

Press Release

Interim Report

Of the statutory manager
on the period from
01/07/2020 to 30/09/2020

REGULATED INFORMATION
EMBARGO UNTIL 05/11/2020 – 7:00 am



Highlights Q3 2020:

- ✓ EPRA earnings of €42.2 million over 9 months in 2020 (+ 13% compared with 9 months in 2019)
- ✓ EPRA earnings per share of € 2.66¹ (+ 9% compared with 9 months in 2019)
- ✓ Fair value of the property portfolio was up by €126 million (or 11%) compared with the end of 2019 to € 1,285 million
- ✓ With a debt ratio of 40,0%, Montea's consolidated balance sheet shows a high degree of solvency. Furthermore, the portfolio KPIs such as an occupancy rate of 99.3% and a remaining term of lease until first expiry of 7.7 years as well as a qualitative and diversified customer portfolio, constitute a valuable winning asset to tackle the current crisis
- ✓ On 3 November 2020, Montea had received 99% of the total rent due.

Outlook for 2020 and update on COVID-19:

- ✓ Montea reaffirms its aspiration to boost its property portfolio by ca. €300 million in 2020 and 2021, which will result in a total property portfolio of €1,450 million by the end of 2021. 75% of this growth (€225 million) has already been identified.
- ✓ The COVID-19 outbreak early 2020 and (the results of) the measures taken to contain the virus could have an impact on Montea's financial performance in 2020. Based on the current knowledge and taking the consequences of the crisis into account, Montea expects for 2020:
 - EPRA earnings per share to grow to at least € 3.44 (+ 5% compared with 2019)
 - The dividend per share to increase in line with the growth in the EPRA earnings per share, i.e. at least by 5% compared with 2019 from € 2.54 to € 2,66, 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 was the lowest in the first quarter of 2019 and increased towards the end of the year. This degressive impact should also be taken into account when comparing the EPRA earnings per share in 2020 with those of 2019.

Summary

□ Montea's EPRA earnings for the first 9 months of 2020 amount to €42.2 million, an increase of 13% compared with the same period in 2019. (€37.3 million). The EPRA earnings per share for Q3 2020 amount to €2.66, up by 9% compared with the same period in 2019 (€2.45 per share), taking into account an increase in the weighted average number of shares by 4%.

□ The net rental result increased by 7% (from €48.4 million for Q3 2019 to €52.0 million for Q3 2020). This increase was achieved through the acquisition of new premises/leased land and completed developments, which generate additional rental income.

□ The net earnings (IFRS) in the first 9 months of 2020 amounted to €94.4 million, driven partly by the latent capital gains on the projects in France and the long-term rental of the land in Vilvoorde, Belgium² (€13.0 million) to DPD, and by an increase in the fair value of the existing real estate portfolio (€47.1 million).

□ Montea has taken various measures to address the COVID-19 virus so as to ensure the continuity of its activities in the different countries in which it operates, whilst putting the health and well-being of all its stakeholders first. Employees were accordingly encouraged to switch to teleworking as much as possible for all tasks that do not require physical presence. Teleworking had been encouraged even before the crisis, so this measure did not pose any particular difficulties.

□ With a debt ratio of 40.0% on 30 September 2020 (compared with 39.4% at the end of 2019), Montea's consolidated balance sheet shows a high degree of solvency. Furthermore, the portfolio KPIs as well as an occupancy rate of 99.3% and a remaining term of lease until the first expiry date of 7.7 years³, plus a high quality and diversified client portfolio constitute a winning asset for tackling the current crisis.

□ Montea sees logistics as the category of real estate that is not expected to be impacted, or may even be impacted in a positive way by the crisis:

- Companies will want to limit their dependence on Asian countries and to build up strategic stockpiles;
- Consumer expectations in terms of delivery times will become more demanding and will lead various companies to want to build up their stocks;
- Companies that have not provided online services yet are being forced to adapt and will continue to provide such services after the crisis also;
- Consumers who were not yet familiar with the benefits of online services have been forced to learn to work with orders through the internet, which will bring a change in behaviour among late adopters.

Pursuant to the guidelines issued by the European Securities and Markets Authority (ESMA), the Alternative Performance Measures (APM) used by Montea are marked with an asterisk (*) when first mentioned in this press release and then defined in a footnote to inform the reader that the definition is an APM. The performance indicators determined by IFRS rules or by law, as well as those not based on the items of the balance sheet or the income statement, are not considered as APMs. The detailed calculation of the EPRA performance indicators and other APMs used by Montea are presented in sections 3 and 4 of this press release.

² See press release of 22/09/2019 or www.montea.com for more information.

³ Excluding the average remaining weighted average duration of the green energy certificates of the solar panels

- ❑ Montea foresees an increase in its real estate portfolio of ca. € 300 million in 2020 and 2021 resulting in a real estate portfolio of € 1,450 million by the end of 2021. 75% of this growth (€ 225 million) has already been identified.
- ❑ The COVID-19 outbreak in early 2020 and (the results of) the measures taken to contain the virus could have an impact on Montea's financial performance in 2020. Based on the current knowledge and taking the consequences of the crisis into account, Montea expects for 2020:
 - ❑ EPRA earnings per share to grow to €3.44 (+5% compared with 2019).
 - ❑ The dividend per share to increase in line with the growth in the EPRA earnings per share, i.e. by 5% compared with 2019 from €2.54 to €2,66, based on a pay-out ratio of 80%.
 - ❑ The occupancy rate to be maintained above 97% and an average remaining term of the lease at first maturity⁴ above 7.5 years

⁴ Excl. solar panels.

