ANNUAL FINANCIAL REPORT 2017

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Montea Comm. VA is a public regulated real estate company (RREC) under Belgian law (SIR – SIIC), specialising in logistics property in Belgium, the Netherlands and France (**Montea** or the **Company**).

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.

On 31 December 2017 the property portfolio represented a surface of 968,948 m² across 54 sites. Montea Comm. VA has been listed on Euronext Brussels (MONT) and Paris (MONTP) since late 2006.

Montea shares are aimed at Belgian and foreign individual and institutional investors looking for an indirect investment in logistics property and who are seeking to achieve a relatively high dividend yield while incurring a moderate risk.

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DESIGN AND REALISATION: Montea

Ce rapport financier annuel est également disponible en Français.
Dit financieel jaarverslag is eveneens verkrijgbaar in het Nederlands.

The French and English versions of the annual financial report are translated from the Dutch annual financial report.

Investors may refer to the translated version within the framework of their contractual relationship with the issuer.

The annual financial report was translated under the responsibility of Montea and can be obtained at the registered office of the Company. This report was drawn up in euros.

The tallying of figures in the tables and annexes mentioned in this annual financial report may at times lead to rounding off differences.

Montea is a public regulated real estate company under the supervision of the FSMA (the Belgian Financial Services and Markets Authority).

Letter to the shareholders

Dear Shareholders,

Montea has written a strong story of growth ever since it was first incorporated. As a specialist in the logistics property sector, Montea has been scanning the market for new investment opportunities since 2006. Shortly after its flotation on the stock exchange, Montea decided to diversify into France and at the end of 2013, the Dutch market was added to the company's operating radius.

With a total investment volume of € 167 million (excluding divestments of € 8 million in 2017) in Belgium, France and the Netherlands, Montea again confirmed its story of growth in 2017. In Belgium, Montea continued its role as a specialist in logistical property through the acquisition of the site in Willebroek, leased to the Metro group, in Q1/2017, the handover of the site at Brucargo, leased to SACO, in Q2/2017, the purchase of the site at Brucargo, leased to DHL Aviation, in Q2/2017, the handover of the crossdock centre, leased to Mainfreight in Genk, in Q3/2017, the acquisition of the land located in Tyraslaan in Vilvoorde in Q4/2017, the purchase of the site in Willebroek, leased to Decathlon, in Q4/2017, the acquisition of the site in Saintes, leased to Noukies, in Q4/2017, the start of the build-to-suit project in Bilzen, leased to Carglass, and the acquisition of the solar panels at the site in Aalst, leased Barry Callebaut, also in Q4 2017. In addition, Montea also continued its growth on the Dutch market with the handover of the project in Aalsmeer, leased to Scotch & Soda, in Q1/2017, the start of the expansion project in Waddinxveen, leased to Delta Wines, the acquisition of the Brakman site, leased to NSK, in Q2/2017, the purchase of the site at Etten-Leur and the start of the extension works, leased to BAS Logistics, in Q4/2017, and the acquisition of the land at Schiphol and the start of construction, leased to Thomsen Select, also in Q4/2017. Further to this, Montea sold one premises (the site at Savigny-le-Temple, leased to Le Piston Français), confirming that Montea is not just about growth.

In addition to growth, Montea also focused on the performance of its existing portfolio. As such, Montea achieved an occupancy rate throughout the year in excess of 95%, ending the year on 96%. Work was also carried out on the average term of the leases, which remained stable at 7.5 years at the end of the year, compared with 7.7 years at 31/12/2016.

Keeping the debt ratio under control within this story of growth was the third major achievement in 2017.
Montea increased its equity capital by conducting a capital increase exercise on 26th September 2017 in the amount of € 68,004,527. In terms of refinancing and contracting new debt in 2017, account was taken of extending the term of the financing arrangements (> 5 years), the even spacing of the expiration of financing (+/- € 10 million maturing per year) and keeping average finance costs under control.

The property portfolio of 968,948 m², spread across 54 different sites, generates an average net yield of 7.20% (annual contractual rental income, excluding concession payments, compared with the fair value of the property portfolio).

