

Press Release

Interim Report

From the statutory manager
for the period from
01/07/2019 to 30/09/2019

REGULATED INFORMATION
EMBARGO UNTIL 6/11/2019 – 7:30 AM



- ✓ EPRA earnings of €37.3 million over first 9 months 2019 (+ 48% compared with first 9 months in 2018)
- ✓ EPRA earnings per share of €2.45¹ (+ 18% compared with first 9 months in 2018)
- ✓ Fair value of the property portfolio rose by €201.7 million or 22% compared with the end of 2018
- ✓ Strong portfolio fundamentals with an occupancy rate of 98.6% and average term of leases on first expiry date of 8.1 years (exclusive of term of solar panel certificates)
- ✓ Debt ratio of 40.8% at the end of Q3 2019

Outlook for 2019:

- ✓ Growth of EPRA earnings per share of €3.25 (+10% compared with 2018)
- ✓ Growth of dividend per share in 2019, in line with growth of the EPRA earnings per share, i.e. €2.50 (+10% compared with 2018), based on a pay-out ratio of 80%

¹ The impact of the capital increase (2,847,708 new shares were created) in Q1 2019 on the weighted average number of shares is the lowest in the first quarter of 2019 and will increase towards the end of the year.

Summary

1. Montea's EPRA earnings amounted to €37.3 million for the first 9 months of 2019, up by 48% compared with the same period in 2018 (€25.2 million). The EPRA earnings per share in the first 9 months of 2019 amounted to €2.45, an increase of 18% compared with the same period in 2018 (€2.08 per share), taking into account the increase in the weighted average number of shares of 26%².

The net rental income rose by 35% (from € 35.9 million at the end of Q3 2018 to € 48.4 million at the end of Q3 2019), mainly due to the growth in the property portfolio, which generates additional rental income.

2. The net profit (IFRS) amounted to €69.1 million, driven partly by an increase in the fair value of the property portfolio of € 52.9 million. The net profit (IFRS) per share in the first 9 months of 2019 amounted to €4.53 compared with €4.23 per share for the same period in 2018.

3. An additional portfolio volume of € 201.7 million (including the increase in the fair value of the existing portfolio of €52.9 million³) was generated during the first 9 months of 2019, whereby the fair value of the property portfolio, including developments and solar panels, rose by 22% (from €911.8 million at the end of 2018 to €1,113.5 billion at the end of Q3 2019).

4. The occupancy rate amounted to 98.6% on 30 September 2019 and has remained stable compared with the end of 2018. The average remaining term of leases on first expiry date amounts to 8.1 years.

5. The average financing cost for the first 9 months of 2019 amounted to 2.2% with a hedge ratio of 93% at the end of September 2019.

6. The debt ratio amounted to 40.8% at the end of the third quarter of 2019 compared with 51.3% at the end of 2018.

7. The EPRA NAV per share amounted to €42.6 on 30 September 2019 compared with €34.6 at the end of 2018. The IFRS NAV per share amounted to €40.6 on 30 September 2019 compared with €33.8 at the end of 2018.

8. Taking into account the results of the third quarter of 2019, the outlook for Montea is as follows:

- ❑ EPRA earnings per share are expected to grow by €3.25 (+10% compared with 2018)
- ❑ The dividend per share is expected to grow in line with the growth of the EPRA earnings per share to €2.50 (+10% compared with 2018) based on a pay-out ratio of 80%

² The impact of the capital increase (2,847,708 new shares were created) in Q1 2019 on the weighted average number of shares is the lowest in the first quarter and will increase towards the end of the year.

³ Including the earnings from the sale of investment properties.

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1 Management Report

1.1 Key figures

		BE	FR	NL	30/09/2019	31/12/2018	30/09/2018
					9 months	12 months	9 months
Real estate portfolio							
Real estate portfolio - Buildings (1)							
Number of sites		33	15	19	67	63	61
Surface of the real estate portfolio							
Logistics and semi-industrial warehouses	sqm	624.873	157.351	285.848	1.068.072	1.028.383	1.093.863
Offices	sqm	58.071	14.334	29.667	102.072	95.548	89.645
Land - rent	sqm	6.512	0	156.498	163.010	96.168	
Total surface	sqm	689.456	171.685	472.013	1.333.155	1.220.099	1.183.508
Development potential (sqm) - portfolio	sqm	191.907	40.919	37.520	270.346	133.655	
Development potential (sqm) - in research	sqm				0	220.000	
Development potential (sqm) - in option	sqm	79.137	0	166.512	245.649	550.419	
Total surface - development potential (sqm)	sqm	303.606	40.919	925.012	1.269.537	1.450.727	145.832
Value of the real estate portfolio							
Fair value (2)	K€	513.448	148.565	393.850	1.055.863	870.423	830.264
Investment value (3)	K€	526.386	159.074	419.991	1.105.451	912.499	870.445
Occupancy Rate (4)	%	99,8%	95,2%	98,2%	98,6%	99,1%	97,9%
Real estate portfolio - Solar panels							
Fair value	K€	11.738	0	87	11.825	13.016	13.107
Real estate portfolio - Projects under construction							
Fair value (2)	K€	26.620	12.547	6.675	45.842	28.395	28.576
Consolidated results							
Results							
Net rental result	K€				48.378	49.883	35.906
Property result	K€				50.875	52.068	37.634
Operating result before the portfolio result	K€				46.229	46.053	33.276
Operating margin (5)*	%				90,9%	88,4%	88,4%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€				-8.408	-10.239	-7.463
EPRA result (7)*	K€				37.267	35.724	25.172
Weighted average number of shares					15.229.606	12.100.327	12.100.327
EPRA result per share (8)*	€				2,45	2,95	2,08
Result on the portfolio (9)	K€				52.872	31.978	25.037
Variations in fair value of the financial instruments (10)	K€				-21.079	-3.127	945
Net result (IFRS)	K€				69.060	64.575	51.154
Net result per share	€				4,53	5,34	4,23
Consolidated balance sheet							
IFRS NAV (excl. minority participations) (11)	K€				640.295	433.550	419.315
EPRA NAV (12)*	K€				671.559	443.735	429.981
Debts and liabilities for calculation of debt ratio	K€				476.305	486.902	470.037
Balance sheet total	K€				1.167.042	949.477	917.690
Debt ratio (13)	%				40,8%	51,3%	51,2%
IFRS NAV per share	€				40,57	33,83	32,72
EPRA NAV per share (14)*	€				42,55	34,63	33,55
EPRA NNAV per share (15)*	€				40,83	34,16	33,07
Share price (16)	€				77,70	59,80	56,40
Premium	%				91,5%	76,8%	72,4%

