Log COMMERCIAL PROPERTIES

3Q25 Results Conference Call

October 31, 2025

Operator:

Good morning, ladies and gentlemen. Welcome to the earnings video conference of LOG Commercial Properties to discuss the results of the 3Q25. Here with us today, we have Mr. Sergio Fischer, CEO; Mr. Rafael Saliba, CFO and Investor Relations Officer; and Mr. Henrique Schuffner, Finance and Investor Relations Director.

We would like to inform you that the presentation is being recorded and translated simultaneously. The translation is available by clicking on the ‘interpretation’ button. For those listening to the video conference in English, there is an option to mute the original audio in Portuguese by clicking on ‘mute original audio’.

During the Company’s presentation, all participants will have their microphone disable. Then, we will start the Q&A session. To ask a question, click on the Q&A icon and enter your name and company. When being announced, a request to activate your microphone will appear on the screen, and then you must unmute your microphone to ask your questions.

We would like to clarify that any forward-looking statements that may be made during this video conference regarding the business perspectives of LOG, its operating and financial targets constitute projections by the Company's management, and this may or may not occur. Investors should understand that political and macroeconomic factors, as well as other operating factors, could affect the performance of the Company and could lead to results that differ materially from those expressed in such forward-looking statements.

To open the results video conference of the 3Q25, I turn the call over to Mr. Sergio Fischer.

Sergio Fischer:

Good morning, everyone, and thank you for joining us for LOG's 3Q25 Earnings Conference Call. The market for logistics warehouse remains in a very positive moment. In the 3Q25, Brazil recorded a historic vacancy rate of 7%, record net absorption of 1 million m², a 20% growth in leasing activities and a 33% increase in the average rental price over the last 36 months.

Within this context, LOG continues to observe strong demand for its warehouse, as a result of the quality of its assets and the strategic location of its portfolio. In the quarter, we recorded a gross absorption of 201,000 m², 73,000 m² in contracts for assets still in the approval phase. We delivered 45,000 m² during the period, 96% pre-leased and yield on cost of 12.5%, and an average ticket of R$25 per m². We stabilized vacancy rate at 0.81%. The average price for the portfolio reached R$22.43 per m², a growth of 10.3% compared to the 3Q24.

Last quarter, we announced the first phase of the lease review process aimed at adjusting rents for a quarter of tenants whose rates were out of line with the market.

In the 3Q25, we completed the equivalent 33% of the total of 232,000 m² of GLA from this first review phase. For this group of clients, the contracts have already been revised, and we have obtained a significant increase in the average nominal ticket of 46%, with a cash flow effect of 24% starting from the signing date. It's important to highlight that the adjustments have not yet impacted the quarter's results and should be reflected gradually over the coming periods.

We are, therefore, well-positioned to capture the rental appreciation cycle by combining resilient demand, low vacancy rate and high-quality portfolio factor that should sustain growth in the coming quarters and support further expansion phase.

We recently announced the sale of three more assets located in two regions in the country, LOG Jundiaí and LOG Ribeirão Preto, in the state of Sao Paulo, LOG Natal, in Rio Grande do Norte. The transaction totaled R$364 million, with a consolidated gross margin of 27.1%. This is the third sale announcement made in 2025, totaling approximately R$790 million recycled since the beginning of the year, with an average gross margin of 29.5%. These operations reinforce our strategy, generating value through asset recycling.

It's important to highlight that the sales were carried out at NAV, demonstrating that the Company has been selling its assets at book value reflected in the balance sheet. This transaction reaffirmed the quality and attractiveness of our portfolio.

Even in a more liquidity-constrained environment, LOG continues to execute its divestment plan with discipline and efficiency. With the liquidity generated by sales, we resumed our production pace in the 2H of the year. In the 3Q25, we produced 86,000 m², totaling 207,000 m² up to date. Consequently, the number of ongoing projects increased from 8 to 16, more than doubling the gross leasable area under construction. This acceleration keeps LOG in line with LOG 2 Million program.