The operating margin before the result on the property portfolio was 95.2% for the full year 2017, which was an increase of 6.3% compared with 2016. The EPRA result was € 26.8 million, a rise of 12% compared with 2016.

The Board of Directors will propose to the ordinary general meeting of shareholders on 15th May 2018 that a gross dividend per share of € 2.17 be paid for the full year 2017, compared with € 2.11 per share for the 2016 financial year, a rise of 3%.

Finally, the Board of Directors would like to thank the entire team at Montea for its continued efforts and commitment and for the performance achieved in 2017.

Dirk De Pauw	Jo De Wolf*
Chairman of the Board of Directors	Chief Executive Officer

* Permanent representative of Jo De Wolf BVBA

1. Risk factors

Montea has set itself the goal of developing a solid and diversified property portfolio as part of a strategy aimed at retaining ownership of its property for the long term in order to generate stable rental income that in turn will lead to a stable and, wherever possible, a growing dividend for its shareholders going forward.

As an investor in logistics property, Montea operates its business in a constantly evolving market. This naturally involves a number of risks. If these risks were to become a reality, it could have an adverse effect on Montea's business, its financial situation and its prospects. Montea takes these risks into account as part of its investment and rental decisions.

Both Montea's management and the Board of Directors monitor the risks mentioned above on a continuous basis. As a result, management has outlined a policy of caution that can be adjusted where necessary[1]. This report contains a non-exhaustive list of the main risks Montea can identify. This means that there may be other risks, hitherto unknown or improbable, that could have an unfavourable effect on Montea's business and financial position and perspectives.

1.1 Market risks

1.1.1 Risks associated with the economic climate

a) Description of the risks

Montea's business is subject to economic cycles. Macroeconomic indicators have a certain influence on investments and rental income with companies in the sector for logistics premises and these may have a negative effect on Montea's business on the one hand. These macroeconomic indicators also have an impact on sources of finance for existing and future investments on the other hand.

b) Management of the risks

Reference is made to point 1.1.2 of this annual report with regard to managing the risks involved with investments and rental income in the sector for logistics premises. Further reference is also made to point 1.3 in relation to managing risk regarding funding sources.

1.1.2 Risks associated with the property market

a) Description of the risks

The risks involved in the property market are falls in rents, reductions in property values and vacancies.

The level of rents, building values and vacancies or under-occupancy, are affected strongly by supply and demand in the market for selling and leasing property. For Montea, this relates in particular to logistics property.

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[1] For more information about Montea's strategy, please see point 4.1 in this annual report. The policy implemented by Montea will be adjusted where necessary, to the identified risks.

If it intends to safeguard its growth and yields, Montea must keep its occupancy rates up to the mark, as well as maintain its rent and value of the property when signing new lease contracts or renewing existing ones.

b) Management of the risks

Montea seeks to minimize the impact of these risks on its results and on the value of its portfolio through:

- the geographical diversification of its property portfolio;
- the diversification of its type of buildings (f.e. standard logistics warehouses, cross dock warehouses, conditioned warehouses, etc.);
- the diversification of its tenants;
- the investment policy in quality buildings,
- the development of flexible real estate solutions for its customers.

By implementing these five elements, Montea has always succeeded in restricting vacancies at its sites. Since it was listed on the stock exchange, Montea has never had an occupancy rate of less than 91%. The aim is to achieve an occupancy rate of >95% at all times (98.1% per 31/12/2016).

Montea has also been successful in maintaining its rent per m² when renewing existing lease contracts or signing new ones.

In the logistics sector, it is possible that when renegotiating or signing new lease contracts, that the base rent is retained (without indexation) or a rent-free period of 3 to 6 months is granted, depending on the length of the lease.

As a result of the approach it adopts, in most cases Montea has succeeded in obtaining a higher rent than the estimated rental value. Based on property assessments, Montea’s average rents in relation to the estimated rental value of the space leased are 8.9% higher in Belgium, 4.7% higher in France and 0.8% lower in the Netherlands.