- (1) Inclusive of real estate intended for sale.
- (2) Accounting value according to the IAS/IFRS rules, exclusive of real estate intended for own use.
- (3) Value of the portfolio without deduction of the transactions costs.
- (4) The occupancy rate is based on m². For the calculation of this occupancy rate no account was taken, nor in the numerator, nor in the denominator, of the unoccupied m² intended for redevelopment and the land bank.
- (5) *The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental result. See section 3.
- (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 real estate companies excluding the variation in the fair value of the financial instruments, and reflects the actual funding cost of the company. See section 3.
- (7) *EPRA earnings: 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 result (IFRS) exclusive of the result on the portfolio and the variations in the fair value of financial instruments. Cf. www.epra.com and section 2.
- (8) *EPRA earnings per share concerns the EPRA earnings on the basis of the weighted average number of shares. Cf. www.epra.com and section 2.
- (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 sale of real estate. See section 3.
- (10) Variations in the fair value of financial hedging instruments: this concerns the negative and/or positive variations in the fair value of the interest hedging instruments according to IFRS 9.
- (11) IFRS NAV: Net Asset Value or intrinsic value before 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 according to IFRS 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 at their fair value, and 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 2.
- (13) Debt ratio according to the Royal Decree of 13 July 2014 on regulated real estate companies.
- (14) *EPRA NAV per share: 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. www.epra.com and section 2.
- (15) *EPRA NNNAV: This is the EPRA NAV that was adjusted so as to comprise also the fair value of financial instruments, debts and deferred taxes. The EPRA NNNAV per share concerns the EPRA NNNAV on the basis of the number of shares in circulation on the balance sheet date. Cf. also www.epra.com and section 2.
- (16) Share price at the end of the period.

1.2 Significant events and transactions during Q3 2019

1.2.1 Rental activity

Occupancy rate of 98.6%

At the end of September 2019, the occupancy rate amounted to 98.6% - stable compared to 2018.

The current vacant premises are located in Waddinxveen (NL) where ca. 35% of the recently delivered lettable floor space is for rent and in Le Mesnil-Amelot (FR) where Autoclick and Facilt-Air used to rent. The vacant unit in Milmort (BE) is let to Safran Aero Boosters as of 1 November 2019.

1.2.2 Development activity

In the third quarter of 2019, approximately 42,000 m² of preleased projects were delivered for a total investment amount of €45.0 million (exclusive of the investments for solar panels) and a net initial yield of 6.5%. It concerns the following premises:

- Waddinxveen, Netherlands; partially let to Isero for a fixed term of 15 years
 - Start in Q4 2018 – delivered on 12/07/2019
- Heerlen, Nederland: let to Doc Morris for a fixed term of 15 years
 - Start in Q4 2018 – delivered on 23/09/2019

In addition, Montea is expecting at least ca. 43,000 m² in preleased projects to be delivered in the course of 2020, the development of which was already started in 2019, for a total investment of €29.6 million and a net initial yield of 7.2%. It concerns the following premises:

- St-Laurent de Blangy, France: let to Unéal-Advitam for a fixed term of 20 years
 - Start in Q2 2019 – delivery in Q2 2020
- Meyzieu, France: let to Auto Chassis International for a fixed term of 9 years
 - Start in Q3 2019 – delivery in Q2 2020



1.2.3 Divestment activity

On 08/07/2019 Montea sold the building in 's Heerenberg, which had been let for many years to JCL Logistics, and to Aberdeen Standard European Logistics Income PLC. The asset was sold on the basis of an initial yield of 5.4% for a total selling price of €24.0 million.

1.2.4 Other events

16/09/2019

Property management raised to a higher level with the arrival of Jimmy Gysels ⁴

On 16/09/2019, Jimmy Gysels was appointed Chief Property Management at Montea. He will optimize property management from his new position so as to provide even better service to the current and future customers. Particular focus will be placed on the further sustainability of the portfolio, innovation and customer-oriented communication.



