<u>Jo De Wolf | Montea</u>

OK, I think we can start great.

Thank you all for joining warm welcome to this teams meeting.

We're proud, of course, to be able to present you our Q1 results were, in short, all lights are on green.

This session will be recorded, so I think we can start it two past eleven.

So good timing to start the meeting.

I hope you can all see the presentation now.

So I will start with some highlights for those who have short in timing and then we'll go a bit more in the in detail.

I will talk about business and Els will of course talk about the financials.

Highlights very short.

EPRA result is up to 19.8 million, which is increase year on year of a 16%, per share this is of course 3% because at the capital increase and the increase in the number of shares by 12%, the net results, then the 34.6 million of course helped by the 11.5 million of positive property revaluation. Of course, we will come back in detail later on the EPRA result.

We confirm our forecast of 4.55 for this year, but we raise the forecast for next year from 4.65 to 4.75. This is mainly based on the fact that some of the projects we had in the development of the land bank will be delivered earlier than we first forecasted.

So that's rather good news.

The EPRA LTV increased to 34.8 still very reasonable, but the net debt on EBITDA remained stable. That is, of course, because the main investment was Hamburg, and that's a standing investment and that's always nice for the net debt on EBITDA ratio.

The EPRA NTA increased to 76, which is 6% up year on year. Maybe important also to mention is that 70%, seven zero, of the capital we raised in November, late November, was already used in the first quarter of this year. So use of since was rather well.

Looking at the portfolio valuation, like for like portfolio valuation is 0.5% up. EPRA net initial yield remained stable and of, course, we got some positives due to development margins we obtained over the products we have in development. I'll give some more detail on that later on.

And we were able to start some new projects. Erembodegem, this is close to our home office, we will extend the existing building of Movianto with 9,000 sqm which will also lead to a renewal of the existing lease with nine years, that’s a nice one.

Tongeren III, we started the second phase, prelet of course 14,000 sqm

And of course, the big transaction of the first quarter was the acquisition of 50 million property in Hamburg. I will come back on that.

100% occupancy, unchanged over the last five quarters, and like for like rental growth, 4%, 3% from indexation, 1% comes from renegotiations, as you all know the lease duration in Montea leases is rather long, so renegotiating, we have some lag of renegotiation due to the duration of our leases. But there were where we can renegotiate, we are able to renegotiate at levels between 15 and 20%. So catching up with the lack of rent in the portfolio.

Last but not least, I would touch a few words in the highlights on the sustainability strategy. As you know, it's always 3 pillars. It's our own operation. It's our developments and it's our standing portfolio.

For our operations, that's our own office, we are already neutral since 2021. All of our operations are driven by 100% green electricity and more than 60% of our fleet today is already made of electrical cars.

When we look at our developments where we have the ambition to reduce, 55% of CO_2 emissions by 2030, we are well ahead of the scheme. I will come back on that later on and you will definitely have more information on this during the Capital Markets Day in June.

On our own operations, sorry, on our existing portfolio, same ambition, 55% reductions by the by 2030 today already 83% of our buildings have LED lighting, 68% of our energy used in our buildings is already green energy. We already have 32% in all of our buildings that are heated by heat pumps. So, a lot is going on, but also there, you will get more flavor during the Capital Markets Day.

That brings me to our growth story, but I was first like to start with some market trends, things that we see currently in the market and this remains rather stable compared to Q4, market vacancy remains rather low in all of our markets and market rents year on year remain under a positive pressure, 2.4% average vacancy in Belgium, 14% rent increase in Flanders, 2% vacancy in Holland, 7% rent increase in Holland, 4% vacancy in France, but more than 9% rent increase in France and even in Île-de-France where there was some more vacancy over the last periods, it's now catching up and 3% vacancy in Germany, 9% year-on-year rent up.

So that's a I would say a very significant., two very significant KPI in all of our four markets that give a good, a good feeling about the continued appetite for logistics as a take up and what we see today is, if we look at the ecommerce penetration in all of our markets and the estimated growth over the next five years, we see them in each and every one of our markets. It is expected that 7 to 8% additional growth will be achieved over the next years. Mainly in Germany and France, but also in Holland, a bit less in Belgium. So the continued growth of ecommerce is rather secured, which will of course lead to demand for logistic real estate.

That's what we also see when we talk to the users of our buildings and this is a study by CBRE, where they basically say that 67%, so two out of three of all European logistic occupiers plan to expand over the next two years.