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1 Management report

1.1 Key figures

		BE	FR	NL	30/09/2020 9 months	31/12/2019 12 months	30/09/2019 9 months
Real estate portfolio							
Real estate portfolio - Buildings (1)							
Number of sites		34	18	20	72	69	67
Surface of the real estate portfolio							
Logistics and semi-industrial warehouses	M²	635.001	202.702	289.743	1.127.446	1.073.248	1.068.072
Offices	M²	57.407	17.774	29.456	104.637	103.334	102.072
Land - rent	M²	6.512	0	156.498	163.010	163.010	163.010
Total surface	M²	698.920	220.476	475.697	1.395.094	1.339.593	1.333.155
Development potential (sqm) - rent	M²	32.562	0	720.980	753.542	753.542	753.542
Development potential (sqm) - portfolio	M²	132.007	112.204	160.120	404.331	368.743	270.346
Development potential (sqm) - in research	M²	0	70.000	0	70.000	0	0
Development potential (sqm) - in option	M²	79.137	0	0	79.137	224.137	245.649
Total surface - development potential (sqm)	M²	243.706	182.204	881.100	1.307.010	1.346.422	1.269.537
Value of the real estate portfolio							
Fair value (2)	K€	577.096	194.838	420.020	1.191.954	1.083.085	1.055.863
Investment value (3)	K€	591.619	208.558	449.421	1.249.598	1.134.150	1.105.451
Occupancy Rate (4)	%	99,7%	96,6%	100,0%	99,3%	99,3%	98,6%
Real estate portfolio - Solar panels							
Fair value (2)	K€	21.262	0	4.068	25.330	12.195	11.825
Real estate portfolio - Projects under construction							
Fair value (2)	K€	11.000	2.160	54.675	67.835	64.004	45.842
Consolidated results							
Results							
Net rental result	K€				51.975	65.063	48.378
Property result	K€				55.801	68.135	50.875
Operating result before the portfolio result	K€				50.765	61.710	46.229
Operating margin (5)*	%				91,0%	90,6%	90,9%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€				-7.924	-11.356	-8.408
EPRA result (7)*	K€				42.239	49.997	37.267
Weighted average number of shares					15.880.266	15.229.606	15.229.606
EPRA result per share (8)*	€				2,66	3,28	2,45
Result on the portfolio (9)	K€				60.123	71.207	52.872
Variations in fair value of the financial instruments (10)	K€				-7.924	-12.739	-21.079
Net result (IFRS)	K€				94.438	108.465	69.060
Net result per share	€				5,95	7,12	4,53
Consolidated balance sheet							
IFRS NAV (excl. minority participations) (11)	K€				754.345	680.029	640.295
EPRA NAV (12)*	K€				785.193	702.953	671.559
Debts and liabilities for calculation of debt ratio	K€				548.129	470.104	476.305
Balance sheet total	K€				1.370.222	1.193.698	1.167.042
Debt ratio (13)	%				40,0%	39,4%	40,8%
IFRS NAV per share	€				47,08	43,09	40,57
EPRA NAV per share (14)*	€				49,00	44,54	42,55
EPRA NNAV per share (15)*	€				47,20	43,27	40,83
Share price (16)	€				101,00	81,00	77,70
Premium	%				114,5%	88,0%	91,5%

- 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 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 RREC RD excluding the variation in the fair value of the financial instruments, and reflects the actual funding cost of the company.
- 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 2.
- 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 of 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 RREC RD of 13 July 2014.
- 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 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 in circulation on the balance sheet date. Cf. also www.epra.com and section 2.
- 16) Share price at the end of the period.

EPRA - METRICS		Definition	Purpose	30/09/2020	30/09/2019
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:	
				42.239	37.267
				In € / share:	
				2,66	2,45
B) EPRA NAV		This is the NAV that has been adjusted to include real estate and other investments at their fair value and exclude certain items that are not expected to materialize in a business model with long-term property investments.	Adjusts the IFRS NAV so that the shareholders receive the most relevant information on the fair value of the assets and liabilities in a real company for property investments with a long-term investment strategy.	In € x 1000:	
				785.193	671.559
				In € / share:	
				49,00	42,55
C) EPRA NNNAV		This is the EPRA NAV that was adjusted to include also the fair value of (i) financial instruments (ii) debts and (iii) deferred taxes.	Adjusts the EPRA NAV, so that the shareholders receive the most relevant information on the current fair value of all assets and liabilities in the property entity.	In € x 1000:	
				756.384	644.444
				In € / share:	
				47,20	40,83
D) EPRA VACANCY RATE		Estimated rental value (ERV) of vacant space, divided by the ERV of the entire portfolio.	A pure, financial measurement of vacancy (in %).	1,2%	2,2%
		Definition	Purpose	30/09/2020	31/12/2019
E) EPRA Net Initial Yield		Annualized rental income based on the steady rent collected on the balance sheet date, minus the non-recoverable property operating costs, divided by the market value of the property, plus the (estimated) acquisition costs.	A comparable benchmark for portfolio valuations in Europe	5,7%	6,0%
F) EPRA "Topped-up" Net Initial Yield		This benchmark integrates an adjustment of the EPRA NIY before the expiry of rent-free periods (or other non-due rental incentives such as discounted and tiered rent).	A comparable measure around Europe for portfolio valuations.	5,8%	6,0%
G) EPRA cost ratio (incl. vacancy charges)		Administrative and operational charges (including vacancy charges), divided by rental income		8,3%	9,3%
H) EPRA cost ratio (excl. vacancy charges)		Administrative and operational charges (excluding vacancy charges), divided by rental income		8,1%	9,0%

1.2 Significant events and transactions in Q3 2020

1.2.1 Rental activity

Occupancy rate of 99.3%

On 30 September 2020 the occupancy rate amounted to 99.3% (stable compared with the end of 2019). Of the 7% leases that expire in 2020, 85% have already been renewed at this time.

Long-term partnership with DPD Belgium⁵

The French courier company DPD invests € 60 million in new warehouses in our country, of which € 50 million in a brand new, fully automated sorting centre of ca. 9,000 m². This sorting centre will be located in Vilvoorde, on a 59,500 m² site owned by Montea. It is no coincidence that the two companies are entering into a partnership: the coronavirus is boosting e-commerce in our country like never before. Together with the strategic location of the site, this prodded DPD Belgium to commit immediately for a minimum of 27 years, which is bound to make parcel delivery in our country even smoother.

Impact of COVID-19 on client payment behaviour

The COVID-19 crisis had little impact on Montea's rental activities during the first 9 months of 2020.

The risk of default is minimized thanks to the company's qualitative and diversified client portfolio (at country, sector and site level). The warehouses are operational and in some instances even have enhanced activity. Montea is well aware of the challenges some customers are confronted with. Requests from tenants to stagger rents due over time are being considered on a case-by-case basis in order to find a balanced solution. Montea has not granted any rent reductions or waivers.