1.2.5 EPRA earnings of € 2.45 per share

The EPRA earnings per share in the first 9 months of 2019 amounted to €2.45, an increase of 18% per share compared with the third quarter of 2018, due mainly to the growth of the property portfolio. Furthermore, the operational and financial costs were monitored closely and managed as such.

KEY RATIO'S	30/09/2019 9 months	31/12/2018 12 months	30/09/2018 9 months
Key ratio's (€)			
EPRA result per share (1)	2,45	2,95	2,08
Result on the portfolio per share (1)	3,47	2,64	2,07
Variations in the fair value of financial instruments per share (1)	-1,38	-0,26	0,08
Net result (IFRS) per share (1)	4,53	5,34	4,23
EPRA result per share (2)	2,36	2,79	1,96
Proposed distribution			
Payment percentage (compared with EPRA result) (3)		81%	
Gross dividend per share		2,26	
Net dividend per share		1,58	
Weighted average number of shares	15.229.606	12.100.327	12.100.327
Number of shares outstanding at period end	15.782.594	12.814.692	12.814.692

(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.

⁴ See press release of 16/09/2019 or www.montea.com for more information.

1.2.6 Policy developments concerning Dutch REIT status

In its coalition agreement of the beginning of October 2017, the Dutch government had indicated that it wanted to abolish direct investments in Dutch real estate by the property FBIs as of 2020, on account of the targeted general repeal of the dividend tax. In the provisional result of the 'reconsiderations' published in October 2108, however, the Dutch government announced that the dividend tax would remain in place, and that the property FBIs can also continue to invest directly in real estate.

Up to now, the Company's Dutch subsidiary, Montea Nederland NV and its subsidiaries, still did not have a final decision from the Dutch tax authorities in which the FBI status was approved. In 2016, with reference to certain case law of the Dutch Supreme Court, the Dutch tax authorities had developed a view in their policy concerning what the shareholder test will entail. As shareholder of its FBI subsidiary Montea Nederland NV, the Company would more specifically have to show that it can itself be considered as FBI. Only then can the Company be considered by the Dutch tax authorities as a qualified shareholder under the FBI system. Against this background, consultations were conducted by and between the Dutch tax authorities and the company to see how a concrete interpretation can be given here. The talks between the Dutch tax authorities and Montea Nederland NV were temporarily suspended in the light of the above coalition agreement. In the meantime, the discussions were resumed.

Montea considers that as a regulated real estate company it operates within a system that is objectively comparable with that of the FBI and believes that it therefore meets the requirements. Montea consequently thinks that it will be able to reach reasonable agreements with the Dutch fiscal authorities, under the terms of which FBI status will be attributed to Montea Nederland NV and its subsidiaries. Furthermore, the Dutch Ministry of Finance and the Dutch tax authorities already indicated in the past that they want to proceed under the general principles of good governance with regard to creating a level playing field ('equivalent cases are to be treated equally'). The aim is that Montea will not be treated worse by the Dutch tax authorities than other sufficiently similar Belgian regulated real estate companies with existing agreements concerning FBI status.

1.3 Value and composition of the property portfolio on 30/09/2019

The fair value of the total property assets of Montea pursuant to IAS 40 amounted to € 1,113.5 million on 30 September 2019⁵, consisting of the valuation of the property portfolio buildings, inclusive of buildings held for sale (€ 1,055.9 million), the fair value of the ongoing developments (€45.8 million) and the fair value of the solar panels (€ 11.8 million).

	Total 30/09/2019	Belgium	France	The Netherlands	Total 31/12/2018
Real estate portfolio - Buildings (0)					
Number of sites	67	33	15	19	63
Warehouse space (sqm)	1.068.072	624.873	157.351	285.848	1.028.383
Office space (sqm)	102.072	58.071	14.334	29.667	95.548
Land space - rent (sqm)	163.010	6.512	0	156.498	96.168
Total space (sqm)	1.333.155	689.456	171.685	472.013	1.220.099
Real estate portfolio - Terrains					
Development potential (sqm) - rent	753.542	32.562	0	720.980	546.653
Development potential (sqm) - portfolio	270.346	191.907	40.919	37.520	133.655
Development potential (sqm) - in research		0	0	0	220.000
Development potential (sqm) - in option	245.649	79.137	0	166.512	550.419
Total surface - development potential (sqm)	1.269.537	303.606	40.919	925.012	1.450.727
Fair value (K EUR)	1.055.863	513.448	148.565	393.850	870.423
Investment value (K EUR)	1.105.451	526.386	159.074	419.991	912.499
Annual contractual rents (K EUR)	65.484	34.057	8.474	22.953	61.205
Gross yield (%)	6,20%	6,63%	5,70%	5,83%	7,03%
Gross yield on 100% occupancy (%)	6,34%	6,67%	6,20%	5,96%	7,13%
Un-let property (m ²) (1)	18.226	1.658	8.187	8.381	10.516
Rental value of un-let property (K EUR) (2)	1.413	172	737	504	876
Occupancy rate	98,6%	99,8%	95,2%	98,2%	99,1%
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	11.825	11.738	0	87	13.016
Real estate portfolio - Developments (4)					
Fair value (K EUR)	45.842	26.620	12.547	6.675	28.395

(0) Inclusive of the buildings held for sale and the right of use relating to the plots of land held via a concession pursuant to IFRS 16.