Montea's growth strategy guarantees optimal risk sharing[2] based on the following two pillars:

- the acquisition of buildings in Belgium, the Netherlands and France that, on the basis of objective criteria such as accessibility of or proximity to major consumer centres, are optimally located and therefore offer a good potential in terms of marketing (geographical risk sharing);
- the acquisition of buildings leased to stable and solvent, high-quality tenants from diverse economic sectors such as the logistics sector, the food industry, the pharmaceutical sector, the consumer goods sector as well as the industrial sector (sectoral risk sharing).

Montea also intends to continue expanding its spread of assets so that the relative importance of each building in its portfolio remains limited. For more information, please see sections 5.3.1 and 5.3.2 of this annual financial report.

[2] Montea will, in the interest of its shareholders, provide the necessary diversification in terms of its tenants.

1.1.3 Concentration risk

a) Description of the risks

Given the size of the projects in which Montea invests, there is the risk that Montea becomes too dependent on the continued existence of a unit of property or on a contractual relationship with a single specific customer. Dependence on green power certificates may also influence Montea's income from solar energy.

b) Managing risks

To restrict certain risks and also to spread risks generally, the Company is required to comply with the diversification of its property assets in line with the 'GVV-Wet' (the 'Regulated Real Estate Company Act'). This is applied geographically, per type of property and per category of tenant. Pursuant to the Act of 12th May 2014 relating to regulated real estate companies (the 'GVV-Wet'), Montea may not conduct any transaction that would result in more than 20% of its assets being invested in a single unit of property. Nor may that percentage, if one or more of its units of property already exceed 20%, increase further. If at the time of conducting a transaction the aforementioned obligations were not complied with, the Company would immediately be required to lodge an application to differ from the 20% threshold with the FSMA, or else take the necessary measures to reduce the size of its position back below the threshold of 20%[3]. Such a departure from the rules can only be permitted by the FSMA if the Company's consolidated debt ratio at the time of the acquisition/transaction in question is no more than 33% of the consolidated assets (article 30, §4 GVV-Wet).

As of 31st December 2017, there was no single customer-tenant at Montea leasing premises whereby the total of the buildings leased exceeded 20% of the Company's consolidated assets, nor was there a single unit of property constituting more than 20% of the portfolio. The premises leased by the largest tenant (DHL Aviation) represented 6.7% of the total annual contracted rental income. The value of the largest unit of property represented 5.8% of the total fair value of the portfolio (the site in Aalsmeer, Netherlands, leased to Bakkersland and Scotch & Soda).

1.1.4 Risk of inflation

a) Description of the risks

Where there are fixed interest rates, Montea has only limited exposure to the risk of inflation, because the rental yield is indexed annually. However, some user agreements limit the annual rate of indexation to a maximum of 2%. This creates the risk that in the event of high inflation, the indexation clause could be insufficient to accommodate the effect of inflation.

The positive impact of the index for 2017 was € 0.3 million. The impact of the index can, if there were to be a variation of 100 basis points, be estimated at € 0.5 million[4].

By contrast, in the event of a rise in the nominal interest rates, low inflation would result in a rise in real interest rates. This constitutes a major risk as the result of an increase in finance charges, which happens more quickly than the indexation of rental income.

[3] Voor meer informatie inzake de 20%-regel verwijzen we naar artikel 30, §1 t.e.m. 5 van de GVV Wet.
[4] Berekend op basis van het netto huurresultaat van Montea per 31/12/2017.

b) Management of the risks

Montea has taken the following measures to protect itself against such risks.

On the one hand, Montea inserts a clause into its lease contracts whereby the current rent is indexed. In addition, a lower limit is set as the base rent. Also see point 1.2.1 of this annual financial report.

And on the other hand, the risk of rises in the real interest rate is restricted by taking out IRS-type hedging contracts for the majority of the financing with variable interest rates, whereby the variable interest rate is swapped for a fixed interest rate type. For more information, see point 1.3.3 of this annual financial report.

