SPACE
FOR
GROWTH

MONTEA
SPACE FOR GROWTH

ANNUAL PRESS RELEASE FROM THE STATUTORY MANAGER
FOR THE PERIOD FROM 01/01/2016 TO 31/12/2016 INCLUDED

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SOLID RESULTS AND CONFIRMATION OF EARNINGS AND DIVIDEND FOR 2016:

➔ EPRA RESULT OF € 24.0 MILLION IN 2016 COMPARED WITH € 21,1 MILLION IN 2015

CONSISTING OF EARNINGS ON A RECURRING BASIS OF € 24.8 MILLION, AN ONCE-OFF SEVERANCE COMPENSATION OF € 1.3 MILLION, RECEIVED IN Q1 2016, PARTIALLY OFFSET BY THE SETTLEMENT OF A HISTORIC INTEREST RATE SWAP (IRS) IN Q4 2016 FOR AN ONCE-OFF COST OF € 2.1 MILLION.

➔ EPRA RESULT PER SHARE OF € 2.47 PER SHARE COMPARED WITH € 2.34 IN 2015

➔ PROPOSED DIVIDEND OF € 2.11 PER SHARE, ON THE BASIS OF A PAYOUT RATIO OF 87% COMPARED WITH € 2.03 IN 2015 (INCREASE OF 4%)

➔ INCREASE OF THE NET RENTAL INCOME BY 18% TO € 40.5 MILLION COMPARED WITH € 34.3 MILLION IN 2015

➔ OPERATING MARGIN AMOUNTS TO 89.6% COMPARED WITH 85.8% IN 2015

➔ EPRA VACANCY RATE OF 1.1% COMPARED WITH 3.2% IN 2015

➔ DEBT RATIO OF 51.6% COMPARED WITH 55.8% AT THE END OF 2015 – AVERAGE TERM OF FINANCES 5.4 YEARS – AVERAGE TERM OF INTEREST RATE HEDGES 7.8 YEARS

➔ AVERAGE TERM OF LEASES ON FIRST EXPIRY DATE OF 7.7 YEARS COMPARED WITH 6.8 YEARS AT THE END OF 2015

➔ BUILDINGS WORTH € 84 MILLION WERE PURCHASED OR DEVELOPED AND BUILDINGS WORTH € 49 MILLION WERE SOLD (2 BUILDINGS IN FRANCE AND 1 BUILDING IN BELGIUM) IN 2016. THE FAIR VALUE OF THE PROPERTY PORTFOLIO WAS THEREBY INCREASED BY 7% TO € 552 MILLION, COMPARED WITH € 517 MILLION AT THE END OF 2015

➔ PROSPECTS FOR 2017:
- PROPERTY PORTFOLIO GROWS TO € 650 MILLION
- EPRA VACANCY RATE REMAINS UNDER 5% - TERM OF LEASES AMOUNTS TO MORE THAN 7 YEARS ON AVERAGE
- OPERATING MARGIN OF 89% ON AN ANNUAL BASIS
- EPRA RESULT PER SHARE INCREASES WITH 5%

Summary

- The EPRA result[1] amounts to € 24.0 million, up 14% compared with the EPRA result of € 21.1 million in 2015. The EPRA earnings per share[2] for 2016 amount to € 2.47, up 5.6% compared with € 2.34 per share in 2015. The most significant changes are:
    - An increase in the net rental income of 18% from € 34.3 million in 2015 to € 40.5 million in 2016.
    - An once-off cost of € 2.1 million paid in Q4 2016 for the early settlement of a historic Interest Rate Swap (IRS) to conclude subsequently a new swap at current market conditions which will have a positive impact on the financial earnings for the financial years to come.

  The operating margin amounts to 89.6% compared with 85.8% the previous year.

- The board of directors of the statutory management company of Montea will propose to the general meeting of shareholders to pay out a gross dividend of €2.11 per share on the basis of EPRA earnings of €2.47 per share, an increase of 4% compared with the previous year on the basis of a further lowering of the payout ratio from 89% in 2015 to 87% in 2016.

- Buildings worth € 84 million were purchased or developed and buildings worth € 49 million were sold (2 buildings in France and 1 building in Belgium). The fair value of the property portfolio was thereby increased by 7%, from € 517 million at the end of 2015 to € 552 million at the end of 2016. The fair value of the Belgian, French and Dutch property portfolios amounts to € 278 million, € 98 million and € 176 million respectively.

  The growth in the fair value is due chiefly to the delivery of 3 built-to suit projects in the first half of 2016 (CDS in Vorst, Movianto in Erembodegem and DSV Solutions in Ghent), the acquisition of the site in Willebroek (let to Federal Mogul) and the acquisition of 46,000 m² of land in Bornem for the development of a built-to-suit project, partially offset by the property in Herentals which was sold in Belgium on the one hand, and the purchase of the site in Eindhoven, De Keten (let to Jan De Rijk) as well as the development of the property in Aalsmeer for Bakkersland and Scotch & Soda in the Netherlands on the other. In France, the fair value of the property portfolio after the sale of 2 buildings to Patrizia Logistik Invest Europa I was offset partially by the purchase of a development area in Camphin-en-Carembault to the south of Lille.

- The EPRA vacancy rate[3] amounts to 1.1% (compared with 3.2% at the end of December 2015), inclusive of the severance compensation that was received in 2016 for the discontinuance of the Neovia Logistics lease. If this is not taken into account, the EPRA vacancy rate amounts to 3.6%.

  The average term of the contracts until their first termination option amounts to 7.7 years compared with 6.8 years at the end of 2015. The vacancy rate pertains mainly to half of the site at Milmort (BE).

- The debt ratio amounts to 51.6% compared with 55.4% at the end of September 2016.

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[1] Corresponds to the former name “Net Current Earnings.” The description of Net Current Result was changed upon the entry into force of the European Securities and Market Authority (ESMA) guidelines on Alternative Performance Measures to core net earnings, i.e. the EPRA earnings. The use of the term ‘current’ is forbidden for the time being. The name was consequently changed to “core net earnings” and corresponds to the ERPA earnings as stipulated in the ‘Best Practice Recommendations’ of the European Public Real Estate Association (EPRA).

[2] The EPRA earnings per share refer to earnings based on the weighted average number of shares, which does not correspond to the former heading “net current earnings” per share, since Montea has always used the number of shares entitled to dividends as a basis.

[3] Corresponds to the complement of the previous “Occupancy rate” with the difference that the occupancy rate used by Montea was calculated on the basis of square metres whereas the ERPA vacancy rate is calculated on the basis of the estimated rental value.

Alternative Performance Measures (APM)

In accordance with the guidelines recently adopted by the European Securities and Markets Authority (ESMA), the Alternative Performance Measures (APM) used henceforth by Montea are indicated with an asterisk (*) the first time they are mentioned in this press release, and then defined in a footnote. The reader is thereby apprised of the definition of an APM. The performance measures stipulated by IFRS rules or by law as well as the measures which are not based on the headings of the balance sheet or the income statement are not considered as APMs.

The detailed calculation of the PERA performance measures and of other APMs that are used by Montea, are indicated in Chapter 1.8 and 1.9 of this press release.

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1. Management report

1.1. Key figures

MONTEA SPACE FOR GROWTH		31/12/2016 12 months	31/12/2015 12 maanden
Real estate portfolio			
Real estate portfolio - Buildings (1)			
Number of sites		**47**	**45**
Surface of the real estate portfolio			
Logistics and semi-industrial warehouses	sqm	715.310	682.503
Offices	sqm	67.668	66.506
Total surface	**sqm**	**782.978**	**749.009**
Development potential	sqm	230.344	119.569
Value of the real estate portfolio			
Fair value (2)	K€	532.063	480.721
Investment value (3)	K€	558.167	503.980
EPRA Vacancy Rate			
EPRA Vacancy Rate (4)	%	1,1%	3,3%
Real estate portfolio - Solar panels			
Fair value	K€	9.978	10.369
Real estate portfolio - Solar panels			
Fair value (2)	K€	10.281	25.640
Consolidated results			
Results			
Net rental result	K€	40.518	34.290
Operating result before the porfolio result	K€	36.304	29.437
Operating margin (5)*	%	89,6%	85,8%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€	-11.780	-8.016
EPRA result (7)*	**K€**	**24.018**	**21.097**
Weighted average number of shares		9.722.190	9.012.751
EPRA result per share (8)*	**€**	**2,47**	**2,34**
Result on the portfolio (9)	K€	12.919	2.475
Variations in fair value of the financial instruments (10)	K€	-616	438
Net result (IFRS)	**K€**	**36.321**	**24.010**
Net result per share	**€**	**3,74**	**2,66**
Consolidated balance sheet			
IFRS NAV (excl. minority participations) (11)	**K€**	**251.846**	**208.157**
EPRA NAV (12)*	**K€**	**276.651**	**232.345**
Debts and liabilities for calculation of debt ratio	K€	307.164	306.564
Balance sheet total	**K€**	**594.759**	**549.685**
Debt ratio (13)	**%**	**51,6%**	**55,8%**
EPRA NAV per share (14)*	**€**	**27,80**	**25,22**
EPRA NNAV per share (15)*	**€**	**25,31**	**22,60**
Share price (16)	**€**	**46,37**	**39,20**
Premium	**%**	**66,8%**	**55,4%**

(1) Inclusive of real estate intended for sale.
(2) Accounting value according to the IAS/IFRS rules, exclusive of real estate intended for own use.
(3) Value of the portfolio without deduction of the transactions costs.
(4) *EPRA vacancy rate: estimated rental value of vacant surfaces divided by the estimated rental value of the total portfolio, exclusive that of projects under construction and/or renovation. Cf. www.epra.com
(5) *The operating margin is obtained by dividing the operating result before the earnings from the property portfolio by the net rental earnings.
(6) *Financial result (exclusive of variations in the fair value of the financial instruments): this is the financial result according in accordance with the Royal Decree of July 13, 2014 regarding regulated property investments companies excluding the variation in the fair value of the financial instruments, and reflects the actual financing cost of the company.
(7) *EPRA result: this concerns the underlying earnings from the core activities and indicates the degree to which the current dividend payments are supported by the profit. These earnings are calculated as the net earnings (IFRS) exclusive of the earnings from the portfolio and the variations in the fair value of financial instruments. Cf www.epra.comm.
(8) *EPRA result per share concerns the EPRA earnings on the basis of the weighted average number of shares. Cf. www.epra.com.
(9) *Result on the portfolio: this concerns the negative and/or positive variations in the fair value of the property portfolio, plus any capital gains or losses from the construction of real estate.
(10) Variations in the fair value of hedging instruments: this concerns the negative and/or positive variations in the fair value of the interest hedging instruments according to IAS 39.
(11) IFRS NAV: Net Asset Value for profit distribution for the current financial year in accordance with the IFRS balance sheet. The IFRS NAV per share is calculated by dividing the equity capital by the number of shares entitled to dividends on the balance sheet date.
(12) *EPRA NAV: The EPRA NAV is the NAV that was adjusted so as to comprise also property and other investments and their fair value, which excludes certain items which are not expected to assume a fixed form in a business model with property investments in the long term. Cf. www.epra.com.
(13) Debt ratio according to the Royal Decree of 13 July 2014 on regulated property companies.
(14) *EPRA NAV per share: The EPRA NAV per share concerns the EPRA NAV on the basis of the number of shares entitled to dividends on the balance sheet date. Cf. www.epra.com.
(15) *EPRA NNNAV: This is the EPRA NAV that was adjusted so as to comprise also the fair value of financial instruments, debts and deferred taxes. The EPRA NNNAV per share concerns the EPRA NNNAV on the basis of the number of shares entitled to dividends on the balance sheet date. Cf. also www.epra.com.
(16) Share price at the end of the period.

1.2. Significant events and transactions during 2016 in Belgium, France and The Netherlands

1.2.1. EPRA result per share[4]* was € 2.47: a rise of 5.6% on a recurrent basis compared with the same period in the previous year

The EPRA result[5] amount to € 24.0 million, up 14% during financial year 2016, compared with € 21.1 million during the same period in the previous year. The EPRA result per share amounts € 2.47 per share compared with € 2.34 per share last year.

This growth of € 2.9 million is due chiefly to:

- The increase in the operating result before the result on the property portfolio of €6.9 million due to:
  - The increase in the net rental income of € 6.2 million from € 34.3 million at the end of December 2015 to € 40.5 million at the end of December 2016. This new rental income is a direct consequence of the investments made and the delivery of built-to-suit projects during the previous financial year and the new investments and delivery of new projects in 2016;
  - The recovery of the rental charges and "other rent-related income" has a positive impact of € 0.2 million, mainly as a result of an increase in the occupancy rate;
  - A drop in the property charges and general expenses of the company of € 0.5 million owing to a drop in the marketing and communication, HR and legal costs.

- Partially offset by an increase in the negative financial result (exclusive of variations in the fair value of the financial instruments)[6]* of € 3.8 million, chiefly due to the settlement of an IRS contract in 2016 for a total amount of € 2.1 million so as to take out subsequently a new swap at current market conditions, which will ensure a positive impact on the average financing cost[7]* in the future. Furthermore, the rise is a result of an increase in the hedge ratio[8]* in 2016 on the one hand, and the average financial debt burden of € 53.0 million for investments in, among other places, Vorst (let to CDS), Erembodegem (let to Movianto) and Aalsmeer (let to Bakkersland) on the other. The acquisitions in Eindhoven (let to Jan De Rijk) and Bornem were also financed with borrowed capital.

- The increase in taxation of € 0.2 million.

[4] *EPRA result per share concerns the EPRA profit on the basis of the weighted average number of shares. Cf. www.epra.com.
[5] *EPRA result: this concerns the underlying earnings from core activities and indicates the degree to which dividend payments are supported by the profit. These earnings are also calculated as the net earnings (IFRS) exclusive of the result on portfolio and the variations in the fair value of financial instruments. Cf. www.epra.com
[6] *Financial result (exclusive of variations in the fair value of the financial instruments); financial result in accordance in accordance with the Royal Decree of July 13, 2014, regarding regulated property investments companies, exclusive of the variations in the fair value of the financial instruments; this result reflects the actual financing costs of the company..
[7] *The average financing cost pertains to the weighted average interest rate on an annual basis for the reporting period, taking account of the average outstanding debts and hedge instruments during that period.
[8] *Hedge ratio: ratio of the debts to fixed and variable interest that is hedged against fluctuations in interest rates by derivative financial instruments.

