Remuneration policy

1. Introduction and explanation of the important changes

This remuneration policy sets out the principles used by Montea NV (**Montea**) for the remuneration of its directors and executive management in accordance with article 7:89/1 of the Companies and Associations Code (**CAC**) and the Belgian Corporate Governance Code 2020 (**Code 2020**).

This policy has been prepared by the board of directors of the statutory director Montea Management NV (referred to hereinafter as the **Board of Directors**), based on the recommendations of the Remuneration and Nomination Committee.

The remuneration policy was approved for the first time by Montea's annual general meeting of shareholders of 18 May 2021. The main change in this version compared to the remuneration policy approved at the annual general meeting of shareholders of 2021 is the introduction of the option to introduce a long-term incentive plan in order to meet market demand for a part of the executive management's remuneration to be based on long-term performance targets. This proposed amendment is further described in section 5.3.2.

This remuneration policy will be presented for approval to the annual general meeting of shareholders to be held in 2022 and, if approved, will apply to the remuneration of directors and members of the executive management as from the 2022 financial year onwards. The aim is to apply this remuneration policy for several years. However, the policy may be amended whenever this is deemed necessary by the Board of Directors, upon the recommendation of the Remuneration and Nomination Committee and, to the extent required by law, subject to the approval of the general meeting of shareholders. In any event – whether amended or not – the policy will be presented to the general meeting of shareholders for approval at least every four years. In case a significant number of votes are casted against the remuneration policy, the Board of Directors will take the necessary steps to take into account the concerns of those who voted against the policy in relation to the further application and amendment of the policy.

2. General principles regarding remuneration

Remuneration supports the realisation of Montea’s strategic objectives.

Montea is a pure logistics real estate player. It seeks to achieve sustainable value creation by making high-quality property investments aimed at profitable growth. In the first instance, the remuneration of the executive management is based on the overall performance of Montea and is designed to enable the members of the executive management to benefit from its profitable growth. Also individual performance criteria are taken into account based on evolving strategic implementation priorities. For non-executive directors, their remuneration needs to be such that sufficient expertise can be attracted in order to formulate a clear growth strategy and monitor its implementation.

The remuneration policy is designed to attract, reward and retain the talent required to safeguard the long-term interests of Montea and to enable sustainable value creation. Montea seeks to offer competitive remuneration, on the one hand, while at the same time avoiding excessive remuneration, on the other hand.

The pay and working conditions of Montea employees form the basis for determining the remuneration of the executive management. Employees may be allocated options or the ability to purchase shares of Montea as part of the same option plan or the same share purchase plan as the executive management (see section 5.1.2).

3. The statutory director

The function of Montea Management NV as statutory director is remunerated in accordance with what is set out in Montea’s articles of association. The statutory director’s remuneration is made up of (i) a variable remuneration, based on Montea's financial results; (ii) a fixed remuneration; and (iii) reimbursement of expenses associated with the statutory director's function:

(i) The variable remuneration is equal to 0.25% of the sum of:
   a. The adjusted result: net result + depreciation + write-downs – reversal of write-downs – reversal of rentals carried forward and discounted +/- other non-monetary items +/- result from the sale of real estate ;
   b. Net gains on the realisation of property not exempt from the mandatory distribution of profits.

(ii) Fixed remuneration is €15,000 per annum.

(iii) Any reimbursement of expenses associated with the statutory director's task.

In principle, this remuneration covers the total cost of remuneration for the directors of the statutory director, remuneration for the CEO and the operating overhead costs of Montea Management NV. Final allocation of remuneration will be submitted annually for approval to the Montea's general meeting of shareholders of the following financial year.

4. Board of Directors and its committees

4.1 General

Given the management structure of Montea, this remuneration policy applies to the directors of the statutory director of Montea, i.e. Montea Management NV. As required by the legislator and set out in Montea's corporate governance charter, this structure is transparent and, for governance purposes, the Board of Directors is considered as the board of directors of Montea itself.

