

Annual Financial Press Release

From the statutory manager for the period from
01/01/2018 to 31/12/2018

REGULATED INFORMATION
EMBARGO UNTIL 21/02/2019 – 7:30 AM



Solid results based upon portfolio growth of €193 million (+27%) in financial year 2018:

- ✓ EPRA result per share of €2.95, an increase of 14% compared with 2017 (€2.58)
- ✓ Proposed gross dividend of €2.26 per share, an increase of 4% compared with 2017 (€ 2,17)
- ✓ Fair value of the property portfolio of €912 million, a growth of €193 million or 27% compared with 2017 (€719 million)
- ✓ Strong portfolio fundamentals with an occupancy rate of 99.1% and average term of leases on first expiry date of 8.5 years (exclusive of term of solar panel certificates)
- ✓ Debt ratio of 51.3% on 31 December 2018 (set to rise to 53.5% on 1/01/2019 when IFRS 16 enters into force)

Outlook for 2019:

- ✓ EPRA earnings per share grow by 5%
- ✓ Dividend per share grows in line with the growth of EPRA earnings per share, i.e. 5%, on the basis of a payout ratio of 80%
- ✓ Growth of the property portfolio by €177.5 million - of which 83% or € 147.5 million is already identified - to €1.09 billion
- ✓ Occupancy rate remains above 97.5%. Average term of leases on first due date more than 7.5 years
- ✓ Further lowering of the average cost of debt to 2.4%

Summary

1. The EPRA earnings¹ amounted to €35.7 million in 2018, an increase of 33% compared with the EPRA earnings of €26.8 million in 2017. This increase was attained thanks to the growth of the portfolio in 2017 and 2018 with a positive impact on the net rental income in 2018.

The net rental income rose by 22% (from € 40.8 million in 2017 to €49.9 million in 2018) mainly thanks to the recent acquisitions of new properties and delivered developments, which generate additional rental income.

2. The EPRA earnings per share² amounted to € 2.95 in 2018, an increase of €14.3 compared with 2017 (€2.58).

3. The net result (IFRS) amounted to €64.6 million, driven also by an increase in the fair value of the real estate portfolio of € 32.0 million. The net result (IFRS) per share amounted to € 5.34 compared with € 3.52 per share in 2017 (an increase of 52%).

4. The board of directors of the statutory manager of Montea will propose to the general meeting of shareholders to pay out a gross dividend of €2.26 per share, an increase of 4% compared with 2017. The payout ratio, calculated on the basis of the EPRA earnings, amounted to 81% in 2018.

5. An additional investment volume of €193.1 million (incl. increase of the fair value of the existing portfolio by € 32.0 million) was realized in the course of 2018, whereby the fair value of the real estate portfolio, including developments and solar panels, rose by 27% (from (€ 718.7 million at the end of 2017 to € 911.8 million at the end of 2018). The fair value of the real estate portfolio including developments and solar panels amounted to €446.2 in Belgium, €139.0 million in France and €326.6 million in the Netherlands.

6. The occupancy rate rose to 99.1% from 97.9% at the end of September 2018 as a result of the letting of vacant units in Willebroek to Decathlon. Vacant offices, like in Willebroek, were let to TG-H Benelux.

7. The average term of leases until the first termination option remained stable at 8.5 years (8.6 years at the end of September 2018).

8. The debt ratio amounted to 51.3% on 31/12/2018, compared with 51.2% at the end of September 2018. The debt ratio on 1/01/2019 will rise to ca. 53.5% due to the application of IFRS 16.

IFRS 16 is applicable to financial years that commence on or after 1/01/2019 and entails that leasing obligations (such as leases and concession agreements) must be expressed in the leaseholder's balance sheet by entering a right of use as investment property and a related leasing liability as a long-term liability. There are no changes for Montea, as property owner and lessor, regarding the valuation of the real estate portfolio, and Montea will continue to value its real estate portfolio at the fair value in accordance with IAS 40.

¹ In accordance with the guidelines recently adopted by the European Securities and Markets Authority (ESMA – European Securities and Markets Authority), the Alternative Performance Measures (APMs) used by Montea will be 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 EPRA performance measures and other APMs which are used by Montea, are set out in Chapter 1.8 and 1.9 of this press release.

² The EPRA earnings per share refer to earnings based on the weighted average number of shares.

In spite of the fact that Montea is primarily a lessor, it also acts as a lessee for the concession agreements on plots of land for which it is not the bare owner. For such concession agreements, Montea will enter a right of use as a property investment and a related leasing liability as a long-term liability in the balance sheet as of 1/01/2019, which will have an impact of ca. 2.2% on the debt ratio (an increase from 51.3% to 53.5%).

9. Taking into account the results of the fourth quarter of 2018, the outlook for Montea in 2019 is as follow

- ❑ EPRA earnings per share grow by 5%
- ❑ Dividend per share grows in line with the growth of EPRA earnings per share, i.e. 5%, on the basis of a payout ratio of 80%
- ❑ Increase of the property portfolio by €177.5 million - of which 83% (€ 147.5 million) is already identified - to €1.09 billion
- ❑ Occupancy rate remains above 97.5%. Average term of leases on first due date more than 7.5 years
- ❑ Further lowering of the average cost of debt to 2.4%

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1.1 Key figures

		BE	FR	NL	31/12/2018	31/12/2017
					12 months	12 months
Real estate portfolio						
Real estate portfolio - Buildings (1)						
Number of sites		32	16	15	63	54
Surface of the real estate portfolio						
Logistics and semi-industrial warehouses	M ²	616.821	159.084	252.477	1.028.383	886.727
Offices	M ²	55.479	14.898	25.171	95.548	82.221
Total surface	M ²	0	0	96.168	96.168	0
Development potential	M²	672.300	173.982	373.816	1.220.099	968.948
Development potential (m ²) - in portfolio	M ²	169.469	10.000	20.000	199.469	
Development potential (m ²) - in research	M ²	0	0	220.000	220.000	
Development potential (m ²) - in option	M ²	79.137	116.102	355.180	550.419	
Total surface - development potential (m²)	M²	248.606	126.102	595.180	969.888	168.652
Value of the real estate portfolio						
Fair value (2)	K€	423.449	139.034	307.940	870.423	657.518
Investment value (3)	K€	434.126	148.877	329.496	912.499	687.567
Occupancy Rate (4)	%	99,7%	95,0%	100,0%	99,1%	96,3%
Real estate portfolio - Solar panels						
Fair value	K€	12.918	0	98	13.016	12.771
Real estate portfolio - Projects under construction						
Fair value (2)	K€	9.785	0	18.610	28.395	48.439
Consolidated results						
Results						
Net rental result	K€				49.883	40.793
Operating result before the portfolio result	K€				46.053	38.830
Operating margin (5)*	%				92,3%	95,2%
Financial result (excl. Variations in fair value of the financial instruments)						
	K€				-10.239	-11.107
EPRA result (7)*	K€				35.724	26.785
Weighted average number of shares					12.100.327	10.392.676
EPRA result per share (8)*	€				2,95	2,58
Result on the portfolio (9)	K€				31.978	3.972
Variations in fair value of the financial instruments (10)	K€				-3.127	5.791
Net result (IFRS)	K€				64.575	36.548
Net result per share	€				5,34	3,52
Consolidated balance sheet						
IFRS NAV (excl. minority participations) (11)	K€				433.550	332.911
EPRA NAV (12)*	K€				443.735	344.521
Debts and liabilities for calculation of debt ratio	K€				486.902	388.148
Balance sheet total	K€				949.477	748.426
Debt ratio (13)	%				51,3%	51,9%
IFRS NAV per share	€				33,83	28,67
EPRA NAV per share (14)*	€				34,63	29,67
EPRA NNAV per share (15)*	€				34,16	29,14
Share price (16)	€				59,80	42,95
Premium	%				76,8%	49,8%

- (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) *The occupancy rate is calculated on the basis of m². When calculating this occupancy rate, neither the numerator nor the denominator was taken into account for the unleased m² intended for redevelopment and the land bank.
- (5) *The operating margin is obtained by dividing the operating result before the earnings from the property portfolio by the net rental earnings. See section 1.9.
- (6) *Financial result (exclusive of variations in the fair value of the financial instruments): this is the financial result in accordance with the Royal Decree of July 13, 2014 regarding regulated property investment companies excluding the variation in the fair value of the financial instruments, and reflects the actual financing cost of the company. See section 1.9.
- (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.com and section 1.8.
- (8) *EPRA result per share concerns the EPRA earnings on the basis of the weighted average number of shares. Cf. www.epra.com and section 1.8.
The EPRA result per share concerns the EPRA result based on the weighted average number of shares, which does not correspond to the previous section 'Net current Result per share' as Montea always used the number of shares entitled to dividend.
- (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. See section 1.9.
- (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 and section 1.8.
- (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 and section 1.8.
- (15) *EPRA NNNNAV: 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 NNNNAV per share concerns the EPRA NNNNAV on the basis of the number of shares entitled to dividends on the balance sheet date. Cf. also www.epra.com and section 1.8.
- (16) Share price at the end of the period.

1.2 Significant events and transactions during 2018 in Belgium, France and the Netherlands

1.2.1 Lease activity in 2018

Occupancy rate of 99.1%

On 31/12/2018, the occupancy rate amounted to 99.1% compared with 96.3% at the end of 2017, chiefly thanks to an increase in the occupancy rate in Belgium to 100% and the delivery of 100% of the let development projects. Furthermore, 95% of the leases that came to the first due date was extended in 2018.