1.2.2. Lease activity during 2016

2016 saw the following lease activity:

➢ **18 February 2016 – Signing of two new lease agreements (BE)**

The site in Bornem (Industrielaan 2-24), which has a total area of 14,343 m², is now fully leased. Montea and the Regie der Gebouwen have signed a lease agreement for a term of 9 years. The lease is for 8,760 m² of warehouse space, 590 m² of office space and 37 parking spaces. The Regie der Gebouwen will use the site as a warehouse facility for goods seized. This transaction was brokered by Ceusters NV.

Montea «Space for Growth» - Site Bornem (BE)

The remaining available space of 1,206 m² is leased to Beherman Motors NV (part of the Beherman Group) for a term of 9 years with a first break option after 3 years. Beherman Group (www.behermangroup.com) is the official importer of Mitsubishi for Belgium and Luxembourg and will use the site as workshop and storage space.

These two transactions together represent an annual rental income of approximately € 0.45 million.

➢ **04 Marsh 2016 – Long-term lease agreement signed with Roltex Belgium in Erembodegem (BE)**

Montea and Roltex Belgium have signed a long-term lease agreement for a fixed term of 9 years at the site in Erembodegem. The lease includes 1,454 m² of warehouse space, 403 m² of office space and 201 m² of mezzanine.

Roltex Belgium already has a location in Erembodegem and was looking for additional space in the same region. Roltex is a producer of trays and other plastic catering/hospitality equipment for professional catering (www.roltex.be).

Montea "Space for Growth" - Erembodegem Site - Unit 8 (BE)

20 July 2016 – Signing of long-term lease agreement with Stylelabs in Vorst (BE)

On 20th July, a lease was signed with Stylelabs for the redevelopment of the old station building at the site in Vorst. The project involves renovating a building of approximately 2,000 m². Stylelabs will lease the building from March 2017, based on a 9-year lease with an initial break option after year 6. The annual rent for the property is € 281,000.

New tenant and 100% occupancy rate at the Erembodegem site (BE)

At the end of October 2016, Kris De Leeneer BVBA and Montea signed a new lease for 3,017 m² of warehousing, 70 m² of office space and a mezzanine area of 429 m². As a result of this transaction, the multi-tenant site is now fully leased. Kris De Leeneer BVBA will lease the unit from January 2017, based on a 9-year lease with an initial break option after year 3. The annual rent for the premises is € 128,826.

08 November 2016 - Montea leases approx. 14,000 m² to Scotch & Soda B.V. - 100% occupancy rate for the site Aalsmeer (NL)

Montea purchased 60,000 m² of land from Greenpark Aalsmeer (Schiphol Area Development Company). This new industrial development is aimed in particular at increasing the provision of logistics services in the vicinity of Amsterdam and Schiphol.

Since acquiring the site, Montea has already developed a large building of 40,000 m², of which 30,000 m² has been leased in advance to Bakkersland. The remaining 10,000 m² of high-quality logistics space has now been leased to Scotch & Soda, an internationally known fashion brand. The new lease has been signed for a term of 9 years (first break option after 5 years) and consists of 8,171 m² of warehousing, 487 m² of office space and a mezzanine area of 1,341 m². Montea will build an additional mezzanine of 4,143 m² at the request of Scotch & Soda.

Scotch & Soda will start operations at the complex during the first quarter of 2017. The site will be used to accommodate the company's logistics activities which have increased due to the worldwide expansion and success of the brand. This new lease means that Montea – exactly as planned – has now fully leased the entire complex of more than 40,000 m².

Industrial Real Estate Partners and DTZ Zadelhoff jointly advised Montea on the lease. The transaction was brokered by Van Gool ♦ Elburg Vastgoedspecialisten B.V on behalf of Scotch & Soda B.V.

- **EPRA vacancy rate[9]* of 1,1% – Average term of leases on first expiry date of 7.7 years**

At 31/12/2016 the EPRA vacancy rate amounts to 1,1%.

The overall vacancy is approximately 15,500 m², and relates mainly to the half of the site in Milmort (BE).

Thanks to the new investments with long-term leases and the new leases mentioned above, Montea achieved its goal in 2016 to obtain an average term of leases on first expiry date of more than 7 years. At the end of 2016, the average duration of contracts at first break date is 7.7 years.

1.2.3. Investment activity during 2016

- **18 February 2016 – Acquisition of a 17,135 m² logistics building in Eindhoven (NL)**

Montea has completed the acquisition of a distribution on land of 36,200 m² at Eindhoven - Acht. The building comprises 16,700 m² of warehouse space and 435 m² of offices. Given its good location and the flexible layout of the building in 4 units, this distribution centre is extremely well suited for other tight-knit distribution and e-commerce purposes.

The building is leased with a triple net lease for a fixed term of 15 years. This transaction represents an investment of approximately € 18 million at a net initial yield of 6.6% and is in line with the valuation of the property assessor.

- **18 February 2016 - Acquisition of 46,000 m² of land for the development of a build-to-suit project in Bornem (BE)**

Montea has acquired approximately 4.6 hectares of land from Beherman Invest NV (part of the Beherman Group) in Bornem. The site is strategically located in the "golden triangle" of Brussels/Antwerp/Ghent, in the immediate vicinity of the A12/E17 motorways. The existing building will be demolished and the site will be totally redeveloped. Montea has already begun marketing the land for the development of a build-to-suit logistics building of +/- 26,000 m². The acquisition was financed with bank debt. This transaction represents an investment value of € 4.6 million.

Montea "Space for Growth" – Bornem site – Build-to-suit (BE)

[9] *Estimated rental value of vacant surfaces divided by the estimated rental value of the total portfolio, exlusive of that of projects under construction and/or renovation. Cf. www.epra.com

➢ 18 February 2016 – Handover of build-to-suit building for Movianto in Erembodegem (BE)[10]

In June 2015 Montea began the development of a distribution centre for Movianto at Industriezone Zuid IV in Erembodegem. The state-of-the-art logistics distribution centre of 15,900 m², featuring two GDP-compliant (2,900 m²) cross-docking spaces (+2+8°C and +15°C+25°C) and attached offices, was handed over on schedule in January 2016. The building is leased for a fixed term of 9 year, with the initial rent approximately € 1 million per year. This acquisition was financed with bank debt. The transaction represents an investment value of € 14 million.

Montea «Space for Growth» - Site Erembodegem, Waterkeringsstraat (BE)

➢ 18 February 2016 – Handover of build-to-suit building for CdS in Vorst (BE)[11]

As part of the redevelopment plan for the site in Vorst, Montea began the development of a second sustainable build-to-suit project for CdS in Vorst in April 2015. The 10,500 m² distribution centre is leased for a fixed term of 15 years, with the initial rent approximately € 0.5 million per year. This acquisition was financed with bank debt. The transaction represents an investment value of € 6.8 million.

Montea "Space for Growth" - Vorst site - CdS (BE)

[10] For more information, please see our press release of 26/06/2015 or visit www.montea.com.
[11] For more information, please see our press release of 03/04/2015 or visit www.montea.com.

- **23 Marsh 2016 – Handover of build-to-suit building for Federal Mogul at MG Park De Hulst in Willebroek**[12]

This logistics complex was developed by MG Real Estate on land of approximately 48,000 m². The building comprises 27,100 m² of warehouse space, 800 m² of office space and a mezzanine area of approximately 1,100 m². The building can be extended by 6,800 m² in a second phase. It is owned by Nyssa NV and Robinia One NV.

Montea "Space for Growth" - Federal Mogul site at Park De Hulst

The parties have signed a long-term lease for a fixed term of 10 years. This acquisition was conducted through the contribution of 100% of the shares in the two companies mentioned above. The contribution in kind was for a mixed payment, namely in cash (14%) and new shares (86%). The transaction represents an investment value of € 20.4 million.

- **28 June 2016 - Delivery of 21,000 m² for DSV Solutions in Ghent (BE) – Building floor space now totals 45,500 m²**[13]

In 2013 Montea acquired a new logistics platform for DSV Solutions, specialised in the handling and preparation of goods for specific customers for national, European and worldwide distribution. This site is strategically located along the Ghent-Terneuzen canal area, in the immediate vicinity of the R4, and provides a connection to important motorways (E34, E17 and E40).

The current 24,500 m² distribution centre has now been expanded by an additional 21,000 m² and comprises an investment value of approximately € 21 million.

"We are convinced of the growing importance of water-related logistics for our economy," said ***Jo De Wolf, Montea CEO****. "We therefore believe that this expansion means absolute added value for our portfolio."*

[12] For more information, please see our press release of 17/09/2015 or visit www.montea.com.
[13] For more information, please see our press release of 28/06/2016 or www.montea.com.

1.2.4. Development activity during 2016

- **18 february 2016 - Montea develops innovative logistics zone at Blue Gate, Antwerp**

The City of Antwerp, ParticipatieMaatschappij Vlaanderen (PMV) and Waterwegen en Zeekanaal (W&Z) have selected Blue O'pen as their partner for the decontamination and redevelopment of Petroleum Zuid in Antwerp (approx. 63 hectares). Blue O'pen is a consortium between DEME and Bopro. For the development of and investment in the logistics zone of approx. 6.5 hectares within Blue Gate, the consortium opted to work exclusively with Montea.

Peter Demuynck, CCO Montea: We are always looking for innovative solutions for the logistics sector. Starting in the second half of 2017 we will be developing this unique location on the edge of the city and by the water to create a CO_2-neutral logistics park, with particular focus on innovative logistics trends and urban distribution. When completed, the total development will represent an estimated investment value of € 26 million.

Montea "Space for Growth" – Artist's Impression Blue Gate, Antwerp

- **10 June 2016 - Montea develops a new sustainable logistics project for Carglass on multimodal site in Bilzen (BE)[14]**

Montea and Carglass Distribution have signed a partnership agreement for the development and the lease of a new sustainable logistics build-to-suit project of 50,000 m² in Bilzen.

Carglass Distribution, the division responsible for the distribution of all windscreens and accessories in Belgium and 8 Western-European countries, will centralize its activities, currently spread across 4 sites in Belgium, as of 2018 on a new site in Bilzen, at the industrial site Bilzen-Noord. The new site benefits from an ideal geographical localisation, at the centre of Europe.

This decision should enable more efficient activities, better and faster service to customers and a further activity development in the future. International real estate investor Montea will develop and finance the entire project with a potential of over 50,000m².

Montea «Space for Growth» - Artist Impression site Carglass, Bilzen (BE)

[14] For more information, please see our press release of 10/06/2016 or www.montea.com.

For over 20 years Carglass Distribution is active in Belgium, the last couple of years at 4 different locations in Hasselt and Genk. Currently, 1.2M windscreens and 1.7M accessories are, on an annual basis, delivered from these locations to all Belgan Carglass Service Centers, but also to all subsidiaries in Germany, the Netherlands, Luxembourg, Denmark, Switzerland, Norway, Sweden and Greece.

These logistics and distribution activities are crucial to the entire company strategy. An efficient, fast and performing delivery of windscreens is the basis for a unique client service model, representing the Carglass brand. Montea will develop and finance the entire project of 50,000 m². The total development will represent an estimated investment value of € 25 million.

- **14 June 2016 – MONTEA and Built to Build Planontwikkeling (BTB) develop a new building for NSK EUROPEAN DISTRIBUTION CENTRE in Tilburg – Vossenberg (NL)** [15]

Montea and Built to Build signed a lease agreement with NSK European Distribution Centre. The partners will develop a new build-to-suit distribution centre comprising approximately 17,300 m² of warehousing, 1,900 m² of offices and mezzanine of 1,900 m² at the Vossenberg West logistics zone in Tilburg

Montea «Space for Growth» - Artist Impression site NSK European Distribution Centre, Tilburg (NL)

NSK is one of the world's leading producers of bearings, linear bearings and guidance systems. For the past 15 years NSK has been operating at the Kraaiven industrial zone in Tilburg. In view of the steady growth in the company's business, it was decided to search for a larger location within the logistics hotspot of Tilburg. The new EDC will be constructed in conjunction with Montea and Built to Build (BTB) at Industrieterrein Vossenberg. On handover, NSK will lease the building for a minimum period of 10 years.

BTB will again be working with Bouwbedrijf Van der Heijden on this project. On handover of the building, Montea will acquire the development, subject to the usual conditional terms, for an estimate investment value of € 15.4 million, representing an initial yield of 6.50%.

Construction works will begin once the environmental permit has been issued and the new build-to-suit project is expected to be operational by the third quarter of 2017.

[15] For more information, please see our press release of 14/06/2016 or www.montea.com.

- **28 June 2016 - Custom development of a ca. 12,400 m² logistics building for Edialux (Pelsis Group) in Bornem (BE)** [16]

Headquartered in the UK, the Pelsis Group is the leader in ecological solutions for crop protection and pest control in Europe. The group employs some 270 workers in 10 sites worldwide.

Montea «Space for Growth» - nieuw logistiek gebouw voor Edialux (Groep Pelsis) te Bornem (BE)

In Belgium, Pelsis operates under the name of Edialux, which is also a market leading brand in the Belgian retail sector. Pelsis was in search of a state-of-the-art distribution centre in order to provide even better logistical service to its customers at home and abroad. Montea will undertake a build-to-suit project for that purpose in exchange for a 15-year lease contract. The contract will comprise ca. 11,400 m² operational space and 960 m² offices and will employ ca. 70 people.

The construction works for this project are expected to commence in the course of 2018. The investment will amount to ca. € 11 million and represent a yield of 6.65%. Edialux was guided and supported by Ceusters Immobiliën in this transaction.

- **28 June 2016 - Development of new state-of-the-art air cargo building (ca. 5,000 m²) for SACO Groupair at Brucargo (BE)** [17]

SACO Groupair, a well-known neutral forwarder headquartered in Hamburg and active for years at Brucargo (www.sacogroupair.com), has signed a cooperation agreement with Montea for the construction and rental of a new state-of-the-art air cargo building plus offices at Brucargo. This development will be implemented in cooperation with the Cordeel group.

