Montea

Green Finance
Allocation & Impact Report
26 April 2023

MONTEA
SPACE FOR GROWTH

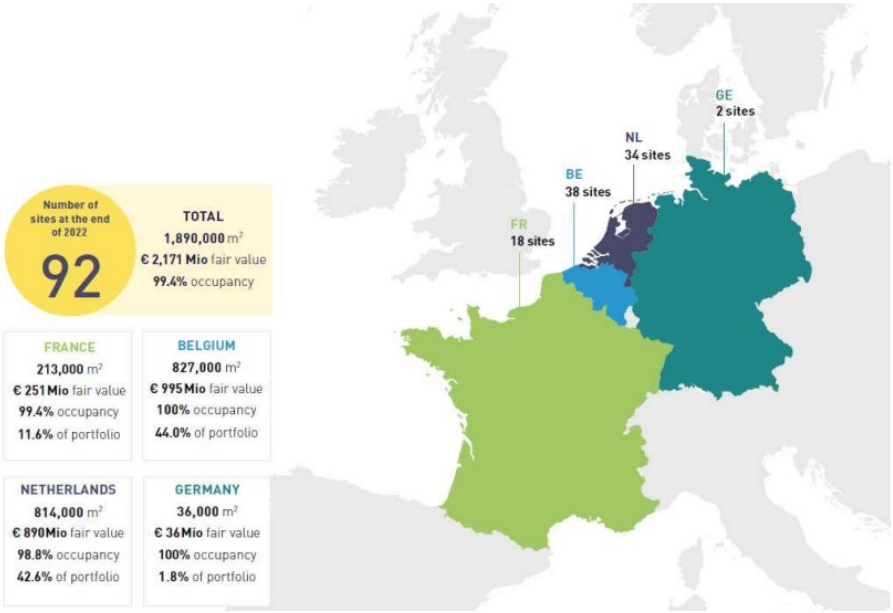
1. Introduction

1.1. About Montea

Montea NV (**Montea** or the **Company**) is a public regulated real estate company (RREC) under Belgian law, specialised in the development and the management of logistics property in Belgium, France, The Netherlands and Germany. The Company is a leading player in this market. Montea literally provides its clients with the space to grow, through flexible and innovative property solutions.

On December 31, 2022, the property portfolio represented a total space of 1,890,029 m² spread across 92 locations. Montea has been listed on Euronext Brussels (MONT) and Euronext Paris (MONTP) since the end of 2006.

Montea shares are aimed at Belgian and foreign individual and institutional investors looking for an indirect investment in logistics property and seeking to achieve a relatively high dividend yield while incurring a moderate risk.