Thank you very much.

Rafael Saliba:

In the 2Q, net lease value was R$66.7 million, an increase of 18% compared to the same period of last year. The average lease ticket was R$22.43 per m² of GLA with a good growth prospect over the next few quarters.

The same-client rent indicators increased above inflation, marking the 13th consecutive quarter of positive real adjustments. This performance demonstrates our ability to capture rental appreciation in the market even in the long-term contracts.

Net delinquency was only 0.45%, reflecting the quality of our client portfolio and disciplined credit risk management. We continue to rapidly advance our strategy of increasing revenue through a comprehensive service platform connected to the logistics warehouse ecosystem. LOG Adm, the unit responsible for asset management, reached 2.6 million m² of GLA under management, a growth of 50.4% compared to the same quarter of the previous year.

Out of this total, 464,000 m² correspond to the administration of third-party assets not developed by LOG. This move reinforces market recognition of our expertise, efficiency and customization capabilities while also significantly expanding our asset-light monetization revenues beyond the traditional leasing model. In the quarter, net revenue from services was R$6.1 million, a growth of 62% over the 3Q24 with a gross margin of 70.4%.

This revenue stream already accounts for 46% of general and administrative expenses, SG&A. Our expectation is that by the end of LOG 2 Million Plan with stabilized portfolio, services revenues will be sufficient to fully cover the Company's SG&A.

Operating expenses totaled R$15.5 million in the 3Q25, an increase of 13.5% compared to the same period of the last year. The variation is mainly due to the recognition of deferred expenses in 2024 and reclassification of expenses in the 3Q24, generating an extraordinary reduction at the time.

Lease EBITDA was R$57.1 million in the quarter, up 15.4% compared to the 3Q24, with a margin of 85.6%. Development EBITDA was R$135.7 million, a 56.6% increase compared to the 3Q24. Consolidated EBITDA reached R$192.8 million in the quarter, a growth of 41.6% compared to the 3Q24. Up to date, consolidated EBITDA was R$453.9 million, an increase of 29.3% compared to the 9M24.

The financial result was negative by R$56.5 million, impacted by the 33.8% increase in the CDI rate during the period. Net income for the quarter was R$111.4 million, a growth of 14.7% compared to the 3Q24. Year-to-date, it reached R$284.8 million, a 16.6% increase compared to the 9M24.

Finally, earnings per share in the 3Q25 was R$1.28, an increase of 15.7% compared to the 3Q24. Year-to-date, the total was R$3.27, an increase of 23.6% compared to the same period of 2024.

Henrique Schuffner:

LOG remains true to its philosophy of responsible growth, conducting conservative management of its liabilities, focusing on standardizing maturities, reducing financial costs and mitigating refinancing risks. Considering the receivables from the asset sales announced in October, which totaled R$364 million, the adjusted pro forma net debt would be R$427 million. Using this criteria, the leverage ratio would reach only 0.7x the EBITDA, reflecting a solid efficient balance sheet, well positioned to support growth.

In September, we completed the CRI issuance worth R$300 million with terms of 3 years and 7 years at an average cost of 99% of the CDI. In October, as part of our cost optimization and term extension strategy, we carried out an early amortization of R$300 million from the 21st debenture issuance, reducing the debt spread from CDI plus 1.72% to CDI plus 1.10%. This operation strengthens the capital structure and generates recurring financial savings.

We continue actively executing the debt restructuring program, taking advantage of favorable capital market windows to prepay short-term higher cost debt while maintaining a lean, predictable, resilient balance sheet. This decision reinforced our commitment to financial discipline and sustainable growth, principles that will continue to guide our management in the coming cycles.