The rent arrears from the agreements concluded represent an amount of approximately € 0.7 million to date. Montea has received payment for 99% of the rent invoices for October and November (for the monthly rent) and the fourth quarter (for the quarterly rent) of 2020.

⁵ See press release of 22/09/2020 or www.montea.com for more information.

1.2.2 Acquisitions in Q3 2020

1.2.2.1 Purchases

A total volume of approximately €34 million was purchased in the third quarter of 2020. All the acquisitions in question are located in the Netherlands:

Logistics Park A12, Waddinxveen (NL)⁶

In August 2020, Montea exercised its option on a site of ca. 120,000 m² located in Waddinxveen. The investment value of the site was ca. €25 million. After pre-letting, a new distribution centre of ca. 100,000 m² will be built on the site.

Acquisition of a development site at Schiphol Airport (NL)

Montea has signed a purchase agreement for a plot of land of ca. 17,900 m², close to the A5 and A9 motorways at Schiphol Airport. The site is to provide 331 parking spaces which have been pre-let on a long term basis. The lease will enter into effect at the end of 2020 once the car park has been built. The purchase including the development of the site has an investment value of ca. € 9.0 million.

1.2.3 Development activity

1.2.3.1 Projects in progress, delivery in Q4 2020

Montea expects the delivery of ca. 14,000 m² of pre-let logistics properties and a pre-let parking area of ca. 17,900 m² in the fourth quarter of 2020. The total investment value amounts to ca. € 36 million⁷ with a net initial yield of 6.6% on average, including the leased land. The average term of these leases is 11.7 years.

- **Schiphol Airport – parking 1 (NL)**
 - Acquisition of the plot of land: Q3 2020
 - Start of development: Q4 2020
 - Entry into force of lease: Q4 2020
 - Surface area of the site: 17.900 m² (331 parking spaces)
 - Long-term lease
 - Investment value (land + development): ca. € 9 million
- **Schiphol Airport (NL)**
 - Acquisition of the plot of land (21,500 m²) in 2019
 - Start of development: Q1 2020
 - Delivery: 15/10/2020
 - Surface area of distribution centre: ca. 9,000 m²
 - Office floor space: ca. 1,000 m²
 - Long-term lease
 - Investment value (land + development): ca. € 17 million



⁶ See press release of 13/03/2017 or www.montea.com for more information.

⁷ Of which € 22.1 million already invested at 30/09/2020

- **Circular and climate-neutral Blue Gate industrial estate in Antwerp, Belgium**⁸

- Start of development: Q4 2019
- Expected delivery: Q4 2020
- Surface area: ca. 4,250 m² distribution centre (urban distribution with electric vehicles, cargo bikes)
- 15-year fixed lease to DHL Express
- Investment value: ca. € 10 million



1.2.3.2 Future projects in progress, delivery expected after 2020

In addition, Montea expects to deliver a surface area of ca. 155,000 m² after 2020. This concerns mainly plots of land under Montea's control (either through purchase or option) which, owing to the unique location and the current rental market, are expected to find a tenant in the short term, and then construction works are to start. The total investment budget is ca. €164 million.⁹

Montea expects to be able to start the following projects in the short term:

- **Lumineus (BE)**
 - Acquisition of plot of land (55,000 m²) in 2019
 - Start of development: after pre-rental (< Q4 2021)
 - Expected surface area of distribution centre: ca. 30,000 m²
 - Estimated investment budget for land + development: ca. €27 million
- **Vosdonk industrial estate, Etten-Leur (NL)**
 - Acquisition of plot of land (37,500 m²) in 2019
 - Start of development: after decontamination and commercialization (< Q4 2021)
 - Expected surface area of distribution centre: ca. 24,500 m²
 - Estimated investment budget for land + development: ca. €19 million
- **Logistics Park A12 Waddinxveen (NL)**
 - Plot of land (remaining balance: 120,000 m²) under option¹⁰
 - Start of development: after commercialization (< Q4 2021)
 - Maximum warehouse space: ca. 100,000 m²
 - Estimated investment budget for land + development: ca. €80 million
- **Redevelopment of existing sites at Forest and Aalst (BE)**
 - Sites will be available in Q1 2021 and Q3 2021 respectively
 - Start of development: at the end of the current lease
 - Estimated investment budget: ca. €29 million
- **St-Priest industrial estate (FR)**
 - Acquisition of the plot of land (70,000 m²) in 2022
 - Investment budget for land: ca. € 7 million

⁸ See press release of 19/12/2019 or www.montea.com for more information.

⁹ Of which € 36.9 million already invested on 30/09/2020.

¹⁰ See press release of 13/03/2017 or www.montea.com for more information.

- **Schiphol Airport - parking plot 2 (NL)**
 - Acquisition of the plot of land: Q4 2020
 - Start of development: Q4 2020
 - Entry into force of lease: Q2 2021
 - Surface area of the site: 4.400 m² (60 parking spaces)
 - Long-term lease
 - Investment value: ca. € 2 million

1.2.3.3 Development in the PV portfolio

Montea has installed photovoltaic systems on about 78% of all roofs of the warehouses in Belgium and aspires to increase this percentage to 90%, the maximum technical capacity of the current portfolio. An investment budget of ca. €17.0 million has been allocated for that purpose.

In the Netherlands, Montea doubled the number of its sites with PV installation in 2020. An investment budget of ca. €9 million has been allocated for that purpose.

The total programme planned in 2019 amounts to €26.0 million of which €16 million had already been invested as at 30 September June 2020.

Montea will expand this overall programme further in the last quarter of 2020 and in the course of 2021. An additional investment budget of ca. €5 million is planned for the Netherlands, as a result of which ca. 70% of the warehouses will be provided with PV installations.

In addition to Belgium and the Netherlands, PV installations will also be fitted in France as of 2021. An investment budget of ca. €4 million has been earmarked to that end. Montea will thus be able to provide PV installations for approximately 43% of all roofs of its warehouses in France.

1.2.4 Divestment activity

No divestments took place in Q3 2020.