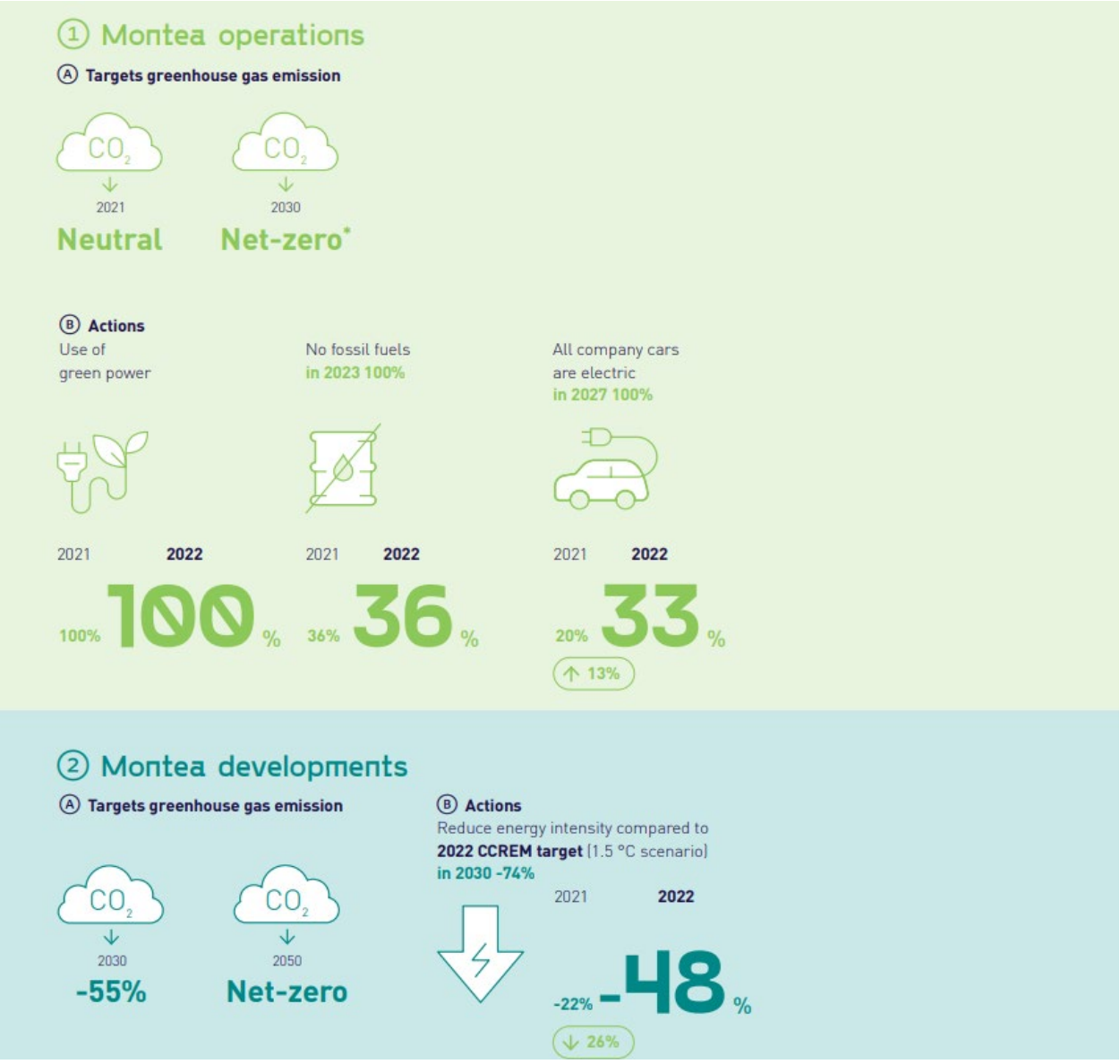
1.2. Our sustainability strategy

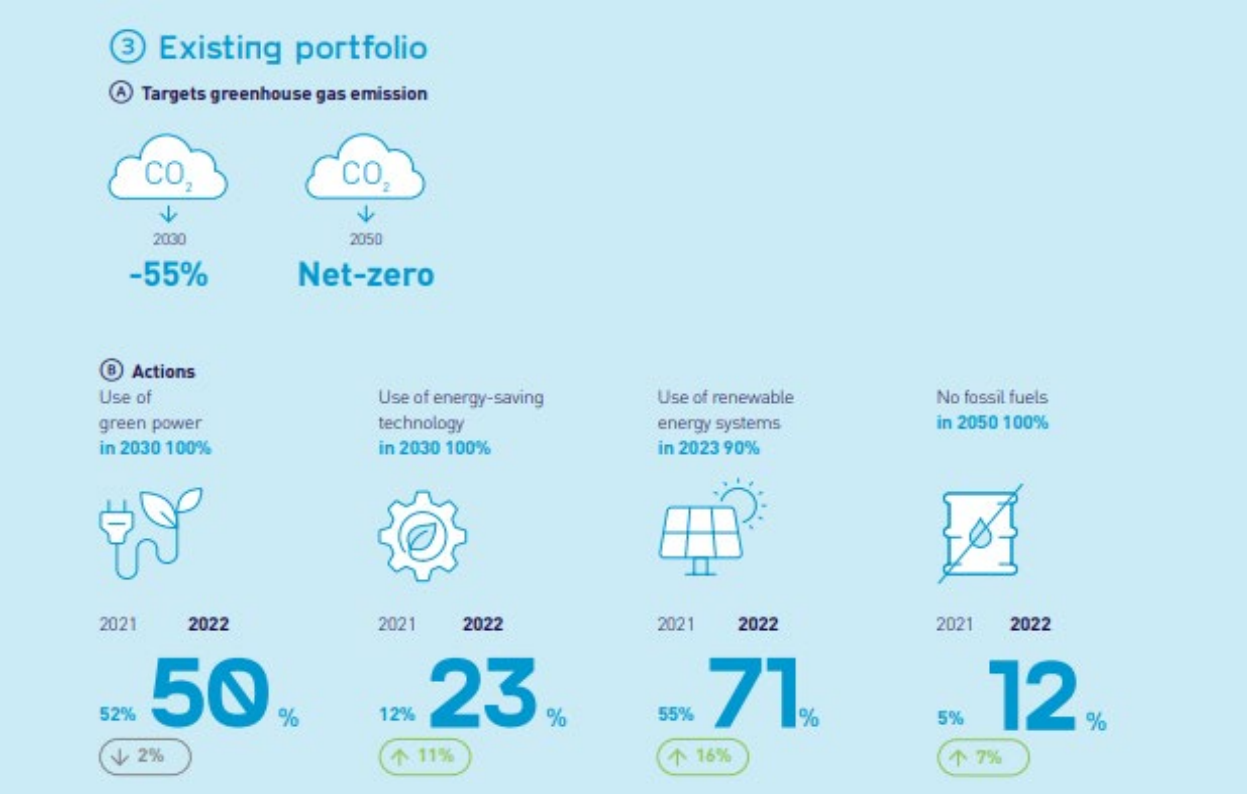
Quality entrepreneurship and growth, with respect for the broad environment in which Montea operates, has always been part of Montea's DNA. Our track record in recent years is proof of our commitment to sustainable value growth rather than short-term profit.

Montea developed its sustainability vision for the future through **a strategic plan 2030/2050** setting out the medium (2030) and long-term (2050) sustainability vision. In this way, Montea strengthens its ambitions to take up a leadership position on the sustainability front. Each year, Montea reports on the progress of these ambitions.

Montea's sustainability ambitions mainly focus on two fronts: **energy efficiency** (promoting and offering energy-efficient solutions throughout the portfolio) and **reducing the number of greenhouse gas emissions.**

As concerns the reduction of greenhouse gas emissions, Montea efforts can be categorised on **three levels: own operations, new developments and existing portfolio (operational carbon)**.