The remuneration of the members of the Board of Directors depends on their qualification as non-executive or executive directors. The remuneration is discussed each year by the Remuneration and Nomination Committee and submitted to the Board of Directors. Conflicts of interest will be dealt with in accordance with Montea's corporate governance charter and the applicable legislation. No one will participate in a meeting at which his/her own remuneration is being dealt with.

The amount of director remuneration is determined based on benchmark studies regarding the remuneration policy of other Belgian GVV/SIR and/or listed companies.

4.2 Non-executive directors

General

The amounts for the directors' remuneration for non-executive directors are approved annually by the general meeting of shareholders of Montea Management NV at the proposal of the Board of Directors and on the recommendation of the Remuneration and Nomination Committee. The Board of Directors determines the amount of the remuneration on the basis of the principle of continuity, on the one hand, and on benchmark studies, on the other hand.

Non-executive members of the Board of Directors do not receive performance-related remuneration.

Non-executive directors are not paid (not even partially) in Montea shares. By this, Montea deviates from recommendation 7.6 of the Code 2020 to compensate non-executive directors in part with shares in the listed company concerned. Through this recommendation, the Belgian Corporate Governance Committee aims to better align the interests of non-executive directors with the long-term shareholding interest. However, Montea is of the opinion that the long-term shareholding interest is sufficiently represented in the Board of Directors through the directors who are part of the Pierre De Pauw family, a major shareholder in Montea.

Non-independent non-executive directors

Non-independent non-executive directors do not receive a fixed remuneration or attendance fee as non-executive member of the Board of Directors.

However, they do receive

- a fixed remuneration if they chair the Board of Directors or an Investment Committee.
- an attendance fee for their participation in and contribution to meetings of the Investment Committee(s) of which they may be a member (see below).

Independent directors

Independent non-executive directors receive fixed annual director's remuneration, as well as attendance fees for attending meetings of the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee and the Investment Committee(s) of which they are a member. If they chair a committee of the Board of Directors, they receive an additional fixed remuneration for this.

4.3 Executive directors

Executive directors do not receive a remuneration for the exercise of their mandate as director. They are only remunerated in the context of their position as a member of the executive management, as set forth in section 5 (*Executive management*) of this remuneration policy. They do not receive any remuneration for their participation in and contribution to meetings of the Investment Committee(s) of which they are members unless they are chairman of an Investment Committee (in which case they receive a fixed remuneration for this mandate).

4.4 Chairman of the Board of Directors and committees

The chairman of the Board of Directors and the chairmen of the Audit Committee, the Remuneration and Nomination Committee and the Investment Committees[1] receive a fixed remuneration in proportion to the responsibility and time associated with the position of chairman. The function of chairman of the Board of Directors and the function of chairman of the Investment Committees may be fulfilled by the same person. In such case the remuneration may be combined.

[1] There are currently three investment committees: Investment Committee France, Investment Committee the Netherlands and Investment Committee Internal which discusses investment and disinvestment project in Belgium and other countries in which Montea operates. These are committees on which members other than directors sit.

4.5 Schematic representation

	Board of Directors	Audit Committee	Remuneration and Nomination Committee	Investment Committee	Fixed remuneration per annum
Non-independent non-executive director				attendance fee for each meeting attended	
Independent director	attendance fee for each meeting attended	attendance fee for each meeting attended	attendance fee for each meeting attended	attendance fee for each meeting attended	Yes
Executive director					*
Executive management					
Chairman of the Board of Directors					Yes
Chairman of the Audit Committee					Yes
Chairman of the Remuneration and Nomination Committee					Yes
Chairman of an Investment Committee					Yes

** Unless such person is chairman of an Investment Committee, in which case he/she received a fixed remuneration for such function.*

5. Executive management

The remuneration of the members of the executive management depends on their respective responsibilities and the market practice in the sector. The remuneration of the members of the executive management consists of a fixed part and a variable part. The variable part consists of, on the one hand, a performance-related payment over a reference period of 1 (one) year and, on the other hand, a performance-related payment over a reference period equal to or exceeding 3 (three) years. The variable remuneration can take the form of cash and/or share-related payments (including, but not limited to, share options) and is payable on expiry of the relevant reference period.

