are defined below:

Green buildings

Acquisition, construction, development of new and existing properties that meet recognised standards, such as:

- BREEAM certification of at least Very Good
- Deutsche Gesellschaft für Nachhaltiges Bauen (“DGNB”) certification of at least Gold
- Any other equivalent or higher level of certification

Renewable energy

Investments and/or expenditures on acquisition, development, construction, and/or installation of renewable energy production and storage units to generate on-site renewable energy, including (but not limited to):

- On-site solar systems
- Battery storage

Energy efficiency

Investments and/or expenditures on the refurbishment, renovation or upgrade of existing buildings that result in an energy efficiency improvement of at least 20%. These activities contribute to the reduction of energy consumption including, but not limited to, building upgrades, equipment, systems, operational improvements, and maintenance, such as:

- Investments on LED lighting
- Improvements to thermal performance of the building fabric
- HVAC systems powered by non-fossil fuels

² International Capital Market Association, Green Bond Principles, June 2021: www.icmagroup.org/sustainable-finance/theprinciples-guidelines-and-handbooks/green-bondprinciples-gbp/

³ Loan Market Association, Green Loan Principles, February 2021: www.lsta.org/content/green-loan-principles

⁴ This Allocation and Impact Report refers to the P3 Green Financing Framework published in December 2021. An updated framework valid for 2024 onwards has been published in January 2024.

Green finance reporting

ALLOCATION REPORT

Below table shows values for Eligible Green Assets complying with P3's Green Buildings eligibility criteria. For our inaugural 2022 Green Bond, all proceeds have been allocated to the Green Buildings category. Asset value based on external valuation report and as reported in P3's consolidated International Financial Reporting Standards (IFRS) financial statement as of 31 December 2023.

EXISTING GREEN BUILDINGS (31 DECEMBER 2023)	Asset Value (€)
BREEAM New Construction certified – Outstanding	130,634,414
BREEAM New Construction certified – Excellent	351,754,670
BREEAM New Construction certified – Very Good	802,211,225
BREEAM In Use certified – Excellent	34,111,412
BREEAM In Use certified – Very Good	4,010,527,553
DGNB certified – Gold	651,427,323
Total approved Eligible Green Assets	5,980,666,597
Allocated Net Proceeds, of which:	1,461,697,500
Green Bonds	988,610,000
Green Loans	473,087,500
Remaining unallocated approved Eligible Green Assets	4,518,969,097
Unallocated proceeds	0

IMPACT REPORTING

Below table shows the total number of assets with BREEAM Very Good or higher or local equivalent such as DGNB "Gold" or higher as of 31 December 2023.

EXISTING GREEN BUILDINGS (31 DECEMBER 2023)	Asset Count	GLA (m²)	Asset Value (€)
BREEAM New Construction – Outstanding	3	118,808	130,634,414
Netherlands	1	98,937	104,099,083
Poland	2	19,871	26,535,331
BREEAM New Construction – Excellent	16	423,968	351,754,670
Czech Republic	9	101,691	110,289,620
Poland	5	267,887	195,535,030
Spain	2	54,390	45,930,020
BREEAM New Construction – Very Good	18	822,188	802,211,225
Czech Republic	2	80,566	112,368,224
Germany	1	11,762	21,065,987
Italy	1	189,207	154,673,683
Netherlands	1	9,319	14,664,227
Poland	7	185,719	148,174,761
Slovakia	1	63,572	54,651,768
Spain	5	282,043	296,612,574
BREEAM In Use – Excellent	2	42,803	34,111,412
Czech Republic	1	5,925	9,225,569
Poland	1	36,878	24,885,843
BREEAM In Use – Very Good	191	4,163,242	4,010,527,553
Austria	1	42,281	44,148,671
Czech Republic	78	1,179,761	1,414,466,031
France	6	207,463	192,285,511
Germany	22	650,004	857,435,722
Italy	6	228,785	184,071,844
Poland	35	755,590	484,920,189
Romania	14	380,968	234,775,001
Slovakia	19	409,997	323,988,605
Spain	10	308,393	274,435,979
DGNB (Germany only) – Gold	11	494,722	651,427,323
Germany	11	494,722	651,427,323
Total approved Eligible Green Assets	241	6,065,731	5,980,666,597
% of total assets meeting P3's green building target⁵	71.3%	72.2%	71.5%

⁵ At the end of 2023, P3 had a total of 338 assets that could be certified with BREEAM or DGNB (e.g., onsite energy use or consumption), with 8,398,942 m² GLA and total asset value of € 8,361,665,601 in its portfolio.