The vacant premises are mainly in France, at the Bondoufle site, previously let to Cybergun, and at the site in Le Mesnil-Amélot, previously let to Autoclick and Facilit'Air. The property in Bondoufle will be sold in 2019. A promise to sell was already signed in 2018.

Rentals

13/03/2018

Facil Europe BVBA becomes new quality tenant at site in Ghent, Hulsdonk (BE)³

Montea and Facil Europe BVBA (supplier of Volvo) signed a 9-year lease. Facil Europe BVBA uses ca. 4,200 m² to store components and accessories of motor vehicles.

12/04/2018

Montea signs 2 new leases for Flexport City site at Liege Airport (BE)⁴

As already announced in the press release of 8/11/2017, Montea has commenced developing 20,000 m² of warehouse units and accompanying office space at Liege Airport. Approximately 12,200 m² was developed in phase 1 and 2, 5,200 m² of which were let to Sterima⁵ (phase 1). The remaining floor space (phase 2) was let to (i) Easylog Solutions BVBA, under a 9-year lease for 3,728 m², and (ii) Liège Cargo Agency BVBA, under a 9-year lease for 3,914 m².



³ See press release of 13/03/2018 or www.montea.com for more information.

⁴ See press release of 12/04/2018 or www.montea.com for more information.

⁵ See press release of 08/11/2017 or www.montea.com for more information.

14/05/2018

Montea signs new lease with met XPO Logistics⁶ for Camphin-en-Carembault (FR) - 100% occupancy rate

Montea signed a lease with XPO Logistics for ca. 6,170 m² for the last available unit on the site of Camphin-en-Carembault (FR). The lease is for a 9-year term effective as of September 2018.



11/10/2018

Montea managed to optimize the occupancy rate in Belgium in the last quarter from 94.7% to 100%⁷

New lease with Decathlon for 16,700 m² in Willebroek

At the end of 2017, Montea acquired a distribution centre of 47,000 m² let to Decathlon. Decathlon has now concluded an additional lease for ca. 16,700 m² at the same site but in an adjacent building for a fixed 9-year term. The entire distribution for Decathlon Benelux is organized from Park De Hulst.



New lease with TG-H Benelux for 500 m² in Willebroek, MG Park De Hulst

In March 2017 Montea acquired ca. 14,000 m² of logistics space at MG Park De Hulst, let to Metro. The last available 500 m² of offices were let to TG-H Benelux. This company belongs to the Swedish New Wave Group, a world player in quality industrial company clothing, work clothing and promotional materials.



New lease with EC HUB for 8,100 m² in Milmort

Montea and EC HUB concluded a lease for more than 6 years for a unit of ca. 8,100 m² in Herstal-Milmort (Liège). This new tenant of Chinese origin is active in the e-commerce sector.

New lease with Sinotrans for 7,300 m² Liege Airport

At the end of 2017, Montea announced the launch of a new development at Flexport City, the logistics zone of Liege Airport. The last 3 available units totalling ca. 7,300 m² were let to Sinotrans for a 9-year term (with option to terminate the lease after 3 years). Sinotrans is one of the largest Chinese freight forwarders in the world.



⁶ See press release of 30/05/2017 or www.montea.com for more information.

⁷ See press release of 11/10/2018 or www.montea.com for more information.

New lease with WWL for 8,700 m² in Ghent, Hulsdonk.

In October 2016, it was announced that SAS AUTOMOTIVE BELGIUM NV, former supplier of Volvo, had to close its doors in Ghent. The company consequently terminated the lease early, i.e. on 31 January 2017. The building was divided into 2 units, one of which was let to Facil Europe BVBA. Montea and WWL (WALLENIIUS WILHELMSEN Logistics Zeebrugge NV) concluded a lease for the premises concerned that can be terminated annually. The new tenant is specialized in the provision of innovative, sustainable worldwide shipping and logistics solutions for manufacturers of cars, trucks, heavy equipment and specialized freight.

**6/11/2018****New lease with LabCorp for 10,145 m² in Mechelen (BE)**

Montea and LabCorp concluded a lease for a fixed term of 9 years for a unit of 10,145 m² in Mechelen. Labcorp currently rents unit 2 (4,650 m² warehouse and 570 m² offices) and will likewise rent the adjoining unit as of 1/4/2019. Labcorp is part of Covance, the world market leader in the development and testing of new medicinal products, headquartered in Princeton (US).



1.2.2 Investment activity during 2018

A number of buildings/plots of land for a total investment volume of €73.3 million was acquired in the course of 2018. All acquisitions were carried out at an investment value in line with the value determined by the independent real estate expert. The average net initial return amounts to 6.8% exclusive of the construction of the land reserve, and 6.2% inclusive of the construction of the land reserve.

13/03/2018

Montea acquires a crossdock distribution centre of 4,240 m² in Lesquin (FR)⁸

Montea acquired a logistics distribution centre in Lesquin situated within a stone's throw from Lille Airport. The crossdock distribution centre consists of 3,764 m² storage space and 476 m² offices and is fully let to DHL. DHL signed a 9-year lease, with an initial possibility to terminate it after 6 years.



29/03/2018

Montea acquires a logistics property in Hoofddorp (NL)⁹

Montea has acquired (through its Dutch subsidiary) a logistics property from Kenick Capital B.V. in Moerdijk of 6,290 m² with 108 parking places and "De President" industrial estate in Hoofddorp, Netherlands. The current tenant, Idexx Europe B.V., rents the building after the transfer under the current lease, with a fixed term until 30 June 2029. This acquisition was financed by a contribution in kind.¹⁰



12/04/2018

Roissy Charles de Gaulle Airport – Acquisition of 1,448 m² building in Mesnil-Amelot (FR)¹¹

Montea has acquired a building in Le Mesnil-Amelot, situated at Roissy Charles de Gaulle airport. The distribution centre, with an area of 1,448 m², is divided into 2 units and let to BH Catering (918 m²) and GSF Aéro (530 m²). As a result of this transaction, Montea has a portfolio of over 20,000 m² at this airport location.



⁸ See press release of 13/03/2018 or www.montea.com for more information.

⁹ See press release of 29/03/2018 or www.montea.com for more information.

¹⁰ See Chapter 1.2.8 or www.montea.com for more information.

¹¹ See press release of 12/04/2018 or www.montea.com for more information.

21/09/2018**Sale & rent back of a 47.9-hectare plot in Tiel (NL) – Strengthening of shareholders equity by €41,239,983.68¹²**

In November 2017, Montea announced the signing of a letter of intent with De Kellen BV concerning the acquisition of a let 47.9 hectare plot on the De Kellen industrial estate in Tiel. The acquisition was carried out via a(n) (indirect) contribution in kind of a part of the debt claim for payment of the purchase price against the issue of new Montea shares.¹³



¹² See press release of 20/09/2018 or www.montea.com for more information.

¹³ By contribution in kind in Montea of the debt claim in payment of the purchase price of De Kellen B.V. on Montea Nederland N.V., which arose from the sale of the plot of land in the Netherlands to Montea Nederland N.V.

1.2.3 Development activity in 2018

In the course of 2018, ca. 145,500 m² of floor space in prelet projects were delivered for an investment amount of €99.1 million at a net initial return of 6.6%. Furthermore, 2 build-to-suit projects were started in the Netherlands in the fourth quarter of 2018 for a total area of more than 40,000 m² at a net initial return of 6.5%.

Start and delivery of different build to suit projects in 2018

- Delivery of the development of a logistics building of ca. 12,400 m² for Edialux (Pelsis Group) in Bornem (BE). See press release of 20 December 2018.
- Delivery of the complete site (building of ca. 24,400 m² and ca. 18,000 m²) in Camphin-en-Carembault (FR), let to DSM Food Specialties France SAS, Danone, GBS and XPO Logistics. See press release of 18 July 2017.
- Delivery of ca. 44,800 m² for Carglass® (Belron Group). See press releases of 10 June 2016 and 31 May 2017.
- Delivery of customized development of ca. 10,800 m² for Bas Logistics in Etten-Leur (NL). This project is an extension next to the existing building of Bas Logistics that Montea acquired in 2017. See press release of 24 October 2017.
- Delivery of ca. 5,400 m² let to Thomsen Select (ca. 2,800 m²) and MileStone (ca. 2,600 m²). See press release of 8 November 2017.
- Delivery of logistics building of ca. 8,670 m² for WFS at Brucargo (BE). See press release of 20 December 2018.
- Delivery of state-of-the-art distribution centre in Flexpoort at Liège Airport of ca. 20,723 m². See press release of 20 December 2018.
- Start of first development ca. 21,400 m² at LogistiekPark A12 in Waddinxveen (NL); Isero IJzerwaren BV signed a triple-net 15-year lease for ca. 12,800 m². See press release of 20 September 2018.
- Start of development for DocMorris of more than 20,000 m² next to the existing site in Heerlen (NL). DocMorris signed a triple net 15-year lease for the extension. See press release of 2 September 2014.



1.2.4 Divestment activity in 2018

26/11/2018

Divestment of a building in Feuquières-en-Vimeu (FR)

Pursuant to the dynamic management of its property portfolio, Montea proceeded to sell a 9,000 m² building in Feuquières-en-Vimeu. The transaction was carried out for €1.0 million. This amount is in line with the fair value on the site on 30/09/2018.



1.2.5 Further strengthening and diversification of the financing structure

□ Strengthening of equity

5/04/2018

Montea finalized the (indirect) contribution in kind of a logistics property in Hoofddorp (NL) and strengthened the equity with €8,824,999.15¹⁴

Montea carried out the (indirect) contribution in kind of the logistics property situated in “De President” industrial estate in Hoofddorp, Netherlands. The Statutory Manager approved the increase of capital of €8,824,999.15 within the authorized capital and the issue of 203,107 new Montea shares. The contributor was remunerated with 203,107 new Montea shares for a total amount of €8,824,999.15.