Each year, on the proposal of the Remuneration and Nomination Committee, the Board of Directors decides on the short-term variable remuneration of the members of the executive management. In this context, the Board of Directors determines the amount of variable remuneration, as well as the targets for the performance criteria on which this remuneration will depend in the coming performance period. As regards long-term variable remuneration, the Board of Directors, upon the proposal of the Remuneration and Nomination Committee, will determine the objectives as well as the amounts and the duration prior to the implementation of the relevant plan. For more details on the variable remuneration, please refer to section 5.3 of this remuneration policy.

In case the member of the executive management in question is also a director, the conflict of interest procedures as set forth in articles 36 to 38 of the GVV/SIR Act and article 7:96 Companies and Associations Code will be applied in relation to any decisions concerning the remuneration of the executive management.

The members of the executive management will not receive a remuneration for their participation for their participation in and contribution to meetings of the Investment Committee(s) of which they are a member.

The relative share of the components of the annual remuneration is as follows:

Manager	Fixed remuneration, pension and fringe benefits	Short-term variable remuneration (on-target)	CAP additional short-term variable remuneration in case of overachievement
CEO	± ≥ 75%	± ≤ 25%	25% of the total on-target remuneration
Other members of the executive management	± ≥ 75%	± ≤ 25%	25% of the total on-target remuneration

If it is decided to offer long-term variable remuneration, the Board of Directors shall ensure that - if the relative share of the variable remuneration (on-target short-term and long-term performance-related remuneration) exceeds 25% of the relevant total annual remuneration - the distribution rule of article 7:91 of the Code of Companies and Associations is complied with. Moreover, the remuneration for exceeding the targets related to the long-term variable remuneration may not exceed 50% of the total on-target long-term variable remuneration.

5.1 Fixed remuneration

When referring to "fixed remuneration" Montea refers to, on the one hand, the annual fixed remuneration to be paid to the member of the executive management as stated in the individual management agreement or employment agreement with the person concerned (see section 5.1.1). On the other hand, the Board of Directors has the option, but not the obligation, to grant share options and/or to have the executive management participate in a share purchase plan (see section 5.1.2). These instruments are not necessarily used on an annual basis.

5.1.1 Remuneration based on the individual management agreement or employment agreement

The basic remuneration of the executive management is assessed each year by the Board of Directors on the advice and at the proposal of the Remuneration and Nomination Committee. The Board of Directors determines the amount of the remuneration based on the principle of continuity, on the one hand, and on benchmark studies, on the other hand.

5.1.2 Option plan and share purchase plan

On the recommendation of the Remuneration and Nomination Committee, the Board of Directors has decided not to oblige the executive management to maintain a minimum level of shares in Montea, in derogation of article 7.9 of the Code 2020. The Remuneration and Nomination Committee will assess this recommendation on a regular basis and report accordingly to the Board of Directors.

Notwithstanding the absence of an obligation for the executive management, there is an option plan and share purchase plan in place to the benefit of the members of the (executive and non-executive) management, as well as to certain other employees. The options/shares under these plans are allocated on a discretionary basis by the Board of Directors on the recommendation of the Remuneration and Nomination Committee (the aim of which is to reach as wide an audience as possible). Given that neither the allocation under the option plan, nor the offer under the share purchase plan is subject to achieving performance criteria, these plans qualify as fixed remuneration.

The beneficiaries under the option plan and share purchase plan have, as the case may, the possibility to:

(i) acquire options with a term of ten years that can be exercised at a price equal to the lowest of

(a) the closing price of the share on Euronext Brussels to which the option grants a right on the trading day prior to the day of the offer; and (b) the average closing price of the share on Euronext Brussels to which the option grants a right for a period of 20 trading days prior to the day of the offer. Options become permanently acquired ("vesting") after a period of three years; or

(ii) purchase shares at a price per share equal to 83.33% of the price equal to the lowest of (a) the closing price of the share on Euronext Brussels to which the option grants a right on the trading day prior to the day of the offer; and (b) the average closing price of the share on Euronext Brussels to which the option grants a right for a period of 20 trading days prior to the day of the offer. Under this plan, the shares are subject to a lock-up period of 3.5 years. In case the lock-up period does not longer justify said discount, the Board of Directors has the option to reassess this lock-up period.