In the 3Q25, we received a total of R$512.1 million in cash from asset sales with R$256.5 million relating to transactions from previous periods and R$255.6 million from sales made in this quarter. With this liquidity restored, we resumed the pace of executing the expansion plan. The quarter's CAPEX totaled R$197 million, a 23% increase compared to the previous quarter.

The robustness of our capital structure enables us to continue investing while delivering consistent returns to our shareholders. We approved the distribution of R$26.4 million in dividends, equivalent to 25% of the adjusted net income for the quarter, with payments scheduled for November 28. We, therefore, remain committed to a strategy that combines responsible growth, diligent management and the sustainable generation value of our shareholders.

With that, we conclude the institutional presentation and begin our question-and-answer session. Thank you very much.

Herman Lee, Bradesco BBI:

Good morning. Thank you very much for the opportunity of asking questions. We just have one question on our side. I would like to understand the CAPEX expectations for the Company, since you sold more assets. And does the Company expect any acceleration in the 4Q? Or is it likely to be migrating to the next year? Thank you.

Sergio Fischer:

Herman, thank you for the question. This is what happened. We were expecting the completion of those sales in the 3Q25. We received a lot of cash of R$512 million cash from asset sales. And recently, we are announcing a possible transaction of R$364 million. So we have strength, we have enough balance to start new projects. So today, we have 16 projects underway, more than 500,000 meters under construction. The 3Q was a CAPEX higher than the average. The trend is to have a CAPEX above the 3Q. This is what we expect for the 4Q.

And we are building 2026 in a very positive manner. There are a lot of projects underway, there are many projects which have been approved. And as we complete those sales and as we receive all those proceedings from the sales and having a more robust cash, we are going to move along with those projects. So 2026 has a great potential.

Ygor Altero, XP:

Thank you very much. There are two questions on my side. First, I would like to understand how you see the opportunities in relation to recycling, considering that the rates are high. With the gross margin that you received, are we to expect that this level is going to continue so that the Company will continue deleveraging? And I would like to talk about the services revenues that had an acceleration for the quarter. Could you tell us how you see these dynamics for the future? What are the growth avenues in those lines? Thank you.

Sergio Fischer:

Ygor, thank you very much for the question. Let's talk about recycling first. We had 2024, which was very positive. The sales volume was very high, gross margin of 40%. And what we managed to deliver this year made us very happy, very confident because we are getting close to the CAPEX, nearly R$800 million of sales with a gross margin of 30%.

There was a drop in the gross margin. The scenario was much more complex in the 1H25, the market did not have enough liquidity. In the last four months, however, we saw some improvement in the scenario. I think we are getting close to maybe the beginning of the interest rate high. So this is going to increase the liquidity, especially when we talk about real estate funds, and we already foresee a level of activity of sales and asset liquidity with improvements.

So I am more optimistic from now on. I believe we can make transactions at the same level that we made so far this year. And again, this provides us with the capacity to grow further to have a robust balance sheet and to continue with our growth plan.

In relation to the service line, we are very enthusiastic. Again, we are very optimistic with this business unit. This year, we made a more aggressive change. We tested new services. We saw that we had the opportunities to capture those possibilities, and we are capturing those values. So those resources started to come in. So our dynamics started to generate good fruits. So we saw that it has the potential to grow, and we are very enthusiastic about that. And we are delivering a very good margin in this line. The margin was 70%.

The gross margin of this service provided reached at this level. And as we growing productivity, we continue to be very enthusiastic. And we know that this is going to bring good results for the Company in the medium term already.

Carla Graca, Bank of America:

Good morning. Thank you very much for the opportunity of asking questions. I have two questions on my side. Last quarter, you announced renegotiation contract plan, and you made some comments about it this quarter. How are you handling the negotiations so that you can transfer the increase? And can you provide information about the timeline and the tickets for the next quarter, considering you are undergoing this renegotiation plan?

And my second question is about dividends. You said that the prospect for this year was 50% of payout. But with the possible taxation of dividends, are you considering paying interim dividends? Or are you considering increasing this level?