1.2.5 Developments in policy on the Dutch REIT status

In order to carry out real estate investments in the Netherlands, in September 2013 Montea filed for the application of the 'Fiscale Beleggingsinstelling' (FBI) [tax investment institutions] as referred to in Article 28 of the Corporate Tax Act of 1969. 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 developed a new view in their policy concerning what the shareholder test will entail. As a shareholder of its FBI (foreign investment institution) subsidiary Montea Nederland BV, the Company would have to show that it can itself be considered as an FBI. Only then can the Company be considered as a qualified shareholder under the FBI regime in the view of the Dutch tax authorities.

In this context, consultations are held between the Dutch tax authorities, the Dutch Ministry of Finance and the Company to see how this can be put into practice in concrete terms. In January 2020, the ministry officially announced that this interpretation cannot be given concrete form for the time being, particularly because it depends on the outcome of ongoing lawsuits between the Dutch tax authorities and foreign investment funds regarding the refund of dividend tax, which the ministry does not wish to anticipate. Pursuant to the judgment of the European Court of Justice of 30 January 2020 (in the Köln-Aktienfonds Deka case), a foreign entity that wishes to avail itself of the Dutch FBI regime must meet similar requirements. This must be interpreted in relation to the (underlying) purpose of the FBI requirements in question. On the basis of this judgment, on 23 October 2020 the Supreme Court ruled on the application of the Dutch requirements with respect to the foreign entity (Köln-Aktienfonds Deka). On the basis of that judgment, the court will have to decide whether the foreign entity should be treated equally as a Dutch investment fund with FBI status.

Although the Supreme Court provides guidance for further treatment and assessment in the judgment, the court will have to decide whether the foreign entity (Köln-Aktienfonds Deka) should be treated equally. The judgment of the Supreme Court does not provide sufficient clarity yet as to whether Montea can obtain FBI status in the Netherlands. The court's ruling will hopefully provide more clarity. Montea will enter into consultations once again with the Dutch tax administration and the Dutch ministry in the coming month with a view to obtaining FBI status for Montea Nederland NV and its subsidiaries. In addition, the Dutch government is looking into whether adapting the FBI regime in general and for real estate funds in particular is necessary, possible and feasible in the long term. Any policy changes are not expected before 2022.

Despite the fact that Montea does not yet have the approval of the Dutch tax administration for FBI status, it does keep its accounts as if it already has such status. After all, the Ministry has already indicated in the past that it will act within the framework of the general principles of good administration in order to obtain a level playing field ('equal cases will be treated equally'). This is intended to ensure that Montea will not be treated worse by the Dutch tax authorities than other sufficiently comparable Belgian RRECs with regard to the FBI status.

Montea Nederland NV¹¹ has taken the position in its corporate tax returns for 2015, 2016, 2017, 2018 and 2019 that it qualifies for the FBI status, which means that it owes zero corporate tax. The Dutch tax inspector has however imposed a (provisional) assessment for 2015, 2016, 2017, 2018 and 2019 taking into account the regular corporate tax rate. In view of the applicable tax rate (basically 8%), Montea has opted to pay these provisional assessments (i.e. a total amount of €8.3 million for these 5 years).

¹¹ And its Dutch subsidiaries.

For 2015, however, Montea received a final corporate tax assessment (the response period for the Dutch tax administration would expire before this period) that is €0.1 million higher than the provisional tax return. Montea filed an objection to the final assessment for 2015. Requests for ex officio reduction were submitted against the payments in 2016, 2017 and 2018. Montea also entered the same total amount (€8.3 million) as a receivable in its accounts. If FBI status is granted, this full amount will be reimbursed. If FBI status is refused, the assessment has been correctly paid and the receivable must be written off, with a material negative impact on Montea's profitability. Each year Montea Nederland NV¹² has complied with the obligation to pay out a dividend under the FBI regime and has thus paid €1.6 million in dividend tax for the period 2015 to 2019. The dividend tax can perhaps be recovered if the FBI status is refused. The total impact for the years 2015 to 2019 would therefore amount to €6.7 million or €0.42 per share (12% of the EPRA result 2020).

Unless events occur that show that something else should be done, Montea intends to use the same method for 2019. An amount of approximately €3.2 million will be paid in relation to the provisional assessment 2020. The figures for 2020 include a debt of €3.2 million and a receivable of €3.2 million for this purpose. An amount of approximately €0.6 million will be paid in respect of the dividend tax due once the distribution obligation has been fulfilled. The impact of not obtaining FBI status for 2020 would therefore be €2.6 million or €0.16 per share (ca. 5% of the EPRA earnings 2020), i.e. the amount of the provisional assessment less the amount of dividend tax.

¹² And its Dutch subsidiaries.

1.3 Summary of the consolidated financial statements as at 30 September 2020

1.3.1 Condensed consolidated (analytical) income statement as at 30 September 2020

CONDENSED CONSOLIDATED INCOME STATEMENT (K EUR) Analytical	30/09/2020 9 months	30/09/2019 9 months	
CONSOLIDATED RESULTS			
NET RENTAL RESULT	51.975	48.378	
PROPERTY RESULT	55.801	50.875	
% compared to net rental result	107,4%	105,2%	
TOTAL PROPERTY CHARGES	-1.628	-1.340	
OPERATING PROPERTY RESULT	54.173	49.535	
General corporate expenses	-3.356	-3.184	
Other operating income and expenses	-52	-122	
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	50.765	46.229	
% compared to net rental result	97,7%	95,6%	
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	-7.924	-8.408	
EPRA RESULT FOR TAXES	42.841	37.821	
Taxes	-601	-554	
EPRA Earnings per share	42.239 2,66	37.267 2,45	
Result on disposals of investment properties	0	434	
Result on disposals of other non-financial assets	0	0	
Changes in fair value of investment properties	60.123	52.438	
Other portfolio result	0	0	
PORTFOLIO RESULT	60.123	52.872	
Changes in fair value of financial assets and liabilities	-7.924	-21.079	
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	-7.924	-21.079	
NET RESULT per share	94.438 5,95	69.060 4,53	
KEY RATIOS	30/09/2020 9 months	31/12/2019 12 months	30/09/2019 9 months
Key ratios (€)			
EPRA result per share (1)	2,66	3,28	2,45
Result on the portfolio per share (1)	3,79	4,68	3,47
Variations in the fair value of financial instruments per share (1)	-0,50	-0,84	-1,38
Net result (IFRS) per share (1)	5,95	7,12	4,53
EPRA result per share (2)	2,64	3,17	2,36
Proposed distribution			
Payment percentage (compared with EPRA result) (3)		80,0%	
Gross dividend per share		2,54	
Net dividend per share		1,78	
Weighted average number of shares	15.880.266	15.229.606	15.229.606
Number of shares outstanding at period end	16.023.694	15.782.594	15.782.594

(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 pay-out ratio is calculated in absolute figures based on the consolidated EPRA result. The effective payment of the dividend is based on the statutory result available for distribution of Montea Comm. VA.