07/06/2018

Determination of the realization of the optional dividend¹⁵

On 7 June 2018, Montea determined the realization of the capital increase based on the optional dividend that was offered to its shareholders. The share capital of Montea was increased by €4,154,232.73 (and the issue premium by €4,572,072.05; in total the equity was strengthened by €8,726,304.78) by the issue of 203,838 new shares.

21/09/2018

Montea finalized the (indirect) contribution in kind of the plot in Tiel (NL) and strengthened the equity by €41,239,983.68¹⁶

Montea acquired (through its Dutch subsidiary Montea Nederland NV), a 47.9-hectare plot from De Kellen BV, situated on De Kellen industrial estate in Tiel, Netherlands. The acquisition was carried out through an (indirect) contribution in kind of part of the debt claim in payment of the purchase price against the issue of new Montea shares. The new shares were issued as a result of an increase of capital within the authorized capital,⁸ by decision of the Statutory Manager of Montea. De Kellen BV contributed part of its debt claim on Montea Nederland NV in payment of the purchase price for the acquisition of the aforementioned real estate. The transaction led to a strengthening of the equity by €41,239,983.68, of which €16,247,262.08 was allocated to the item capital and €24,992,721.60 to issue premiums. The contributor was remunerated with 797,216 new Montea shares for a total amount of €41,239,983.68.

□ Further optimization of the debt structure

Montea concluded the following new loan agreements in 2018:

- 4 long-term lines of credit for a total amount of €30 million with Belfius.
- 4 short-term lines of credit for a total amount of €40 million with ING.

Furthermore, a €10 million loan concluded with BNP Paribas was extended with a term of 8 years.

¹⁴ See press release of 5/04/2018 or www.montea.com for more information.

¹⁵ See press release of 7/06/2018 or www.montea.com for more information.

¹⁶ See press release of 21/09/2018 or www.montea.com for more information.

1.2.6 Proposal to pay out a gross dividend of € 2.26 per share

On the basis of the EPRA earnings of € 2.95, the board of directors of the statutory manager of Montea will propose paying out a gross dividend of € 2.26 gross per share (€ 1.58 net per share), based on a pay-out ratio¹⁷ of 81% with regard to the EPRA earnings. This means an increase of the gross dividend per share of 4% compared with 2017 (€ 2.17 gross per share), in spite of the increase in the weighted average number of shares of 16% as a result of the contribution in kind of the let site in Tiel (Netherlands) and the contribution in kind of a logistics property in Hoofddorp (Netherlands), let to Idexx Europe BV. In addition, on 7 June 2018, Montea offered the optional dividend to the existing shareholders, whereby 55% of the shareholders opted for a payment of the dividend in shares instead of cash.

KEY RATIO'S	31/12/2018	31/12/2017
Key ratio's (€)		
EPRA result per share (1)	2,95	2,58
Result on the portfolio per share (1)	2,64	0,38
Variations in the fair value of financial instruments per share (1)	-0,26	0,56
Net result (IFRS) per share (1)	5,34	3,52
EPRA result per share (2)	2,79	2,31
Proposed distribution		
Payment percentage (compared with EPRA result) (3)	81%	84%
Gross dividend per share	2,26	2,17
Net dividend per share	1,58	1,52
Weighted average number of shares	12.100.327	10.392.676
Number of shares outstanding at period end	12.814.692	11.610.531

(1) Calculation based on the weighted average number of shares.

(2) Calculation based on the number of shares in circulation on the balance sheet date.

(3) The payout ratio was calculated in absolute figures on the basis of the consolidated EPRA earnings. The actual dividend is paid out on the basis of the statutory earnings available for distribution of Montea Comm. VA.

¹⁷ The payout ratio of 81% was calculated on the basis of the EPRA earnings and not on the basis of the earnings available for payout.

1.2.7 Other events in 2018

16/05/2018

Belgium gets first Airbnb for warehouses – Stockpots provides answer to increasing demand for innovation in the Belgian logistics sector ¹⁸

Montea was the first to launch an Airbnb for the logistics sector in Belgium. Companies with storage space that they do not use themselves can offer it via the online platform Stockpots (a Dutch start-up) to companies who do need it. Conversely, those in search of extra storage space, can now find it easily online. Stockpots 'matches' the two groups, in a system altogether comparable with the Airbnb model. They simply go a step further than the conventional Airbnb and process invoicing internally, see to the insurance, etc. Montea is also investing in Stockpots.



¹⁸ See press release of 16/05/2018 or www.montea.com for more information.

1.2.8 Policy developments concerning Dutch REIT Status

With a view to its property investments in the Netherlands, in September 2013 Montea filed an application for the tax status of a '*Fiscal Investment Institution*' (hereinafter referred to as FII) pursuant to Article 28 of the Corporate Taxation Act of 1969. Montea has structured its property investments as public limited companies¹⁹ under Dutch law. These entities and Montea Nederland NV constituted a fiscal unit for the levying of corporate tax up to 31 December 2018. After that date, Montea Nederland NV and its subsidiaries will be liable for tax separately and each has opted for FII status. Montea Tiel NV (incorporated on 31 December 2018) has never been included in the tax entity for corporation tax. This company is independently liable for tax from the start and also opts for the status of FII. An FII is subject to a 0% tax rate in the Netherlands. It is required to pay out its full fiscal result (consolidated in the case of a fiscal unit, with the exception of surplus values/capital gains) to its shareholders. In addition to this payout obligation, an FII is also subject to various other obligations such as requirements regarding its shareholders, in this case the Company, and its shareholding structure, as well as to restrictions concerning debt financing.

Furthermore, in its coalition agreement of October 2017, the Dutch government indicated that it wanted to abolish the real estate FII as of 2020 under the envisaged scrapping of the dividend tax. In the provisional result of the "reconsiderations" published in October 2018, the Dutch government announced that the dividend tax will remain in force and that in addition the real estate FII can also continue to invest in real estate.

The Company's Dutch subsidiary, Montea Nederland NV and its subsidiaries, has had no final decision from the Dutch tax authorities approving the FII status. In 2016, referring to certain case law of the Dutch Supreme Court, the Dutch tax authorities developed a new approach in their policy concerning compliance with the shareholding test. More specifically, as shareholder of its FII subsidiary, Montea Nederland NV, the company would have to show that it can qualify as an FII itself. Only then can the Company be considered as a qualifying shareholder under the FII status in the view of the Dutch tax authorities. In this connection, the Company and the Dutch tax authorities engaged in consultations to determine how to proceed in concrete terms. In light of the aforementioned coalition agreement, the talks between the Dutch tax authorities and Montea Nederland NV have been temporarily suspended. Montea hopes that the talks can resume shortly.

Montea is of opinion that as a regulated real estate company it operates within a system that is comparable to that of the FII and therefore meets the requirements. Montea therefore believes that it is likely it will be able to make reasonable arrangements with the Dutch tax authorities, so that FII status will be granted to Montea Nederland NV. Furthermore, the Dutch Ministry of Finance and the Dutch tax authorities already indicated in the past that they will proceed under the general principles of good governance so as to obtain a level playing field (same treatment applied to equivalent cases). The aim is to ensure that Montea is not treated by the Dutch tax authorities worse than other compliant comparable Belgian regulated real estate companies with existing arrangements concerning FII status.

¹⁹ With the exception of Europand Eindhoven B.V.

Despite the fact that Montea has not yet had the approval of the Dutch tax authorities concerning the FII status, it keeps its accounts as if it already had FII Status. Accordingly, in its corporate tax return for 2015 and 2016²⁰ Montea Nederland NV adopted the position that it qualifies for FII status, and that it is consequently not liable for corporate tax. The Dutch inspector has nonetheless issued a provisional tax assessment for 2015, 2016 and 2017 taking into account the regular corporate tax rate. In view of the applicable tax interest rate (8%), Montea opted to pay these provisionally assessed taxes (for a total of €0.24 per share²¹ for 2015, 2016 and 2017). The imposed provisional assessments are €0.03 per share higher with regard to the financial maximum (pro forma) estimate (see further). Montea has nonetheless entered a claim for the same amount in its accounts. If FII status is granted, this amount will be reimbursed in full. If FII status is refused, however, the assessment will be paid directly and the claim will have to be written down, which will have a material negative impact on Montea's profitability.

Montea Nederland NV has not yet filed the corporate tax return for 2017 (it has to be filed by 1 May 2019). Montea has kept its accounts for 2017 and 2018 also as if it is operating under FII status. In other words, it has booked no provision for corporate tax in the Netherlands for these years either.

The risk that Montea Nederland BV does not obtain FII status means that it is possible that it will be subject to the standard Dutch corporate tax at a rate of 25% (20% for the first €200,000 of tax profit). As of 2019, the corporate tax rate will be gradually reduced to 20.5% in 2021 (15% for the first €200,000 of tax profit). Montea estimates the financial impact in such a case (pro forma) at €0.13 per share¹¹ maximum for financial year 2018 (ca. 4% of the EPRA earnings for financial year 2018) without taking into account any possible fiscally more advantageous structuring of the Dutch subsidiaries. If FII status is not granted by the Dutch tax authorities, Montea estimates the financial impact (pro forma) at €0.21 per share¹¹ maximum for financial years 2015, 2016 and 2017 (cumulative for all years together) or ca. 7% (total impact over the 3 years) of the EPRA earnings for financial year 2018.

²⁰ Corporate tax return for 2017 not yet filed; must be filed by 1 May 2019.