Montea «Space for Growth» - Nieuw luchtvrachtgebouw voor SACO Groupair - Brucargo (BE)

[16] For more information, please see our press release of 28/06/2016 or www.montea.com.
[17] For more information, please see our press release of 28/06/2016 or www.montea.com.

The complex will consist of ca 4,200 m² storage space and ca. 800 m² office space. The site will employ some 35 people in all and enable the group to register accelerated growth.

SACO Groupair has signed a rental agreement for a fixed term of nine years. Montea will acquire this property in Q2 2017 on the basis of an initial yield of ca.7.8%, i.e. an investment value of € 3.6 million.

- **07 July 2016 - The municipality Oss and Montea conclude an agreement for the future development of a logistics plot at Vorstengrafdonk (NL)**[18]

On Wednesday 29 June the alderman Frank den Brok has concluded with Hylcke Okkinga, director of Montea Nederland, an agreement for a plot of 5 ha at Vorstengrafdonk. At this plot, Montea – after letting - will develop a tailor-made distribution center. Montea Nederland will develop this project together with construction company van der Maazen.

Montea «Space for Growth» - Artist impression distribution centre Vorstengrafdonk - Oss (NL)

Montea Nederland and construction company Van der Maazen develop a building plan at the parcel, they check the plan with the municipality as to the desired image quality and the possibility to obtain an environmental permit. The construction plan meets the latest requirements of the logistics sector and is ready for the end-user. The building can consequently be developed in a very short period of time.

Meanwhile, the commercialization process was started. Montea and van der Maazen are granted a purchase option on the plot, they will search for users and will consequently develop a tailor-made distribution center.

- **15 September 2016 – Montea develops a new built-to-suit cross-dock centrum of approximately 8,000 m² for Mainfreight in Genk (BE)**[19]

Mainfreight (Wim Bosman Group) and Montea have signed a collaborative agreement (subject to the usual conditions precedent) for the development of a new built-to-suit cross-dock centre consisting of approximately 8,000 m² of warehousing and approximately 800 m² of office space at Genk-Zuid. Mainfreight has signed a lease with a fixed term of 9 years.

[18] For more information, please see our press release of 07/07/2016 or www.montea.com.
[19] For more information, please see our press release of 15/09/2016 or www.montea.com.

The Wim Bosman Group (the European part of the worldwide Mainfreight network) is a 3PL+ service-provider with a strong network for customer-specific and preferably integrated warehousing, transport and distribution solutions with offices in the Netherlands, Belgium, France, Poland, Romania and Russia. Mainfreight is a worldwide logistics service-provider with locations in Australia, New Zealand, Asia, America and Europe (www.mainfreight.com).

Montea's investment in this built-to-suit project is approximately € 7.3 million and will generate an initial yield of 7.3% from Q2 2017. Around 150 people will be employed at this new location.

Montea "Space for Growth" – Artist's impression Mainfreight cross-dock centre - Genk (BE)

- **24th October 2016 – The municipality of Tholen and Montea signed a covenant for the future development of the "Welgelegen" business park (NL)**[20]

On 24th October 2016, alderman Frank Hommel and Hylcke Okkinga, director Montea Netherlands, signed a covenant for 100,000 m² of land at the "Welgelegen" business park in Tholen. Once it is leased, Montea will construct a built-to-suit distribution centre. Montea will implement this project with Sprangers Bouwbedrijf as main contractor.

The municipality, Montea, Rewin and Invest in Zeeland will together handle the marketing of the land. Montea has a purchase option on the land and will develop a construction plan on the land. After examining the require image quality and obtaining an environmental permit, Montea will seek a user for the distribution centre and be responsible for its development with Sprangers Bouwbedrijf.

1.2.5. Divestment activity during 2016

The following divestments were implemented during 2016:

- **18 July 2016 – Montea sells site in Herentals to Kemin Europe NV (BE)**

June 30 Kemin Europe NV exercised its purchase option for an amount of € 6.1 million. The actual sale took place on July 18, 2016. The site comprises ca 20,253 m² of land, 11,068 m² of warehouses, 1,782 m² of offices and 1,800 m² of mezzanine.

[20] For more information, please see our press release of 24/10/2016 or www.montea.com.

- **29 December 2016 – Sale of 3 assets in France for € 60.4 million to Patrizia Logistik Invest Europa I[21]**

At January 1st, 2017 Montea announced the sale of 3 assets from its existing portfolio in France. The total net selling value amounts to € 60,394,000.

It concerns the following buildings:

St-Cyr-en-Val (FR)

Logistics building
Total floor space of ca 75.000 m²
Let to FM Logistics

Tilloy-lez-Cambrai (FR)

Logistics building
Total floor space of ca 11.000 m²
Let to C-Log

Savigny-le-Temple (FR)

Logistics building
Total floor space of ca 16.000 m²
Let to Le Piston Français

The portfolio generates an annual rent income of € 4.4 million, and is sold at an average initial yield of 6.88%. The average term of the portfolio on the first due date amounts to 3.6 years.

The sale of the building in St Cyr en Val and the building in Tilloy-lez-Cambrai was closed on 29 December 2016. The sale of the building in Savigny-le-Temple will be closed at the latest on 31 December 2017, after a number of alteration works for the current tenant, at the latest on March 31, 2017.

The net selling price of the 3 buildings amounts to € 60.4 million, compared with a book value of € 51.1 million. *"The capital gains constitute proof, in our view, of the prudent and conservative valuation of Montea's property portfolio in view of the great interest in qualitative logistics real estate on the market"*, says **Els Vervaecke, CFO Montea**. *"The revenues from the sale will be used in 2017 to acquire a number of new projects in the development phase and to finance a number of our own developments. The full selling value is expected to be reinvested by the end of the second quarter of 2017.*

[21] For more information, please see our press release of 10/01/2017 or www.montea.com.

This operation will therefore have a temporary impact on the results, but Montea still aspires to have the net current result grow by 5% a year. In addition, this sale improves the average term of the leases in the portfolio from 6.8 to 7.2 years and reduces the debt ratio of 55.4% to 50.5%".

1.2.6. Further strengthening and diversification of the financing structure

- **23 March 2016 – Issue of 447,231 new shares as compensation for contribution in kind[22]**

In its press release of 17 September 2015, Montea announced a partnership agreement with MG Real Estate (De Paepe Group) to develop a logistics complex for Federal Mogul at MG Park De Hulst in Willebroek. This project is to be developed on ca. 48,000 m² of land, and will consist of 27,100 m² of storage floor space, 800 m² of office floor space and a mezzanine of 1,100 m²[23]. It is the property of the real estate companies Nyssa NV and Robinia One NV.

Through the contribution in kind of all (100% of) the shares of these two aforementioned companies, Montea has acquired the aforementioned land and logistics building.

The contribution in kind was carried out against mixed compensation, namely compensation in cash, and compensation in new Montea shares.

The new Montea shares were issued as a result of an increase of capital in line with the authorised capital,[24] by a decision of the Statutory Manager of Montea on 23 March 2016. The transaction led to a reinforcement of the equity capital of €16,212,123.75, of which an amount of €9,114,605 was allocated to the capital and an amount of €7,097,518.75 to issue premiums.

[22] For more information, cf. the press release of 23 March 2016 or go to www.montea.com.
[23] For more information, cf. the press release of 17 September 2016 or go to www.montea.com.
[24] Through the contribution of all (100% of) the shares of Nyssa NV and Robinia One NV in Montea.

Issue price, trading and profit participation of new shares

The contributor was compensated with 447,231 new Montea shares for a total amount of € 16,212,123.75, and also with compensation in cash of €2,600,000. The 447,231 new Montea shares were ordinary shares, and have the same rights as the existing shares. They will share in the results of the complete financial year 2016.

In this way, the portfolio grows through a healthy combination of different financial sources and the debt burden is kept under control.

➢ 10 June 2016 – Realisation of the optional dividend[25]

To support the further growth of Montea, the statutory manager has offered shareholders an optional dividend. 76.33% of coupon no. 15 (which represents the dividend for financial year 2015) was surrendered for new shares.

In this way, 292,952 new shares were issued on 10 June 2016, for a total issue sum of €10,419,013.65 (€5,970,386.14 in capital and €4,448,627.51 in issue premium) in line with the authorised capital.

As a result, as of 10 June 2016, the share capital of Montea is represented by 9,951,884 shares. The dividend rights that were not contributed, were paid out in cash. The net total paid out amounted to €3,231,860.

➢ Further optimisation of the debt structure

The sale of two buildings in France for € 51.2 million provides further financing of growth. The debt ratio fell from 55.8% at end 2015 to 51.6% on December 31, 2016.

In 2016, Montea has settled a contract for interest rate hedging of the IRS type (Interest Rate Swap) and closed subsequently a new hedge against current market conditions. This settlement will have a positive impact on the average funding cost for years to come.

Furthermore, Montea has took advantage of the low interest rates during 2016 in order to conclude new hedging instruments for a total notional amount of € 87.5 million through interest rate swaps with an average maturity of 8.5 years at an average rate of 0.6%. Due to this additional hedges and the reduction in debt because of the sale of two buildings in France, the hedge ratio amounted to 111% at 31 December 2016. This surplus cover is a direct consequence of the fact that the new hedges have been entered on December 31, 2016. At that time a part of the debt has already been repaid while the planned investments will be realised later in Q1 2017. This surplus cover is only temporary, the investments in Q1 2017 will decrease the hedging ratio below 100%. Montea expects that the investments of 2017 will decrease the hedge ratio to 85% by year end if no new hedging instruments are contracted.

[25] For more information, cf. the press release of 10 June 2016 or go to www.montea.com.

1.2.7. Proposal to pay out a gross dividend of € 2.11 per share

On the basis of the EPRA earnings of € 24.01 million, the board of directors of the statutory management company of Montea will propose paying out a gross dividend of € 2.11 per share (€ 1.47 net per share), which entails a payout ratio[26] of 87% with regard to the EPRA earnings. This means an increase of the gross dividend per share of 4% compared with 2015 (€ 2.03 gross per share), in spite of the increase in the number of shares entitled to dividends (from 9,211,701 to 9,951,884 shares) as a result of the contribution in kind and the optional dividend in 2016.

KEY RATIO'S	31/12/2016	31/12/2015
Key ratio's (€)		
EPRA-profit per share (1)	2,47	2,34
Result on the portfolio per share (1)	1,33	0,27
Variations in the fair value of financial instruments per share (1)	-0,06	0,05
Net result (IFRS) per share (1)	3,74	2,66
EPRA-profit per share (2)	2,41	2,29
Proposed distribution		
Payment percentage (compared with EPRA earnings) (3)	87%	89%
Gross dividend per share	2,09	2,03
Net dividend per share	1,46	1,48
Weighted average number of shares	9.722.190	9.012.751
Number of shares outstanding at period end	9.951.884	9.211.701

(1) Calculation on the basis of the weighted average number of shares.
(2) Calculation on the basis of the number of shares entitled to dividends.
(3) The payout ratio is calculated in absolute figures on the basis of the consolidated result. The dividend is actually paid out on the basis of the statutory result of Montea Commm. VA.

1.2.8. Other events during 2016

➢ 01 March 2016 – Appointment of Els Vervaecke as Chief Financial Officer

On 1 March 2016, Els Vervaecke was appointed as the new CFO. The change in the management board in no way alters the objectives and strategic course of Montea.

Els Vervaecke used to work at EY as senior auditor. In the beginning of 2010, she started at Pylos (property developer) as Finance Manager for the Pylos Group, and became CFO for Pylos Benelux in 2014.

[26] The payout ratio of 87% was calculated on the basis of the EPRA earnings and not on the basis of the earnings available for payout.

1.3. Value and composition of the property portfolio at 31/12/2016

- **The total property assets of Montea amount to € 552 million, consisting of the valuation of the property portfolio for buildings inclusive buildings held for sale (€ 532 million), the fair value of the current developments (€ 10 million) and the fair value of the solar panels (€ 10 million).**

	Total 31/12/2016	Belgium	France	The Netherlands	Total 31/12/2015
Real estate portfolio - Buildings (0)					
Number of sites	**47**	23	14	10	**45**
Warehouse space (sqm)	**715.310**	394.625	132.452	188.233	**682.503**
Office space (sqm)	**67.668**	36.794	13.671	17.203	**66.506**
Total space (sqm)	**782.978**	431.419	146.123	205.436	**749.009**
Development potential (sqm)	**230.344**	136.385	75.904	18.055	**119.569**
Fair value (K EUR)	**532.063**	268.364	94.418	169.282	**480.721**
Investment value (K EUR)	**558.167**	275.857	101.180	181.131	**503.980**
Annual contractual rents (K EUR)	**38.929**	19.850	7.515	11.565	**36.448**
Gross yield (%)	**7,32%**	7,40%	7,96%	6,83%	**7,58%**
Gross yield on 100% occupancy (%)	**7,43%**	7,63%	7,96%	6,83%	**7,82%**
Un-let property (m²) (1)	**15.274**	15.274	0	0	**26.719**
Rental value of un-let property (K EUR) (2)	**619**	619	0	0	**1.150**
EPRA Vacancy rate	**1,1%**	2,2%	0,0%	0,0%	**3,3%**
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	**9.978**	9.978	0	0	**10.369**
Real estate portfolio - Developments (4)					
Fair value (K EUR)	**10.281**	0	3.045	7.235	**25.640**

(0) Inclusive of the building held for sale.
(1) Exclusive of the site in Willebroek for which Montea received severance compensation from Neovia Logistics in 2016.
(2) Exclusive of the estimated rental value of projects under construction and/or renovation.
(3) The fair value of the investment in solar panels is entered under heading “D” of the fixed assets in the balance sheet.
(4) The fair value of the project developments is entered in heading “C” of the fixed assets in the balance sheet.