1.3.2 Notes on the condensed consolidated (analytical) income statement

□ Summary

The EPRA earnings increased by 13% from €37.3 million for the first 9 months in 2019 to €42.2 million for the same period in 2020. The EPRA earnings per share amounted to €2.66 for the first 9 months of 2020, an increase of 9% compared with the same period last year (€2.45), taking into account the increase in the weighted average number of shares of 4%¹³.

The increase in the EPRA earnings is due mainly to the strong growth of the property portfolio in 2019 and 2020, where the operating and financial costs were closely monitored and managed as such.

- The operating result before the result on the property portfolio amounted to €50.8 million in the third quarter of 2020, an increase of 10% compared with the same period last year (€46.2 million).
 - The net rental result amounts to €52.0 for the first 9 months of 2020, an increase of 7% (or €3.6 million) compared with the same period in 2019 (€48.4 million). This increase is due mainly to the recent acquisition of new premises, let plots of land and delivered projects, which generate additional rental income. With an unchanged portfolio (and therefore excluding new purchases, sales and project developments between the two compared periods) the level of rental income increased by 1.2%, driven mainly by the indexing of leases (+2.1%), and the drop in the occupancy rate in France, partially offset with the increase in the occupancy rate in Belgium (-0.9%).
 - The property result for the first 9 months of 2020 amounts to €55.8 million, up by €4.9 million (or 10%) compared with the same period last year (€50.9 million), primarily as a result of the increase in the net rental result (€3.6million) and an increase in solar panel income (€0.7 million) and the project and property management fees (€0.4 million), and a drop in the non-rechargeable property costs due to a higher occupancy rate (€0.2 million).
 - The property costs and overheads rose in the first 9 months of 2020 by €0.4 million compared with the same period in 2019 mainly as a result of the growth of the portfolio and a higher subscription tax due to the strengthening of equity capital in 2019, leading to an increase in the operating property result before the result on the portfolio of €4.5 million of 10% compared with the same period last year (from €46.2 million in Q3 2019 to €50.8 million in Q3 2020).
 - The operating margin¹⁴* amounts to 91.0% for the first 9 months of 2020, compared with 90.9% for the same period last year.
- The financial result excluding changes in the fair value of the financial instruments amounted to €7.9 million for the first 9 months of 2020, a drop of €0.5 million compared with the same period last year (€8.4 million).

¹³ The EPRA earnings increased by 13% from €37.3 million for the first 9 months in 2019 to €42.2 million for the same period in 2020. The EPRA earnings per share amounted to €2.66 for the first 9 months of 2020, an increase of 9% compared with the same period last year (€2.45), taking into account the increase in the weighted average number of shares by 4.

¹⁴ 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 ^{15*} calculated on the average financial debt amounts to 2.0% for the first 9 months of 2020 compared with 2.2% for the same period in 2019.

□ EPRA earnings

The EPRA earnings for the first 9 months of 2020 amount to €42.2 million, an increase of 13% compared with the same period last year. The EPRA earnings per share rose by 9% to €2.66 for the end of Q3 2020, whereby due account is taken of an increase in the weighted average number of shares of 4%.¹⁶

□ Result on the portfolio^{17*}

The result on the property portfolio for the first 9 months of 2020 amounted to €60.1 million or €3.79 per share.¹⁸ The increase in value is due to capital gains on the project developments delivered in France and the long-term rental to DPD of the site in Vilvoorde (BE)¹⁹ (€13.0 million). The increase can be explained further by a rise in the fair value of the existing property portfolio, chiefly in Belgium and the Netherlands due to developments on the market (€ 47.1 million).

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

□ Change in the fair value of financial instruments

The negative change in the fair value of financial instruments amounted to -€7.9 million or -€0.50 per share at the end of Q3 2020. The negative impact arises out of the change in the fair value of the interest rate hedges taken out at as at the end of September 2020 as a result of the declining long-term interest rate expectations in the course of 2020.

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

□ Net result (IFRS)

The net result consists of the EPRA earnings, the result on the portfolio and the changes in the fair value of the financial instruments. The net result for the first nine months of 2020 (€94.4 million) increased by €25.4 million compared with the same period last year thanks to an increase in the EPRA earnings of €5.0 million, an increase in the result on the portfolio of €7.2 million and a drop in the negative change in the fair value of the hedge instruments of €13.2 million in 2020 compared with 2019.

The net result (IFRS) per share²⁰ amounts to €5.95 (€4.53 at the end of Q3 2019)

¹⁵ *This financial cost is a prorated average and is calculated on the basis of the total financial cost for the period compared with the financial debt over the past 12 months, without taking into account the valuation of the hedging instruments which does not constitute an actual financing cost for the company.

¹⁶ The impact of the capital increase (2,847,708 new shares were created) in Q1 2019 on the weighted average number of shares was the lowest in the first quarter of 2019 and increased towards the end of the year. This degressive impact should also be taken into account when comparing the EPRA earnings per share in 2020 with those of 2019.

¹⁷ * 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.

¹⁸ Calculated as the result on the real estate portfolio based on the weighted average number of shares.

¹⁹ See press release of 22/09/2020 or go to www.montea.com for more information.

²⁰ Calculated on the basis of the weighted average number of shares.