Montea received wide recognition for its sustainability efforts during the past years. In 2022, Montea **improved its GRESB score to 77/100 compared to 69/100 in 2021**. In the various categories analysed by GRESB, Montea scored as "Best in class" compared to its sector competitors in two categories: energy consumption of the buildings of Montea, on the one hand, and greenhouse gas emissions from the buildings of Montea, on the other hand. These are the categories in which Montea strives to make a difference. In addition, **Montea achieved gold** for the first time **at the EPRA sBPR awards**.

Rating	Latest scores	Evolution		
		2020	2021	2022
	Reference year	2019	2020	2021
EPRA sBPR GOLD	2022 — GOLD Award Exceptional adhearence to sBPR Scoring above 85%	BRONZE	SILVER	GOLD
77/100 GRESB ★★★☆☆ 2022	2022 — Green Star With a score of 77%	32%	69%	77%

Montea aspires to make its **portfolio of buildings Paris Proof by 2050** (a reduction by 20% towards the end of 2024). To that end, a "Client Engagement Programme" has been set up whereby Montea helps its clients to reduce their greenhouse gas emissions and lower their energy costs. After an initial analysis and benchmarking of the current energy consumption, efforts will be made to ensure that each asset meets the targets. To lend its weight to this endeavour, Montea has signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC) Foundation.