²¹ Calculated on the basis of the weighted average number of shares of 2018.

1.3 Value and composition of the real estate portfolio on 31/12/2018

The total property assets of Montea amount to € 911.8 million, consisting of the valuation of the real estate portfolio for buildings, inclusive buildings held for sale (€ 870.4 million), the fair value of the current developments (€ 28.4 million) and the fair value of the solar panels (€ 13.0 million).

	Total 31/12/2018	Belgium	France	The Netherlands	Total 31/12/2017
Real estate portfolio - Buildings (0)					
Number of sites	63	32	16	15	54
Warehouse space (sqm)	1.028.383	616.821	159.084	252.477	886.727
Office space (sqm)	95.548	55.479	14.898	25.171	82.221
Land - leased (sqm) (1)	96.168	0	0	96.168	0
Total space (sqm)	1.220.099	672.300	173.982	373.816	968.948
Development potential (m²) - in portfolio	199.469	169.469	10.000	20.000	168.652
Development potential (m²) - in research	220.000	0	0	220.000	0
Development potential (m²) - in option	550.419	79.137	116.102	355.180	0
Totale oppervlakte (m²) - ontwikkelingspotentieel	969.888	248.606	126.102	595.180	168.652
Fair value (K EUR)	870.423	423.449	139.034	307.940	657.518
Investment value (K EUR)	912.499	434.126	148.877	329.496	687.567
Annual contractual rents (K EUR)	61.205	33.267	8.649	19.289	47.315
Gross yield (%)	7,03%	7,86%	6,22%	6,26%	7,20%
Gross yield on 100% occupancy (%)	7,13%	7,90%	6,71%	6,26%	7,43%
Un-let property (m²) (1)	10.516	1.858	8.658	0	35.257
Rental value of un-let property (K EUR) (2)	876	202	674	0	1.525
Occupancy rate	99,1%	99,7%	95,0%	100,0%	96,3%
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	13.016	12.918	0	98	12.771
Real estate portfolio - Developments (4)					
Fair value (K EUR)	28.395	9.785	0	18.610	48.439

(0) Inclusive of the buildings held for sale.

(1) The area of let plots of land is entered for 20% of the total area; the rental value of a plot of land amounts to ca. 20% of the rental value of a logistics property.

(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.

- Increase in the fair value of the real estate portfolio for buildings by €212.9 million to € 870.4 million mainly due to:

Belgium (+ € 65.1 million):

- The delivery of the site in Bilzen, let to Carglass, in Q2 2018;
- The delivery of the renovation works at the site in Milmort, let to EC Hub and Sinotrans in Q4 2018;
- The delivery of a bespoke project in Flexport, Liège Airport, let to Pollet Group²², LCA, Easylog & Sinotrans in Q4 2018;
- The delivery of a distribution centre in Bornem, let to Edialux (member of the Pelsis Group, where in addition to logistics activities, a production department is also established) in Q4 2018;
- The delivery of a bespoke distribution centre at Brucargo, let to Worldwide Flight Services (WFS) in Q4 2018; and
- The increase in the fair value of the existing portfolio.

The Netherlands (+ € 103.1 million):

- The acquisition of the site in Hoofddorp, let to Idexx Europe in Q2 2018;
- The delivery of the project in Etten-Leur, let to BAS Logistics in Q2 2018;
- The delivery of the project in Schiphol, let to Thomsen Select and Milestone in Q2 2018;
- The sale – and – rent back transaction in Tiel, let to Recycling Combinatie REKO BV and Struyck Verwo Infra BV in Q3 2018;
- The acquisition of a let plot of land adjacent to the existing site Oss, let to Vos Logistics in Q3 2018; and
- The increase in the real value of the existing portfolio.

France (+ € 44.7 million):

- The acquisition of the site in Mesnil-Amélot, let to GSF Aéro and BH Catering in Q1 2018;
- The acquisition of the site in Lesquin, let to DHL in Q1 2018;
- The delivery of the site in Camphin-en-Carembault, let to DSM, Danone, GBS and XPO in Q2 2018; and
- The increase in the real value of the existing portfolio.

- The total surface area of the real estate portfolio for buildings amounts to 1,220,099 m², spread over 63 sites, i.e. 32 sites in Belgium, 16 in France and 15 in The Netherlands.
- Montea also has a total land bank of 969,888 m² of development potential, of which 199,469 m² on existing sites, 220,000 m² in due diligence, and 550,419 m² under option. Taken on average, this land bank is expected to result in 50% leasable area (ca. 485,000 m²). The plots of land let for the long term (96,168 m² on 31/12/2018) are not included in the development potential, but also entail development potential after the expiry of the lease (ca. 240,000 m²; by way of reminder: leased plots of land account for only 20% in the total leasable area; cf. footnote (1) of this section).
- The gross real estate return on the total property investments in buildings amounts to 7.1% on the basis of the fully leased portfolio, compared with 7.4% on 31/12/2017. The gross return, taking into account the current vacancy rate, amounts to 7.0%.

²² On 7/2/2019 Malysse-Sterima was taken over by Pollet Group.

- ❑ The contractual annual rental income (exclusive of rent guarantees) amounts to €61.2 million, an increase of 29% compared to 31/12/2017, mainly attributable to the growth of the real estate portfolio.
- ❑ The occupancy rate amounted to 99.1% on 31/12/2018 compared with 96.3% at the end of December 2017. The vacant premises are mainly in France, at the Bondoufle site, previously let to Cybergun, AND at the site in Le Mesnil-Amélot, previously let to Autoclick and Facilit'Air. The property in Bondoufle will be sold in 2019. A promise to sell was already signed in 2018.
- ❑ The fair value of current developments amounts to € 28.4 million and consists of:
 - The site situated in Tyraslaan, Vilvoorde (BE)
 - The commencement of the extension works for DocMorris of ca. 23,300 m² situated at the existing site in Heerlen (NL)
 - The start of the build-to-suit project of ca. 21,400 m² at LogistiekPark A12 in Waddinxveen (NL), where Isero IJzerwaren BV will rent premises of ca. 12,800 m² for a period of 15 years.
- ❑ The fair value of the solar panels of € 13.0 million concerns eleven solar panel projects: one in Brussels (Vorst), two in Wallonia (Heppignies and Milmort), seven in Flanders (Bornem, Aalst, Erembodegem (x2), Grimbergen, Bilzen and Ghent) and one in the Netherlands (Etten-Leur).

1.4 Summary of condensed consolidated statements for financial year 2018

1.4.1 Condensed consolidated (analytical) income statement for financial year 2018

ABBREVIATED CONSOLIDATED PROFIT & LOSS ACCOUNT (K EUR) Analytical	31/12/2018 6 months	31/12/2017 12 months
CONSOLIDATED RESULTS		
NET RENTAL RESULT	49.883	40.793
PROPERTY RESULT	52.068	43.963
% compared to net rental result	104,4%	107,8%
TOTAL PROPERTY CHARGES	-1.730	-1.246
OPERATING PROPERTY RESULT	50.338	42.717
General corporate expenses	-4.224	-3.814
Other operating income and expenses	-61	-72
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	46.053	38.830
% compared to net rental result	92,3%	95,2%
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	-10.239	-11.107
EPRA RESULT FOR TAXES	35.814	27.723
Taxes	-89	-938
EPRA Earnings per share (1)	35.724 2,95	26.785 2,58
Result on disposals of investment properties	3	769
Result on disposals of other non-financial assets	0	0
Changes in fair value of investment properties	31.975	3.204
Other portfolio result	0	0
PORTFOLIO RESULT	31.978	3.972
Changes in fair value of financial assets and liabilities	-3.127	5.791
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	-3.127	5.791
NET RESULT per share	64.575 5,34	36.548 3,52

1.4.2 Condensed consolidated (analytical) income statement for financial year 2018

□ Summary

The EPRA earnings rose by 33% from € 26.8 million in 2017 to € 35.7 million in 2018. The EPRA earnings per share amounted to € 2.95 in 2018, an increase of 14.3% from 2017 (€ 2.58).

The increase in the EPRA earnings is due mainly to the strong growth of the real estate portfolio in 2017 and 2018, whereby the operational and financial costs are closely monitored and managed as such.

□ Operating result before the result on the property portfolio amounted to € 46.1 million, up 19% from 2017.

- The net rental income amounted to € 49.9 million, up by 22% (or € 9.1 million) compared with the same period in 2017 (€ 40.8 million). This increase is mainly due to the recent acquisitions of new properties and delivered projects which generate additional income. With an unchanged portfolio (and thus excluding new acquisitions, sales and project development between the two comparable periods 2018 and 2017) the level of rental income has risen by 4.1%, mainly driven by the indexing of leases (1.4%) and the success in letting vacant units (2.6%).
- The property result amounted to € 52.1 million and increased by € 8.1 million (or 18%) compared with the same period the previous year, mainly due to the one-off compensation received in 2017 for the delivery of the property let to DHL Aviation NV (€ 0.9 million).
- The property costs and the overheads rose by € 0.9 million in 2018 compared with 2017 as a result of the growth of the portfolio which led to an increase in the operating property result on the portfolio of € 7.2 million or 19% compared with the same period in the previous year (from € 38.8 million in 2017 to € 46.1 million in 2018).
- The operating margin^{23*} amounted to 92.3% for the entire year 2018, compared with 92.0% for 2017²⁴.

□ Financial result exclusive of changes in the fair value of the financial instruments amounted to €10.2 million compared with €11.1 million in 2017.