(1) The area of the leased plots accounts for 20% of the total area; the rental value of the plots amounts to ca. 20% of the rental value of the 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 was entered under heading "D" of the fixed assets in the balance sheet.

⁵ As determined by the independent property expert JLL.

- ❑ The total area of the Real estate portfolio – Buildings amounts to 1,333,155 m², spread over 67 sites: 33 in Belgium, 15 in France and 19 in the Netherlands.
- ❑ Montea has a total land bank of 1,269,537 m², of which 753,542 m² in leased land in portfolio, 270,346 m² non-leased land in portfolio, and 245,649 m² land under option, giving a possible total in development potential of ca. 635,000 m², a ca. 50% increase compared to the current scope of the portfolio.
- ❑ The gross property yield on the total property investments (buildings) amounted to 6.3% on the basis of a fully let portfolio, compared with 7.1% on 31/12/2018⁶. Taking into account the current vacancy, the gross yield amounts to 6.2%.
- ❑ The contractual annual rental income (exclusive of rent guarantees) amounted to € 65.5 million, an increase of 12.3% compared with the situation on 30/09/2018, mainly due to the growth of the property portfolio.
- ❑ The occupancy rate amounted to 98.6% on 30/09/2019 and has remained stable compared with the end of December 2018. The current vacant units are located in Waddinxveen (NL), where ca. 35% of the lettable floor space is to let and in Le Mesnil-Amelot (FR) previously let to Autoclick and Facilt’Air. The vacant unit in Milmort (BE) is let to Safran Aero Boosters as of 1 November 2019.
- ❑ The fair value of the ongoing developments amounts to €45.8 million and consists of:
 - The site situated in Tyrslaan, Vilvoorde (BE)
 - The start of the development projects in Meyzieu (FR), and in Saint-Laurent de Blangy (FR)
 - The recent purchase of the land in Lummen (BE) and Etten-Leur (NL), which also offers the possibility for additional developments
 - The outlays for the solar panel project
- ❑ The fair value of the solar panels of €11.8 million pertains to 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).

⁶ On 31/12/2018, no account was taken of the right of use of the concession land (IFRS 16) in the fair value of the real estate portfolio - buildings, while the concession fees were included in the contractual annual rental incomes, which explains the sharp drop of the gross yield.

1.4 Summary of the condensed financial statements closed on 30 September 2019

1.4.1 Condensed consolidated (analytical) income statement closed on 30 September 2019

CONDENSED CONSOLIDATED INCOME STATEMENT (K EUR) Analytical	30/09/2019 9 months	30/09/2018 9 months
CONSOLIDATED RESULTS		
NET RENTAL RESULT	48.378	35.906
PROPERTY RESULT	50.875	37.634
% compared to net rental result	105,2%	104,8%
TOTAL PROPERTY CHARGES	-1.340	-1.277
OPERATING PROPERTY RESULT	49.535	36.357
General corporate expenses	-3.184	-3.025
Other operating income and expenses	-122	-57
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	46.229	33.276
% compared to net rental result	95,6%	92,7%
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	-8.408	-7.463
EPRA RESULT FOR TAXES	37.821	25.813
Taxes	-554	-641
EPRA Earnings per share	37.267 2,45	25.172 2,08
Result on disposals of investment properties	434	3
Result on disposals of other non-financial assets	0	0
Changes in fair value of investment properties	52.438	25.035
Other portfolio result	0	0
PORTFOLIO RESULT	52.872	25.037
Changes in fair value of financial assets and liabilities	-21.079	945
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	-21.079	945
NET RESULT per share	69.060 4,53	51.154 4,23

1.4.2 Notes on the condensed consolidated (analytical) income statement

□ Summary

The EPRA earnings rose by 48% from € 25.2 million in Q3 2018 to €37.3 million in Q3 2019. The EPRA earnings per share amounted to €2.45 for the first 9 months of 2019, an increase of 18% compared with the same period in the previous year (€ 2.08), taking into account the increase in the weighted average number of shares of 26%⁷.

The increase in the EPRA earnings is due primarily to the strong growth of the property portfolio in 2018 and 2019, whereby the operating and financial costs are monitored closely and are managed as such.

□ The operating result before the result on the property portfolio amounted to € 46.2 million in the third quarter of 2019, an increase of 39% compared with the same period in the previous year (€33.3 million).

- The net rental income amounted to € 48.4 million in the third quarter of 2019, up by 35% (or €12.5 million) compared with the same period in 2018 (€ 35.9 million). This increase is primarily due to the recent acquisitions of new properties, let plots of land and delivered projects, which generate additional rental income. In the hypothesis of an unchanged portfolio (and therefore excluding new acquisitions, sales and project developments between the two comparative periods), rental income increased by 4.2%, mainly due to the indexing of the leases (1.8%) and the success in letting vacant units (2.5%).
- The earnings from real estate amounted to €50.9 million and rose by €13.2 million (or 35%) compared with the same period the previous year, mainly due to the increase in the net rental income (€ 12.5 million), an increase in the income from solar panels and a drop in the real estate costs not passed on as a result of a higher occupancy rate.
- The real estate costs and overheads remained stable in the first 9 months of 2019 compared with the same period in 2018, despite the growth of the portfolio. The operating real estate result before the result on the portfolio for the first 9 months of 2019 amounted to € 46.2 million compared with €33.3 million in the same period in the previous year.
- The operating margin^{8*} amounted to 90.9% for the first 9 months of 2019, compared with 88.4% for the same period in the previous year.