➢ **Increase in the fair value of the property portfolio for buildings by € 51 million to € 552 million, mainly due to:**

- Belgium: Increase of € 43 million, consisting mainly of:
  - The delivery of built-to-suit projects in Vorst (let to CDS) and in Erembodegem (let to Movianto) and delivery of the extension project in Ghent (let to DSV)
  - The acquisition of the site in Willebroek – De Hulst (let to Federal Mogul)
  - The acquisition of 46,000 m² of land for the development of a build-to-suit project in Bornem
  - Divestment of the site in Herentals
- France: Drop of € 40 million mainly due to:
  - Divestment of the property in St-Cyr-en-Val and the property in Tilloy-lez-Cambrai
- The Netherlands: Increase of € 48 million consisting mainly of:
  - The acquisition of the site in Eindhoven, de Keten (let to Jan De Rijk)
  - The delivery of the development project in Aalsmeer (let to Bakkersland)

✓ The **total surface area of** the property portfolio for buildings amounts to 782,978 m², spread over 23 sites in Belgium, 14 in France and 10 in the Netherlands.

✓ Montea also has a total land bank of 230,344 m² of **development potential** on existing sites.

✓ Based on the valuation of an independent property expert, the fair value of the property portfolio at constant composition (not taking account of the new investments described above) grew by € 8.7 million (2.04% of the total fair value of the property portfolio in the beginning of the financial year) and is chiefly due to a drop in the return on investment for some properties.

✓ The gross return in real estate[27] on the total property investments in buildings amounts to 7.5% on the basis of a fully rented portfolio, compared with 7.8% on 31/12/2015. The gross return, taking account of the current vacancy rate, is 7.3%.

✓ The contractual annual rental income (exclusive of rent guarantees) amounts to € 38.9 million, up 7% compared with 31/12/2015, mainly attributable to the growth of the property portfolio.

✓ The EPRA vacancy rate amounts to 1.1%. The vacancy rate consists mainly of the site in Milmort (BE).

➢ **Fair value of current developments of € 10.3 million**

Montea has current developments worth € 10.3 million consisting of the development for Scotch & Soda in Aalsmeer (Netherlands) and the development land in Camphin-en-Carembault near Lille (France).

➢ **Fair value of the solar panels of € 9.98 million**

The fair value of the solar panels pertains to eight solar panel projects: one in Brussels (Vorst), two in Wallonia (Heppignies and Milmort) and five in Flanders (Bornem, Herentals, Grimbergen, Puurs and Ghent).

[27] Gross return on investment in real estate if 100% rented is calculated as current rental income of rented properties plus market rent of the vacant floor space, together, with regard to the fair value of the property portfolio.

1.4. Summary of the abbreviated consolidated financial statements for the 2016 financial year

1.4.1. Condensed consolidated (analytical) income statement for financial year 2016

ABBREVIATED CONSOLIDATED PROFIT & LOSS ACCOUNT (K EUR) Analytical	31/12/2016 12 months	31/12/2015 12 months
CONSOLIDATED RESULTS		
NET RENTAL RESULT	**40.518**	**34.290**
PROPERTY RESULT	**41.258**	**34.864**
% compared to net rental result	**101,8%**	**101,7%**
TOTAL PROPERTY CHARGES	**-1.043**	**-1.332**
OPERATING PROPERTY RESULT	**40.215**	**33.532**
General corporate expenses	-3.769	**-4.037**
Other operating income and expenses	-142	**-58**
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	**36.304**	**29.437**
% compared to net rental result	**89,6%**	**85,8%**
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	**-11.780**	**-8.016**
EPRA RESULT FOR TAXES	**24.524**	**21.421**
Taxes	-506	**-324**
EPRA Earnings	**24.018**	**21.097**
per share	**2,47**	**2,34**
Result on disposals of investment properties	8.131	**5**
Result on disposals of other non-financial assets	0	**0**
Changes in fair value of investment properties	4.788	**2.470**
Other portfolio result	0	**0**
PORTFOLIO RESULT	**12.919**	**2.475**
Changes in fair value of financial assets and liabilities	-616	**438**
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	**-616**	**438**
NET RESULT	**36.321**	**24.010**
per share	**3,74**	**2,66**

1.4.2. Notes on the condensed consolidated (analytical) income statement for financial year 2016

✓ **The net rental income amounts to € 40.5 million, up by 18% from the previous year – The operating result before the result on the property portfolio amounts to € 36.3 million, an increase of 23%**

- The **net rental income** amounts to € 40.5 million, for an increase of 18% compared with the same period last year (€ 34.3 million). This increase of € 6.2 million can be attributed entirely to the increase in rental income determined mainly by:

  – The full year impact of the rental income from investments in 2015:
    - Acquisition of project in ’s Heerenberg (let to JCL Logistics) (NL)
    - Acquisition of project in Apeldoorn (let to HSL) (NL)
    - Acquisition of project in Tilburg (let to Groep Verstijen) (NL)
    - Acquisition of project in Lyon (let to Cofriset) (FR)

– The rental income from the new investments during 2016:
  - Built-to-suit project in Vorst (let to CDS) (BE)
  - Built-to-suit project in Erembodegem (let to Movianto) (BE)
  - Delivery of extension project in Ghent (let to DSV) (BE)
  - Acquisition of project in Willebroek (let to Federal Mogul) (BE)
  - Acquisition of project in Eindhoven (let to Jan De Rijk) (NL)
  - Delivery of project in Aalsmeer (let to Bakkersland) (NL)

The once-off income of € 2.3 million from the termination of the lease with Neovia Logistics was received in Q1 2016 (€ 1 million of which is considered equal to the rental fee of 2016 as rental income on a recurrent basis).

The sale of the building in St-Cyr-en-Val (FR) and the building in Tilloy-lez-Cambrai (FR) took place on 29 December 2016, and as such it had no impact on the net rental income of 2016.

- The **operating result before the result on the property portfolio** rose from € 29.4 million in 2015 to € 36.3 million in 2016. This growth of € 6.9 million is mainly due to:

  – The increase of the net rental income of € 6.2 million (cf. supra);
  – The positive impact of € 0.2 million on the recovery of rental charges "and other rent-related income" as a result of more limited non-recharging of a number of costs (due to the higher average occupancy rate);
  – The drop in property charges and general expenses of the company of € 0.5 million due to a drop in the marketing and communication, HR and legal advice costs.

- The **operating margin**[28]* amounts to 89.6% for the entire year 2016, compared with 85.8% for 2015.

➢ **Financial result exclusive of variations in the fair value of the financial instruments amounts to € 11.8 million compared with € 0.8 million the previous year**

The **financial result** exclusive of variations in the fair value of the financial instruments amounts to € 11.8 million, up by 47% from the same period the previous year. The average debt burden rose by € 63.6 million (24%). Conversely, there was a drop in the average financing cost to 3.0%[29]* for financial year 2016.

The rise of the financial result exclusive of variations in the fair value of the financial instruments is chiefly due to the settlement of an Interest Rate Swap (IRS) contract in 2016 for € 2.1 million and the concluding of a new swap at current market conditions which will have a positive impact on the average financing cost in the future. Furthermore, the increase is due to the increase in the average outstanding debts. The extra interest rate swaps for € 87.5 were taken out on 30 December so they had no impact on the financial costs.

[28]* The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental income.

[29]* The financial cost is an average over the entire year, inclusive of the leasing payables in France, Belgium and the Netherlands, and was calculated on the basis of the total financial costs regarding the average of the opening balance and closing balance of the financial debt burden for 2016, without taking account of the valuation of hedge instruments.

On 31/12/2016, Montea had a total bank debt (bilateral lines of credit) of € 185.1 million with 6 financial institutions. The financial debts at fixed and variable interest rate were hedged on 31 December 2016 for 111% by IRS contracts. This overhedging is a direct consequence of the fact that the new swaps were concluded already on 31 December 2016 at a time when a part of the debts had already been settled, while the planned investments will be carried out later in Q1 2017. This overhedging is only temporary. The investments in Q1 2017 are to bring the hedging ratio below 100%. Montea expects that the investments of 2017 will bring the hedge ratio to 85% again by the year's end if no new hedge instruments are concluded.

- ✓ **The result on the property portfolio[30] amounts to € 12.9 million**

The **result on the property portfolio** amounts to € 12.9 million on 31/12/2016. This exceptional positive result is mainly due to the sale of the two buildings in France (St-Cyr-en-Val and Tilloy-lez-Cambrai) with a positive impact of € 8.1 million on the result from the sale of property investments, proof of the very prudent and conservative valuation of the property portfolio of Montea with regard to the great interest in the property market for quality logistics real estate. Furthermore, the result is due to a net positive variation in the fair value of the property portfolio as a result of a drop in the return on investment.

In the valuation of the solar panels, the capital gains are entered under a separate component of the equity capital. Capital losses are also entered under this component, unless they are realised or unless the fair value drops below the original investment cost.

- ✓ **The negative variations in the fair value of the financial instruments amount to € 0.6 million**

The **negative variations in the fair value of financial instruments** arises out of the negative impact of the fair value of the existing interest hedging partially offset by the positive impact of the new IRS instruments taken out at the end of 2016 as a result of the renewed expectations of rising long-term interest rates.

- ➢ **Net result (IFRS) amounts to € 36.3 million, i.e. an increase of € 12.3 million from the previous year, strongly impacted by the positive result on the property portfolio**

The EPRA earnings together with the result on the portfolio and the variations in the fair value of financial instruments, led to **net earnings (IFRS)** of € 36.3 million in 2016 compared with € 24.01 million in 2015. The net earnings (IFRS) per share amount to € 3.74 per share compared with € 2,66 per share in 2015. The result on the property portfolio and variations in the fair value of financial instruments are not cash items and have no impact on the EPRA earnings.

- ➢ **EPRA result of € 2.47 per share**

The **EPRA result** on 31/12/2016 amount to € 24.0 million, an increase of 14% with respect to the same period last year.

On the basis of the distributable result, Montea will propose a gross dividend of € 2.11 per share to the general meeting of shareholders. This means an increase of the gross dividend per share of 4% compared with 2015, in spite of the dilution owing to the optional dividend and the increase of capital (by contribution in kind) carried out in 2015.

[30] *Result on the property portfolio: this concerns the negative and/or positive variations in the fair value of the property portfolio plus any capital gains or losses from the construction of real estate.

1.4.3. Condensed consolidated balance sheet for financial year 2016

CONSOLIDATED BALANCE SHEET (EUR)	31/12/2016 Conso	31/12/2015 Conso
NON-CURRENT ASSETS	**545.461.627**	**517.685.997**
CURRENT ASSETS	**49.297.472**	**31.999.167**
TOTAL ASSETS	**594.759.099**	**549.685.164**
SHAREHOLDERS' EQUITY	**251.964.960**	**208.256.437**
Shareholders' equity attributable to shareholders of the parent company	251.846.477	208.156.528
Minority interests	118.483	99.909
LIABILITIES	**342.794.139**	**341.428.727**
Non-current liabilities	310.381.242	291.353.554
Current liabilities	32.412.897	50.075.173
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**594.759.099**	**549.685.164**

1.4.4. Notes on the consolidated balance sheet for financial year 2016

- On 31/12/2016, the **total assets** (€ 594.8 million) consist primarily of investment properties (88% of the total), assets intended for sale (1% of the total), solar panels (2% of the total), and developments (2% of the total). The remaining amount of the assets (7% of the total) consists of the other tangible and financial fixed assets, including assets intended for proprietary use, assets intended for sale and current assets, including cash investments, trade and tax receivables.

- The **total liabilities** consist of the equity capital of € 252 million and a total debt of € 342.8 million.

This total debt consists of:

- A total amount of € 185.1 million in lines of credit at 6 financial institutions. Montea has € 235 million in lines of credit taken out and an unused capacity of € 49.9 million as a result of the settlement at the end of 2016 in connection with the sale of the 2 buildings in France. The lines of credit to be refinanced in 2017 were partially extended in December 2016. There remains a line of credit of € 10 million to be refinanced in 2017
- A total amount of € 109.2 million with regard to the four debenture loans that Montea concluded in 2013, 2014, and 2015
- A total lease debt of € 0.8 million for the further financing of the site in Milmort
- The negative value of the ongoing hedging instrument to the tune of € 24.8 million
- Other debts and deferred charges for an amount of € 21.8 million. The deferred charges comprise in large measure the rent already invoiced in advance for the subsequent quarter.

On 31/12/2016 the **EPRA NAV**[31]***** amounts to € 27.80 per share compared with € 25.22 per share at 31/12/2015. On 31/12/2016 the EPRA NNNAV per share amounts to € 25.31 per share compared with € 22.60 per share at 31/12/2015.

- The **debt ratio**[32] of Montea amounts to 51.65%. The drop in the debt ratio compared to 31/12/2015 (55.77%) and 30/06/2016 (56.22%) is a result of the sale of the French sites in St.-Cyr-en-Val and Cambrai. Enhanced impacts on the debt ratio are primarily the ongoing developments which are financed with bank debts.

  Montea meets all debt ratio covenants it has concluded with its financial institutions on the grounds whereof Montea may not have a debt ratio that exceeds 60%.

- **Article 24 of the Royal Decree of 13 July 2014**

  If the consolidated debt ratio of the public Regulated Real Estate Company (RREC) and its subsidiaries is more than 50% of the consolidated assets, after deducting the authorised financial hedge instruments, the public RREC draws up a financial plan with an implementation schedule, where it gives a description of the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

  A special report is drawn up on the financial plan by the auditor, confirming that the latter has verified the drafting of the plan, particularly as regards the economic premises thereof, and that the figures contained in that plan correspond with the accounts of the public RREC. The financial plan and the auditor's special report are submitted to the FSMA for information.

  The general guidelines of the financial plan are entered in detail in the annual and semi-annual financial reports, which contain a description and justification of (a) how the financial plan was carried out in the course of the relevant period, and (b) how the RREC will carry out the plan in the future.

- **Development of the debt ratio at Montea**

  The consolidated debt ratio amounted to 51.65% on 31 December 2016. In historical terms, the debt ratio has been over 50% since 2008, reaching the highest level of 57.62% in mid-2010. An increase of capital was carried out on 2 July 2010 as a result of which the debt ratio dropped below 50%.

  The debt ratio then climbed to 55.29% in September 2012. An increase of capital of €21.1 million was carried out on 20 December 2012 to finance the project for DHL Global Forwarding on Brucargo, thereby bringing the debt ratio down again to 50.80% in the first quarter of 2013.

  Owing also to the dividend distribution, the acquisition of the shares of Evenstuk NV (for the property let to DSV Solutions) and the acquisition of the shares of Acer Parc NV (for the build-to-suit property let to St. Jude Medical), the debt ratio rose again to 52.82% on 31/12/2013.