Montea also launched the ambitious **Montea Blue Label**, a sustainable construction guide for new building projects to ensure that new projects consider all relevant sustainability elements, such as circularity and life cycle, energy consumption, greenhouse gas emissions and no utilization of harmful materials and substances. As part of this strategy, Montea continuously re-evaluates its choice of materials and looks for innovative and circular materials that last a long time and can be easily repaired, dismantled, reused or recycled without having a major impact on the environment. In this way, Montea aims to reduce the embodied carbon footprint of its new projects.

For more details on Montea's sustainability strategy, reference is made to our Annual Report FY 2022.

1.3. Montea's Green Finance Framework

To strengthen its sustainability ambitions, Montea has set up a Green Finance Framework on 16 February 2021 (**Green Finance Framework**). With this framework, Montea intends to issue green financing instruments (e.g. bonds, loans, etc.) to (re)finance sustainable projects that clearly take account of the impact on the environment and society.

The Green Finance Framework operates fully in accordance with the ICMA (International Capital Markets Association) Green Bond Principles and the LMA Green Loan Principles.

All information on the Green Finance Framework can be consulted on the Montea website (see: https://montea.com/uploads/investor-relations/20210216MonteaGreenFinanceFramework.pdf).

1.4. Eligibility criteria and process for project evaluation and selection

In line with the Green Finance Framework, Montea intends to allocate an amount equal to the incremental net proceeds of any green finance instruments to a portfolio of eligible green projects (the **Eligible Green Projects**) in the categories "Green Building" and "Renewable Energy". More details on the eligibility criteria to fall under one of said categories are set out in the Green Finance Framework (see section 'Use of Proceeds').

Eligible Green Projects are evaluated and selected based on compliance with the eligibility criteria. Investments, expenditures and/or projects are proposed by internal departments. A Sustainable Executive Committee (consisting of a sustainability manager and a representative of the finance department) evaluates compliance of a given project with the eligibility criteria and internal policies and selects and validates the pool of Eligible Green Projects.

1.5. Scope of this allocation and impact report

According to the Green Finance Framework, Montea must report on the progress and, where possible, on the impact of the "Eligible Green Project Portfolio" (as defined in the Green Finance Framework).

With respect to the ***allocation*** of proceeds of green finance instruments, the Green Finance Framework provides that such reporting needs to occur after a year from the issuance of the applicable Green Finance Instrument, and

then annually until full allocation. With respect to the environmental ***impact*** of the Eligible Green Project Portfolio, Montea needs to report on an annual basis.

For the allocation reporting in relation to the EUR 235 million of green bonds that were issued through a US private placement in 2021 (US PP 2021), reference is made to the Allocation and impact report 26 April 2022. Given that the green bonds issued under the US PP 2021 were already fully allocated last year (and reported in said report) no additional allocation reporting is required in this regard.

Hence, this allocation and impact report dated 26 April 2023 (the Report) covers:

(i) the allocation reporting in relation to the EUR 380 million of green bonds that were issued by way of a US private placement and pursuant to the note purchase agreement entered into by Montea and the respective bond holders on 15 June 2022 (US PP 2022);

(ii) the impact reporting in relation to the entire Eligible Green Project Portfolio, consisting of Eligible Green Projects to which the proceeds from both the US PP 2021 US PP 2022 have been allocated.

To the extent feasible, Montea aligned the Report with the portfolio approach described in "Handbook – Harmonize Framework for Impact Reporting (April 2020)", as amended from time to time.

The amount, term and coupon of the US PP 2022 are as follows:

Amount (EUR)	Issuance date	Maturity	Coupon
160 million	15 June 2022	10 years	3.40 %
175 million	17 August 2022	8 years	3.18 %
20 million	2 November 2022	8 years	3.20 %
25 million	7 December 2022	8 years	3.26 %

The proceeds of the US PP 2022 were used exclusively to refinance qualifying sustainable assets such as certified buildings and renewable energy in accordance with the eligibility criteria set out in the Green Finance Framework.