□ The financial result exclusive of changes in the fair value of the financial instruments amounted to € 8.4 million for the first 9 months of 2019, an increase of € 0.9 million compared with the same period in the previous year (€ 7.5 million).

The increase in the net negative financial result is primarily due to the impact of the leasing obligation undertaken concerning the concession land, which pursuant to IFRS 16 is to be processed through the Financial Result instead of through the Net Rental Income as of 1 January 2019. Furthermore, the net negative result is impacted by a higher amount in outstanding financial loans. These 2 impacts are partially offset by lower financial costs linked to the interest rate hedges pursuant to the restructuring programme in progress.

⁷ The impact of the capital increase (2,847,708 new shares were created) in Q1 2019 on the weighted average number of shares is the lowest in the first quarter and will increase towards the end of the year.

⁸ *The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental income.

The average financing cost ^{9*} calculated on the average financial debt burden amounts to 2.2% for 2019 compared with 2.7% for the same period in 2018. The drop in the average financing cost is due to the further elaboration of the restructuring programme for the interest rate hedging.

- EPRA earnings € 2.45 per share, an increase of 18%.

The EPRA earnings in the first 9 months of 2019 amounted to € 37.3 million – an increase of 48% compared with the same period the previous year. The EPRA earnings per share rose by 18% to € 2.45 in Q3 2019, whereby an increase in the weighted average number of shares of 26% is taken duly into account.¹⁰

- The result on the property portfolio¹¹ amounted to € 52.9 million.

The result on the property portfolio for the first 9 months of 2019 amounted to € 52.9 million or € 3.47 per share.¹² The result breaks down as follows per country: + € 26.3 million in Belgium, + € 10.5 million in France (inclusive of the result from the sale of investment properties) and + € 16.2 million in the Netherlands (inclusive of the result from the sale of investment properties). The increase in value is chiefly the consequence of a further yield reduction due to the persistent interest of investors in logistics real estate.

The result on the property portfolio is a non cash item and has no impact at all on the EPRA earnings.

- The negative change in the fair value of the financial instruments amounted to - €21.1 million.

The negative change in the fair value of financial instruments amounted to - €21.1 million or - €1.38 per share in the first 9 months of 2019. The negative impact arose from the change in the fair value of the interest rate hedging at the end of September 2019 as a result of declining long-term interest rate expectations in 2019.

The changes in the fair value of financial instruments constitute a non-cash item and have no impact at all on the EPRA earnings.

- Net result (IFRS) amounted to €69.1 million, an increase of €17.9 million.

The net result consists of the EPRA earnings, the result on the portfolio and the changes in the real value of financial instruments. The net result in the first nine months of 2019 (€ 69.1 million) rose by € 17.9 million compared with the same period last year thanks to an increase in the EPRA earnings, as well as the positive change in the fair value of property investments, partially offset by the negative change in the fair value of the financial instruments.

The net result (IFRS) per share¹³ amounted to € 4.53 (compared with €4.23 at the end of Q3 2018).

⁹ *This financial cost is a prorated average and is calculated on the basis of the total financial cost over the period, compared with the average financial burden over the last 12 months, without taking into account the valuation of the hedging instruments which do not constitute a real financing cost for the company.

¹⁰ The impact of the capital increase in Q1 2019 at the weighted average number of shares is the lowest in the first quarter and will increase towards the end of the year.

¹¹ *Result on the property portfolio: this concerns the negative and/or positive changes in the fair value of the property portfolio, plus any losses or gains resulting from the realization of property.

¹² Calculated as the result on the property portfolio on the basis of the weighted average number of shares.

¹³ Calculated on the basis of the weighted average number of shares.

1.4.3 Condensed consolidated balance sheet for Q3 2019

CONSOLIDATED BALANCE SHEET (EUR)		30/09/2019 Conso	31/12/2018 Conso	30/09/2018 Conso
I.	NON-CURRENT ASSETS	1.115.706.791	910.425.883	873.312.870
II.	CURRENT ASSETS	51.334.846	39.050.817	44.377.569
	TOTAL ASSETS	1.167.041.637	949.476.700	917.690.438
	SHAREHOLDERS' EQUITY	640.294.960	433.568.523	419.333.922
I.	Shareholders' equity attributable to shareholders of the parent company	640.294.960	433.549.949	419.315.348
II.	Minority interests	0	18.574	18.574
	LIABILITIES	526.746.677	515.908.177	498.356.516
I.	Non-current liabilities	434.899.530	427.154.510	416.015.091
II.	Current liabilities	91.847.147	88.753.667	82.341.426
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1.167.041.637	949.476.700	917.690.438

1.4.4 Condensed consolidated balance sheet for Q3 2019

- On 30/09/2019 the total assets (€ 1,167.0 million) consisted mainly of property investments (90% of the total), solar panels (1% of the total), and developments (4% of the total). The remaining amount of the assets (5% of the total) consists of intangible, other tangible and financial fixed assets, included assets held for own use and current assets, which in turn include cash investments, trade and tax receivables.
- The total liabilities consist of equity capital of € 640.3 million and a total debt of € 526.7 million.