And this is a new one we added because we thought it was really important to tell, although there is all this good atmosphere and good vibe, we still see that in all of our markets, speculative development remains very, very low. This is mainly due to the fact that getting permits without having the tenant is becoming more and more difficult and we see in Belgium and Holland only 20% of all the constructions are speculative. France, roughly the same. Germany 30%. So all of these markets have significant undersupply compared to the pressure that comes from the demand in those markets.

Now, what is the impact for Montea?

Obviously we had a significant growth over the last trimester, mainly driven to the acquisition in Germany.

If you look at the different markets, we see that we've done in total a Capex of 87 million.

And that we have revaluation, and development margins of course, in our portfolio of 12 million. So roughly in total growth of the portfolio of 99 million, the 59 in Germany is driven by the fact that under IFRS 16 we also have to value the land lease. So the future *canon* we have to pay. That's why you see a lower a, a lower value and the minus three.

But of course, this is money that we are going, that is now already on our balance sheet and that we will only need to pay over the next year's of the lease.

As I said, Hamburg is the most important investment, roughly 50 million that we invested there. What is interesting there is a) it's fully let, but b) there is a substantial under rent on this building. So, we see a lot of redevelopment and renegotiation potential on that on that building. It's in the port of Hamburg, so it's really strategic building.

We were able to secure a plot of land in Zelik, which is in a in Asse, near Brussels where we will be able to develop a another 15,000 sqm and negotiation with potential clients is already ongoing.

We started, as I said, in Erembodegem, the development of the extension for Movianto and in Tongeren we started another 14,000 square meters on the site that we co-develop together with Cordeel. As I said, both pre let.

But we were also able to obtain new building permits, which is nice in this difficult markets, in Lembeek, that's a in Halle, so the southern part of Brussels where we will potentially have a development of 30,000 sqm, and we obtain the permit in Tiel South, this is not the Intergamma; Intergamma is Tiel North but we have good faith that we will obtain the permits in the upcoming weeks. But in Tiel South, we already obtained it and there's a potential development of 25,000 sqm.

All in all, the land bank remains unchanged, we took 40,000 sqm out and we put 40,000 sqm in. So basically, it remains unchanged at 2.2 million, the one that came in was the land I was talking about in Zellik and what we took out was of course Erembodegem and Tongeren. So basically unchanged, the 2.2 million because we bring Tiel in development, you see that the yielding land bank has dropped from 60% to 44%. So close of half of the land we have bought is now yielding roughly at 5.7%.

And let's not forget this is very important for us because it's part of our mission, 76% of all of this land is grey and brownfield, so redevelopment projects are in the core of our strategy.

You know all these plots of land, so I'm not going to go into detail.

In short, we promised you to bring 1,000,000 sqm of land bank in development. 20% of that is now in execution and 70% has already the permits in place, two projects were started for roughly 23,000 sqm and, as promised, these are yielding on average 7%, which will lead to additional rents of roughly 40 million over the next two years.

This is the detail. As I said, in execution, roughly 132 million, permitted but not yet pre let 260 million, pre let but where we are waiting for a permit, another 103 million and there where we don't have the tenant yet and don't have the permit yet that where we expect them to receive them very soon, another 60 million which leads to the 550 million we talked about and the 1,000,000 sqm of land bank leading to 600,000 sqm of additional GLA, again at a development margin of 30% and an average yield on cost of 7% of which we are quite proud.

As you know most of those projects are today in Belgium and in Holland. I'm not going into detail on this and in Holland, so all on very strategic locations, very nice buildings, projects we are really proud of.

This brings me to Els who will give you some more flavor on the profitable growth.

Els Vervaecke | Montea

Thank you Jo.

EPRA earnings has already mentioned by Jo up by 16% to a level of 19.8 million, per share earnings increased by 3%, taking into account 12% increase of the weighted average number of shares and this leads us to an EPS of 0.98 euros.

Despite an increase by 4% of the property results, operating margin decreased slightly to 84% at the end of the first quarter as a result of the investments done in the business development teams in Germany and in France preparing Montea for a future growth. IFRIC 21 is a reason why every year during the first quarter the operating margin is lower, but we expect the operating margin to go to a level of around 88% by the end of 2024.

Financial costs are lower compared to the same period last year and this is mainly because of 1.4 million increase in the capitalized interest expenses. 1 million of that increase is explained by the higher level of ongoing development this year and another rather limited impact of roughly 0.4 million is explained by applying a new calculation method where we used to use the average cost of debt to calculate the capitalized interests, interest expenses, we went to the marginal cost of debt to capitalize interest charges linked to the ongoing development.