Sergio Fischer:

I will talk about the contracts and Rafael will talk about the dividends. Thank you very much for the questions. This is what we did. We saw for some time now that the sector has been facing a moment we have never seen before. There is a repricing of the lease pricing at the Brazilian level above the inflation rate. So it was the 13th consecutive quarter when the same client rent was above inflation. So it's a unique moment. We have never faced that moment before. So this is the best moment in the history of the Company considering this pricing area.

But we saw some discrepancies comparing the tickets from different regions. So first, we made the first trends about 250,000 meters and those were clients that were about to have the contract revised. And we had very positive, very transparent conversation negotiations with those tenants, those clients.

And in the first round, we managed to increase the nominal ticket. The cash ticket is not at the same level because some tenants are facing some financial problems. So we are working on a case-by-case moment.

And the conversations have been very surprising. Conversations have been very positive and the other part is also receiving those information in a very positive way. Those tickets were not impacted yet. In our results, this is something we are likely to see in the quarters to come. And as we complete the negotiations, which are underway, we are going to see a higher potential.

Of course, for the next round, the potential is not as big as we saw, since we saw the bigger opportunities now. It's likely that the percentage will decrease, but the absolute value, the value of the average ticket is likely to increase for the next terms.

Rafael Saliba:

Good morning, Carla. In relation to the dividends, the Company continues with the intention of paying 50% payout for the current year. If we are going to have an interim payment, what I can say is that we are monitoring the taxation discussions underway. And we are also evaluating, as Sergio mentioned, we are considering that we are increasing the projects. So this may have an impact on the cash of the Company.

So we are very cautious because we have to follow the schedule of the growth of the plan of the Company, and we also have to consider the capital demand. So we are closely monitoring all the discussion and we are evaluating the possibility of having an interim payment of dividend, but we haven't decided anything. We are still waiting for things to play out.

Piero Trotta, Citi:

Good morning. Thank you very much for the call. My first question is related to a follow-up on Ygor's questions about services revenues. I would like to understand if the new services that you are adding to your portfolio, such as insurance and other, you are also insourcing some activities. Were those activities that had already been planned when you considered that the SG&A would be covered? And if not, do you believe it's possible to reach 100% of SG&A before the 2 Million plan?

And the other question is related to the reprofiling of the debt. You paid a debt of R$300 million with a higher spread, and the spread of the Company dropped to 1.1%. But we can see that you have been capturing debt based on the CDI. So I would like to understand what's the timing for the average term of the debt of the CDI to be converted, and what you are doing as an end result.

Sergio Fischer:

Piero, in relation to services, yes, when we announced the number that we expect along the LOG 2 Million plan to be completed, we wanted to match the revenues of LOG Esfera, and this is the services project that we have internally. So we have considered the business lines that we are capturing now such as insurance.

But this is what we see now. We are having a curve which is better than we had, and we have LOG Administration, which has been very successful. And to our surprise, we have been very welcomed by the third-party gated community tenants. And we have some tenants that asked LOG to administer their properties. So this is something that is opening ways for us, and the numbers are increasing faster than we expected. We may have a good ramp-up of service revenue faster than what we first planned.

Rafael Saliba:

Good morning. In relation to the reprofile of the debt and our capacity to convert more quickly to a debt cost, which is similar to what we saw in the last two issuances, in fact, the Company has the need of financing projects. So we can do this by new CRIs, real estate receivable certificates, and we have been making good discussions, and we are considering how we are going to handle our debt.

But that will depend on the speed that we can implement, the resources in the new projects and also with the insurances, and how we can issue all the CRIs for the project. It's difficult to specify when we are going to get to that point, but we believe that considering the trajectory that we described in the release, we can see that the spread keeps on falling along the time. And we believe that this trajectory is likely to continue, but at a slower pace, and that will depend on the acceleration of the CAPEX. This is how we see it.