The net negative financial result on 31 December 2018 amounted to € 10.2 million, down by € 0.9 million compared with the same period the previous year, mainly due to the settlement of the four Interest Rate Swaps for a total of € 60 million at the end of 2017 to conclude a new hedge for the same nominal amount at market conditions. A higher amount in outstanding financial debts in 2018 compared with 2017 entailed extra financial costs, but this effect was neutralized by more activated interest charges in 2018 compared with 2017 as a result of a larger number of projects under development in 2018.

²³ *The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental income.

²⁴ Operating margin exclusive of one-off compensation received from SAS Automotive for the delivery of the building let to DHL Aviation in 2017.

The average financing cost^{25*} calculated on the average financial debt burden exclusive of the negative value of the hedge instruments amounted to 2.6% for financial year 2018 compared with 3.2% for financial year 2017.

Montea continued its restructuring programme of the interest rate hedges in the fourth quarter of 2018. These restructuring operations will affect the results of 2019 by lowering the average financing cost further to 2.4%.

On 31/12/2018, Montea had a total bank debt (bilateral lines of credit) of € 350 million with 7 financial institutions. The total financial debt (including debenture loans and leasing debt) was hedged on 31 December 2018 for 90.8% by means of IRS and Interest Cap contracts.

- EPRA earnings of € 2.95 per share, an increase of 14% compared to 2017.

The EPRA earnings 2018 amounted to € 35.7 million, an increase of 33% compared with the same period in the previous year. The EPRA earnings per share rose by 14% to € 2.95 in 2018, taking into account an increase in the weighted average number of shares of 16%.

- Gross dividend of € 2.26 per share to be proposed, an increase of 4% compared to 2017.

On the basis of the distributable result, Montea will propose a gross dividend of € 2.26 per share to the general meeting of shareholders. This means an increase of the gross dividend per share of 4% compared with 2017.

- The result on the property portfolio²⁶ amounted to € 32.0 million.

The result on the property portfolio for financial year 2018 amounted to € 32.00 or € 2.64 per share²⁷. The increase in value (3% of the current property portfolio) is due to a lower yield linked to developments of on the market, the added value on project developments, and the signing of new leases.

The surplus value is entered in a separate component of equity capital when valuing the solar panels. Losses in value are also entered in that component, unless they are realized or unless the fair value falls below the original investment cost.

The result on the property portfolio is not a cash item and has no impact whatsoever on the EPRA earnings.

- The negative change in the fair value of financial instruments amounted to € 3.1 million.

The negative change in the fair value of the financial instruments amounted to € 3.1 million or € 0.26 per share in the course of 2018. The negative impact stems from the negative impact of the fair value of the existing interest rate hedges as a result of the long-term interest rate expectations at the end of 2018.

²⁵ *This financial cost is an average over the entire year, inclusive of the leasing payables and was calculated on the basis of the total financial costs regarding the average of the opening balance and closing balance of the financial burden for 2017, without taking account of the valuation of the hedge instruments.

²⁶ * 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.

²⁷ Calculated as the result on the property portfolio on the basis of the weighted number of shares.

The changes in the fair value of financial instruments are not a cash item and have no impact whatsoever of the EPRA earnings.

- Net result (IFRS) amounted to € 64.6 million, an increase of € 28.0 million compared with 2017.

The net result consists of the EPRA earnings, the result on the portfolio, and the changes in the fair value of financial instruments. The net result (€ 64.6 million) rose by € 28.0 million from the previous year thanks to an increase in the EPRA earning and the positive change in the fair value of the property investments.

The net result (IFRS) per share²⁸ amounted to € 5.34 (€ 3.52 in 2017).

²⁸ Berekend op basis van het gewogen gemiddeld aantal aandelen

1.4.3 Condensed consolidated balance sheet for financial year 2018

		31/12/2018 Conso	31/12/2017 Conso
I.	ACTIFS NON COURANTS	910.425.883	719.615.007
II.	ACTIFS COURANTS	39.050.817	28.811.399
	TOTAL DE L'ACTIF	949.476.700	748.426.406
	TOTAL DES CAPITAUX PROPRES	433.568.523	333.029.072
I.	Capitaux propres attribuables aux actionnaires de la société mère	433.549.949	332.910.588
II.	Intérêts minoritaires	18.574	118.483
	PASSIFS	515.908.177	415.397.334
I.	Passifs non courants	427.154.510	386.250.635
II.	Passifs courants	88.753.667	29.146.699
	TOTAL DES CAPITAUX PROPRES ET DU PASSIF	949.476.700	748.426.406

1.4.4 Notes to the consolidated balance sheet for 2018

- On 31/12/2018, the total assets (€ 949.5 million) consist primarily of investment properties (92% of the total), solar panels (1% of the total), and developments (3% of the total). The remaining amount of the assets (4% 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 of the equity capital of € 433.6 million and a total debt of € 515.9 million.

This total debt (€515.9 million) consists of

- € 350.0 million in lines of credit at 7 financial institutions. Montea has € 355 million in lines of credit taken out on 31 December 2018 and an unused capacity of € 5.0 million;
- € 109.5 million in debenture loans that Montea concluded in 2013, 2014 and 2015;
- An ongoing lease debt of € 1.1 million for the financing of the solar panels at our site in Aalst;
- The negative value of the ongoing hedge instruments to the tune of € 10.2 million; and
- Other debts and deferred charges²⁹ for an amount of € 45.1 million.

The weighted average term of the financial debts (lines of credit, debenture loan, leasing liabilities) amounted to 4.4 years on 31 December 2018.

The average financing cost of the debts amounted to 2.6% in 2018 (3.2% in 2017). The interest coverage ratio^{30*} is equal to 4.5x (3.5x in 2017).

²⁹ The accruals and deferred charges comprise in large measure the already invoiced rents for the next quarter.

³⁰ *The interest coverage ratio is calculated by dividing the sum of the operating result before the result of the portfolio and the financial revenues, by the net rental income.

The hedge ratio, which represents the percentage of financial debts with a fixed interest rate or at a floating interest rate and then hedged by an interest rate hedge, amounted to 90.8% on 31 December 2108.

The average term of the interest rate hedges amounted to 6.8 years.

- ❑ The debt ratio³¹ of Montea amounted to 51.3% at the end of 2018 (compared to 51.9% at the end of 2017).

The impact of the investments financed with borrowed capital in 2018 was amply offset by the result and by the strengthening of the equity capital (see 1.2.5).

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%.

- ❑ On 1 January 2019, the debt ratio will rise to ca. 53.5% due to the impact of the entry into force of IFRS 16.

IFRS 16 is applicable to financial years that commence on or after 1 January 2019 and entails that leasing obligations (such as leases and concession agreements) must be expressed in the leaseholder's balance sheet by entering a right of use as investment property and a related leasing liability as a long-term liability. There are no changes for Montea, as property owner and lessor, regarding the valuation of the real estate portfolio, and Montea will continue to value its real estate portfolio at fair value in accordance with IAS 40.

In spite of the fact that Montea is primarily a lessor, it also acts as a lessee for the concession agreements on plots of land for which it is not the bare owner. For such concession agreements, Montea will enter a right of use as a property investment and a related leasing liability as a long-term liability in the balance sheet as of 1/01/2019, which explains the impact of ca. 2.2% on the debt ratio.

In addition, the application of IFRS 16 will also have an impact on the income statement. The recurring concession remuneration will as of 2019 be processed via the Financial result instead of via the Net Rental Income.

- ❑ Financial plan for the debt structure

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 statutory 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.

³¹ Calculated according to the Royal Decree of 13 July 2014 concerning regulated real estate companies.

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.

On the basis of the current debt ratio (51.3% on 31/12/2018) the investment potential would amount to ca. € 373 million³² without exceeding the maximum debt ratio of 65%.

Montea has concluded bank covenants with certain banking institutions under the terms of which the debt ratio may not exceed 60%. Consequently, based on the same calculation, the investment would amount to ca. € 206 million.

The changes in the fair value of the real estate portfolio may also have a significant impact on the debt ratio. On the basis of the current equity capital, the maximum admissible debt ratio of 65% would be exceeded only in the event of a negative variation in the fair value of the investment properties of € 200 million. This corresponds to a drop of 22% in the existing portfolio.

On the basis of the current state and valuation of the portfolio by an independent expert, Montea sees no substantial possible negative changes in the fair value. Montea is therefore of opinion that the current debt ratio of 51.3% provides a sufficient buffer to deal with possible further negative changes in the existing portfolio.

Montea believes that the debt ratio will not exceed 65% and that no additional measures have to be taken on the basis of the planned changes in the composition of the property 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 it will see to it that said ratio never exceeds 60% (as contained in the bank covenants).

The debt ratio of 55% is perfectly justifiable 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 to the company's strategy, it will do so at once and inform the shareholders accordingly in the semi-annual and annual financial reporting.

³² 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.

- The EPRA NAV^{33*} amounted to € 34.63 per share on 31/12/2018 (€ 29.67 per share on 31/12/2017). The increase is the result of the EPRA earnings partial offset by the payout of the dividend, the impact of capital increases and the revaluation of the portfolio. The EPRA NNAV per share amounted to € 34.16 per share on 31 December 2018 (€ 29.14 per share on 31/12/2017).

³³ *EPRA NAV: The EPRA NAV is the NAV applied so that it comprises real estate and other investment at their fair value and excludes certain items which are not expected to acquire fixed form in a business model with property investments in the long term. The EPRA NAV per share concerns the EPRA NAV on the basis of the number of shares in circulation on the balance sheet date. Cf. also www.epra.com.

1.5 Significant events after the balance sheet date

New financing

At the start of 2019, €25 million in short-term lines of credit were paid off early. A new line of credit of € 30 million was concluded in February 2019 for an 8-year term. Furthermore, in February 2019 a bridging line of credit was contracted for a total amount of € 40 million. The weighted average term³⁴ of the financial debts therefore amounts to 4.9 years at this time.