An important note that I would like to make and I'm referring to some of your morning newsletters mentioning the expectation of a slightly higher net rental income. You should know that up till now there's only one project that has been delivered since the announcement of the deployment of the 1,000,000 sqm of the Land bank, which is a Tongeren, the 34,000 square meters that we are letting to Baywa and on the other hand, you should know that Tiel and Born are no longer producing any rental income as of the 1st of January 2024. So the impact on the net rental income of the newly delivered project in Tongeren is smaller than the impact of taking out Tiel and Born. So the shift of these projects from standing portfolio to projects under construction in the balance sheet has a decreasing impact on several KPIs such as the remaining lease term that decreased, the current rent level that decreased and the surface of the standing portfolio.

You remember, or you don't remember in the past we announced I think we started when we acquired Tiel, in order to be able to calculate a fair and correct gross yields, we included 20% of the yielding land bank in the surface of the standing portfolio and the 20% was considered as being the equivalent of the rental value of the land plots that we compared to the rental value of the logistics property. And therefore, with the shift of Tiel & Born from yielding to non-yielding and from existing portfolio to developments on the constructions, this shift has a large or significant impact on both the P&L and the balance sheet of Montea and that's what you also see in the in the figures.

Occupancy rate remains at 100% for the fifth quarter in a row. Of all the lease agreements having a break or end date in 2024, representing roughly 10% of the total rent level, 80% was already renewed, extended or relet. ,000,000 or roughly 1% of the rent roll was realized 14% above previous the rent levels.

The remaining lease length till first break stands at 5.8 years or 6.3 years, if we would include the solar panels.

Like for, like, rents went up 4.3%. Jo already mentioned this, driven by 3.4% indexation and 1% portfolio reletting and renewals.

The residual lease term already mentioned as well decrease to 5.8 years while the occupancy remained 100% and the EPRA net initial yield remained stable at 5.1%.

With the EPRA net initial yield of 5.1%, an expansion of only three bps compared to previous quarter, we still have a conservative valued portfolio compared to our peers.

Looking at the like for like portfolio fair value, we note that the value nowadays is created by our own developments. So the development margins lead to a positive 0.5% like for like portfolio valuation in Q1.

End of 2023 the reversion potential was roughly 6% and increased to 10% and this mainly as a result of the significance reversion potential from the latest acquisition in Hamburg in Germany.

EPRA LTV slightly went up to 34.8%, Jo already mentioned it, with a stable net debt on EBITDA level at 6.8 times. And also mentioned before, the EPRA cost ratio is expected to be roughly 12% for fiscal year 2024 and is expected to gradually decrease to a level of roughly 10% in the upcoming years.

We are well financed with long term funding with both maturity of financing hedging around seven years. On top, the maturity of the credit lines and the bonds are well spread in time in order to avoid to have to refinance a big chunk within one year.

97% of our debt is hedged, leading to an average cost of debt of 2.3%. And also here a little side note. Every quarter when we tackle potential over hedged situations because we have them as well, we tackle these potential ‘over hedging’ situations by blend & extent operations. So the historically low interest rates that we have contracted in the past are pushed to the future by replacing them into forward start hedges and in the same transaction we then extend the maturity of the contracts. So, we prefer to have the long-term benefit by extending the maturity of the hedges over the short term benefits at the level of the average cost of debt, because of course all the historically contracted hedges, they are in the money today, but we don't take the advantage in our financial result. So, we prefer to have an under hedged situation, not above the 100%, leading to an average cost of depth of 2.3% with an extended maturity of the hedging contracts.

This approach is translated in a forecasted hedge ratio that is up to 80% till the end of 2028. Taking into account future Capex commitments of €200 million per year, so this is the reason why we can confirm that our average cost of debt will be less than 2.5% until the end of 2027 if we take into account an average growth of 200 million on a yearly basis.

Jo De Wolf | Montea

Thank you very much Els.

Of course, all these positive stories bring us to a very positive outlook. As said, we reconfirm the guidance for this year at 4:55 and this is based on an inflation estimate of 3.1% for 2024. For next year, we increase to 4.75 and this is of course the projects as announced in 23 gradually contributing and a bit earlier than expected. For 26 and 27 we didn't give a guidance yet, but we think that we will be able to keep the occupancy consistently above 98%. Inflation will be probably a bit lower. We will be able to keep up the investment volume of at least 200 million a yearly basis, and as mentioned by Els, the cost of debt will remain under control given the very high hedge ratio and we will evolve towards the operation margin of around 90%.