This total debt (€ 526.7 million) consists of:

- € 290.1 million in lines of credit with 8 financial institutions. Montea has € 321.7 million of contracted lines of credit on 30 September 2019 and a non-drawn capacity of €31.6 million;
- € 109.5 million in debenture loans that Montea took out in 2013, 2014 and 2015.
- A current leasing debt of € 49.0 million, consisting mainly of a leasing obligation for concession plots of land (entry into force of IFRS 16) and for the financing of the solar panels at the site in Aalst;
- The negative value of the current hedge instruments of € 31.3 million; and
- Other debts and deferred and accrued charges¹⁴ for an amount of €46.7 million.

The weighted average term of the financial debts (lines of credit, debenture loans and leasing obligations) amounted to 4.1 years on 30 September 2019. The average term of the interest rate hedging amounts to 7.3 years at the end of September 2019.

The average financial cost of the debts amounted to 2.2% in the first 9 months of 2019 (compared with 2.7% in the same period last year). The decline in the average financing costs is due to the further elaboration of the restructuring programme for the interest rate hedging.

¹⁴ The deferred and accrued charges comprise large the rent for subsequent quarter already invoiced.

- The debt ratio¹⁵ of Montea amounted to 40.8% at the end of Q3 2019 (compared with 51.3% at the end of 2018).

Montea honours all the covenants concerning the debt which it has concluded with its financial institutions, on the basis of which Montea's debt ratio may not exceed 60%.

- The EPRA NAV^{16*} per share on 30/09/2019 amounts to € 42.55 (€ 34.63 per share on 31/12/2018). The increase is due chiefly to the EPRA earnings, the impact of the capital increase in Q1 2019 and the positive revaluation of the portfolio partially offset by the negative revaluation of the financial hedging instruments in 2019. The EPRA NN NAV per share amounted to € 40.83 on 30 September 2019 (€ 34.16 per share on 31/12/2018).

1.5 Significant events after the balance sheet date

14/10/2019

Montea grew further in the Netherlands¹⁷

Multimodal connection in Tiel (NL): acquisition of existing building near waterways and motorways

Montea has acquired the site of Currie Solutions in Tiel (NL). This land of over 16,000 m² with a modern logistics hotspot (ca. 4,300 m² warehouse and ca. 500 m² offices) is close to waterways and motorways. The site still has expansion possibilities.

The acquisition of this multimodal site and building represents a transaction of €5.4 million, with a net initial return of 6.3%. A ten-year lease has been concluded with Currie solutions.



Montea redevelops brownfield to sustainable space for contemporary logistics in Etten-Leur (NL).

Montea has concluded a purchase agreement for a 37,520 m² site at the Vosdonk Industrial Estate in Etten-Leur. A historical brownfield site will be cleaned so as to be able to develop a 24,500 m² sustainable building for modern logistics afterwards. With this project, Montea has opted to redraw the rehabilitation map instead of cutting into open green space.

The total investment for the purpose of the development site, including the overall clean up and preparation for construction amounts to €5.5 million.



1.6 Transactions between affiliated parties

There were no transactions between affiliated parties, with the exception of the one at market conditions and as usual when carrying out Montea's activities.

¹⁵ Calculated pursuant to the Royal Decree of 13 July 2014 on regulated real estate companies.

¹⁶ *EPRA NAV: The EPRA NAV is the NAV applied so that it comprises also the property and other investments at their fair value and excludes certain items which are not expected to acquire a permanent form in a business model with property investments in the long term. See also: www.epra.com. EPRA NAV per share: The EPRA NAV per share concerns the EPRA NAV on the basis of the number of shares in issue on the balance sheet date. See also: www.epra.com.

¹⁷ See press release of 14/10/2019 or www.montea.com for more information.

2 EPRA Performance measures

	Definition	Purpose	30/09/2019	30/09/2018
A) 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: 37.267 In € / share: 2,45	25.172 2,08
B) 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: 671.559 In € / share: 42,55	429.981 33,55
C) EPRA NNAV	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: 644.444 In € / share: 40,83	423.738 33,07
D) 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.	2,2%	2,3%

	Definition	Purpose	30/09/2019	31/12/2018
E) EPRA NIY	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure around Europe for portfolio valuations. In the past, there has been debate about portfolio valuations across Europe. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	6,0%	6,4%
F) EPRA cost ratio (incl. vacancy charges)	Administrative and operational charges (including vacancy charges, divided by rental income		9,5%	11,7%

EPRA earnings – EPRA earnings per share

Definition: The EPRA earnings concern the net result (after processing of the operating result before the result on the portfolio, minus the financial results and the corporate tax, exclusive of deferred taxes) minus changes in the fair value of the property investments and real estate held for sale, minus the result on the sale of investment properties and plus changes in the fair value of financial assets and liabilities. The EPRA earnings per share are the EPRA earnings divided by the weighted average of the 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>		30/09/2019	30/09/2018
Net result (IFRS)		69.060	51.154
Changes for calculation of the EPRA earnings			
To exclude:			
(i)	Variations in fair value of the investment properties and properties for sale	-52.438	-25.035
(ii)	Result on sale of investment properties	-434	-3
(vi)	Variations in fair value of the financial assets and liabilities	21.079	-945
EPRA earnings		37.267	25.172
Weighted average number of shares		15.229.606	12.100.327
EPRA earnings per share (€/share)		2,45	2,08

EPRA NAV – EPRA NAV per share

Definition: The EPRA NAV is the NAV applied so as to comprise also real estate and other investments at their fair value, and excludes certain items which are not expected to assume any fixed shape in a business model with investment properties 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. See also www.epra.com.