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31 *EPRA NAV: the EPRA NAV is the NAV, adjusted to include real estate and other investments at fair value includes and excludes certain items that will probably not be applied for a business model with long-term investment. Cfr: www.epra.com. EPRA NAV per share: the EPRA NAV per share is the EPRA NAV based on the number of shares outstanding at the balance date. Cfr: www.epra.com.

32 Calculated according to the Royal Decree of 13 July 2014 with regard to regulated real estate companies.

An increase of capital was carried out in the first half of 2014 to anticipate the planned acquisitions and investments in the second half of 2014. These concern redevelopments at the sites of Grimbergen and Vorst, 3 build-to-suit projects in Belgium (2 on De Hulst in Willebroek and 1 on Brucargo) and 1 build-to-suit project in the Netherlands (Oss) and 2 sale-and-lease back transactions (Beuningen and Waddinxveen).

In the first half of 2015 it was decided to proceed to a contribution in kind (for the acquisition of Apeldoorn) and to an optional dividend to bring the debt ratio down in mid-2015 after the acquisitions of ’s Heerenberg (NL) and Cofriset (FR) and the finalisation of the build-to-suit project in Heerlen (NL).

In the second half of 2015, the property in Tilburg was acquired (let to the Verstijnen group, and financed fully with debt). Furthermore, a number of build-to-suit projects were initiated (Movianto in Erembodegem, CDS in Vorst and Bakkersland in Schiphol) where the ongoing works are financed fully with debt. As a result of these operations, the debt ratio stood at 55.77% on 31/12/2015.

The build-to-suit projects Movianto in Erembodegem, CdS in Vorst, and Bakkersland in Aalsmeer were delivered in 2016. The works of these 3 projects were financed with debt. Furthermore, the acquisition of the project in Eindhoven (Jan de Rijk) and the acquisition of the land in Bornem (Bornem Vastgoed) were likewise financed with debt. To keep the debt ratio within limits, the project in Willebroek (Federal Mogul) was acquired in March 2016 by contribution in kind and an optional dividend was successfully paid out in June. In December 2016, the sale of St.-Cyr-En-Val and Cambrai went through, as a result of which the debt ratio was brought down again to 51.65% on 31/12/2016.

The debt ratio has at no time reached alarming levels, not even during the periods of financial crisis which erupted as of the end of 2008.

- **Future investment potential**

On the basis of this current debt ratio, the investment potential would amount to ca. € 226 million[33] without exceeding the maximum debt ratio of 65%.

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	226.000.000	761.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**226.000.000**	**820.759.099**
Own capital	**251.964.960**	**-**	**251.964.960**
Liabilities	**342.794.139**	**226.000.000**	**568.794.139**
Non-current liabilities	**310.381.242**	**226.000.000**	**536.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988	226.000.000	511.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**226.000.000**	**820.759.099**
Debt ratio	**51,6%**		**65,0%**

33 This calculation does not take account of the EPRA earnings for the future periods, the variations in the fair value of the property investments, nor any variations in the deferred charges, provisions for risks and deferred taxes of the liabilities.

Montea has concluded covenants with a number of banking institutions under the terms of which the debt ratio may not exceed 60%. Consequently, on the basis of the same calculation, the investment potential amounts to ca. € 124 million.

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	124.000.000	659.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**124.000.000**	**718.759.099**
Own capital	**251.964.960**	**-**	**251.964.960**
Liabilities	**342.794.139**	**124.000.000**	**466.794.139**
Non-current liabilities	**310.381.242**	**124.000.000**	**434.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988	124.000.000	409.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**124.000.000**	**718.759.099**
Debt ratio	**51,6%**		**60,0%**

The variations in the fair value of the property portfolio can also have a significant impact on the debt ratio. On the basis of the equity capital, the maximum admissible debt ratio of 65% would be excluded only in the event of a negative variation in the fair value of the property investments of more than € 122 million. This corresponds to a drop of 21% in the existing portfolio.

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	- 122.000.000	413.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**- 122.000.000**	**472.759.099**
Own capital	**251.964.960**	**- 122.000.000**	**129.964.960**
Liabilities	**342.794.139**		**342.794.139**
Non-current liabilities	**310.381.242**	**-**	**310.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988		285.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**- 122.000.000**	**472.759.099**
Debt ratio	**51,6%**		**65,0%**

On the basis of the current state and valuation of the portfolio by an independent expert, Montea sees no substantial possible negative variations in the fair value. Montea is therefore of opinion that the current debt ratio of 51.65% provides a sufficient buffer to deal with possible further negative variations in the existing portfolio.

The debt ratio has at no time reached alarming levels, not even during the periods of financial crisis which erupted as of the end of 2008.

➢ **Conclusion**

Montea deems that the debt ratio will not rise above 65% and that no additional measures need to be taken on the basis of the planned changes in the composition of the real estate portfolio and the expected development of the equity capital.

Montea’s goal remains to continue its financing with a debt ratio of ca. 55% and will see to it that said ratio will never exceed 60% (as contained in the bank covenants).

The debt ratio of 55% is perfectly justified given the nature of the real estate in which Montea invests, i.e. logistics and semi-industrial real estate, with an average net return of ca. 7%.

Should a situation nonetheless arise where certain events require an adjustment of the company’s strategy, it will do so at once and inform the shareholders accordingly in the semi-annual and annual financial reporting.

1.4.5. Valuation rules

New standards, interpretations and changes applied by Montea

Montea has certain standards and amendments for the first time. This will apply to the financial years beginning at or after 1 January 2016. Montea has published no other standard, interpretation or amendment not yet in force, applied early.

While these new standards and amendments to be first applied in 2016, they had no material impact on the consolidated financial statements / the condensed consolidated interim financial statements of the Group.

Below the nature and effect of the new and / or revised standards and interpretations are explained:

- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment funds: The application of the exception based on consolidation, applicable from January 1, 2016
- Amendments to IFRS 11 Joint Arrangements - Processing of acquired interests in joint operations, applicable from January 1, 2016
- Amendments to IAS 1 Presentation of Financial Statements - Initiative in the area of disclosure, applicable from January 1, 2016
- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation, applicable from January 1, 2016
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture - bearing plants, applicable from January 1, 2016
- Amendments to IAS 19 Employee benefits - Defined benefit plans: Employee contributions, applicable from February 1, 2015
- Amendments to IAS 27 Separate Financial Statements - Equity method in the separate financial statements, applicable from January 1, 2016
- Annual improvements to IFRS - cycle 2010-2012 (published in December 2013), applicable as of Sunday, February 1st, 2015
- Annual improvements to IFRS - cycle 2012-2014 (published September 2014), applicable from January 1, 2016 • Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment funds: The application of the exception based on consolidation, applicable from January 1, 2016

Annual Improvements to IFRS 2010-2012 Cycle

The purpose of the '2010–2012 cyclus' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements apply to financial years that begin on or after 1 February 2015. It concerns the following improvements:
IFRS 2 Share-based payments: This amendment, which is prospectively applied, clarifies certain issues concerning the definitions for "performance condition" and "service condition" which were previously part of the definition of vesting conditions.

- IFRS 3 Business combinations: This improvement, which is applied prospectively, clarifies that for all arrangements concerning conditional remuneration which arise out of a business combination as a liability or an asset, subsequent valuation takes place at fair value with processing of the value changes in the income statement, irrespective of whether they fall under the scope of IAS 39 Financial instruments: Recognition and Measurement (or IFRS 9 financial instruments).
- IFRS 8 Operating Segments: The amendments, which are applied retrospectively, clarify that:
  - Disclosure on judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of the operating segments which are consolidated and the economic characteristics that serve as a basis to assess whether the segments are similar (such as for instance selling and gross margins); and
  - Indication of the connection of the segment assets to the total assets is requested if the connection is reported to the chief operating decision maker, as for the required information regarding segment liabilities.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets: This improvement is applied retrospectively and clarifies that the revaluation can be carried out by adjusting the gross carrying amount of the asset to bring it in line with the carrying amount, or by bringing the carrying amount in line with the market value and adjusting the gross carrying amount accordingly. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.
- IAS 24 Related party disclosures: This improvement, which is applied retrospectively, clarifies that a 'management entity' – an entity that provides management services – is identified as a related party on which the requirements on related party disclosures apply. An entity which uses such a management entity must henceforth report the costs incurred to that end.

Annual improvements to IFRS 2012-2014 cycle (published in September 2014)

The purpose of the '2012–2014 cycle' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements apply to financial years that begin on or after 1 February 2015. It concerns the following improvements:

- IFRS 5 Non-current assets held for sale and discontinued operations. Assets (or groups of assets that are disposed of) are as a rule disposed of by sale or by payment to owners. The amendment clarifies that a switchover from one disposal method to the other is not considered as a new disposal plan, but as a continuation of the original plan. So there is no question of the application of the requirements of IFRS 5 being interrupted. The amendment is applied prospectively.

- IFRS 7 Financial instruments: Disclosures
- Servicing contracts: The amendment clarifies that a servicing contract where remuneration is included may entail continued involvement in a financial asset. An entity must assess the nature of the remuneration and the settlement on the basis of the guidelines in IFRS 7 for continued involvement in order to determine whether the requirements for disclosure apply. The assessment as to which servicing contracts entail continued involvement must be carried out retrospectively. The required information need not however be provided for periods that begin prior to the commencement of the financial year in which the entity applied the amendments for the first time. This amendment is applied retroactively.
- Applicability of the disclosure requirements for offsetting on the interim condensed financial statements: The amendment clarifies that the disclosure requirements for setting off do not apply to interim condensed financial statements, unless the information to be provided concerns a significant adaptation of the information which is included in the most recent annual report. This amendment is applied retrospectively.
- IAS 19 Employee benefits: The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds must be assessed at currency level). This amendment is applied retrospectively.
- IAS 34 Interim financial reporting: The amendment clarifies that the required interim information must either be mentioned in the interim financial statements, or provided via references from the interim financial statements to the component of the interim financial report in which the information is contained (e.g. the management notes or the risk report). The other information in the interim financial report must be available for users under the same conditions and at the same time as the financial statement. This amendment is applied retrospectively.

The amendments have no impact for the group.

Published standards that are not yet in force

The standards and interpretations that were published on the date of publication of the Montea financial statements, but were not yet in force, are explained below. Where applicable, Montea plans to apply these standards and interpretations as soon as they enter into force.

- Amendments in IFRS 2 Share-based payments – Classification and valuation of share-based payment transactions, applicable as of 1 January 2018
- Amendments to IFRS 4 Insurance contracts - Application of IFRS 9 financial instruments with IFRS 43, applicable as of 1 January 2018
- IFRS 9 Financial instruments, applicable as of 1 January 2018
- IFRS 15 Revenue from contracts with customers, including amendments in IFRS 15: Entry into force of IFRS 15 and Clarification of IFRS 15, applicable as of 1 January 2018
- IFRS 16 Leases 3, applicable as of 1 January 2019
- Amendments in IAS 7 Statement of cash flows– initiative in information disclosure 3, applicable as of 1 January 2017
- Amendments in IAS 12 Income taxes – Recognition of deferred tax assets for unrealised losses, applicable as of 1 January 2017
- Amendments in IAS 40 Investment property– Reclassification of investment property, applicable as of 1 January 2018
- IFRIC 22 Foreign currency transactions and advance consideration3, applicable as of 1 January 2018
- Annual improvements to IFRS 2014-2016 cycle (published in December 2016), applicable as of 1 January 2017 and 1 January 2018

1.5. Stock exchange performance of Montea share

STOCK MARKET PERFORMANCE	31/12/2016	31/12/2015
Share price (€)		
At closing	46,37	39,20
Highest	48,42	40,00
Lowest	35,10	33,08
Average	42,36	36,75
Net asset value per share (€)		
EPRA NNAV	25,31	22,60
EPRA NAV	27,80	25,22
Premium (%)	**66,8%**	0,55
Dividend return (%)	**4,5%**	0,05
Dividend (€)		
Gross	2,09	2,03
Net	1,46	1,48
Volume (number of securities)		
Average daily volume	7.717	4.156
Volume of the period	1.983.235	1.059.158
Number of shares	**9.951.884**	**9.211.701**
Market capitalisation (K €)		
Market capitalisation at closing	461.469	361.099
Ratios (%)		
Velocity	19,93%	11,83%

Dividend yield (%): Gross dividend divided by the stock price at the end of the period
"Velocity": Volumefort he periode divided by the number of shares

Based on the closing price on 31/12/2016 (€ 46.37) the Montea shares were listed 66,8% above the value of the EPRA NAV[34].

Montea's board of directors will propose to the General Meeting of Shareholders that a gross dividend be paid of € 2.11 gross per share (€ 1.48 net per share).

1.6. Significant events after the balance sheet date

There were no significant events after the balance sheet date.

1.7. Transactions between affiliated parties

There were no transactions between affiliated parties in 2016.

[34] *EPRA NAV per share: the EPRA NAV per share is the EPRA NAV based on the number of shares outstanding at the balance sheet date. Cfr www.epra.com.