Over the last 10 years, we have been able to, on average, increase the earnings per share by 8%. Of course, as you can see here, for 24 and 25 we don't include the potential upside of the FBI of the obtention of the FBI status for 23 and 24 yet so there's still a nice upside possible during the year.

I think this one is also very important to mention. If we look at the total return which is on the EPRA NTA evolution plus the dividend paid, we see that historically of course we have been helped by the yield compression, . I would say between 16 and 22 was a bit of a crazy period, the portfolio valuation helped us, with a resilient portfolio valuation in 22 and 23, and as of this year, the development margins that we are able to achieve will help us in keeping this positive story and we expect an 11% total return per annum for the next two years given the continued growth story.

This brings me to the last part of my presentation, which is our ESG strategy. And as promised, we will go more in detail on this, both with site visits and both with content by keynotes on our ESG strategy, our developments and I think we will be able to visit the Delhaize site, which is a great example of our ambitions of fossil free building, airtight loading docks, green power, green roof, circular construction, long lasting roofing. I'm really excited to give you more detail on that during our Capital Markets Day.

But to make it very concrete, if we look at a CRREM target and I'm, we'll try not to become too technical, and luckily, I'm not a technical guy, so it will not become too technically. This is what we call the CRREM target, which is basically the kWh consumption of energy per square meter of building, and this is the target, the green line where we should stay under in order not to heat our planet by more than 1.5 degree by 2050. What you see is the blue dot is our portfolio today, where you see that the CRREM target today is roughly right, 90 kWh per sqm per year. Our portfolio today is roughly at 65 kWh. So we are performing quite well, but what is even more interesting that is our new developments are at 25 kWh.

That's theoretical, but when we do the post-construction analysis, what we see today and we will give you more detail on that, is that the real consumption in our buildings is more roughly 17 to 18 kilowatts per sqm.

So, we are well ahead of those targets and we're really proud of it because we are the front runner in energy savings, and we will be able to give you more detail on that.

We're getting to the end of our solar panel projects, finally, by the end of this year, 100% of our roofs that have the bearing capacity will have those solar panels, which will be in total 87 MW. Of course, with all the new projects we are developing, they will also be developed with solar panels, so there will be additional growth on this as well.

All our intentions and our endeavors are recognized both by sBPR, where we have the gold status grasp at 77% and the GRESB, and the REIT with the lowest ESG risk rating in Belgium. So these are ratios we are rather proud of.

We keep also working on our social ambitions and this is a project we are particularly proud of. This is, we call it our fifth project, basically of the last month we did a co creation with our team members on what is it that makes a Monteaneer unique and basically it came down to 4 words. That's our focus, focus on logistics, focus on sustainability, focus on sustainable growth. It's our entrepreneurships, our effectively present in a four countries where we are developing our own teams. It's our expertise, the fact that we have all these beautiful minds in our team that have built expertise over many years before and last but not least, it's our team spirit. The fact that we have built a team that is a really strong, I'm always proud when people join our team and after one month ago and see them and ask them how, how is it with Montea, the remark I get most is that they are surprised or that they are positively surprised by the fact that everybody is at their disposal to help them in developing their ambitions. So Team Spirit is great and it's probably even the most important one of the four.

So with this a little note on our team, I would like to end the first part, our presentation and I look forward to your questions.

Herman van der Loos | Montea

Are there any questions?

That's the usual problem Jo when one is too clear, nobody has a question.

Jo De Wolf | Montea

Ah, X has a question, sorry, do it in the proper order.

Question

No worries. Thanks. Just thanks for explaining the change in the rental income, due to Tiel and Born shifting into the development. My question then is, are there any other, let's say, currently yielding assets in the land bank that you expect to shift into development and that those rental incomes could disappear at a certain point in time?

Els Vervaecke | Montea

No. So I think it is a, it's mostly those two.

Question

OK, right. Good. That's a relief. Then you explained Tiel South and North in the difference and I was wondering because of the uplift in your EPRA EPS guidance for 25, whether there was a relationship between what you also mentioned on Tiel, North I believe that the one that you're waiting the permit and you expect it in a couple of weeks that as you get more certain of that, was that kind of the catalyst to increase the guidance or are there other reasons?