21/02/2019

Montea announced the new investments below for a total amount of €83.0 million.

Acquisition of a leased plot of land in Born (NL). Investment of ca. € 37.0 million.

The land, with an area of 220,000 m², is let to the Koopman Logistics Group for 12.5-year term. It is superbly located on the A2 motorway and the Juliana Canal. The land also affords direct access to the Barge and Rail Terminal in Born for the distribution of containers to the ports of Antwerp and Rotterdam. This transaction represents a total investment value of ca. € 37.0 million (in line with the investment value determined by the real estate expert), generates an immediate net initial return of ca. 5.4% and has a future development potential of 120,000 m² of first rate logistics space at a top location.



Development of build-to-suit project for Unéal in St Laurent de Blangy (FR). Investment of ca. € 18.7 million.

Following a tender in 2018, Montea was selected by Unéal to develop a state-of-the-art distribution centre of ca. 33,000 m² storage space and ca. 1,900 m² office space. The construction works for this project will commence in the first quarter of 2019 (subject to the usual conditions precedent), with delivery of the project expected at the end of 2019. This transaction represents a total investment value of ca. 18.7 million (in line with the investment value determined by the real estate expert) and is expected to generate an initial return of ca. 6.4% upon delivery.



³⁴ Excl. the contracted bridging line of credit.

Acquisition of a plot of land in Meyzieu (FR). Investment of € 3.5 million.

The land of ca. 28,200 m² is in an outstanding location to the east of Lyon on the A42 motorway. A logistics building of ca. 10,000 m² can be developed on it. This transaction represents a total investment value of € 3.5 million. Talks with potential tenants are fully under way. Montea expects to develop this land within a period of 2 years.

**Quadruple of the total area of solar panels: 225,000 m² of new solar panels in Belgium and 110,000 m² of new solar panels in the Netherlands. Investment of ca €23.8 million.**

Montea is continuing its ambitious plans for the sustainability of the portfolio in 2019. Some € 14.2 million will be invested in new solar panels in Belgium (subject to the usual conditions precedent). Work will get under way on the first solar projects in the Netherlands as well for an investment value of ca. €9.6 million. With this new investment, the total surface of solar panels in the portfolio will be more than quadrupled and energy will be generated for more than 10,000 families. The annual income from this investment amounts to ca. € 3.2 million.

21/02/2019**Announcement increase of capital**

Montea announced an increase of capital for an amount of € 160,0 million within the authorized capital with irreducible allocation rights.

1.6 Transactions between affiliated parties

In 2018 there were no transactions between affiliated parties with the exception of those under market compliant conditions and as customary when Montea's activities are carried out.

1.7 EPRA Performance measures

	Definition	Purpose	31/12/2018	31/03/2017
B) EPRA earnings	Recurring earnings from the core operational activities.	A key measure of a company's underlying operating results from its property rental business and an indicator of the extent to which current dividend payments are supported by earnings.	In € x 1000:	
			35.724	26.785
			In € / share:	
			2,95	2,58
C) EPRA NAV	NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the current fair value of the assets and liabilities within a true real estate investment company with a longterm investment strategy.	In € x 1000:	
			443.735	344.522
			In € / share:	
			34,63	29,67
D) EPRA NNNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debts and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all assets and liabilities within a real estate entity.	In € x 1000:	
			437.699	338.308
			In € / share:	
			34,16	29,14
F) EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant spaces, divided by ERV of the whole portfolio.	A pure (in %) measure of investment property space that is vacant, based on ERV.	1,5%	3,2%

EPRA earnings – EPRA earnings per share

Definition: The EPRA earnings concern the net earnings (after processing of the operating result before the result on the portfolio, minus the financial results and corporate tax, exclusive of deferred taxes), minus the changes in the fair value of property investments and real estate intended for sale, minus the result from the sale of investment properties, plus changes in the fair value of the financial assets and liabilities. The EPRA earnings per share are the EPRA earnings divided by the weighted average number of shares for the financial year.

Purpose: The EPRA earnings measure the operational profitability of the company after the financial result and after taxes on the operational result. The EPRA earnings measure the net result from the core activities per share.

Calculation:

EPRA earnings

<i>(in EUR X 1 000)</i>		31/12/2018	31/12/2017
Net result (IFRS)		64.575	36.548
Changes for calculation of the EPRA earnings			
To exclude:			
(i)	Variations in fair value of the investment properties and properties for sale	-31.975	-3.204
(ii)	Result on sale of investment properties	-3	-769
(vi)	Variations in fair value of the financial assets and liabilities	3.127	-5.791
EPRA earnings		35.724	26.785
Weighted average number of shares		12.100.327	10.392.676
EPRA earnings per share (€/share)		2,95	2,58

EPRA NAV – EPRA NAV per share

Definition: The EPRA NAV is the NAV applied so that it comprises real estate and other investments at their fair value and excludes certain items which are not expected to acquire fixed form in a business model with property investments in the long term. The EPRA NAV per share concerns the EPRA NAV on the basis of the number of shares in circulation on the balance sheet date. Cf. also www.epra.com.

Purpose: The EPRA NAV measures the intrinsic value without taking account of the fair value of the hedging instruments, the impact of which is booked in the financial costs in future financial years, if the IRS is not cancelled before the maturity date. The EPRA NAV per share measures the intrinsic value per share without taking into account the fair value of the hedging instruments, the impact of which is booked in the financial costs in future financial years, if the IRS is not cancelled before the maturity date.

Calculation:

EPRA NAV

<i>(in EUR X 1 000)</i>		31/12/2018	31/12/2017
IFRS NAV		433.550	332.911
NAV per share (€/share)		33,83	28,67
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		433.550	332.911
To exclude			
(iv)	IV. Fair value of financial instruments	10.186	11.611
EPRA NAV		443.735	344.522
Number of shares in circulation per end period		12.814.692	11.610.531
EPRA NAV per share (€/share)		34,63	29,67

EPRA NNNAV – EPRA NNNAV per share

Definition: The EPRA NNNAV is the EPRA NAV that was applied so that it includes the fair value of financial instruments, debts and deferred taxes. The EPRA NNNAV per share concerns EPRA NNNAV on the basis of the number of shares in circulation on the balance sheet date. Cf. also www.epra.com.

Purpose: The EPRA NNNAV measures the intrinsic value taking into account the fair value of the hedging instruments. The EPRA NNNAV per share measures the intrinsic value taking into account the fair value of the hedging instruments.

Calculation:

EPRA NNNAV

<i>(in EUR X 1 000)</i>		31/03/2018	31/03/2017
EPRA NAV		443.735	344.522
Number of shares in circulation at the end of the period		12.814.692	11.610.531
EPRA NAV (€/share)		34,63	29,67
To add:			
(i)	I. Fair value of financial instruments	-10.186	-11.611
(ii)	II. Revaluation of the fair value of financing at fixed interest rate	4.149	5.397
EPRA NNNAV		437.699	338.308
Number of shares in circulation at the end of the period		12.814.692	11.610.531
EPRA NNNAV (€/share)		34,16	29,14

EPRA rental vacancy

Definition: The EPRA vacancy corresponds to the complement of “Occupancy rate” with the difference that the occupancy rate used by Montea is calculated on the basis of square metres whereas the EPRA vacancy is calculated on the basis of the estimated rental value.

Purpose: The EPRA vacancy measures the vacancy percentage as a function of the estimated value without taking account of non-rentable m², intended for redevelopment, and of the land bank.

Calculation:

EPRA VACANCY RATE

<i>(in EUR X 1 000)</i>	(A) Estimated rental value (ERV) for vacancy 31/12/2018	(B) Estimated rental value portfolio (ERV) 31/12/2018	(A/B) ERPA Vacancy rate <i>(in %)</i> 31/12/2018	(A) Estimated rental value (ERV) for vacancy 31/12/2017	(B) Estimated rental value portfolio (ERV) 31/12/2017	(A/B) ERPA Vacancy rate <i>(in %)</i> 31/12/2017
Belgium	202	31.157	0,6%	1.525	26.760	5,7%
France	674	9.226	7,3%	-	7.012	0,0%
The Netherlands	-	19.210	0,0%	-	13.974	0,0%
Total	876	59.593	1,5%	1.525	47.746	3,2%

1.8 Detail of the calculation of APMs used by Montea³⁵

Result on the portfolio

Definition: This concerns the positive and/or negative changes in the fair value of the property portfolio plus any capital gains or losses from the construction of properties.

Purpose: This APM indicates the positive and/or negative changes in the fair value of the property portfolio plus any capital gains or losses from the construction of properties.

Calculation:

RESULT ON PORTFOLIO <i>(in EUR X 1 000)</i>	31/12/2018	31/12/2017
Result on sale of property investments	3	769
Variations in the fair value of property investments	31.975	3.204
RESULT ON PORTFOLIO	31.978	3.973

Financial result exclusive of changes in the fair value of financial instruments

Definition: This is the financial result pursuant to the Royal Decree of 13 July 2014 on regulated real estate companies, exclusive of the change in the real value of the financial instruments.

Purpose: This APM indicates the actual financing cost of the company.

Calculation:

FINANCIAL RESULT excl. variations in fair value of financial instruments <i>(in EUR X 1 000)</i>	31/12/2018	31/12/2017
Financial result	-13.366	-5.316
To exclude:		
Variations in fair value of financial assets & liabilities	3.127	-5.791
FINANCIAL RESULT excl. variation in fair value of financial instruments	-10.239	-11.107

³⁵ Exclusive of the EPRA measures, some of which are considered as an APM, and are calculated under Chapter 1.7 EPRA Performance measures.