1.8. EPRA Performance measures

A. EPRA result

	(in EUR X 1 000)	**31.12.2016**	**31.12.2015**
	Net result (IFRS)	**36.321**	**24.010**
	Changes for calculation of the EPRA result		
	To exclude:		
(i)	Variations in fair value of the investment properties and properties for sale	-4.788	-2.470
(ii)	Result on sale of investment properties	-8.131	-5
(vi)	Variations in fair value of the financial assets and liabilities	616	-438
	EPRA result	**24.018**	**21.097**
	Weighted average number of shares	9.722.190	9.012.751
	EPRA result per share (€/share)	**2,47**	**2,34**

EPRA NAV

	(in EUR X 1 000)	**31/12/2016**	**31/12/2015**
	IFRS NAV	**251.846**	**208.157**
	NAV per share (€/share)	**25,31**	**22,60**
	Effect of exercise of options, convertible debt and other equity instruments		
	Diluted net asset value after effect of exercise of options, convertible debt and other equity instruments	**251.846**	**208.157**
	To exclude		
(iv)	IV. Fair value of financial instruments	24.804	24.188
	EPRA NAV	**276.651**	**232.345**
	Number of shares in circulation per end period	9.951.884	9.211.701
	EPRA NAV per share (€/share)	**27,80**	**25,22**

EPRA NNNAV

	(in EUR X 1 000)	**31/12/2016**	**31/12/2015**
	EPRA NAV	**276.651**	**232.345**
	Number of shares in circulation per end of period	9.951.884	9.211.701
	EPRA NAV (€/share)	**27,80**	**25,22**
	To add:		
(i)	I. Fair value of financial instruments	-24.804	-24.188
(ii)	II. Revaluations of the fair value of financials with fixed interest rate	-	-
	EPRA NNNAV	**251.846**	**208.157**
	Number of shares in circulation per end of period	9.951.884	9.211.701
	EPRA NNNAV (€/share)	**25,31**	**22,60**

EPRA VACANCY RATE (in EUR X 1 000)	(A) Estimated rental value (ERV) for vacancy	(B) Estimated rental value portfolio (ERV)	(A/B) ERPA vacancy ratio (in %)	(A) Estimated rental value (ERV) for vacancy	(B) Estimated rental value portfolio (ERV)	(A/B) ERPA vacancy ratio (in %)
	31/12/2016	31/12/2016	31/12/2016	31/12/2015	31/12/2015	31/12/2015
Belgium	429	19.724	2,2%	874	15.714	5,6%
France	-	7.175	0,0%	276	10.228	2,7%
The Netherlands	-	11.659	0,0%	-	8.680	0,0%
TOTAL	**429**	**38.558**	**1,1%**	**1.150**	**34.623**	**3,3%**

1.9. Detail of the calculation of the APMs used by Montea[35]

PORTFOLIO RESULT (in EUR X 1 000)	31/12/2016	31/12/2015
Result on sale of property investments	8.131	5
Variations in fair value of property investments	4.788	2.470
PORTFOLIO RESULT	**12.919**	**2.475**

FINANCIAL RESULT exc. variations in fair value of financial instruments (in EUR X 1 000)	31/12/2016	31/12/2015
Financial result	-12.396	-7.578
To exclude:		
Variations in faire value of financial assets & liabilities	616	-438
FINANCIAL RESULT exc. variations in fair value of financial instruments	**-11.780**	**-8.016**

[35] Exclusive of the EPRA measures, some of which are considered as an APM, and are calculated under Chapter 1.8 EPRA Performance measures.

OPERATING MARGIN (in EUR X 1 000)	31/12/2016	31/12/2015
Net rental result	40.518	34.290
Operating result (before the result on portfolio)	36.304	29.437
OPERATING MARGIN	**89,6%**	**85,8%**

AVERAGE COST OF DEBT (in EUR X 1 000)	31/12/2016	31/12/2015
Financial result	-10.296	-7.578
Variations in fair value of assets and financial liabilities	616	-438
TOTAL FINANCIAL DEBT (A)	-10.912	-7.140
AVERAGE OUTSTAND FINANCIAL DEBT (B)	324.766	261.185
AVERAGE COST OF DEBT (A/B) (*)	**3,0%**	**3,1%**

(*) exc. the one-off financial cost of the settlement of an IRS

HEDGE RATIO (in EUR X 1 000)	31/12/2016	31/12/2015
Notional amount of interest rate swaps	242.500	155.000
Financial debt at fixed interest rate	774	1.598
Bonds at fixed interest rate	85.000	85.000
Financial debts at balance date at fixed rate and hedging instruments (A)	**328.274**	**241.598**
Long-term and short-term financial debt (IFRS)	295.906	294.598
Financial debts balance date at fixed rate and floating rate (B)	**295.906**	**294.598**
HEDGE RATIO (A/B)	***111%***	***82%***

1.10. Principal risks, uncertainties and outlook

1.10.1. Principal risks and uncertainties[36]

The Board of Directors of the statutory business manager of Montea and management are fully aware of the interest of developing and maintaining sound governance and, as a result, of retaining a good-quality portfolio. Montea imposes strict and clear standards for (i) optimising and improving existing buildings, (ii) commercial management, (iii) the technical management of buildings, and (iv) any investments in the existing buildings. The aim of these criteria is to limit vacancies, as well as to increase the maximum sustainable value of the property portfolio.

The principal risks and uncertainties for the remaining months of the financial year are focused on:

- **Rental risks**

a) Description of the risks

Montea's turnover largely consists of the rent generated by leases to third parties. Non-payment by tenants and a decrease in the occupancy rate may have a negative impact on results.

Montea is moreover exposed to the risk of loss of rental income linked to the departure of tenants before the expiry of their lease. The risk actually entails that it takes longer to find new (suitable) tenants and that the latter moreover demand a lower rent. These elements can have a negative impact on the earnings of Montea. The average term of the leases also determines the risk profile of Montea. This amounts to 7.7 years on 31 December 2016 on the basis of the first expiry date.

b) Management of the risks

Montea actively manages and monitors its existing and future clients in order to minimise vacancies and the turnover of tenants in its property portfolio.

The vast majority of rental income includes annual indexation in the rent (in Belgium, indexation is annual, based on the health index; in France, it is based on the construction cost index[37] while in the Netherlands, indexation is based on the consumer price index). All current lease agreements in France and the Netherlands are subject to movements in the indices mentioned. None of the current rental income is exposed to a reduction in the initial rent as the result of any fall in the index.

Before a new client is accepted, its solvency is checked. On signing each lease agreement, an unconditional bank guarantee is required as a minimum in which the amount guaranteed corresponds with 3 to 6 months of rent. Rent is payable in advance on a monthly, bi-monthly or quarterly basis

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[36] For more information about the strategy implemented by Montea, please see the Half-Yearly Financial Report of 30/06/2016 and the Annual Report of 31/12/2015. Where necessary, Montea's policy will be adjusted based on the risk factors described.

[37] ICC – indice de coût de construction.

In the context of an alliance with third parties (project developers, landowners, etc.), Montea positions itself as an active partner in property development. In doing so, Montea aims to have a lease agreement already in place with a tenant prior to commencing the construction of a new development. Montea has no plans to become involved in speculative development projects (so-called "blank" projects, where there are no tenants arranged in advance).

In the property sector, Montea targets primarily logistics real estate (storage and transhipment of goods) and tries to spread its risk in terms of type of tenant/sector and geographic location.

➢ Management of the property portfolio

a) Description of the risks

The Montea team, potentially assisted by external consultants, is responsible for the daily management of the buildings, handles the technical management of the property portfolio[38] and presents efficient and flexible solutions for improving the portfolio's quality and sustainability. Moreover, the team will make every effort to proactively minimise any possible vacancies.

The internal team follows up the operational management of the technical maintenance of the buildings, as well as the coordination of the ongoing construction and renovation. The team submits a maintenance and renovation schedule to the Board of Directors for the purpose of securing optimal long-term portfolio profitability.

Taking its relatively small team into account, the Company is exposed to an organisational risk if certain staff members in a key position were to leave. The unexpected departure of some staff members could have adverse consequences for the development of the Company and could entail additional management costs.

b) Management of the risks

Montea conducts a policy whereby the vast majority of its building management costs are passed on to its tenants. In 2016, there were € 920 K of costs that could not be passed on to tenants. € 5.9 million was also invested in improvement works to the existing portfolio. This amount corresponds to 1.11% of the fair value of the property portfolio.

If certain employees who occupy key positions should leave, Montea can fill those vacancies temporarily through outsourcing. Montea offers a pay package in line with the market and provides additional courses and seminars on a regular basis so that its employees can get further training in their field.

[38] However, Montea is assisted by external partners in carrying out certain tasks. Montea continues to take responsibility for these areas and also handles coordination.

➢ Liquidity and financing risk

a) Description of the risks

The liquidity risk takes the form of Montea running the risk at a given moment in time of not having the necessary cash resources and no longer being able to obtain the required financing to meet its short-term debts.

On 31 December 2016, Montea had a total of € 235 million in lines of credit, of which € 185.1 million was already drawn down. During 2017, only € 10 million of these lines of credit fall due and will have to be repaid or refinanced.

b) Management of the risks

The liquidity and financing risk is restricted by:

- The diversification of funding sources: the total financial debt, excluding rental guarantees received, consists 63% of lines of credit drawn down and 37% of debenture loans;
- The diversification of the drawn down lines of credit with six financial institutions (ING, Belfius, BNP Paribas Fortis, KBC, Bank Degroof and Banca Monte Paschi); this diversification provides attractive financial market terms;
- Term of financial debt. Montea is currently analysing its debt situation so that it can be prepared, prior to the maturity dates of its lines of credit, to refinance its debt on terms that are in line with the market.

To prevent a future liquidity problem, Montea is currently taking action to secure in good time the funding, required for the further growth of the portfolio. The company currently foresees no problem in securing further funding sources in order to maintain the balance between the funding cost, as well as the term and the diversification of these funding sources.

➢ Risks associated with changes in interest rates

a) Description of the risks

The short-term and/or long-term rates on the (international) financial markets are subject to significant fluctuations.

With the exception of lease agreements[39] and 3 of the 4 debenture loans,[40] all of Montea's financial debts have been agreed at a variable interest rate (bilateral lines of credit at the EURIBOR 3-month rate).

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[39] Montea has financial debt in relation to a current lease agreement of €0.8 million. This lease agreement expires in 2017. At the time, this agreement was entered into with a fixed quarterly payment (including the interest charge).

[40] In 2014 Montea issued a debenture loan with a fixed interest rate of 3.355% and in 2013 one at a fixed interest rate of 4.107%. For more information, please refer to the press releases of 20/05/2014 and 24/06/2013. In 2015, Montea issued two additional debenture loans of €25 million each, one with a variable EURIBOR 3-month interest rate + 205 bps, and one with a fixed interest rate of 3.42%. For more information on these 2 last issues, please refer to the press release of 26/06/2015 or www.montea.com.

b) Management of the risks

To hedge the risk of increases in interest rates, Montea conducts a policy whereby part of its financial debt is covered by interest rate hedging instruments. This prudential policy prevents a rise in nominal interest rates without a simultaneous growth in inflation, resulting in an increase in real interest rates. Any rise in real interest rates cannot be offset by an increase in rental income through indexation. It is also a fact that there is always a time lapse between a rise in nominal interest rates and the indexation of rental income.

Taking account of the lines of credit with variable interest rates, the hedging instruments, the fixed interest rate on the bond loan and the fixed interest rates on the lease agreements, the average interest rate charge in 2016 amounted to 3.0%.

1.10.2. Outlook

- **Economic climate**

  Montea's business is affected partly by the overall economic climate. Lower economic growth can have an indirect effect on occupancy rates and rental income. It can also increase the risk that some tenants may not be able to fulfil their obligations under their lease.

  For Montea, this risk is offset to some extent by the diversification of its revenue streams (e.g. solar panels), as well as its geographical diversification (Belgium, France and the Netherlands) and the signing of leases for longer terms with high-quality clients from a range of different sectors.

  We also see a growing appetite for logistics real estate in Belgium, France and the Netherlands, which puts downward pressure on the investment yields. As a result, Montea has to be involved from the beginning of the project.

- **Specific outlook for Montea**

- Investment pipeline

  In the current climate of yield compression, and taking account of the sound investment policy pursued by Montea, it is more difficult to acquire quality Class A buildings on the basis of reasonable returns. As a result, build-to-suit projects are acquiring increasing importance in our investment portfolio. We expect that the property portfolio will grow to € 650 million in financial year 2017.

- EPRA vacancy rate and term of the leases

  On 31/12/2016, the EPRA vacancy rate amounted to 1.1%, chiefly as a result of the current vacancy at the site in Milmort. Montea's goal is to keep the EPRA vacancy rate below 5%. The average term of leases until the first termination option is 7.7 years. On the basis of already announced growth, Montea expects to maintain the average term for its leases above 7 years by the end of the financial year.

- Financing strategy

  Taking account of the 60% debt ratio restriction, Montea still has an investment capacity of € 124 million. Montea is striving for a diversified financing policy, where the aim is to bring the term of our loans (currently 5.4 years) in line with the term of our leases (currently 7.7 years on average). In December 2016, Montea analysed its debt position, and, prior to the expiry dates of a number of lines of credit, refinanced debts at lower market conditions. We expect the hedge ratio to fall to 8% by the end of 2017 as a result of growth in the portfolio and thus of debt charges.

- Operating margin

  The operating margin amounted to 89.6% on 31/12/2016. On the basis of already announced growth, Montea expects to be able to maintain the operating margin over 89%.

- EPRA results

  On the basis of the EPRA earnings of € 24.0 million in 2016, the coming net income from the acquired projects and, taking account of an estimated extension of certain leases and the letting of currently vacant premises, Montea expects growth of at least 5% in EPRA earnings per share in 2017, in spite of the temporary impact in the beginning of 2017 of the sales in France at the end of 2016.

1.11. Corporate responsibility and sustainable business

As a benchmark player in the logistics and semi-industrial property sector, Montea makes every effort to conduct itself as a socially responsible company. For this reason, Montea is involved in an ongoing improvement process in which economic, environmental and social considerations are systematically taken into account in the way the business is conducted on a day-to-day basis. Montea aims not only to comply with statutory requirements, but through its initiatives and actions, seeks to go further than the legislation in effect.

Montea's management is convinced that taking a responsible approach to these activities is a decisive factor in the company's sustainability.

1.11.1. Further implementation of the "Blue Label" plan

Montea has implemented, together with its outside specialists, its own "Blue Label". The plan encompasses Montea's overall approach with regard to sustainability, both for its existing portfolio and for new investments.

There are various standards worldwide in relation to sustainability for the property sector. The best known of these are: HQE (France), BREEAM (UK standard) and LEED (US standard). Montea has included the most important standards in its "Blue Label" plan.

"Blue Label" includes:

- an efficient approach to energy, water and waste management;
- cost-conscious and proactive maintenance management;
- limiting CO2 emissions;
- creating comfort and safety in the work environment;
- risk management;
- monitoring and improving energy consumption;
- document management and making documents available to customers and partners;
- the repeated screening of the property portfolio and related activities.