1.3.3 Condensed consolidated balance sheet as at 30 September 2020

CONSOLIDATED BALANCE SHEET (EUR)		30/09/2020 Conso	31/12/2019 Conso	30/09/2019 Conso
I.	NON-CURRENT ASSETS	1.287.149.195	1.161.380.537	1.115.706.791
II.	CURRENT ASSETS	83.073.217	32.317.252	51.334.846
	TOTAL ASSETS	1.370.222.412	1.193.697.790	1.167.041.637
	SHAREHOLDERS' EQUITY	754.345.154	680.029.177	640.294.960
I.	Shareholders' equity attributable to shareholders of the parent company	754.345.154	680.029.177	640.294.960
II.	Minority interests	0	0	0
	LIABILITIES	615.877.258	513.668.613	526.746.677
I.	Non-current liabilities	474.579.601	412.772.382	434.899.530
II.	Current liabilities	141.297.657	100.896.231	91.847.147
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1.370.222.412	1.193.697.790	1.167.041.637

1.3.4 Notes on the consolidated balance sheet as at 30 September 2020

- On 30/09/2020, the total assets (€1,370.2 million) consisted mainly of investment properties (87% of the total), solar panels (2% of the total), and developments (5% of the total). The remaining amount of the assets (6% of the total) consisted of the other tangible and financial fixed assets, including assets intended for own use and current assets including cash investments, trade and tax receivables.

The fair value of Montea's total property portfolio pursuant to IAS 40 amounted to €1,285.1 million on 30 September 2020²¹, consisting of the valuation of the property portfolio (buildings), including the buildings held for sale (€1,192 million), the fair value of the current developments (€67.8 million) and the fair value of the solar panels (€25.3 million).

	Belgium	France	The Netherlands	Total 30/09/2020	Total 31/12/2019
Real estate portfolio - Buildings (1)					
Number of sites	34	18	20	72	69
Warehouse space (sqm)	635.001	202.702	289.743	1.127.446	1.073.248
Office space (sqm)	57.407	17.774	29.456	104.637	103.334
Land space - rent (sqm) (2)	6.512	0	156.498	163.010	163.010
Total space (sqm)	698.920	220.476	475.697	1.395.094	1.339.593
Real estate portfolio - Terrains					
Development potential (sqm) - rent (3)	32.562	0	720.980	753.542	753.542
Development potential (sqm) - portfolio	132.007	112.204	160.120	404.331	368.743
Development potential (sqm) - in research	0	70.000	0	70.000	0
Development potential (sqm) - in option	79.137	0	0	79.137	224.137
Total surface - development potential (sqm)	243.706	182.204	881.100	1.307.010	1.346.422
Fair value (K EUR)	577.096	194.838	420.020	1.191.954	1.083.085
Investment value (K EUR)	591.619	208.558	449.421	1.249.598	1.134.150
Annual contractual rents (K EUR)	35.440	10.997	24.563	71.000	67.217
Gross yield (%)	6,14%	5,64%	5,85%	5,96%	6,21%
Gross yield on 100% occupancy (%)	6,17%	5,99%	5,85%	6,03%	6,28%
Un-let property (m²)	1.776	7.394	0	9.170	9.373
Rental value of un-let property (K EUR) (4)	167	667	0	834	850
Occupancy rate	99,7%	96,6%	100,0%	99,3%	99,3%
Real estate portfolio - Solar panels (5)					
Fair value (K EUR)	21.262	0	4.068	25.330	12.195
Real estate portfolio - Developments					
Fair value (K EUR)	11.000	2.160	54.675	67.835	64.004

- (1) 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.
- (2) 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.
- (3) This line was added with regard to Q3 2019. The 2019 figures are supplemented to allow for comparison with this year.
- (4) Exclusive of the estimated rental value of projects under construction and/or renovation.
- (5) The fair value of the investment in solar panels was entered under heading "D" of the fixed assets in the balance sheet.

²¹ As determined by the independent real estate expert JLL.

- ❑ The total surface area of the real estate portfolio-buildings amounts to 1,395,094 m², spread over 72 sites, i.e. 34 sites in Belgium, 18 sites in France and 20 sites in the Netherlands.
- ❑ Montea has a total land bank of 1,307,010 m² in development potential, of which 753,542 m² of let land in portfolio, 368,743 m² of unlet land in portfolio, 70,000 m² land in Due Diligence phase and 79,137 m² under option, for a total development potential of ca. 50% lettable area (ca. 650,000 m²).
- ❑ The gross property yield on the total of the investment properties amounts to 6.0% on the basis of a fully let portfolio, compared with 6.2% on 30/06/2019. The gross yield (taking into account the current vacancy rate) amounts to 6.0% as a result of the very limited vacant properties.
- ❑ The contractual annual rental income (excluding rent guarantees) amounts to €71.0 million, an increase of 6% compared with the figure as at 31/12/2019, due mainly to the growth of the property portfolio.

The occupancy rate amounts to 99.3% as at 30/09/2020 and has remained stable compared with the end of June 2020. The current vacancy rate is in France, at the site in Le Mesnil-Amelot previously let to Autoclick and Facilit'Air. The Belgian and Dutch portfolios were fully (100%) occupied at the end of the third quarter of 2020.

- ❑ The fair value of the ongoing developments and acquired plots of land intended for development amounts to €67.8 million. These developments consist of:
 - the site located in Lummen (BE)
 - the site located in Bornem (BE)
 - the site located in Senlis (FR)
 - het project located in Schiphol Airport (NL)
 - the site located in Etten-Leur (NL)
 - the site located in Waddinxveen (NL)
 - solar panel investments (BE + NL)
- ❑ The fair value of the solar panels of €25.3 million pertains to 24 solar panel projects in Belgium and the Netherlands.
- ❑ The total liabilities consist of shareholders equity of €754.3 million and total debt of €615.9 million.
 - The shareholders' equity (IFRS) amounted to € 754.3 million as at 30 September 2020 compared with €680 million at the end of 2019.
 - The total liabilities (€ 615.9 million) consist of:
 - € 376.3 million in lines of credit taken out from 8 financial institutions. Montea has €496.7 million of contracted credit lines as at 30 September 2020 and an undrawn capacity of € 120.4 million;
 - €79.7 million in bond issues concluded by Montea in 2014 and 2015;

- an ongoing lease debt of € 47.3 million, mainly formed by the inclusion of a lease obligation for the concession land (entry into force of IFRS 16) and for the financing of the solar panels on the Aalst site;
- the negative value of the current hedging instruments of € 30.9 million; and
- other debts and accrued charges and deferred income²² amounting to €81.7 million.