Jo De Wolf | Montea

No. It's really the projects that are already in a in execution that make the difference there, no, so we don't make some kind of weighted average with the risk matrix. It's really only the projects where we see that we have now started. Some of them are also early or where the construction is going faster than expected, so it's really on the part of those that are in execution, for example, for the Movianto one, we had expected to have the permit only by the end of June. We got it three months earlier, for Blue Gate the same, we get a permit to bit earlier than expected, so it's really about the fact that those in execution will be delivered earlier than we when we had in our timing.

Question

OK, so Jo, that means that if this permit is agreed, let's say over the next couple of weeks, that could also again increase the outlook, if you can start construction, let's say this year, then you will have some income in 25.

Jo De Wolf | Montea

Yeah, well to be very clear, it's not that we only took the income of those developments as of 26 and that everything that would be developed before the end of 25 is now increasing the target. That's not the case, for example, to be very transparent, in the budget we expected Tiel North, so the big one for Intergamma to start before the summer. So, we have to obtain the building permit to be, so it's always an ambition. And so no, I think Tiel North was for at least six months in the budget for 25. So it's not that we only anticipated income as of 26, so no.

Question
OK. OK. OK, now that's clear. Thanks for, thanks for that and leave the floor for the others to ask questions.

Herman van der Loos | Montea
X, you had a question ?

Question
Yes, good morning everyone and thank you for the presentation. Just a little bit, very curious to hear about what you what you experience in the market in terms of tenant lettings and demand for the buildings. Because I saw in the table that you have for the development projects, you now include 'one year after pre let, one year after permit' but you excluded the part which says 'prior to end 2025'. So, does that mean you see for example slower take up in terms of tenant decisions and do you still expect to complete the majority of the projects by the end of 2025 ?

Jo De Wolf | Montea
For me, it's two different questions, but OK. Now obviously it's still our ambition to bring 1 million sqm of the land bank into development by the end of 2025. So that ambition is unchanged. Let me be very clear on that, but if you go into detail of the table, you will see that there are new entrants. For example, Lembeek, something that was not in the table before and it is now in. So, we still have the ambition to do 1 million, some of them might be a bit later, and some might come in. For example, when I say Zellik, that's also new entrant. Let's suppose we would have the permit before the summer and we would be able to start over this year, this is also one new win. So the ambition remains unchanged, one million sqm into development by the end of this, by the end of next year developed, sorry, by the end of next year. So that is an unchanged ambition.

This being said, on your second question, there is absolutely in our opinion, a slowdown in the demand. We see, when we talk to our tenants, there are vacancies in the buildings, but, and this is something we already saw last year also, of course they still have this very favorable leases from the past. So, they will sit on, they will stay sitting on it. So for the existing portfolio, the fact that some of those buildings are under rented also means that the tenant will try to stay in the building and keep the lease and look for new tenants because he knows that he can offer them, new occupiers for their buildings because they can offer something at very favorable rent levels. That's one thing.

For new developments. There is still more than enough demand and this is of course linked to the sustainability targets, a lot of occupants vacate older buildings because in the tenders they win, they also have sustainability targets with their clients, so we see that for new developments, there is still demand. There is definitely less demand than six months ago, let's be very clear on that, but for new developments, that's why I still feel comfortable with the 1,000,000 sqm land that we will bring into development by the end of 25.

But for existing buildings, it's becoming more challenging. So yeah, absolutely, there's a definitely a slowdown in the market.

Question
You're maybe, a follow up question on that, in terms of the demand mix, from which industries are you now seeing more demands versus let's say six or nine months ago? And then maybe, just to follow up on your point about the existing leases, do you have any visibility on how much of the space is sublet by your tenants?

Jo De Wolf | Montea
There's close to no subletting because they need the approval for that. What I mean is, for example, if you are DHL and you still have a lease at €45.00 and you lose a client and you have like 10,000 sqm vacating, you know that the market price today is 65. So you can go and search clients for those 10,000 sqm based on a much lower rent level. So that's why the stay in the building, although in my example, hypothetical example, there is 10,000 sqm vacancy.

So that's a bit of the challenge now on your second questions, on your second question, for the large buildings we are discussing today, it's mainly 3 PL. Why is it 3PL ? Because they have this pressure from their clients to go to more sustainable solutions and they want to. That's one reason. And the second reason, of course, is that they want to use the economies of scale. And as you have seen, for example, all the Dutch projects are big box projects. It's 60,60 thousand plus, so this is really a, most of it is looking for synergies by regrouping some buildings in one new state of the art sustainable facility.