1.2 Risks associated with Montea's property portfolio

The Board of Directors of the statutory manager of Montea and its management are fully aware of the importance of developing and sustaining firm governance and, as a result, maintaining a quality portfolio. Montea imposes strict, clear standards for (i) optimising and improving existing buildings, (ii) commercial management, (iii) the technical management of its buildings, and (iv) any investments made in existing buildings. The aim of these criteria is to limit vacancies, as well as to cause the value of Montea's property assets to increase sustainably and to the maximum.

1.2.1 Rental risks

a) Description of the risks

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

Montea is also exposed to the risk of losing rental income due to the departure of tenants when their lease expires. There is a particular risk of it taking longer to find (suitable) new tenants and that when one is found, the new tenant stipulates a lower rent. These factors may have a negative effect on Montea's results. Consequently, the length of its leases also determines Montea's risk profile. At December 31, 2017 the length of the leases is 7.5 years based on the first break date.

b) Management of the risks

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

The vast majority of rental contracts includes annual indexation in the rent (in Belgium, indexation is based on the health index; in France, it is based on the construction cost index[5], while in the Netherlands, indexation is based on the consumer price index). All current lease agreements in Belgium, in France and in the Netherlands are subject to movements in the indices mentioned. None of the current rental income is exposed to a reduction in the initial rent as the result of any fall in the index.

[5] ICC – indice de coût de construction.

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

Montea also positions itself, in the context of alliances with third parties (project developers, land-owners, etc.), as an active partner in property developments. In these cases, prior to commencing the construction of a new development, Montea will have already signed a lease agreement with the tenant in question. For more information about these tenants, we refer you to section 5.3.1 and 5.3.2 of this annual report. Montea does not intend to become involved in speculative development projects (known as "blank" projects for which there are no tenants in place in advance).

Within the property sector, Montea focuses mainly on logistics property (warehousing and transhipment of goods) and makes every attempt to spread its risks in terms of the type of tenant/sector and the geographical location.

1.2.2 Management of the real estate portfolio

a) Description of the risks

The Montea team, potentially assisted by external consultants, is responsible for the daily management of the buildings, handles the technical management of the property portfolio[6] and presents efficient and flexible solutions for improving the portfolio's quality and sustainability. Moreover, the team will make every effort to proactively minimise any possible vacancies.

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

In view of the fact that the Company has a relatively small team, when certain key members of staff leave, the company is exposed to an organizational risk. The unexpected departure of some employees may have adverse effects on the company's development and could give supplementary management costs.

b) Management of the risks

Montea conducts a policy whereby the vast majority of the management costs of the buildings are invoiced on to tenants. For 2017, a total of € 0.7 million was spent on costs that could not be invoiced on to tenants. In addition, an amount of € 7.1 million was invested in improvement and renovation works to the existing portfolio. This amount corresponds with 1.1% of the fair value of the property portfolio.

Should certain key members of staff leave the company, Montea will handle these key positions on a temporary basis through outsourcing. Montea offers salary packages that are in line with the market. It also regularly provides its staff with additional training courses and seminars to enable them to top up their knowledge and qualifications in their specialist area.

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

1.2.3 Risks associated with the fluctuation of the operational costs

a) Description of the risks

Direct operational costs are mainly influenced by two factors:

- the age and quality of the buildings.
  These factors determine the maintenance and repair costs. Montea monitors these costs closely and coordinates the works required, some of which are subcontracted.
- the vacancy level and turnover of tenants.
  These factors determine the cost of non-leased floor space, the cost of re-leasing, the cost of refurbishment and discounts granted to new tenants. Montea makes every attempt to limit these costs through active commercial portfolio management.

b) Management of the risks

Montea conducts a policy of ongoing maintenance and refurbishment for its property portfolio in order to maintain or even increase existing rents, as well as to make it easier to lease the space again. Despite these measures, there is still the risk of the buildings losing value.

The preparation and monitoring of maintenance and refurbishment works is part of the package of tasks carried out by the Project Management team under the responsibility of the Chief Operating Officer.

Montea also focuses, in partnership, on new developments, in Belgium, the Netherlands and France under supervision and management of the Chief Operating Officer.