The weighted average term of the financial debts (credit lines, bond loans and lease obligations) is 3.9 years as at 30 September 2020. The weighted average term of the interest rate hedges is 6.2 years as at the end of September 2020. The hedge ratio, which represents the percentage of financial debts with a fixed interest rate or with a floating interest rate subsequently hedged by a hedging instrument, amounts to 86%.

The Interest Coverage Ratio is equal to 6.4 in the first 9 months of 2020 compared with 5.5 for the same period last year.

The average cost of financing the debt amounts to 2.0% for the first 9 months of 2020 (2.2% for the same period last year).

- Montea's debt ratio²³ amounted to 40.0% at the end of Q3 2020 (compared with 39.4% at the end of 2019).

Montea complies with all the covenants on debt ratios that it has concluded with its financial institutions, under the terms of which Montea may not have a debt ratio greater than 60%.

²² The accrued charges and different income include largely rents already invoiced in advance for the next quarter.

²³ Calculated according to the Royal Decree of 13 July 2014 on regulated real estate companies.

1.4 Significant events after the balance sheet date

Montea has convened an extraordinary general meeting of shareholders to be held on 9 November 2020. This meeting will deliberate and decide inter alia on the proposed transformation of Montea from a Comm. VA (investment company) into an NV (limited liability company) with a sole director as well as on the adaptation of Montea's articles of association to bring them in line with the Companies Code. More information on this extraordinary general meeting of shareholders is posted on www.montea.com.

1.5 Transactions between affiliated parties

There were no transactions between affiliated parties in 2020, with the exception of those carried out under market conditions and as customary when carrying out Montea's activities.

2 EPRA Performance measures

A) 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:

(EUR X 1.000)	30/09/2020	30/09/2019
Net result (IFRS)	94.438	69.060
Changes for calculation of the EPRA earnings		
To exclude:		
(i) Variations in fair value of the investment properties and properties for sale	-60.123	-52.438
(ii) Result on sale of investment properties	0	-434
(vi) Variations in fair value of the financial assets and liabilities	7.924	21.079
EPRA earnings	42.239	37.267
Weighted average number of shares	15.880.266	15.229.606
EPRA earnings per share (€/share)	2,66	2,45

B) 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:

(EUR X 1.000)	30/09/2020	30/09/2019
IFRS NAV	754.345	640.295
NAV per share (€/share)	47,08	40,57
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	754.345	640.295
To exclude		
IV. Fair value of financial instruments	30.848	31.265
EPRA NAV	785.193	671.559
Number of shares in circulation per end period	16.023.694	15.782.594
EPRA NAV per share (€/share)	49,00	42,55

C) 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:

(EUR X 1.000)	30/09/2020	30/09/2019
EPRA NAV	785.193	671.559
Number of shares in circulation at the end of the period	16.023.694	15.782.594
EPRA NAV (€/share)	49,00	42,55
To add:		
(i) Fair value of financial instruments	-30.848	-31.265
(ii) Revaluation of the fair value of financing at fixed interest rate	2.039	4.149
EPRA NNNAV	756.384	644.444
Number of shares in circulation at the end of the period	16.023.694	15.782.594
EPRA NNNAV per share (€/share)	47,20	40,83

D) 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:

(EUR X 1.000)	(A) Estimated rental value (ERV) for vacancy 30/09/2020	(B) Estimated rental value portfolio (ERV) 30/09/2020	(A/B) ERPA Vacancy rate (%) 30/09/2020	(A) Estimated rental value (ERV) for vacancy 30/09/2019	(B) Estimated rental value portfolio (ERV) 30/09/2019	(A/B) ERPA Vacancy rate (%) 30/09/2019
Belgium	167	33.399	0,5%	172	32.473	0,5%
France	667	11.494	5,8%	737	9.252	8,0%
The Netherlands	-	23.949	0,0%	504	23.562	2,1%
Total	834	68.842	1,2%	1.413	65.287	2,2%

E) EPRA NIY & EPRA ‘topped-up’ 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. See also www.epra.com.

Calculation:

(in EUR x 1000)		30/09/2020	31/12/2019
Investment property – wholly owned		1.224.983	1.104.358
Investment property – share of JVs/Funds		0	0
Assets for sale		0	0
Minus developments		-67.835	-64.004
Completed property portfolio		1.157.149	1.040.353
Allowance for estimated purchasers' costs		56.141	49.694
Gross up completed property portfolio valuation	B	1.213.289	1.090.047
Annualised cash passing rental income		72.619	69.391
Property outgoings (incl. ground rents)		-3.824	-3.771
Annualised net rents	A	68.795	65.620
Rent free periods or other lease incentives		1.350	80
Topped-up net annualised rent	C	70.144	65.699
EPRA NIY	A/B	5,7%	6,0%
EPRA “topped-up” NIY	C/B	5,8%	6,0%

F) 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 Ratio (in EUR x 1000)		30/09/2020	31/12/2019
(i) Administrative/operating expense line per IFRS income statement		4.902	6.656
(iii) Management fees less actual/estimated profit element		-294	-365
EPRA Costs (including direct vacancy costs)	A	4.607	6.290
(ix) Direct vacancy costs		-137	-166
EPRA Costs (excluding direct vacancy costs)	B	4.470	6.125
(x) Gross Rental Income less ground rents – per IFRS		55.306	67.985
Gross Rental Income	C	55.306	67.985
EPRA Cost Ratio (including direct vacancy costs)	A/C	8,3%	9,3%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	8,1%	9,0%

3 Details on the calculation of APMs used by Montea²⁴

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 (EUR X 1.000)	30/09/2020	30/09/2019
Result on sale of property investments	-	434
Variations in the fair value of property investments	60.123	52.438
RESULT ON PORTFOLIO	60.123	52.872

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 (EUR X 1.000)	30/09/2020	30/09/2019
Financial result	-15.848	-29.487
To exclude:		
Variations in fair value of financial assets & liabilities	7.924	21.079
FINANCIAL RESULT excl. variation in fair value of financial instruments	-7.924	-8.408