Question
OK, very, very clear. Thank you very much.

Jo De Wolf | Montea
Thank you.

Herman van der Loos | Montea
Perhaps Jo, just to mention on the first question; in the table, we want it to be dynamic, so there will be new projects coming in and some will disappear because simply they are delivered. So don't take it as a an update of the November announcement, take it really as a as our dynamic pipeline ongoing.

Question
OK, thank you.

Herman van der Loos | Montea
Hi X, I think you had a question?

Question
Yes, , just to follow up on the from the sentence, as you say, there is absolutely a slowdown in the tenant, demand, you said that it won't impact your 1 million square meter that you target, that's what you said ?

Jo De Wolf | Montea
Yes

Question
And if you can give a comparison, six months ago, when you dropped the plan that you, that you projected until 2025 versus now, has anything happened that changed your pricing power in terms of rental?

Jo De Wolf | Montea
No. Absolutely not. So demand remains higher than supply. I was mainly referring to existing portfolios, so for me having for example, even on primary access lines, Brussels Antwerp, having for example 20,000 sqm, if vacating today where six months ago or one year ago we were still in the fight for more for more space, you would have had 10 candidates, today you would have less candidates for that building, so it's more on the existing. As I said, the new developments are mainly driven by this, really, need for more sustainable solutions and the economies of scale. So there I don't see the real change, but when we talk to real estate agents, there's definitely less demand for existing buildings. So I think the main driver for me, in my opinion is that of course, with the rise in the interest rates and with the fear of recession, having inventory has become much more expensive. When you could have stock at that close to 0% financing costs, yes, of course, bring it in. But today at 4 or 5% it, it costs a lot of money for companies to have a large inventory. So that's from me the main reason why parties are more critical on large inventories.

Question
Well, I guess that with 100% occupancy ratio turnover has been very, very limited the last five quarter, right, so for you?

Jo De Wolf | Montea
Yes, but at, you know that every year we have roughly between 8 and 10% of our leases that come on expiry. So, it's not a given, as Els said, for this year already, 81% is relet. So there's still 9% left. So basically today, we know that if we were not able to rent any square meter for the rest of the year and everybody who can break would break for the rest of the year, we would still be above 98%.

Question
Ok, maybe another question on the growth plan target. If I look at it and compare it versus Q3, I reach like a total capex of 556 something like this and you have already delivered one asset in Tongeren. So, the question is, are you actually planning to invest more or are you doing more than what you initially mentioned?

Jo De Wolf | Montea
Yeah, a good question. Of course, we announced that we were going to do this 260 million in total. So that's above the 200 million we normally do on a yearly basis. An important one is of course here that for the first time in two years, we see again that we are working on standing investments. You remember that in the summer of 22, we said, at this cost of capital at this lower share price and higher cost of debt, we need at least 7% yield on cost; so we will focus 100% on in house development. A deal like Hamburg shows we start at 6.5, but we see rent reversion, so we will also go above 7. Then again, there are opportunities in standing investments. Of course, standing investments, it's much more difficult to predict than developments. When you look at your land bank and you see OK for these 600,000 square meters, I will be able to get a building permit and I see that there is demand in the market, it's easy to predict over the next two years. For standing investments, that's much more difficult, but all I can say today is that compared to a year ago, for the first time, we can say with confidence that we see standing investment opportunities. So that will definitely have a positive impact on the growth.

Question
OK. And maybe just on Germany, small question, you said that in Hamburg, the yield you buy the asset was 6.5%.

Jo De Wolf | Montea
Yes

Question
That means, just curious, because if I look at the yield in Germany in Q4, you were at 6.45 and today you announce a gross yield of 6.34 for your portfolio in Germany. And if you bought at 6.5% and I saw some negative revaluation, I I don't understand why the yield in Germany is actually going down because you're presented negative evaluation gain in...

Els Vervaecke | Montea
I think that is the RETT, the real estate transfer taxes that we have to book, so when we buy, we have to take into account, or the appraiser takes into account RETT, although we will never, or the idea is not to sell. And that's the negative impact that you see.

Question
OK, OK, alright.

Jo De Wolf | Montea
To be very clear, we see at least 20% rent reversion over the next year's, so the 6.5%, in our opinion, is more between 7.5 and eight.