1.2.4 Risk of destruction of the buildings

a) Description of the risks

Montea is subject to the risk of the buildings in the property portfolio being destroyed by fire, natural disasters, accidents, terrorism, etc. Notwithstanding the fact that the property portfolio is covered by various insurance policies (the Company is obliged to have suitable insurance cover pursuant to article 40 of the GVV-Wet), it is not impossible that the terms for invoking the insurance cover will not be sufficient or that there are costs arising from uninsured damage or claims that exceed the ceiling of the insurance policy. Should there be a large number of claims in the Company's buildings, this might also have appreciable financial consequences for the Company as the result of rises in insurance premiums. This could also result in the Company not being able to insure certain risks (sufficiently), because no insurance company is willing to cover the risks, or because the premiums become unreasonably high.

b) Management of the risks

The risk of buildings destroyed by fire or other disasters is fully insured for new construction. The insurance policies, underwritten by Montea, also include additional guarantees (such as loss of rent[7]), which were established based on the best possible market coverage.

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7 The average guarantee for loss of rent is approximately 2 years.

On 31 December 2017, the insured value[8] of the property portfolio (including the buildings insured by the tenants) amounted to € 301 million in Belgium, € 71 million in France and € 146 million in the Netherlands. These insured values cover to a large extent the fair values of the buildings.

The following percentages per country are insured by Montea:

- Belgium: 79% of the fair value of the sites. This corresponds with a total fair value of € 281.8 million.
- France: 100% of the fair value of the sites. This corresponds with a total fair value of € 94.3 million.
- The Netherlands: 100% of the fair value of the sites. This corresponds with a total fair value of € 205.0 million.

The other percentages are insured by the tenants.

1.2.5 The conditional nature of forthcoming build-to-suit projects

a) Description of the risks

Montea does not always expand its property portfolio by acquiring existing buildings. Sometimes it also invests in development projects. Such projects sometimes involve risks other than those in the conventional acquisition of existing buildings. This includes the risk that the necessary permits to fit out a building are not granted or are contested, that the project encounters delays or is not carried out at all or not in full (including, but not limited to, technical standards), with lower rental income or the deferment or loss of expected rental income as a result, or that the budget is exceeded on account of unscheduled costs.

b) Managing the risks

In addition to Montea's operational team monitoring these projects proactively, other measures are also taken. When a particular area of expertise is required that is not present within the Company, external partners will be brought in to carry out these parts of the project. The risks involved for each area of expertise are always spread in consultation, with the basic assumption being that the risks are allocated to the party best able to control them. In the implementation phase, technical risks often play a role that are ideally managed in the design or preparatory phase of the project. The correct attitude and conduct of staff are important for preventing unnecessary risks in projects. In our staff policy and our policy for subcontractors and suppliers, we focus closely on the risk behaviour of everyone involved in our projects and who come under our responsibility. We take out the usual insurance cover for projects against risks in the design phase and implementation phase in the construction. In addition, the current projects are discussed weekly to monitor timing and budget. We try to control risks as much as possible with effective management measures.

8 This value represented the full new-build value, including non-recoverable VAT.

1.2.6 The conditional nature of forthcoming build-to-suit projects

a) Description of the risks

Montea has signed an agreement with the developer for various build-to-suit projects in which Montea undertakes, at a price agreed in advance, to purchase the building in question (or the company to which the building belongs), subject to a number of conditions precedent being fulfilled. These conditions precedent relate to items such as delivering the guarantee, the first rent payment, obtaining the necessary permits and the provisional handover of the building. If the building is handed over later than scheduled or if any of the conditions precedent are not fulfilled, Montea may decide not to acquire the building (or the company holding the building), or only at a later stage, which may have an impact on the company's proposed results and its future property portfolio.

b) Management of the risks

Stipulating suspensive conditions in the agreement with the developer and intensive, proactive collaboration with the developer during the construction phase are the most important features of managing this risk.