²⁴ Exclusive of the EPRA indicators, some of which have been considered as an APM and are calculated under 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 (EUR X 1.000)	30/09/2020	30/09/2019
Net rental result	55.801	50.875
Operating result (before the result on the portfolio)	50.765	46.229
OPERATING MARGIN	91,0%	90,9%

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 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 (EUR X 1.000)	30/09/2020	30/09/2019
Financial result	-15.848	-29.487
To exclude:		
Other financial income and charges	-104	-46
Variations in fair value of financial assets and liabilities	7.924	21.079
Interest expenses related to leasing debts (IFRS 16)	1.574	1.612
Activated interest charges	-912	-771
TOTAL FINANCIAL CHARGES (A)	-7.367	-7.613
AVERAGE FINANCIAL DEBTS (B)	496.339	467.637
AVERAGE COST OF DEBT (A/B) (*)	2,0%	2,2%

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 (EUR X 1.000)	30/09/2020	30/09/2019
Operational result, before result on portfolio	50.765	46.229
Financial income (+)	104	46
TOTAL (A)	50.869	46.275
Net financial charges (-)	7.944	8.363
TOTAL (B)	7.944	8.363
INTEREST COVERAGE RATIO (A/B)	6,40	5,53

4 Outlook and update COVID-19

Montea has taken various measures to ensure the continuity of its activities in the different countries in which it operates, whilst putting the health and well-being of all its stakeholders first. Employees were accordingly encouraged to switch to teleworking as much as possible for all tasks that do not require physical presence. Teleworking had been encouraged even before the crisis, so this measure did not pose any particular difficulties. Continuity of service to the tenants is guaranteed by the operational teams who remain in close contact with them.

The risk of default is minimized thanks to the company's qualitative and diversified client portfolio (at country, sector and site level). The warehouses are operational and in some instances even have enhanced activity. Montea is well aware of the challenges some customers are confronted with. Requests from tenants to stagger rents due over time are being considered on a case-by-case basis in order to find a balanced solution.

The spread rent from the agreements concluded represent an amount of approximately € 0.7 million to date. Also on 30 September 2020, Montea has received payment for 99% of the rent invoices for October and November (for the monthly rent) and the fourth quarter (for the quarterly rent) of 2020.

On the financing front, Montea has a total debt of €20 million to refinance in 2020 and €67 million in ongoing commitments under the investment programme. On the other hand Montea has €134 million in cash and in contracted lines of credit not drawn, so her obligations are largely covered. With a debt ratio of 40.0% on 30 September 2020, Montea's consolidated balance sheet is highly solvent and the company expects to be able to achieve its charted growth plan.

The valuation of the real estate portfolio at the end of the third quarter of 2020 provided by the real estate experts for the publication of quarterly information does not indicate any negative change in fair value brought about by the current crisis. Logistics is the category of real estate that is not expected to be impacted, or may even be impacted in a positive way by the crisis:

- Companies will want to limit their dependence on Asian countries and to build up strategic stockpiles;
- Consumer expectations in terms of delivery times will become more demanding and will lead various companies to want to build up their stocks;
- Companies that have not provided online services yet are being forced to adapt and will continue to provide such services after the crisis also;
- Consumers who were not yet familiar with the benefits of online services have been forced to learn to work with orders through the internet, which will bring a change in behaviour among late adopters.

In the longer term Montea thereby maintains its aspiration to boost its property portfolio by ca. €300 million in 2020 and 2021, which will result in a total property portfolio of €1,450 million by the end of 2021. 75% of this growth (€225 million) has already been identified.

In the short term (outlook for 2020), the COVID-19 outbreak and (the results of the) measures taken to contain the virus could have an impact on Montea's financial performance. Based on the current knowledge and taking the consequences of the crisis into account, Montea expects:

- growth in the EPRA earnings per share to at least €3.44 (+5% compared with 2019)
- an increase in the dividend per share in line with the growth in the EPRA earnings per share, i.e. by 5% compared with 2019 from €2.54 to € 2.66, based on a pay-out ratio of 80%
- an occupancy rate above 97% to be maintained and an average remaining term of the leases to first expiry date above 7.5 years

5 Forward looking statements

This press release contains, inter alia, forecasts, opinions and estimates made by Montea with regard to the future performance of Montea and of the market in which Montea operates ('outlook').

Although prepared with the utmost care, such an outlook is based on Montea's estimates and forecasts and is by nature subject to unknown risks, uncertain elements and other factors. These could lead to results, financial conditions, performance and final achievements that differ from those expressed or implied in these projections. Some events are difficult to predict and may depend on factors beyond Montea's control. In view of such uncertainties, Montea cannot give any guarantees on these forecasts.

Statements in this press release that pertain to past activities, achievements, performance or trends should not be considered as a statement or guarantee that they will continue in the future.

Furthermore, the outlook is only valid as of the date of this press release.

Unless it is legally required to do so, Montea in no way undertakes to update or change these forecasts, even if there are changes in the expectations, events, conditions, assumptions or circumstances on which such forecasts are based. Nor does Montea, any of its managers, directors, members of its management or advisors guarantee that the assumptions on which the outlook is based are free from error, and none of them can state, guarantee or predict that the results expected by such outlook will actually be achieved.

6 Financial calendar

11/02/2021	Annual results 31/12/2020 (before trading opens)
11/02/2021	Conference call analysts (10:00am)
12/05/2021	Interim results 31/03/2021 (before trading opens)
18/05/2021	General meetings of shareholders
19/08/2021	Half-yearly results 30/06/2021 (after trading opens)
29/10/2021	Interim results 30/09/2021 (before trading opens)

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

ABOUT MONTEA "SPACE FOR GROWTH"

Montea Comm. VA is a public regulated real estate company (RREC) under Belgian law (SIR – SIIC), specialising in the development and the management of logistics property in Belgium, France and the Netherlands. The company is a leading player in this market. Montea literally provides its clients with the space to grow, through flexible and innovative property solutions. In this way, Montea creates value for its shareholders. On 31 March 2020 the property portfolio represented a surface of 1,395,094 m² across 72 sites. Montea Comm. VA has been listed on Euronext Brussels (MONT) and Paris (MONTP) since late 2006.

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FOR MORE INFORMATION

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