Question
And you say, uh, how much time to capture it? The contracting please.

Jo De Wolf | Montea
Three to five years.

Herman van der Loos | Montea

And that does not even take into account possible redevelopment.

Jo De Wolf | Montea
No, exactly.

Question
Alright. And maybe just a very small one, I read them in the press release that you said that the financial costs were actually the average figure for the last five quarters. Why do you take the five last quarters to compute the average financial costs?

Els Vervaecke | Montea
What would you take otherwise? Four?

Question
Yes.

Els Vervaecke | Montea
Yeah, I have the debate, a long debate for many years with, in all transparency, with the auditor and yeah, we it used to be 4 and we shifted to five. And yeah, it's like that, it takes into account at the end of last quarter and this year's last quarter. So that's the reason why there's five. But I understand your point.

Question
No, because Q1 how much was it? Because of that.

Els Vervaecke | Montea
2.3.

Question
OK, so I trust it won't change anything.

Els Vervaecke | Montea
No.

Question

Thank you.

Herman van der Loos | Montea
X, you had a question

Question
Good morning. I got a couple of questions from my side. So first one specifically, what will happen with the lease in Willebroeck now that Decathlon is closing down there and adjacent to that what is the market rent per square meter in the Antwerp region? It's the first one.

Jo De Wolf | Montea
You're the first one to ask a question about it. Apart from one journalist. I didn't get any questions. Basically, they still have a rent until 2027. And of course, we are now looking together with them, who would be able to take over the lease. There are several candidates, to be very transparent, but of course, apart from taking over the lease for them, there's also an important part, which is the social cost. So, it's not only about taking over the lease, it's also about who is able to take over part of the staff. So we are in a very positive relation there with the with decathlon, where we are looking together. Who is the most suitable candidate, who both fits us as a quality of the of that signature and fits them to take over some part of the social costs and the social 'passif' on this one. So, they will end their activities end of this year. We have a lease until 27, should we break up earlier? ERV is 15% above what they pay us today, so there's an upside. But in my opinion, the impact for Montea will be rather low. I think they will be able to, or they will use those 15% in the negotiations with the new tenant. So, this will probably be a step-up rent with the lower rent in the first two years and then a step up after 27. So I don't expect a big upside there, but nor do I expect a big downside because of the fact that we there is enough demand, 47,000 square meters of this quality, racked, sprinkled, everything on it. Between Brussels and Antwerp. It's a big issue for the people who work there, but it's minor issue for us as investor.

Question
OK, very clear answer. So, thanks. Umm, different one? What are the pre letting rates for the, the 284,000 square meter GLA for the projects where you have to permit but are not fully let yet and maybe also some guidance on the timing when you expect these to be fully let.

Jo De Wolf | Montea
To be very clear on this, the reletting is 0, so this means the permits are in place, but we don't have a final signed agreement with anyone, so it's not that 50% is pre let and that they are in the waiting room until the other 50% is let. So, none of them are pre let to be very transparent on Tongeren there are different talks going on, Lummen is rather slow.

Grimbergen, talks are going on, Lembeek, talks are going on, Born talks are going on. Tiel South, talks are going on. So there's only one of these where I don't have a concrete candidate today, which is a Lummen, which, by the way has been in the portfolio for, I think three to four years now with permit. So we would have expected that to go a bit faster, but that's the only one that is without concrete strong candidates today.

Question
OK, very clear and last one is, do you have an LTV target for 26 or 27? Loan to value.

Els Vervaecke | Montea
Below 50%, that's the official communication.

Jo De Wolf | Montea
And below 60 is the covenant, but just learn anything now.

Els Vervaecke | Montea
No, but look, look at, look at Steven as yes, since the shift in, in the environment in the market, what we are doing in terms of, look at the past and I'm not saying that the past will always repeat itself, but taking into account the valuation of the portfolio, and I think you have your answer there.

Jo De Wolf | Montea
Let's say that, if you look back at the history of Montea, we didn't wait for this crisis to have our LTV below 40%. Our LTV has been below 40% consistently since 2018, so that's for the 6th year. So that's as Els said, that should give you some guidance on the way they will. Exactly?

Question
OK, fair enough. Thanks for answering my questions.

Jo De Wolf | Montea
Thank you, Steven.

Herman van der Loos | Montea
To put the record straight, X was already 2 weeks ago calling on this asset.

X, you had a question.