In both plans, exercising the option / purchase of shares is carried out using the private funds of the beneficiaries. The company does not facilitate the financing of these transactions.

The number of options or shares that can be acquired in this manner is determined each year by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

Notwithstanding the fact that on the date of this remuneration policy neither the option plan nor the share purchase plan is subject to the achievement of performance criteria, Montea considers both plans to be an adequate long-term incentive mechanism for the following reasons:

a) The option plan

   Those employees, company managers (natural persons only) and self-employed service providers (natural persons only) who are taxable in Belgium on their earnings or on their profits and dividends, are subject to the Belgian Share Option Act of 26th March 1999. Under the Belgian Share Option Act, the aforementioned types of beneficiaries are taxed at the time the Options are allocated. This is on the basis of the actual market value of the shares in Montea at the time of the Offer. In other words, given that (i) these types of beneficiaries already have to pay tax at the time of accepting the options and (ii) the vesting period is three years, they will be given an incentive to make a contribution towards the long-term value of Montea so that the tax already paid can be recouped.

   In this context it must be underlined that during the period between accepting the offer and exercising the options, the holder has no right to any dividend associated with the underlying Montea share.

b) The share purchase plan

   The shares that a beneficiary may purchase under the share purchase plan are subject to a lock-up period of 3.5 years. This means that it is in the interests of the beneficiary to work towards increasing the value of Montea shares in the long term.

Each year the Remuneration and Nomination Committee will review whether it is advisable to link certain performance criteria to said plans. It also retains the right to make proposals aimed at altering the plans in question in this sense, if applicable. If the Remuneration and Nomination Committee makes such a recommendation, it will limit itself to the same performance criteria as those set out in section 5.3. If the option plan and/or share purchase plan is linked to achieving certain performance criteria, these plans will no longer qualify as fixed remuneration, but as variable remuneration.

5.2 Pensions and benefits in kind

Montea provides a supplementary pension for the members of its executive management who provide services to Montea as natural persons.

Montea will bear the expense of a number of other benefits, such as a company car, mobile phone, laptop, hospitalisation insurance, D&O policy, etc. allocated to the members of the executive management. The terms and conditions for (the use of) these benefits are the same as for Montea employees.

In the context of potential professional liability claims, the executive management and all directors are covered by a director liability policy (D&O policy). The total premium is borne by Montea. No other additional forms of remuneration will be paid to the directors.

5.3 Variable remuneration

Variable remuneration for the executive management consists partly of a short-term bonus that is paid in cash or any other payment instrument with a similar cost for Montea, and partly of a long-term remuneration that can be paid out in cash and/or share options and/or shares depending on the plan. Variable remuneration can only be allocated to the extent that (a) the part of the variable remuneration that is linked to the results only relates to Montea's consolidated net result, excluding any fluctuation in the fair value of the assets and the hedging instruments, and (b) no remuneration is allocated on the basis of a specific operation or transaction by Montea. The amount that the individual in question can earn is capped (for more details on this, see section 5.3.1 and section 5.3.2).

5.3.1 Short-term variable remuneration

The short-term variable remuneration of the CEO and the other members of the executive management depends on predetermined performance criteria linked to Montea's strategic priorities over a reference period of one year. The actual implementation and weighting for each year of each KPI will be determined each year by the Board of Directors on the proposal of the Remuneration and Nomination Committee.

These performance criteria contribute to Montea's business strategy, long-term interests, and sustainability, as follows:

	Strategy	KPI
FINANCIAL	Growth of the portfolio	Achieving the targeted growth of the property portfolio in logistics real estate
	Offering a stable and – insofar as possible – growing dividend	Achieving the targeted EPRA result per share (EPS)
	Maintaining a high occupancy rate by focusing on the type of customer and their activity	Achieving and maintaining a targeted occupancy rate of the buildings
NON-FINANCIAL	Implementation of Plan 2030/2050 in which Montea's aims are linked to the 4 Ps approach (*People, Planet, Profit and Policy*).	Achieving 1 ESG KPI at minimum
	High-quality HR management	Organising of and participating to initiatives to maintain team spirit, performance and staff satisfaction at a high level

By way of an assessment interview between the chairman of the Board of Directors and the member of the executive management, it is established each year whether the predetermined (financial and non-financial) targets have been achieved. This assessment and the variable remuneration linked to it, is discussed by the Remuneration and Nomination Committee, and is subsequently submitted to the next meeting of the Board of Directors which decides on the final allocation of the short-term variable remuneration. In that context the actual realisation of the financial performance targets is verified on the basis of Montea's consolidated annual accounts.