Operating margin

Definition: This is the operating result before the result of the real estate portfolio divided by the net rental income.

Purpose: This APM measures the operational profitability of the company as a percentage of the rental income.

Calculation:

In 2017 the operating margin, exclusive of one-off payments, amounted to 92.0%.

OPERATING MARGIN (in EUR X 1 000)	31/12/2018	31/12/2017
Net rental result	49.883	40.793
Operating result (before the result on the portfolio)	46.053	38.830
OPERATING MARGIN	92,3%	95,2%

Average cost of debt

Definition: Average financial cost over the entire year calculated on the basis of the total financial result with regard to the average of the initial and an outstanding balance of the financial debt burden without taking into account the valuation of the hedging instruments.

Purpose: The company resorts partially to debt financing. This APM measures the cost of this source of financing and the possible impact on the results.

Calculation:

AVERAGE COST OF DEBT (in EUR X 1 000)	31/12/2018	31/12/2017
Financial result	-13.366	-5.316
To exclude:		
Financial income	-91	-240
Variations in fair value of financial assets and liabilities	3.127	-5.791
Activated interest charges	-1.491	-451
TOTAL FINANCIAL CHARGES (A)	-11.821	-11.798
AVERAGE FINANCIAL DEBTS (B)	449.223	366.615
AVERAGE COST DEBTS (A/B) (*)	2,6%	3,2%

Interest Coverage Ratio

Definition: the interest coverage ratio is calculated by dividing the sum of the operating result before the result on the portfolio and the financial revenues by the net interest costs.

Purpose: this APM indicates the number of times required for the company to earn its interest charges.

Calculation:

INTEREST COVERAGE RATIO (in EUR X 1 000)	31/12/2018	31/12/2017
Operational result, before result on portfolio	46.053	38.830
Financial income (+)	91	240
TOTAL (A)	46.144	39.071
Financial charges (-)	10.237	11.245
TOTAL (B)	10.237	11.245
INTEREST COVERAGE RATIO (A/B)	4,51	3,47

1.9 Forecasts

1.9.1 Economic climate

Montea is well aware that its activities are influenced in part by the general economic climate. Lower economic growth can have an impact on the occupancy rate and on the rental income. Montea anticipates such developments by constantly revaluating its portfolio, whereby non-strategic properties are regularly divested. In addition, Montea focuses its investments on multi-modal top locations, with a preference for harbour and airport locations in Belgium, France and the Netherlands. For new developments, Montea also tries to enter into long-term leases with companies in sectors with high added value. Finally, Montea is constantly endeavouring to make its portfolio sustainable, for instance by installing solar panels on its roofs. The aforementioned focus on quality leads to a portfolio with strong fundamentals, including a high occupancy rate (99%) and long-term leases on first due date (8 years).

Thanks to its current position, Montea (as a developer and end investor) can cater to the growing appetite for logistics in its 3 home markets. The company has positioned itself ideally through a broad network to adapt to economic trends such as e-commerce and the increasing demand for sustainability.

1.9.2 Specific forecasts for Montea

❑ Investment pipeline

Montea will continue the sturdy growth story of recent years in 2019 thanks to the expansion of the teams in 3 countries in 2018 and the establishment of various partnerships.

This growth will be achieved in the current geographic home markets in particular through:

- A combination of acquired land positions with a view to develop leasable build-to-suit projects;
- Sale-and-lease back transactions;
- Investments within the extended RREC legislation;
- Investment in renewable sources of energy.

Montea expects to increase the portfolio by € 177.50 million (of which 83% or € 147.50 million already identified) to € 1.09 billion in 2019.

❑ Occupancy rate and term of the leases

The growth of the portfolio is accompanied by a continuous arbitrage which results in exceptional property-related performance measures such as the occupancy rate (99.1% at the end of 2018), the average term of leases to the first termination option (8.5 years at the end of 2018) and the average age of the buildings (<7 at the end of 2018). Thanks to its focus on the type of tenant and their activity (such as healthcare sector), as well as on strategic locations with high added value (such as airports, locations adjacent to water, etc.), Montea manages to expand its real estate portfolio in optimal fashion.

Montea expects to maintain an occupancy rate of at least over 97.5% in 2019.

Montea expects to maintain the average term of its leases on first due date above 7.5 years in 2019.

❑ Financing strategy

Montea aspires to pursue a diversified financing policy, the ultimate aim being to bring its financing in line with the term of its leases. When it invests, it will always take the expected debt ratio of ca. 55% when it invests.

Montea expects to lower the average debt of costs to 2.4% in 2019.

❑ EPRA earnings per share/dividend per share

Montea expects its EPRA earnings to grow by 5% in 2019.

Montea expects a growth in the dividend per share in 2019 in line with the growth of the EPRA earnings per share, i.e. 5%, on the basis of a payout ratio of 80%. This will lead to a gross dividend of € 2.37 per share in 2019.

1.10 Corporate responsibility and sustainable business

As a specialist in the logistics 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 strives not only to comply with the legal requirements, but wishes to go further than the applicable legislation by means of initiatives and actions. Montea's management is convinced that taking a responsible approach to these activities is a decisive factor in the company's sustainability.

1.10.1 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.

1.10.2 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 8 May 2015, Montea was the first Belgian property investor to be awarded the Lean & Green Star in recognition of reducing CO2 emissions in the Belgian portfolio by 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 portfolio:

- 270,000 m² of logistical space has been equipped with energy monitoring systems for the day-to-day evaluation of the energy consumption of tenants;
- All 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 5.3 MWp in solar panels was placed on the roofs of the portfolio in Belgium, good for the generation of 4.5 MWh, comparable to ca. 1,300 households.
- 386,000 m² of buildings have been bought or built in which the K-value is lower than K35 (the legal maximum is K40)

1.10.3 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 term 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:

□ 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. 14 sites have been equipped with monitoring systems. Montea can thus monitor its energy management closely and make adjustments where there is extreme consumption by means of period reports.

❑ **Solar panels**

From the monitoring mentioned above, the total energy produced from the PV installations is up to the forecast expectations. Depending on their operations, Montea's tenants use up to 90% of the solar energy produced. Each quarter, Montea informs its tenants about the solar energy generated, as well as the solar energy consumed locally and the financial benefit.

❑ **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.
- The maintenance module can be used for all sites 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.

❑ **Waste management**

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

1.11 Statement on compliance with certain bond issues

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 51.3%, 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 4.50, 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

21/05/2019	Interim statements on 31/03/2019 (before market opening)
21/05/2019	General meeting of shareholders
08/08/2019	Half-yearly statements on 30/06/2019 (before market opening)
06/11/2019	Interim statements on 30/09/2019 (before market opening)

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. On 31/12/2018 Montea’s property portfolio represented total floor space of 1,220,099 m² across 63 locations. Montea Comm. VA has been listed on NYSE Euronext Brussels (MONT) and Paris (MONTP) since 2006. On 5/9/2018 Montea obtained the EPRA BPR Gold Award.

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FOR MORE INFORMATION

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ANNEX 1**Consolidated overview of the balance sheet 31/12/2018**

CONSOLIDATED PROFIT & LOSS ACCOUNT (EUR x 1.000)		31/12/2018	31/12/2017
I.	Rental income	52.896	43.234
II.	Write-back of lease payments sold and discounted	0	0
III.	Rental-related expenses	-3.012	-2.440
	NET RENTAL RESULT	49.883	40.793
IV.	Recovery of property charges	0	0
V.	Recovery of charges and taxes normally payable by tenants on let properties	5.847	5.168
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	-6.493	-5.895
VIII.	Other rental-related income and expenses	2.831	3.897
	PROPERTY RESULT	52.068	43.963
IX.	Technical costs	-6	-34
X.	Commercial costs	-130	-122
XI.	Charges and taxes of un-let properties	0	0
XII.	Property management costs	-1.534	-1.047
XIII.	Other property charges	-60	-44
	PROPERTY CHARGES	-1.730	-1.246
	PROPERTY OPERATING RESULT	50.338	42.717
XIV.	General corporate expenses	-4.224	-3.814
XV.	Other operating income and expenses	-61	-72
	OPERATING RESULT BEFORE PORTFOLIO RESULT	46.053	38.830
XVI.	Result on disposal of investment properties	3	769
XVII.	Result on disposal of other non-financial assets	0	0
XVIII.	Changes in fair value of investment properties	31.975	3.204
XIX.	Other portfolio result	0	0
	OPERATING RESULT	78.031	42.803
XX.	Financial income	91	240
XXI.	Net interest charges	-10.237	-11.245
XXII.	Other financial charges	-92	-102
XXIII.	Change in fair value of financial assets & liabilities	-3.127	5.791
	FINANCIAL RESULT	-13.366	-5.316
XXIV.	Share in the result of associates and joint ventures	0	0
	PRE-TAX RESULT	64.665	37.486
XXV.	Corporation tax	-89	-938
XXVI.	Exit tax	0	0
	TAXES	-89	-938
	NET RESULT	64.575	36.548
	Attributable to:		
	Shareholders of the parent company	64.575	36.548
	Minority interests	0	0
	Number of shares in circulation at the end of the period	12.814.692	11.610.531
	Weighted average of number of shares of the period	12.100.327	10.392.676
	NET RESULT per share (EUR)	5,34	3,52