1.11.2.Montea places the spotlight on sustainability with the Lean and Green Star (Award & Star)

As a member of the VIL (Flemish Logistics Institute), Montea supports the Lean and Green sustainability programme. Lean and Green encourages and supports companies in making dramatic reductions to their CO2 emissions. Given that Montea is very much involved with sustainability and making its property portfolio sustainable, it was the ideal time to join in with this project.

On 10 December 2013, Montea was presented by the **Lean and Green Award** by Minister Joke Schauvliege for its efforts made regarding the sustainability of its property portfolio.

On 8 May 2015, Montea was the first Belgian property investor to earn the be awarded the **Lean & Green Star** in recognition of reducing CO2 emission in the Belgian portfolio b 26%. The Lean & Green Star certificate was officially issued on 16 June 2015.

By obtaining this additional independent recognition, Montea is able to pass on its sustainability targets to both its partners (contractors, architects, suppliers, etc.) and to its tenants.

At Montea, we are convinced that we, as the owner of logistics buildings, can act as the catalyst to promote the Lean and Green programme with our tenants and in so doing develop a coherent concept on sustainability. DHL Freight, VDAB, Coca-Cola Enterprises Belgium and XPO are all Montea tenants that have received the Lean and Green Award.

Efforts already made for the sustainability of Montea's Belgian property portfolio:

- 156,000 m2 of logistical space has been equipped with energy monitoring systems for the day-to-day evaluation of the energy consumption of tenants (> 50% of the Belgian portfolio);
- 80% of existing buildings have already undergone an in-depth energy scan. Based on these scans, sustainable investments have been carried out (increase insulation values, reduce ventilation losses, increase lighting yields, more effective HVAC systems, etc.);
- A total capacity of 4 MWp in solar panels was placed on the roofs of the portfolio in Belgium, good for the generation of 3,800 MWh, comparable to ca. 1,100 households.
- 108,000 m2 of buildings have been bought or built in which the K-value is lower than K35 (the legal maximum is K=40)

1.11.3. Sustainable development

As a responsible company, Montea is well aware of the potential consequences of its business activities for the environment in the broad sense of the word and as such it subscribes to targets in relation to sustainable development.

The Company undertakes to manage its property assets with respect for the following aspects:

1.11.3.1. Energy management

Montea has developed a rational policy aimed at optimising the use of energy.

In 2012 the programme regarding energy scans was further optimised, along with the implementation of Life Cycle Analyses. On the basis of these detailed analyses and additional energy calculations a complete study was performed for the sites in Mechelen and Puurs.

This study enabled Montea to draw up a full investment programme with these items:
• investments with an immediate impact on energy;
• investments in consultation with the tenant based on its operations;
• refurbishment and replacement investment objectives;
• investments from a commercial point of view.

With this in-depth study Montea confirms its focus on optimising the sustainability and quality of its real estate portfolio.

Montea also took the initiative to equip the sites at Erembodegem, Mechelen, Milmort, Heppignies, Bornem, Herentals, Puurs Schoonmansveld 18 and Grimbergen with a monitoring system. Montea can thus monitor its energy management closely and to make adjustments when there is extreme consumption.

1.11.3.2. Solar panels

From the monitoring mentioned above, the total energy produced from the PV installations is up to the forecast expectations: MWh was produced by the solar panels, representing a saving of 1,100 tonnes of CO_2 emissions.

Depending on their operations, our tenants use up to 90% of the solar energy produced. Each quarter, we inform our tenants about the solar energy generated, as well as the solar energy consumed locally and the financial benefit.

In 2016, 40% of the total consumption of electricity for the Belgian property portfolio consisted of green electricity.

1.11.3.3. Facility Management programme

At the end of 2011, a Facility Management programme was introduced. This programme is an internal management system and also provides tenants with access to a secure “My Montea” web portal. The Facility Management programme features the following applications:

- By using the “work order” module in “My Montea”, Montea is able to monitor and track its work orders and their due dates accurately and then generate reports for each site, project and, if required, each tenant.

- Tenants can also use our "My Montea" web portal to register and monitor all messages/problems/queries themselves so that the service and communication relating to buildings management can run clearly and smoothly.

- For four sites the maintenance module can be used so that maintenance purchase orders relating to these buildings are generated automatically and the maintenance can be tracked in detail. In 2013, a maintenance plan will be implemented for all sites.

Implementation of the Facility Management programme fits in perfectly with the "Blue Label" plan and the transparency that Montea wishes to give its tenants and partners.

1.11.3.4. Waste management

Montea encourages its tenants to sort their waste, making separate containers available and offering solutions for waste collection.

1.12. Statement on compliance with certain bond issue covenants

In compliance with article 5.11 of the issue terms for the bonds issued on 28 June 2013 (totalling € 30 million), on 28 May 2014 (totalling € 30 million), and on 30 June 2015 (totalling € 50 million), Montea will make a statement in its consolidated annual and half-yearly figures regarding the compliance with certain covenants imposed in art. 5.10 of these issue terms.

Montea declares that:

- The consolidated debt ratio is 51.6%, thereby making it below the 65% mark required in Article 5.10 point (d) of the information memorandum of the debenture loans issued in 2013 and 2014 and Article 5.10 point (c) of the information memorandum of the debenture loans issued in 2015;
- The "Interest Cover" is 3.00, thereby making it higher than 1.5 as required in Article 5.10 point (e) of the information memorandum of the debenture loans issued in 2013 and 2014 and Article 5.10 point (d) of the information memorandum of the debenture loans issued in 2015.

2. Forward-looking statements

This press release also contains a number of statements focused on the future. Statements such as these are subject to risks and uncertainties that may result in the actual results differing substantially from the results that might have been expected from the forward-looking statements made in this press release. Some of the major factors that may affect these results include changes to the economic situation, as well as commercial and competitive circumstances resulting from future court rulings or changes to legislation.

3. Financial calendar

- 21/02/2017 Annual results on 31/12/2016
- 16/05/2017 General meeting of shareholders
- 16/05/2017 Interim statements on 31/03/2017
- 19/05/2017 Ex date
- 22/05/2017 Record date
- 23/06/2017 Pay date (rights distribution)
- 08/08/2017 Half-yearly report 30/06/2017
- 07/11/2017 Interim statements 30/09/2017

This information is also available on our website www.montea.com.

About MONTEA "SPACE FOR GROWTH"

Montea Comm. VA is a public property investment company (PPIC – SIIC) under Belgian law specialising in logistical property in Belgium, France and the Netherlands, where the company is a benchmark player. Montea literally offers its customers room to grow by providing versatile, innovative property solutions. In this way, Montea creates value for its shareholders. Montea was the first Belgian property investor to be awarded the Lean & Green Star in recognition of effectively reducing CO2 emissions in the Belgian portfolio by 26%. On 31/12/2006 Montea's property portfolio represented total space of 782,978 m² across 46 locations. Montea Comm. VA has been listed on NYSE Euronext Brussels (MONT) and Paris (MONTP) since 2006.

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FOR MORE INFORMATION

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ANNEX 1: Consolidated overview of the income statement on 31/12/2016

	CONSOLIDATED PROFIT & LOSS ACCOUNT (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months
I.	Rental income	41.833	35.438
II.	Write-back of lease payments sold and discounted	0	0
III.	Rental-related expenses	-1.315	-1.148
	NET RENTAL RESULT	**40.518**	**34.290**
IV.	Recovery of property charges	0	**0**
V.	Recovery of charges and taxes normally payable by tenants on let properties	4.942	4.832
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
VII.	Charges and taxes normally payable by tenants on let properties	-5.863	-5.824
VIII.	Other rental-related income and expenses	1.660	1.565
	PROPERTY RESULT	**41.258**	**34.864**
IX.	Technical costs	-122	-114
X.	Commercial costs	-257	-233
XI.	Charges and taxes of un-let properties	-31	-102
XII.	Property management costs	-590	-839
XIII.	Other property charges	-43	-43
	PROPERTY CHARGES	**-1.043**	**-1.332**
	PROPERTY OPERATING RESULT	**40.215**	**33.532**
XIV.	General corporate expenses	-3.769	-4.037
XV.	Other operating income and expenses	-142	-58
	OPERATING RESULT BEFORE PORTFOLIO RESULT	**36.304**	**29.437**
XVI.	Result on disposal of investment properties	8.131	5
XVII.	Result on disposal of other non-financial assets	0	0
XVIII.	Changes in fair value of investment properties	4.788	2.470
XIX.	Other portfolio result	0	0
	OPERATING RESULT	**49.223**	**31.912**
XX.	Financial income	656	581
XXI.	Net interest charges	-12.308	-8.556
XXII.	Other financial charges	-128	-41
XXIII.	Change in fair value of financial assets & liabilities	-616	438
	FINANCIAL RESULT	**-12.396**	**-7.578**
XXIV.	Share in the result of associates and joint ventures	0	0
	PRE-TAX RESULT	**36.827**	**24.334**
XXV.	Corporation tax	-506	-324
XXVI.	Exit tax	0	0
	TAXES	**-506**	**-324**
	NET RESULT	**36.321**	**24.010**
	Attributable to:		
	Shareholders of the parent company	36.321	24.010
	Minority interests	0	0
	EPRA EARNINGS	**24.018**	**21.097**
	Number of shares in circulation at the end of the period	9.951.884	9.211.701
	Weighted average of number of shares of the period	9.722.190	9.012.751
	EPRA earnings per share (EUR)	**2,47**	**2,34**

ANNEX 2: Consolidated overview of the balance sheet on 31/12/2016

		CONSOLIDATED BALANCE SHEET (EUR x 1.000)	31/12/2016	31/12/2015
I.		**NON-CURRENT ASSETS**	**545.462**	**517.686**
	B.	Intangible assets	189	214
	C.	Investment properties	535.136	506.934
	D.	Other tangible assets	10.098	10.500
	G.	Trade receivables and other non-current assets	39	38
II.		**CURRENT ASSETS**	**49.297**	**31.999**
	A.	Assets held for sale	7.721	0
	D.	Trade receivables	10.499	7.691
	E.	Tax receivables and other current assets	6.607	4.069
	F.	Cash and cash equivalents	3.350	4.930
	G.	Deferred charges and accrued income	21.121	15.309
		TOTAL ASSETS	**594.759**	**549.685**
		TOTAL SHAREHOLDERS' EQUITY	**251.965**	**208.256**
I.		**Shareholders' equity attributable to shareholders of the parent company**	**251.846**	**208.157**
	A.	Share capital	200.282	185.288
	B.	Share premiums	32.439	20.893
	C.	Reserves	-17.196	-22.035
	D.	Net result of the financial year	36.321	24.010
II.		**Minority interests**	**118**	**100**
		LIABILITIES	**342.794**	**341.429**
I.		**Non-current liabilities**	**310.381**	**291.354**
	B.	Non-current financial debts	285.577	267.165
		a. Credit institutions	175.132	156.333
		b. Financial leasings	184	774
		c. Other	110.261	110.058
	C.	Other non-current financial liabilities	24.804	24.188
	E.	Other non-current liabilities	0	0
II.		**Current liabilities**	**32.413**	**50.075**
	B.	Current financial debts	10.590	27.491
		a. Credit institutions	10.000	26.667
		b. Financial leasings	590	824
		c. Other	0	0
	C.	Other current financial liabilities	0	0
	D.	Trade debts and other current debts	10.848	7.915
		a. Exit taks	2.014	1.455
		b. Other	8.833	6.460
	E.	Other current liabilities	150	3.993
	F.	Accrued charges and deferred income	10.826	10.677
		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**594.759**	**549.685**

ANNEX 3: Consolidated overview of changes to shareholders' equity (€ '000')

CHANGES IN SHAREHOLDERS' EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Minority interests	Shareholders' equity
ON 31/12/2015	**185.288**	**20.893**	**1.222**	**24.010**	**-23.256**	**100**	**208.256**
Elements directly recognized as equity	**14.994**	**11.546**	**1.599**	**0**	**-2.070**	**18**	**26.087**
Capital increase	14.994	11.546	0	0	0	0	26.540
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	2.070	0	-2.070	0	0
Positive change in value of solar panels (IAS 16)	0	0	-720	0	0	0	-720
Own shares	0	0	249	0	0	0	249
Own shares held for employee option plan	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	18	18
Corrections	0	0	0	0	0	0	0
Subtotal	**200.282**	**32.440**	**2.820**	**24.010**	**-25.326**	**118**	**234.344**
Dividends	0	0	-18.700	0	0	0	-18.700
Result carried forward	0	0	24.010	-24.010	0	0	0
Result for the financial year	0	0	0	36.321	0	0	36.321
	0	0	0	0	0	0	0
ON 30/06/2016	**200.282**	**32.439**	**8.130**	**36.321**	**-25.326**	**118**	**251.965**

(1) + (2) The total reserves in the balance sheet under "C. Reserves" consist of the 'Reserves (1)' and of the "Deduction Right of transaction costs (2)"

ANNEX 4: Overview of the consolidated comprehensive income

ABBREVIATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months
Net result	**36.321**	**24.010**
Other items of the comprehensive income	**-2.790**	**-5.230**
Items taken in the result	**-2070**	**-5443**
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	-2.070	-5.443
Changes in the effective part of the fair value of authorized cash flow hedges	0	0
Items not taken in the result	**-720**	**213**
Impact of changes in fair value of solar panels	-720	213
Comprehensive income	**33.531**	**18.780**
Attributable to:		
Shareholders of the parent company	33.531	18.780
Minority interests	0	0

ANNEX 5: Consolidated overview of the cash flow summary (€ '000')