Igor Machado, Goldman Sachs:

Good morning. Thank you very much for the call. I would like to have a follow-up on CAPEX question. It's clear that you started to build resources after the recycling. But I would like to know if you have any estimate per m² that would help us understand how much you intend to invest in those projects.

And I would also like to understand the details of the assets that are under construction, where they are located? And is there any information in relation to the yield on cost or anything that would help us make our calculations? Thank you.

Sergio Fischer:

Igor, let me start from the second question about assets. The number of m² that we have under construction, 40% of them are located in the Northeastern part of the country. It's a region we focus a lot. We are very enthusiastic of investing in that region. We are considering all the capitals in the Northeast of Brazil, our clients are asking for quality. So we are focusing on the northeastern part of Brazil because the lease tickets are very close to what we see in the Southeastern part of Brazil, and we are going to continue along those lines.

And we also have Midwest and the South and the North of Brazil. So other than that, it's very diluted. We have projects in the major capitals of the country, and we have projects underway. And LOG has a lot of capacity, and we know how to divide the absorption of each region according to the inventory level that we have. And we have been able to allocate those assets according to the region, including what we have done in terms of pre-lease.

In relation to the CAPEX, this is how we see it. we have had stability in the construction cost for some time now. We did not see any discrepancy. So the cost is below INCC so far. If you see the gross margin that we have delivered in the sales, and if you look at the total CAPEX of each project, of course, we have to include all the costs, including land cost. We can see that we are very stable and we are very enthusiastic also in this dimension because we see a lot of stability in spite of the pressure from cost, from labor cost, and our projects are not so impacted because our construction works are much more industrialized, and the cost of construction is below the INCC.

Matheus Meloni, Santander:

Thank you very much for the opportunity to ask questions. It's also a follow-up, but I would like to understand the demand, and I would like to know from the sectorial viewpoint, how do you see this evolution?

And the second question is related to an update on the amendment that you signed and the lease of some assets. On our side, these are our questions.

Sergio Fischer:

Matheus, in relation to the sale of BTG, yes, we sold all the proceeds. Things are in cash and those assets are no longer in our balance sheet. This is something that was completed in the 3Q. You will see that those assets will no longer generate lease revenues for us, and this has been completed in the 3Q.

In relation to the sectorial demand, this is what I have to say. The beauty of our assets is that they are exposed to all different sectors of the economy. And this is well diluted in our portfolio at present, so we have a larger number of potential clients and tenants.

And for 2025, this is what we feel, that mostly e-commerce is diversified at the geographical level. It's impressive how e-commerce is occupying the warehouses. Sometimes, we have a project that is already ready or we have a project underway, and we managed to capture this demand. So the major sector is still e-commerce, but food, beverages and pharma are still very strong. So I would focus on those three sectors mainly.

Operator:

The question-and-answer session is closed. We turn the call over to Mr. Sergio Fischer for his final remarks.

Sergio Fischer:

Thank you very much for attending the call. We are experiencing a positive moment in the sector. The sector as a whole has a vacancy rate of 7% and at LOG, it's below 1%. The demand is very strong. The ticket repricing is also very strong, and we are in a moment where we are delivering projects with very good yield on cost. And this is the scenario that we see down the road and for the next year.

As I said previously, we managed to make the transfer of the portfolio in a much faster way than we had planned. In addition, the strategy of increasing the service revenue is very successful, and we are very enthusiastic about this as well.

And we have seen that we are positive and enthusiastic about the sales of new businesses. We have been doing good negotiations, and for sure, we are going to complete many deals, and we will be able to maintain a very strong balance sheet and maintain this momentum.

So I would like to thank everyone, and I will see you in the next call.

Operator:

The earnings video conference of LOG is now closed. Should you have any questions, refer them to the Investor Relations team via ri.logcp.com.br. We would like to thank you for your participation, and have a nice day.