ANNEX 2**Consolidated overview of the balance sheet on 31/12/2018**

CONSOLIDATED BALANCE SHEET (EUR x 1.000)		31/12/2018	31/12/2017
I.	NON-CURRENT ASSETS	910.426	719.615
A.	Goodwill	-	-
B.	Intangible assets	374	168
C.	Investment properties	896.873	706.431
D.	Other tangible assets	13.149	12.877
G.	Trade receivables and other non-current assets	29	42
II.	CURRENT ASSETS	39.051	28.811
A.	Assets held for sale	2.377	-
D.	Trade receivables	15.599	14.364
E.	Tax receivables and other current assets	13.867	8.748
F.	Cash and cash equivalents	4.634	3.436
G.	Deferred charges and accrued income	2.574	2.263
TOTAL ASSETS		949.477	748.426
TOTAL SHAREHOLDERS' EQUITY		433.569	333.029
I.	Shareholders' equity attributable to shareholders of the parent company	433.550	332.911
A.	Share capital	256.063	232.938
B.	Share premiums	100.891	66.641
C.	Reserves	12.020	-3.216
D.	Net result of the financial year	64.575	36.548
II.	Minority interests	19	118
LIABILITIES		515.908	415.397
I.	Non-current liabilities	427.155	386.251
B.	Non-current financial debts	416.968	374.543
a.	Credit institutions	306.431	264.072
b.	Financial leasings	1.047	1.136
c.	Other	109.491	109.335
C.	Other non-current financial liabilities	10.186	11.707
E.	Other non-current liabilities	-	-
II.	Current liabilities	88.754	29.147
B.	Current financial debts	45.085	2.273
a.	Credit institutions	45.000	2.000
b.	Financial leasings	85	273
c.	Other	-0	-
C.	Other current financial liabilities	-	-
D.	Trade debts and other current debts	20.142	10.894
a.	Exit tak	1.445	4.346
b.	Other	18.697	6.547
E.	Other current liabilities	4.707	437
F.	Accrued charges and deferred income	18.819	15.542
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		949.477	748.426

ANNEX 3**Consolidated overview of changes in equity (€'000)**

STATEMENT OF 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 31/12/2017	232.938	66.641	-3.217	36.548	0	118	333.028
Elements directly recognized as equity	23.125	34.250	64	0	0	-99	57.340
Capital increase	24.195	34.250	0	0	0	0	58.446
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	0	0	0	0	0
Positive change in value of solar panels (IAS 16)	0	0	10	0	0	0	10
Own shares	-1.070	0	0	0	0	0	-1.070
Own shares held for employee option plan	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	-99	-99
Corrections	0	0	54	0	0	0	54
Subtotal	256.063	100.891	-3.153	36.548	0	19	390.368
Dividends	0	0	-21.375	0	0	0	-21.375
Result carried forward	0	0	36.548	-36.548	0	0	0
Result for the financial year	0	0	0	64.575	0	0	64.575
ON 31/12/2018	256.063	100.891	12.020	64.575	0	19	433.568

ANNEX 4**Overview of the consolidated comprehensive income**

ABBREVIATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR x 1.000)	31/12/2018	31/12/2017
	12 months	12 months
Net result	64.575	36.548
Other items of the comprehensive income	10	484
Items taken in the result	0	0
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	0	0
Changes in the effective part of the fair value of authorized cash flow hedges	0	0
Items not taken in the result	10	484
Impact of changes in fair value of solar panels	10	484
Comprehensive income	64.585	37.032
Attributable to:		
Shareholders of the parent company	64.585	37.032
Minority interests	0 €	0 €

ANNEX 5

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

CONSOLIDATED CASH FLOW STATEMENT (EUR x 1.000)	31/12/2018	31/12/2017
	12 months	12 months
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR (A)	3.436	3.350
Net result	64.575	36.548
Financial cash elements (not dedectable of the net profit) to become the operating result	10.239	11.107
Received interests	-91	-240
Paid interests on finances	10.330	11.347
Received dividends	0	0
Taxes (dedected from the net result) to become the operating result	89	938
Non-cash elements to be added to / deducted from the result	-28.567	-10.415
Depreciations and write-downs	373	286
Depreciations/write-downs (or write-back) on intangible and tangible assets (+/-)	205	205
Write-downs on current assets (+)	157	90
Write-back of write-downs on current assets (-)	11	-9
Other non-cash elements	-28.941	-10.701
Changes in fair value of investment properties (+/-)	-31.975	-3.204
IAS 39 impact (+/-)	3.127	-5.791
Other elements	0	0
Realized gain on disposal of investment properties	-3	-769
Provisions	0	0
Taxes	-89	-938
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS (B)	46.336	38.178
Change in working capital requirements (C)	10.143	25.620
Movements in asset items	-6.652	20.570
Trade receivables	13	-3
Other long-term non-current assets	-1.235	-3.865
Other current assets	-5.119	5.580
Deferred charges and accrued income	-311	18.858
Movements in liability items	16.795	5.050
Trade debts	9.929	-543
Taxes, social charges and salary debts	-681	589
Other current liabilities	4.270	287
Accrued charges and deferred income	3.277	4.717
NET CASH FLOW FROM OPERATING ACTIVITIES (A)+(B)+(C) = (A1)	59.915	67.148
Investment activities	-175.075	-166.546
Acquisition of intangible assets	-313	-79
Investment properties and development projects	-174.246	-164.934
Other tangible assets	-84	-51
Solar panels	-436	-2.250
Disposal of investment properties	3	769
Disposal of superflucy	0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B1)	-175.075	-166.546
FREE CASH FLOW (A1+B1)	-115.160	-99.398
Change in financial liabilities and financial debts	93.052	67.599
Increase (+)/Decrease (-) in financial debts	85.237	1.511
Increase (+)/Decrease (-) in other financial liabilities	-1.521	1.211
Increase (+)/Decrease (-) in trade debts and other non-current liabilities	-9.248	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	36.981	46.342
Increase (+)/Decrease (-) in share capital	24.195	32.656
Increase (+)/Decrease (-) in share premium	34.250	34.201
Increase (+)/Decrease (-) in consolidation differences	0	0
Increase (+)/Decrease (-) in minority interests	-100	0
Dividends paid	-21.375	-20.999
Increase (+)/Decrease (-) in reserves	10	484
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	-10.239	-11.107
NET FINANCIAL CASH FLOW (C1)	119.794	102.834
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (A1+B1+C1)	4.634	3.436

ANNEX 6**Independent real estate expert's report on 31/12/2018³⁶****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 2018.

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 2018. 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 expert 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.

³⁶ The full report from the property assessor dated 31/12/2018 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..

The static capitalisation is carried out in the form of a “Term and Reversion” valuation. The valuation is divided into two parts: the current income, based on the contractual rent, is capitalized to the next termination of the lease, the market rental value is then capitalized and discounted in perpetuity. This method of valuation uses a multiplier for the current and future rent that is based on analyzes of comparable sales.

The multiplier varies depending on the required return of an investor for a similar building at a comparable location. This return reflects the risks specific to the sector (future vacancy, credit risk, maintenance costs, etc.) in case there are exceptional factors specific to the building, a correction is made for this.

Examples of this are:

- Non-recovered charges or taxes in a market where recovery from the tenant is usual;
- Renovation and repair works required on the date of valuation in order to guarantee the market rental value;
- Unusual outgoing costs;
- Influence of concession agreements;
- Possible development potential.

The method of “capitalization” that we apply here can be distinguished from the updated cash flow method. With this latter method, future growth and indexation are explicitly included. This distinction means that the returns used in a valuation with updated cash flows (DCF) are higher than those in the static capitalization and method.

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 of the Belgian properties 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 full registration duties should be subtracted, depending on the region where they are situated.

A/ Properties held as an investment

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2018 amounts to a total of

913.283.100 €

(Nine hundred and thirteen million two hundred eighty three thousand and one hundred Euro);

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

The most likely sale value corresponding to the fair value of this consolidated Montea property portfolio as at 31st December 2018 amounts to a total of

871.187.200 €

(Eight hundred seventy one million one hundred eighty seven thousand and two hundred Euro);

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

On this basis, the initial yield of the portfolio is 6,70%.

B/ Properties under development

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2018 amounts to a total of

28.826.100 €

(Twenty eight million eight hundred twenty six thousand and one hundred Euro);

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

The most likely sale value corresponding to the fair value of this consolidated Montea property portfolio as at 31st December 2018 amounts to a total of

28.395.400 €

(Twenty eight million three hundred and ninety five thousand and four hundred Euro);

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

The property portfolio comprises:

31/12/2018							
INVESTMENT PROPERTIES	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium	7,65%	33.266.671 €	33.534.216 €	31.222.870 €	434.909.700 €	424.213.600 €	396.251.300 €
The Netherlands	5,85%	19.288.926 €	19.288.926 €	19.209.957 €	329.495.800 €	307.940.000 €	307.940.000 €
France	5,81%	8.649.349 €	9.588.329 €	9.225.945 €	148.877.600 €	139.033.600 €	139.033.600 €
TOTAL	6,70%	61.204.947 €	62.411.472 €	59.658.772 €	913.283.100 €	871.187.200 €	843.224.900 €

UNDER DEVELOPMENT	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium					10.030.000 €	9.785.400 €	9.118.200 €
The Netherlands					18.796.100 €	18.610.000 €	18.610.000 €
France					0 €	0 €	0 €
					28.826.100 €	28.395.400 €	27.728.200 €

TOTAL PORTFOLIO	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium					444.939.700 €	433.999.000 €	405.369.500 €
The Netherlands					348.291.900 €	326.550.000 €	326.550.000 €
France					148.877.600 €	139.033.600 €	139.033.600 €
					942.109.200 €	899.582.600 €	870.953.100 €

Yours sincerely,

Brussels, 22nd January 2019



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

ANNEX 7
Auditor's statement

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.