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

Calculation:

(in EUR X 1 000)	30/09/2019	30/09/2018
IFRS NAV	640.295	419.315
NAV per share (€/share)	40,57	32,72
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	640.295	419.315
To exclude		
(iv) IV. Fair value of financial instruments	31.265	10.666
EPRA NAV	671.559	429.981
Number of shares in circulation per end period	15.782.594	12.814.692
EPRA NAV per share (€/share)	42,55	33,55

EPRA NNNAV – EPRA NNNAV per share

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

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

Calculation:

(in EUR X 1 000)	30/09/2019	30/09/2018
EPRA NAV	671.559	429.981
Number of shares in circulation at the end of the period	15.782.594	12.814.692
EPRA NAV (€/share)	42,55	33,55
To add:		
(i) I. Fair value of financial instruments	-31.265	-10.666
(ii) II. Revaluation of the fair value of financing at fixed interest rate	4.149	4.423
EPRA NNNAV	644.444	423.738
Number of shares in circulation at the end of the period	15.782.594	12.814.692
EPRA NNNAV (€/share)	40,83	33,07

EPRA vacancy

Definition: The EPRA vacancy is the complement of the “Occupancy rate,” with the difference that the occupancy rate used by Montea is calculated on the basis of square metres, while the EPRA vacancy is calculated on the basis of the estimated rental value. See also www.epra.com.

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

Calculation:

<i>(in EUR X 1 000)</i>	(A)	(B)	(A/B)	(A)	(B)	(A/B)
	Estimated rental value (ERV) for vacancy	Estimated rental value portfolio (ERV)	ERPA Vacancy rate	Estimated rental value (ERV) for vacancy	Estimated rental value portfolio (ERV)	ERPA Vacancy rate
	30/09/2019	30/09/2019	<i>(in %)</i> 30/09/2019	30/09/2018	30/09/2018	<i>(in %)</i> 30/09/2018
Belgium	172	32.473	0,5%	806	28.743	2,8%
France	737	9.252	8,0%	494	9.458	5,2%
The Netherlands	504	23.562	2,1%	-	18.706	0,0%
Total	1.413	65.287	2,2%	1.300	56.907	2,3%

EPRA NIY

Definition: The EPRA NIY is an annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchase costs.

Purpose: Introduce a comparable benchmark for portfolio valuations within Europe in view of the discussions about this in the past. This measure should make it easier for investors to judge for themselves, how the valuation of portfolio X compares with portfolio Y. See also www.epra.com.

Calculation:

EPRA NIY <i>(in EUR x 1000)</i>		30/09/2019	31/12/2018
Investment property – wholly owned		1.059.759	913.236
Investment property – share of JVs/Funds			
Trading property			
Less: developments		-45.842	-28.395
Completed property portfolio		1.013.917	884.841
Allowance for estimated purchasers' costs		48.246	40.576
Gross up completed property portfolio valuation	B	1.062.163	925.417
Annualised cash passing rental income		67.649	62.675
Property outgoings (incl. ground rents)		-3.856	-3.846
Annualised net rents	A	63.794	58.828
EPRA NIY	A/B	6,0%	6,4%

EPRA Cost ratio

Definition: The EPRA Cost ratio are administrative and operational charges (including vacancy charges), divided by rental income. See also www.epra.com.

Purpose: The Epra Cost ratios are intended to provide a consistent basis from which companies can provide more information about the costs where necessary. See also www.epra.com.

Calculation:

EPRA Cost Ratios (in EUR x 1000)		30/09/2019	31/12/2018
(i) Administrative/operating expense line per IFRS income statement		4.869	6.428
(iii) Management fees less actual/estimated profit element		-274	-330
EPRA Costs (including direct vacancy costs)	A	4.595	6.098
(ix) Direct vacancy costs		-250	-234
EPRA Costs (excluding direct vacancy costs)	B	4.346	5.864
(x) Gross Rental Income less ground rents – per IFRS		48.143	52.120
Gross Rental Income	C	48.143	52.120
EPRA Cost Ratio (including direct vacancy costs)	A/C	9,5%	11,7%

3 Detailed calculation of the APMs used by Montea¹⁸

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>	30/09/2019	30/09/2018
Result on sale of property investments	434	3
Variations in the fair value of property investments	52.438	25.035
RESULT ON PORTFOLIO	52.872	25.037

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>	30/09/2019	30/09/2018
Financial result	-29.487	-6.518
To exclude:		
Variations in fair value of financial assets & liabilities	21.079	-945
FINANCIAL RESULT excl. variation in fair value of financial instruments	-8.408	-7.463

¹⁸ Exclusive of the EPRA indicators some of which are considered as an APM and are calculated under the Chapter 2: 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:

OPERATING MARGIN <i>(in EUR X 1 000)</i>	30/09/2019	30/09/2018
Property result	50.875	37.634
Operating result (before the result on the portfolio)	46.229	33.276
OPERATING MARGIN	90,9%	88,4%

Average cost of debt

Definition: Average financial cost over the current year calculated on the basis of the total financial result with regard to the average of the initial and end outstanding balance of the financial debt burden without taking into account the valuation of the hedging instruments and interest costs related to leasing obligations booked in accordance with IFRS 16.