An overachievement can be acknowledged. The amount paid for overachievement of short-term targets should not exceed 25% of the total on-target short-term variable remuneration.

5.3.2 Long-term variable remuneration

In addition to the short-term performance-related remuneration, the CEO and certain members of the executive management are, on the proposal of the Remuneration and Nomination Committee and after approval by the Board of Directors, also eligible for a long-term performance-related remuneration in cash and/or share options and/or shares. The vesting of this long-term payment is subject to the realisation of long-term targets over a reference period between 3 and 5 years, as determined by the Board of Directors.

The long-term variable remuneration becomes unconditional in February of the year following the end of the reference period concerned, in proportion to the achievement of the long-term objectives.

The long-term objectives are linked to predetermined performance criteria in line with Montea's strategic priorities. The KPIs to which the long-term performance-related fee will be linked will relate to, among other things, portfolio growth, growth of the result and the creation of shareholder value, thereby contributing to Montea's business strategy, long-term interests and sustainability. The concrete interpretation and weighting for each KPI will be determined at the beginning of a reference period by the Board of Directors on the proposal of the Remuneration and Nomination Committee.

For the long-term variable remuneration, the remuneration for exceeding the long-term objectives may amount to a maximum of 50% of the total on-target long-term variable remuneration.

6. Agreements

6.1 Term

In principle, the term of the directors' mandates is 3 years, except in case of reappointment. The term of a director's mandate who is reappointed is, in principle, 4 years. The general meeting of shareholders of Montea Management NV may deviate from this, in line with Montea's corporate governance charter, in order to enable a certain degree of rotation within the Board of Directors. The directors do not benefit from any dismissal protection.

6.2 Claw-back

At current, Montea does not provide for the right to withdraw or claim back variable remuneration paid to the executive management if the remuneration is allocated based on incorrect financial data. However, going forward, Montea will include such claw-back right if new agreements would be entered into with the executive management.

6.3 Pensions

Montea provides a pension plan for the members of its executive management who provide services as natural persons to Montea, as set out above in section 5.2. Montea does not provide a pension plan for the directors.

6.4 Severance pay

In principle, Montea concludes a management agreement of an indefinite term with the self-employed members of the executive management. Severance pay is negotiated on an individual basis and determined in the management agreement. The Board of Directors ensures that any severance pay does not exceed 12 months' remuneration. For those members of the executive management who perform their function as part of an employment agreement, Montea applies the rules from the Employment Agreements Act.

The shares acquired in the context of the share purchase plan and which are still subject to the lock-up period can be bought back by Montea. The number of shares than can be bought back depends on the fact of whether the person involved is considered as a good or a bad leaver by the Board of Directors and the extent to which the lock-up period has already elapsed. The price at which the shares can be bought back is the purchase price concerned.

The consequences of the departure of a person on the options that have been allocated to this person under the option plan will depend, among others, on whether this person is leaving on his/her own initiative, the reasons for the departure and whether the options have already been vested. Depending on the circumstances, the options may either be retained, in full or in part, and (temporarily) exercised, or lapse by force law.

In case of creation of any other share-related plans, similar rules will be determined in line with the applicable legislation and this remuneration policy.

7. Derogations

Montea reserves the right to derogate temporarily from this remuneration policy on condition that: (i) the derogation is justified by exceptional circumstances in which such a derogation is necessary to serve the long-term interests and sustainability of the company as a whole, or to guarantee its viability, and (ii) the derogation is allowed by the Board of Directors on the motivated recommendation of the Remuneration and Nomination Committee.

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To be approved by the general meeting of shareholders of Montea NV on 17 May 2022