Both the allocation of funds and the environmental impact as mentioned in this Report have been validated by way of a "limited assurance"-audit by EY Bedrijfsrevisoren BV (see section 4 of this Report).

Given that the first tranche of the US PP 2022 was issued on 15 June 2022, this Report has been drawn up in timely manner (i.e. within one year after the issuance of the green financing instrument concerned).

On the date of this Report, no other financing instruments have been issued or entered into by Montea under the Green Finance Framework, other than the US PP 2021 and the US PP 2022.

1.6. Value of the eligible assets

The values considered are the fair market values (for both buildings and solar panels) on December 31, 2022, as reported in the financial statements, based on valuations done by Jones Lang LaSalle and Stadim (reference is made to the report of our real estate experts included in our Annual Report FY 2022.

2. Eligible assets and allocation reporting

The full amount raised by the US PP 2022 (i.e. EUR 380 million) has been allocated as set forth below. In line with the eligibility criteria determined by the Green Finance Framework, Montea adopts a conservative approach towards the qualification of its assets as eligible for the Eligible Green Project Portfolio (e.g. newly acquired assets for which we have no data or vacant assets are not included, assets are only considered eligible in case these meet the thresholds consistently over a multiyear period, etc.).

Eligible Green Project Portfolio[1]	Allocated amount (EUR)
Buildings with certification	-
Existing Green Buildings with energy intensity < 75 kWh/(m^2.year)	365,690,723
Renewable energy production systems	14,309,277
Implementation of individual energy efficiency measures	-
Refurbished buildings with an improved energy efficiency	-
Total	**380,000,000**

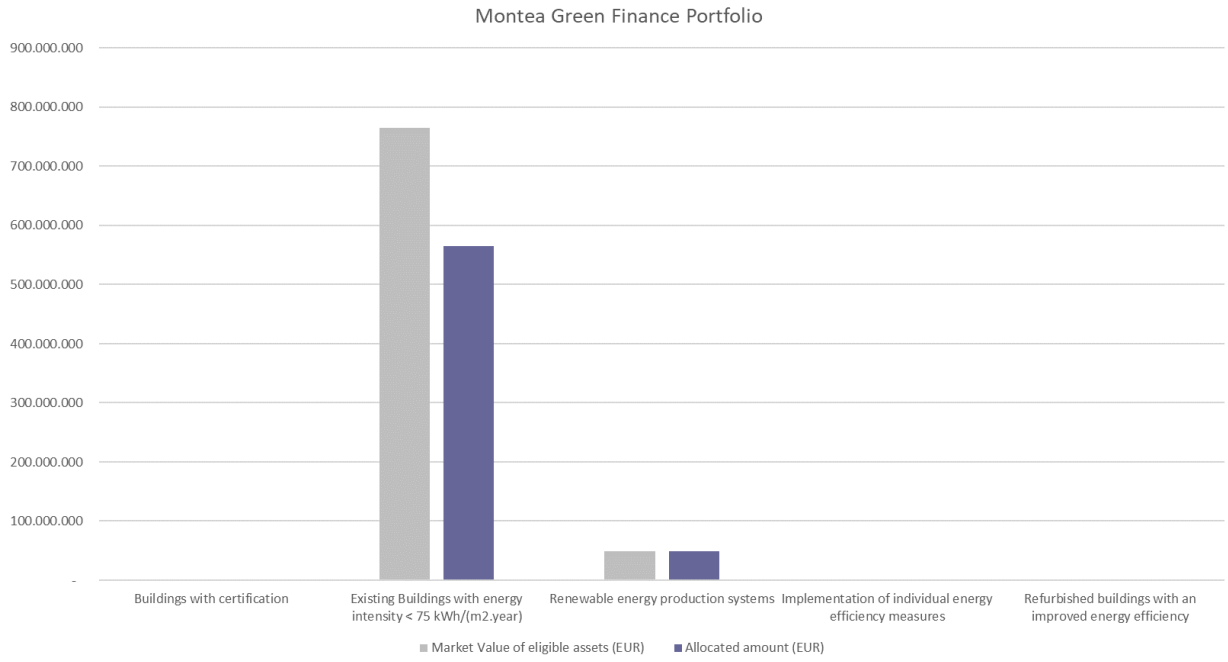
The combined allocation of the amounts raised by the US PP 2021 (i.e. EUR 235 million) and US PP 2022:

Eligible Green Project Portfolio	Number of eligible assets	Market Value of eligible assets (EUR)	Allocated amount (EUR)	Allocated (%)
Buildings with certification	-	-	-	-
Existing Green Buildings with energy intensity < 75 kWh/(m^2.year)	34	765,050,336	565,707,226	74%
Renewable energy production systems	47	49,292,774	49,292,774	100%
Implementation of individual energy efficiency measures	-	-	-	-
Refurbished buildings with an improved energy efficiency	-	-	-	-
Total	**81**	**814,343,110**	**615,000,000**	**76%**

[1] For more details on the green finance categories, see Montea's Green Finance Framework (see section 'Use of Proceeds').

Green finance instrument			
Instrument	Issuance Date	Maturity Date	Amount (millions EUR)
US PP 2021	27/04/2021	27/04/2032	80.0
US PP 2021	23/06/2021	23/06/2036	70.0
US PP 2021	4/01/2022	4/01/2034	85.0
US PP 2022	15/06/2022	15/06/2032	160.0
US PP 2022	17/08/2022	17/08/2030	175.0
US PP 2022	2/11/2022	2/11/2030	20.0
US PP 2022	7/12/2022	7/12/2030	25.0
Total Green finance instruments			**615.0**

Overview of total allocation	
Eligible Green Projects portfolio allocated to net proceeds of green funding	75.52%
Net proceeds allocated	100%
Unallocated proceeds	0%
Net proceeds used for financing	0%
Net proceeds used for refinancing	100%