Question
Yes, little question on the FBI status. So how would discussions are ongoing and when do you expect to have some news? If I'm not wrong, last year it was during the summer months, right?

Els Vervaecke | Montea
Indeed so. But there is no discussion ongoing because we received the status for the past, but what are we waiting for nowadays is to declare our tax declaration, to file our tax

declaration for 2023. This will be done in the upcoming weeks and then we'll have a definite answer from the tax authorities in Holland for 2023 by the summer, at least that's what we hope. But there is no real discussion ongoing the authority or they they just informed us about the fact that they will always have, to be able to to to have a look at the figures at a Montea level, so at the Belgian level, because they say that or they are convinced that as an FBI in the Netherlands, the mother company should be also an FBI, and has being a Belgian REIT; a GVV, we are comparable to an FBI but not an FBI as such. And therefore they want to have the opportunity to have a look at the figures of the mother company and that's what they will do for every other comparable peer as well.

Question
Then do you think is fair to expect, I mean a full decision before September or it would get longer?

Els Vervaecke | Montea
Yes, for 2023 and then for the year 24 it will be in the summer of 2025 after filing the tax letter declaration of 2024.

Question
That's fine. Thank you.

Els Vervaecke | Montea
Thank you.

Jo De Wolf | Montea
Thank you, Francesca.

Jo De Wolf | Montea
Are there any more questions?

Question

Can I just ask what, one small question on Lummen. So I had a question on Lummen actually. So you brought, you brought that up so I'm jumping on it, but you mentioned 5 years ago that it was like the first fossil free building in Belgium. And I'm just curious how come there is no interest for this project? Is it due to a bad location? Because if I'm looking at Lummen, it's actually not really bad located. So how come?

Jo De Wolf | Montea
No, it's a great location and there havbe been discussions back and forth with at least five to six candidates over the last four years. So, there has been different candidates. Absolutely. But we just didn't get to a final agreement yet. So no, there's definitely demand but there's just one of those situations, strange things that sometimes happen. So it's not about the ambition, it's because the I would say the market has caught up with the ambition. It's not that we were trying to do something that was out of scope of tenants. No,

we I mean this is really a good size and a great location. But yeah, we have granted some exclusivities in the past. Also, two candidates. Which hindsight was maybe not the best idea because they blocked it for several times. So we will do this dealer, we will do this deal, but it's the only one where today as of today, I don't have a concrete the ongoing discussion.

Question

And what is the level of range you are targeted there?

Jo De Wolf | Montea
I think it's €65.

Question
Thank you.

Jo De Wolf | Montea
X, you had a question.

Question
Hi, thanks for taking my question. So my question is more on the mix of acquisitions and development opportunities now that you're looking into standing acquisitions, do you see the buyer seller-gap reducing? I know you have a big land bank, but then the acquisition that you signed is that a very attractive yield too so isn't it on a risk adjusted basis a more attractive proposition now compared to earlier?

Jo De Wolf | Montea
Absolutely. So there is there's
Uh, well, we said two years ago, buyers are dreaming in the sellers are hoping and then the gap is reducing. This being said, for prime product where it's at it's full potential. I see it a bit like the bright on the day of the wedding, that's never the asset we are going to buy because we will never be able to give the best price. So I always say to my country directors, don't lose your time on it because there will always be somebody buying at a higher level. So the buildings we are looking at in, in standing investments are things like FedEx that we bought last year or Hamburg that we're buying this year where we see, OK, if we can put some intelligence in it, we can increase the rent, we can increase the GLA on the land plot. So it's always a buildings where we see potential, the market today is too hot, there's too much investors looking for new opportunities that we could say, OK, we are the only one I like. We have seen, for example, in 2009, 2010, we are the only one who can do an offer without the subject to finance, so we can do a something at a high yield and still get it. That's not the case today. There is a lot of demand from the investment market, so if the product is prime, for us, it will still be impossible to buy, but that's always been the case since I joined in 2010, we were never in this kind of tenders. But again, things like Unilever, what we already did in 2009, things like, as I said, Hamburg, this is really what we need to

do standing investments where we can add some value, where we can create some value due to our expertise.

Question
Thanks, that's all here.

Jo De Wolf | Montea
Thank you.

Herman van der Loos | Montea
Are there any questions left?

Jo De Wolf | Montea
OK, well, in time. Thank you all. Thank you all for joining this morning. Thanks for your time and thanks for very interesting questions. And of course, Herman Els and I will remain available should you have any more questions. Thank you very much.