CONSOLIDATED CASH FLOW STATEMENT (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**4.930**	**4.250**
Net result	**36.321**	**24.010**
Financial cash elements (not dedectable of the net profit) to become the operating result	**11.780**	**8.016**
Received interests	-656	-581
Payed interests on finances	12.436	8.597
Received dividends	0	0
Taxes (dedected from the net result) to become the operating result	**506**	**324**
Non-cash elements to be added to / deducted from the result	**-12.598**	**-2.774**
Depreciations and write-downs	**211**	**139**
Depreciations/write-downs (or write-back) on intangible and tangible assets (+/-)	200	196
Write-downs on current assets (+)	11	2
Write-back of write-downs on current assets (-)	0	-59
Other non-cash elements	**-12.808**	**-2.913**
Changes in fair value of investment properties (+/-)	-4.788	-2.470
IAS 39 impact (+/-)	616	-438
Other elements	0	0
Realized gain on disposal of investment properties	-8.131	-5
Provisions	0	0
Taxes	-506	0
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**36.009**	**29.576**
Change in working capital requirements	**-11.920**	**1.880**
Movements in asset items	**-11.159**	**-3.047**
Trade receivables	-1	-1
Other long-term non-current assets	-2.808	4.762
Other current assets	-2.538	-2.483
Deferred charges and accrued income	-5.812	-5.327
Movements in liability items	**-762**	**4.927**
Trade debts	2.865	-2.487
Taxes, social charges and salary debts	68	2.861
Other current liabilities	-3.843	3.205
Accrued charges and deferred income	149	1.347
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**29.018**	**31.456**
Investment activities	**-23.498**	**-85.177**
Acquisition of intangible assets	-66	-180
Investment properties and development projects	-31.174	-85.843
Other tangible assets	-55	-93
Solar panels	-330	-2.841
Disposal of investment properties	8.127	3.780
Disposal of superficy	0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**-23.498**	**-85.177**
FREE CASH FLOW (A+B)	**5.520**	**-53.721**
Change in financial liabilities and financial debts	**1.502**	**66.073**
Increase (+)/Decrease (-) in financial debts	1.511	66.511
Increase (+)/Decrease (-) in other financial liabilities	-9	-438
Increase (+)/Decrease (-) in trade debts and other non-current liabilities	0	0
Change in other liabilities	**0**	**0**
Increase (+)/Decrease (-) in other liabilities	0	0
Increase (+)/Decrease (-) in other debts	0	0
Change in shareholders' equity	**8.108**	**595**
Increase (+)/Decrease (-) in share capital	14.994	9.227
Increase (+)/Decrease (-) in share premium	11.546	6.243
Increase (+)/Decrease (-) in consolidation differences	0	0
Increase (+)/Decrease (-) in minority interests	19	0
Dividends paid	-18.700	-15.262
Increase (+)/Decrease (-) in reserves	249	387
Increase (+)/Decrease (-) in changes in fair value of financial assets/liabilities	0	0
Disposal of treasury shares	0	0
Dividend paid (+ profit-sharing scheme)	**0**	**0**
Interim dividends paid (-)	0	0
Financial cash elements	**-11.780**	**-8.016**
NET FINANCIAL CASH FLOW (C)	**-2.170**	**58.651**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (A+B+C)	**3.350**	**4.930**

ANNEX 6: Independent expert's report on 31/12/2016[41]

Conclusions of the real-estate expert coordinator

To the Board of Directors Montea Comm VA openbare GVV
Industrielaan 27 bus 6
9320 Erembodegem

Dear Sirs,

Re : Valuation of the real-estate portfolio of Montea as at 31st December 2016.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on B-REITs, Montea has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2016. We have been mandated to value the entire portfolios in Belgium, The Netherlands and France. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. We benefit from sufficient knowledge of the property markets in which Montea is active, as well as the required professional qualifications and recognition to fulfil this assignment. The mission of the valuer has been carried out in full independence.

Consistently with market practice, our mission has been carried out on the basis of information provided by Montea, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete. As specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials. These elements are well known by Montea, which carries out a technical and legal due diligence prior to the acquisition of each property.

Opinion

The investment value is defined as the most likely value that could reasonably be obtained on the date of valuation in normal sales conditions between willing and well-informed parties before deduction of transaction costs.

As our principal valuation method we have adopted a static capitalisation approach and also carried out a simple "sanity check" in terms of price per square meter.

The static capitalisation is carried out in the form of a "Term and Reversion" valuation, with the current income based on contractual rents capitalised until the end of the current contract, and the ERV capitalised in perpetuity and brought to a net present value. It should be noted that this method of valuation applies a multiplier to the current and future expected rent that is based on analysis of sales of comparable properties in the market. The multiplier depends on the yield that investors require when acquiring in this market. The yield reflects the risks intrinsic to the sector (future voids,

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[41] The full report from the property assessor dated 31/12/2016 was not included in this annual report, but only the conclusions. This is because the full report contains confidential information that may be of interest to competitors.

credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

• Non-recovered charges or taxes in a market where recovery from the tenant is usual;
• Renovation work or deferred repairs necessary at the date of valuation in order to continue to receive the rent;
• Unusual outgoing costs.
• Concession deeds
• Development potential

It is important to understand the distinction between this "capitalisation" approach and the discounted cash flow method where future growth and inflation are explicit. This difference is why discount rates in a discounted cash flow valuation are higher than yields in a static capitalisation approach.

The yields used are based on the valuer's judgement in comparison with evidence of comparable sales. Factors in the market that determine yield are numerous, and different factors are of importance to different buyers. The following criteria are often taken into account: the quality of the tenant and duration of the lease, the location, the state of repair, the age and the architectural quality of the building and also the efficiency of the building (gross to net ratio/parking ratio).

Ultimately it is supply and demand in the investment market that determines the price. For the financial accounting of a B-REIT and in accordance with the IAS/IFRS norms it is common practice to use the fair value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the fair value can be obtained by subtracting 2,5% transaction costs from properties with an investment value of more than € 2.500.000. For properties with an investment value under € 2.500.000 registration duties of 10% or 12,5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2016 amounts to a total of

558.167.400 €
(Five hundred and fifty eight million one hundred sixty seven thousand and four hundred Euros);

This amount includes the investment value of the buildings in Belgium, The Netherlands and France.

The most likely sale value corresponding to the fair value of the consolidated Montea property portfolio as at 31st December 2016 amounts to a total of

532.827.600 €
(Five hundred thirty two million eight hundred and twenty seven thousand and six hundred Euros);

this amount includes the fair value of the buildings in Belgium, The Netherlands and France.

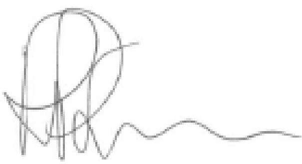
On this basis, the initial yield of the portfolio is 7,01%.

The property portfolio comprises:

31/12/2016	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium	7,27%	20.051.934 €	21.690.586 €	19.914.215 €	275.856.500 €	269.128.400 €	251.623.500 €
The Netherlands	6,38%	11.565.044 €	11.658.760 €	11.658.760 €	181.131.200 €	169.281.600 €	169.281.600 €
France	7,43%	7.514.800 €	7.514.800 €	7.174.535 €	101.179.700 €	94.417.600 €	94.417.600 €
TOTAL	7,01%	39.131.778 €	40.864.146 €	38.747.509 €	558.167.400 €	532.827.600 €	515.322.700 €

Yours sincerely,

Brussels, 10th February 2017



R.P. Scrivener FRICS
National Director
Head of Valuation and Consulting
On behalf of Jones Lang LaSalle

ANNEX 7: Overview of the property portfolio on 31/12/2016

	Construction year / Year most important renovations	Offices m²	Warehouses m²	Total m²	Contracted Rent Income	Estimated Rental Value (*)	Occupancy rate (as % of total m²)
Belgium							
AALST (ABDEFG), TRAGEL 48-58	1975 - 2002 - 2009	2.098	16.606	18.704	599.668	597.440	100,0%
AALST (CHIJ), TRAGEL 48-58	2002 - 2009	540	19.017	19.557	1.239.397	858.762	100,0%
AALST (KLM), TRAGEL 48-58	1985 - 2009	1.397	4.591	5.988	278.313	255.615	100,0%
BORNEM, INDUSTRIEWEG 4-24	1977 - 2016	1.437	13.163	14.600	598.915	573.855	100,0%
GRIMBERGEN, EPPEGEMSESTWG 31-33	1980 - 1995 - 1996 - 2003 -2014	2.033	31.136	33.169	1.198.311	1.392.784	98,4%
HOBOKEN SMALLANDLAAN 7	2001	402	3.836	4.238	125.000	85.980	100,0%
NIJVEL, RUE DE L'INDUSTRIE	2000	1.385	12.649	14.034	385.842	552.325	100,0%
PUURS, SCHOONMANSVELD 18	1998	1.334	11.907	13.241	874.327	583.000	100,0%
EREMBODEGEM, INDUSTRIELAAN 27	1973 - 2007	3.457	13.316	16.773	889.677	840.380	99,3%
MECHELEN, ZANDVOORTSTRAAT 16	1984 - 1990 - 1998 - 2013	1.979	27.246	29.225	1.169.534	941.030	100,0%
VORST, HUMANITEITSln 292, SITE LIPTON	1984 - 2007	778	4.819	5.597	351.226	254.220	100,0%
VORST, HUMANITEITSln 292, SITE CM	1966 - 2007 - 2014	0	7.150	7.150	363.938	286.000	100,0%
VORST, HUMANITEITSln 292, SITE RESTAURANT (STATION)	1971 - 1995	2.110	0	2.110	0	189.900	0,0%
VORST, HUMANITEITSln 292, SITE METRO	2015	0	3.850	3.850	551.296	269.500	100,0%
VORST, HUMANITEITSln 292, SITE CdS	2016	0	10.505	10.505	500.730	457.900	100,0%
MILMORT, AVENUE DU PARC INDUSTRIEL	2000	1.225	29.112	30.337	566.359	1.090.095	53,6%
HEPPIGNIES, RUE BRIGADE PIRON	2011	730	13.381	14.111	811.199	564.830	100,0%
ZAVENTEM, BRUCARGO 830	2012	4.328	23.951	28.279	2.156.811	1.999.390	100,0%
ZAVENTEM, BRUCARGO 831	2013	1.896	7.891	9.787	629.257	677.685	100,0%
GENT, EVENSTUK	2013 - 2016	755	48.154	48.909	1.707.748	1.862.778	100,0%
ZAVENTEM, BRUCARGO 763	1995 -1999 / 2007 / 2009	1.198	4.875	6.073	274.000	333.215	100,0%
GENT, KORTE MATE	2011	1.012	12.024	13.036	663.241	608.620	100,0%
ZAVENTEM, BRUCARGO 738-1	2014	1.574	4.471	6.045	482.142	488.775	100,0%
WILLEBROEK, DE HULST SITE NEOVIA	2014	512	21.500	22.012	0	953.940	100,0%
WILLEBROEK, DE HULST SITE DACHSER	2014	1.652	7.381	9.033	1.019.849	844.155	100,0%
WILLEBROEK, DE HULST SITE FEDERAL MOGUL	2016	789	28.328	29.117	1.416.422	1.334.490	100,0%
EREMBODEGEM, WATERKERINGSTRAAT 1	2016	1.516	14.423	15.939	996.573	951.851	100,0%
Total Belgium		**36.137**	**395.282**	**431.419**	**19.849.775**	**19.848.515**	**96,6%**
France							
SAVIGNY LE TEMPLE, RUE DU CHROME	1992 / 2007	646	15.650	16.296	621.861	602.952	100,0%
FEUQUIERES, ZI DU MOULIN 80	1995 - 1998 - 2000	763	8.230	8.993	358.000	247.308	100,0%
ROISSY, RUE DE LA BELLE ETOILE 280	1990 - 2001	737	3.285	4.022	312.885	281.540	100,0%
BONDOUFLE, RUE HENRI DUNANT 9-11	1990	1.307	2.678	3.985	236.353	239.100	100,0%
DECINES-CHARPIEU, RUE ARTHUR RIMBAUD 1	1996	1.108	2.713	3.821	374.396	293.080	100,0%
LE MESNIL AMELOT, RUE DU GUE 4	1992 - 2015	1.375	7.241	8.616	832.941	775.422	100,0%
ALFORTVILLE, LE TECHNIPARC	2001	0	1.995	1.995	220.490	219.450	100,0%
ROISSY, RUE DE LA BELLE ETOILE 383	2001	1.965	4.492	6.457	640.211	615.885	100,0%
LE MESNIL AMELOT, RUE DU GUE 1-3	1998	1.211	4.043	5.254	492.692	472.860	100,0%
SAINT PRIEST, RUE NICEPHORE NIEPCE	2008	1.000	15.803	16.803	600.000	662.544	100,0%
MARENNES, LA DONNIERE	1998 - 2000 / 2001	524	19.965	20.489	860.538	860.538	100,0%
SAINT-LAURENT-BLANGY, ACTIPARK	2006	747	18.828	19.575	635.558	604.856	100,0%
SAINT-MARTIN-DE-CRAU	2002	1.300	18.445	19.745	825.274	795.400	100,0%
SAINT PRIEST, PARC DES LUMIERES	2006	988	9.084	10.072	503.600	503.600	100,0%
Total France		**13.671**	**132.452**	**146.123**	**7.514.799**	**7.174.535**	**100,0%**
Netherlands							
ALMERE, STICHTSE KANT	2008	510	25.338	25.848	1.195.410	1.291.901	100,0%
WADDINXVEEN, EXPORTWEG	2009	2.069	17.380	19.449	970.990	1.033.745	100,0%
OSS, VOLLENHOVERMEER	2014	680	26.825	27.505	1.044.328	1.218.225	100,0%
BEUNINGEN, ZILVERWERF	2009	2.987	14.908	17.895	1.035.436	909.753	100,0%
S HEERENBERG, DISTRIBUTIEWEG	2009	2.376	20.593	22.969	1.384.815	1.391.685	100,0%
HEERLEN, BUSINESS PARK AVENTIS	2015	4.787	9.273	14.060	1.460.804	1.176.973	100,0%
APELDOORN, IJSELDIJK	2011	701	8.308	9.009	553.538	617.128	100,0%
TILBURG, GESWORENHOEKSEWEG	2004	1.546	19.150	20.696	1.001.874	1.078.210	100,0%
Aalsmeer, Japanlaan	2016	1.097	29.653	30.750	1.717.488	1.873.040	100,0%
Total Netherlands		**17.203**	**188.233**	**205.436**	**11.564.682**	**11.658.759**	**100,0%**
Total		**67.011**	**715.967**	**782.978**	**38.929.257**	**38.681.809**	**98,1%**

ANNEX 8: Auditor's report

The statutory auditor, Ernst & Young Bedrijfsrevisoren, represented by Joeri Klaykens, confirms that their control activities on the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union, have been substantially completed and that these did not result in any significant corrections that should be made to the accounting figures, resulting from the consolidated financial statements and included in this press release.