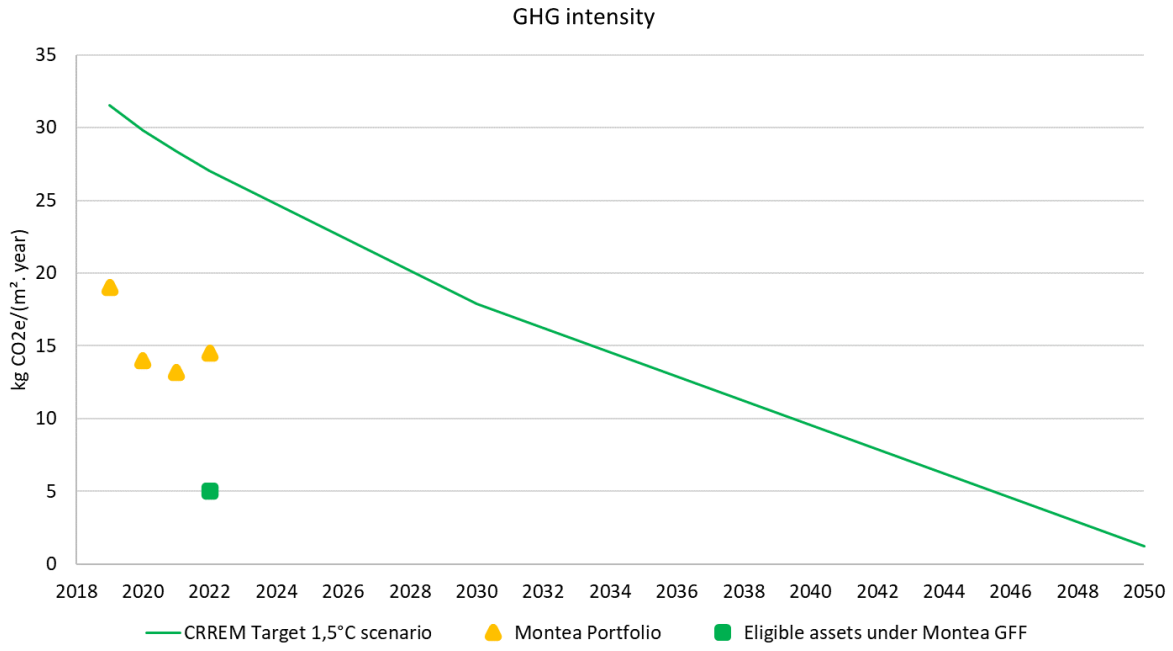
3. Impact reporting

This section sets out, to the extent feasible and available, the calculation of the environmental impact of Montea's Eligible Green Project Portfolio.

3.1. Existing buildings with energy intensity < 75 kWh/(m².year)

For the existing Eligible Green Projects, the avoided GHG emissions were calculated in relation to the CRREM 1.5°C scenario target for 2022 for the Montea Portfolio.[2] The CO_2 emissions were calculated according to the Greenhouse Gas Protocol with location-based emission factors. Supply data were collected through a combination of energy monitoring systems, extraction of contract data and tenant surveys.[3]

CRREM Target 1,5°C scenario 2022	27.00 kg CO_2e/(m².year)
GHG intensity of eligible assets under Montea GFF	5.07 kg CO_2e/(m².year)
Avoided GHG emissions	21.93 kg CO_2e/(m².year)
Building SQM eligible assets	741,877 m²
Total avoided GHG emissions	**16,269 tCO_2e/year**



[2] The Carbon Risk Real Estate Monitor (CRREM) provides the real estate sector with transparent, science-based decarbonization pathways aligned with the Paris climate goals to limit global temperature rise. CRREM was funded by the Horizon Programme of the European Union. The consortium members are the IIÖ (Institute for Real Estate Economics), GRESB, the University of Alicante, Ulster University, and TIAS Business School. Montea uses these decarbonization paths as benchmarks.

[3] Montea recognizes that the accuracy and reliability of the data it uses in monitoring the environmental performance of its portfolio are directly linked to the quality of the information received, possible measurement inaccuracies and other factors that could potentially reduce data quality. Nevertheless, Montea strives for continuous improvement of this data quality through automation, the use of multiple sources as verification and the optimization of the monitoring systems.

3.2. Renewable energy production systems

For the renewable energy production systems, the avoided GHG emissions were calculated by comparing the GHG emissions for grid electricity to the GHG emissions for locally produced electricity from renewable energy systems (in this case photovoltaic solar systems). The CO_2 emissions were calculated according to the Greenhouse Gas Protocol with location-based emission factors. Data comes from the monitoring system of the solar systems, the specific yield (kWh/kWp) was calculated for the total portfolio of eligible assets, based on location.[4]

	GHG emission factors in scope 1/2/3 (tCO_2e/MWh)						
	Electricity generated from local solar panels	Grid Electricity mix location based	Avoided emissions (Grid electricity vs solar panels)	Mean specific yield (kWh/kWp)	PV installed power (MWp)	Yearly Production (MWh)	Avoided GHG emissions (tCO_2e/year)
Belgium	0.0439	0.2361	0.1922	934	30.66	28,636	5,504.5
The Netherlands	0.0439	0.5230	0.4791	934	13.98	13,060	6,257.0
France	0.0439	0.0828	0.0389	1400	1.50	2,100	81.7
Total eligible renewable energy systems					**46.14**	**41,696**	**11,843.3**

3.3. Total impact of Montea's eligible Green Project Portfolio.

The total impact of Montea's eligible green finance Portfolio on 31 of December 2022 can be estimated at:

Green Buildings	16,269	tCO_2e/year
Renewable energy systems	11,843	tCO_2e/year
Total annual avoided GHG emissions	**28,112**	**tCO_2e/year**

Equivalent surface trees[5]	**1,802**	**ha**

[4] Montea recognizes that the accuracy and reliability of the data it uses in monitoring the environmental performance of its portfolio are directly linked to the quality of the information received, possible measurement inaccuracies and other factors that could potentially reduce data quality. Nevertheless, Montea strives for continuous improvement of this data quality through automation, the use of multiple sources as verification and the optimization of the monitoring systems.