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

Calculation:

AVERAGE COST OF DEBT <i>(in EUR X 1 000)</i>	30/09/2019	30/09/2018
Financial result	-29.487	-6.518
To exclude:		
Financial income	-46	-25
Variations in fair value of financial assets and liabilities	21.079	-945
Interest expenses related to leasing debts (IFRS16)	1.612	-
Activated interest charges	-771	-1.193
TOTAL FINANCIAL CHARGES (A)	-7.613	-8.681
AVERAGE FINANCIAL DEBTS (B)	467.637	428.414
AVERAGE COST OF DEBT (A/B)	2,2%	2,7%

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 how many times over the company earns its interest charges.

Calculation:

INTEREST COVERAGE RATIO (in EUR X 1000)	30/09/2019	30/09/2018
Operational result, before result on portfolio	46.229	33.276
Financial income (+)	46	25
TOTAL (A)	46.275	33.301
Financial charges (-)	8.363	7.421
TOTAL (B)	8.363	7.421
INTEREST COVERAGE RATIO (A/B)	5,53	4,49

4 Outlook

4.1 Economic climate

Montea is aware that its activities can be influenced in part by the general economic situation. Lower economic growth can actually have an impact on the occupancy rate and the rental income. Montea anticipates an ongoing revaluation of its portfolio, whereby non-strategic properties will be divested regularly. In addition, in its investments, Montea focuses on multi-modal top locations, with a preference for harbour and airport sites 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 for the sustainability of its portfolio, e.g. by installing solar panels on its roofs. The aforementioned focus on quality leads to a portfolio with strong fundamentals, including a high occupancy rate (98.6%), and a long term of leases on the first due date (8.1 years).

Thanks to its current position (as developer and end investor) Montea can cater to the growing appetite for logistics real estate in its 3 home markets with expansion possibilities to other core markets. Through its broad network, Montea is ideally positioned to meet economic trends such as e-commerce and the increasing demand for sustainability.

4.2 Specific outlook for Montea

□ Investment pipeline

With the expansion of the teams in the three countries and the set-up of different partnerships, Montea will stay on course in the last quarter of 2019 for the strong growth embarked on in recent years.

This growth will be generated in particular through:

- a combination of acquired land positions with a view to developing pre-let build-to-suit projects;
- sale-and-lease back transactions;
- investments within the extended RREC legislation;
- investments in renewable energy sources.

□ EPRA earnings per share/Dividend per share

Montea expects the EPRA earnings per share to grow to € 3.25 in 2019 (+10% compared with 2018).

If the impact of the capital increase of Q1 2019 (2,847,708 new shares created) is taken into account and the EPRA earnings per share are calculated on the basis of the number of the shares entitled to the dividend, the growth in the EPRA earnings per share would tend towards € 3.13.

Montea expects a growth in the dividend per share in 2019 in line with the EPRA earnings per share, on the basis of a pay-out ratio of 80%. This will lead to a gross dividend of € 2.50 per share for 2019 (+10% compared with 2018).

□ Occupancy rate and term of the lease contracts

The portfolio growth is accompanied by continuous arbitrage which results in exceptional property related performance indicators such as occupancy rate (98.6% at the end of September 2019), average term of leases to the first termination option (8.1 years at the end of September 2019) and the average age of the buildings (< 7.5 years at the end of September 2019). Thanks to its focus on the type of customer and their activity (such as e.g. the health care sector, recycling sector, etc.), as well as strategic locations with high added value (such as e.g. airports, locations adjacent to water, etc.), Montea manages to expand its property portfolio in optimal fashion.

Montea expects to maintain the occupancy rate at least above 97.5% and the average term of its leases on the first termination option above 7.5 years in 2019.

□ Financing strategy

Montea's set goal is to conduct a diversified financing policy, endeavouring to bring its financing in line with the term of its leases. It will always take account of a targeted debt ratio of ca. 55% when investing.

Montea expects to reduce the average cost of the debts further in 2019 to 2.2% on the basis of a hedge ratio of > 90%.

5 Financial calendar

13/02/2020	Annual report 31/12/2019 (before market opening)
14/05/2020	Interim report 31/03/2020 (before market opening)
19/05/2020	Annual General Meeting of Shareholders
06/08/2020	Semi-annual report 30/06/2020 (after market closing)
05/11/2020	Interim report 30/09/2020 (before market opening)

This information is available also 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 30/09/2019 Montea’s property portfolio represented total space of 1,333,155 m² across 67 locations. Montea Comm. VA has been listed on Euronext Brussels (MONT) and Paris (MONTP) since 2006. Montea obtained the EPRA BPR Gold Award on 11/09/2019.

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