In line with standard practice and previously reported by P3, we also provide our 2023 like-for-like. From a progress against target reporting perspective, this allows P3 the ability to uplift assets that may be acquired as part of our portfolio time for appropriate improvements. BREEAM New Construction certificates may take up to six months to receive, and an existing asset without a BREEAM In Use certificate can require renovation/refurbishment works which will take time to execute. Based on the 2023 like-for-like data, we exceeded our target of 75% of our portfolio reaching BREEAM Very Good or higher or local equivalent such as DGNB “Gold” or higher reaching 75.2%⁶ of our assets.

EXISTING GREEN BUILDINGS (2023 LIKE-FOR-LIKE)	Asset Count	GLA (m²)
BREEAM New Construction certified – Outstanding	1	98,937
BREEAM New Construction certified – Excellent	2	11,638
BREEAM New Construction certified – Very Good	11	589,434
BREEAM In Use certified – Very Good	188	4,048,273
DGNB certified Gold	7	289,839
% of total certifiable assets, 2023 like-for-like⁷	75.2%	79.3%

Further relevant data is provided in our ESG report, which can be found on www.p3parks.com/ESG 

EXTERNAL VERIFICATION

EY has been appointed as an independent external auditor to provide a limited assurance conclusion as to whether the Net Proceeds of the Green Bond issued on January 26, 2022 have been allocated to eligible projects, as described in the Green Financing Allocation and Impact Report as detailed in P3 Green Financing Framework dated December 2021 and in accordance with the International Capital Market Association Green Bond Principles 2021 and the Loan Market Association Green Loan Principles 2021.

⁶ By percent asset

⁷ The P3 2023 like-for-like portfolio has a total of 278 assets that could be certified with BREEAM or DGNB, with 6,353,699 m2 GLA.



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Independent practitioner's assurance report

To the Board of Managers of
P3 Group S.à r.l.
13-15 Avenue de la Liberté
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Luxembourg

Scope

We have been engaged by the Board of Managers of P3 Group S.à r.l. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on P3 Group S.à r.l.'s allocation and impact report on the issued green bonds as of 31 December 2023 (the "Subject Matter" or the "Report"), prepared in accordance with the provisions of the Green Financing Framework (the "Criteria") for the year ended 31 December 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Board of Managers

In preparing the allocation and impact report on the issued green bonds as of 31 December 2023 (the "Subject Matter"), P3 Group S.à r.l. applied the provisions of the Green Financing Framework (the "Criteria") for the year ended 31 December 2023.

Board of Managers' responsibilities

The Board of Managers is responsible for selecting the Criteria, and for presenting the allocation and impact report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.



EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with P3 Group S.à r.l. on 01 February 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.



Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Data review of specific asset-related documentation (i.e. properties);
- Interviews with relevant staff to gain an understanding of the sustainability strategy in place and related policies at entity level, as well as the implementation of the latter;
- Interviews with the relevant staff to gain an understanding of the processes in place to monitor, manage and report on the required information;
- Review of the processes for gathering and consolidating asset allocation-related documentation (i.e. properties) of the Subject Matter;
- Review of the asset allocation-related information of the Subject Matter against the Criteria;

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter on the issued green bonds as of 31 December 2023, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended for the information and use of relevant stakeholders of P3 Group S.à r.l. for providing limited assurance over the allocation and impact report on the issue green bonds as of 31 December 2023, as per the scope described above.

Ernst and Young
Société Anonyme
Cabinet de Révision Agréé

Jesus Orozco

Luxembourg, 8 March 2024

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