[5] Equivalent surface of trees in a moderate climate with 13 kg CO_2e/(tree.year) and 1,200 trees/ha.

4. External Verification

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Building a better working world

Limited Assurance Report of the Independent Auditor on the Use of Proceeds

Introduction

We were engaged by Montea nv (the "Company") to provide a limited assurance conclusion on the use of proceeds and impact report for the issuances of green finance instruments included in the section 2 "Eligible assets and allocation reporting" and section 3 'Impact reporting" (the "Selected Information") of Montea's Green Finance Allocation & Impact Report 2022 (the "Report").

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 sustainability indicators included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Company

In preparing the Selected Information included in the Report, Montea applied the criteria of proceeds allocation to Eligible Green Projects disclosed in section disclosed in section 'Use of Proceeds' of Montea's Green Finance Framework (https://montea.com/uploads/investor-relations/20210216MonteaGreen FinanceFramework.pdf) (the "Criteria").

Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the Criteria.

Basis for our conclusion

We have carried out our limited assurance engagement on the Selected Information in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the section 'Our responsibilities' of our report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Montea for the Selected Information

Monteais responsible for the preparation of the Green Finance Allocation & Impact Report and the Selected Information contained herein in accordance with the Criteria.

Besloten Vennootschap
Société à responsabilité limitée
RPR Brussel - RPM Bruxelles - BTW-TVA BE 0446.334.711 - IBAN N° BE71 2100 9059 0069
* handelend in naam van een vennootschap/agissant au nom d'une société

A member firm of Ernst & Young Global Limited

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Report and the Selected Information contained herein that is free from material misstatement, whether due to fraud or error.

It also includes developing the Criteria, selecting and applying policies, making judgments and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the Report and the Selected Information contained herein.

Our Independence and Quality Control

We apply the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed in relation to the Selected Information. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

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.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Selected Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

Our limited assurance conclusion relates solely to the Selected Information. Also it is not our responsibility to provide any form of assurance on:

- The suitability of the Criteria in relation to the 2021 Green Bond Principles of the International Capital Markets Association which was assessed by Sustainalytics in the 'Second Party Opinion' published in February 2021 on https://montea.com/uploads/investor-relations/Montea-Green-Finance-Framework-SPO_final.pdf;

Limited Assurance Report of the Independent Auditor on the Use of Proceeds Montea nv

The management of the proceeds from the green finance instruments prior to their allocation or the use of these proceeds after their allocation.

Procedures performed

Our limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- Identifying areas of the Selected Information where material misstatements, whether due to fraud or error, are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Developing an understanding of internal controls relevant to the preparation of the Selected Information;
- Evaluating the appropriateness of the reporting Criteria used and their consistent application, including the reasonableness of estimates made by the Company and related disclosures to the Selected Information;
- Interviewing relevant persons responsible for preparing the Selected Information, for carrying out internal control procedures on and consolidating and reporting the Selected Information;
- Reviewing relevant internal and external documentation that reconcile with the Selected Information;
- Analytical review procedures to confirm our understanding of evolutions in the Selected Information.

Brussels, 24 April 2023

EY Bedrijfsrevisoren BV/EY Réviseurs d'Entreprises SRL
Independent Auditor
Represented by

Christel Weymeersch (Signature)

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Christel Weymeersch*
Partner
* Acting on behalf of a BV/SRL

Christophe Boschmans (Signature)

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Christophe Boschmans*
Partner
* Acting on behalf of a BV/SRL

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