1.2.7 Risks associated with permits and other authorisations and requirements with which the property and its use must comply

a) Description of the risks

The value of property is partly determined by the presence of all legally required (planning and other) permits and authorisations. Obtaining permits is often time-consuming and lacking in transparency. This may have an impact on rental income, the value of the premises in question and restrict the possibility of conducting certain operational activities in such premises. Also, regulatory requirements with which the property must comply (e.g. fire safety) may display local differences and their interpretation and/or application can also be dependent on the government bodies involved, which may in turn involve a degree of uncertainty when it comes to meeting these regulatory requirements. Not having the required permits or not complying with the terms of authorisations or other regulatory conditions may result in the Company being unable, temporarily or permanently, to lease the property in question for the purpose of carrying out certain activities for which the premises can be leased or only at a lower rent. In such a case, the Company's property may be the subject of procedures to bring it into line with requirements that may involve carrying out modification works and incurring additional alteration costs. They may also restrict a building's ability to be leased and hence limit the income generated by it. A planning infringement may also, even after a remedial permit has been obtained or after remedying the situation by demolishing the unlawful structures, mean that the building is still liable to criminal sanctions, so long as the offence has not reached its statute of limitations.

b) Managing the risks

In principle, no developments will be commenced where a risk is involved. In other words, a project will only be begun – subject to some exceptions – if it is leased in advance, has been fully funded and has the necessary permits in place.

1.2.8 Public domain and airport zones

a) Description of the risks

For certain types of property, Montea has concessions over the public domain or building rights. These titles are by definition limited in time and may be terminated early for reasons in the public interest, subject to the individual features of the location or its legal status.

In particular, reference is made here to the building rights that Montea or its subsidiaries have stipulated with (i) Brussels Airport Company (BAC) at Brucargo, (ii) Waterwegen en Zeekanaal, (iii) Port of Ghent and (iv) NV De Scheepvaart. These building rights may be terminated early by the grantors of the building rights for reasons of general interest.

b) Management of the risks

Should the owners terminate the building rights early for reasons of general interest, they will pay full compensation to Montea. For example, should a competent authority (other than the grantors of the building rights) terminate the building rights for reasons of public interest (expropriation), Montea will not obtain any compensation from the grantors of the building rights.

If this should be the case, the grantors of the building rights and Montea will be required to attempt to obtain appropriate compensation from the competent authority, under which the grantors of the building rights undertake to relinquish any compensation received to Montea. In this latter case, there may be a discussion between Montea and the competent authority regarding the amount of compensation which may, in turn, have a negative impact on Montea's activities and operating results.

1.2.9 Risk of expropriation

a) Description of the risks

In line with the applicable regulations, Montea's property may be expropriated, for reasons of public utility, by the competent government department at a value that does not necessarily cover the fair value of the property. Montea is not aware of any such existing expropriation procedure.

b) Managing the risks

Montea is constantly assessing, with the assistance of specialised external advisers, the zoning plans and, where applicable, enters into dialogue with the government in order to work out constructive solutions that are in the interests of all parties.

1.2.10 Risks linked to merger, demerger or takeover operations

a) Description of the risks

A number of buildings in Montea's property portfolio have been acquired through mergers, demergers or acquisitions of shares. There are risks involved in these transactions (despite due diligence) regarding hidden liabilities, such as latent liabilities transferred to the Company. In addition, the Company is also faced with the risk of insolvency of its counterparty (as a result of which it can not claim damages in case of hidden defects / latent liabilities).

b) Management of the risks

Montea conducts an extensive due diligence exercise on the technical, economic, fiscal, legal, accounting and administrative aspects of each acquisition, together with specialised external advisors. The sales party and / or its relatives are analyzed prior to an acquisition. In addition, the guarantees are requested at the level of the parent company of the sales party.

1.2.11 Risks linked to the (impossibililty of) dividend payment

Legal restrictions on dividend payment may entail that Montea will not be able to pay out a dividend or will do so for limited amounts only.

a) Description of the risks

The Company has a strategy relating to the payment of dividends. However, there can be no assurance that the Company will always be able to make dividend payments in the future f.ex. in case of cumulated negative variations in the fair value of investment properties should exceed the available reserves.

Although the Company’s real estate might generate the expected rental income and operating profit, it might be technically impossible for the company to pay out a dividend to its shareholders in accordance with Article 617 of the Companies Code and the Regulated Real Estate Companies legislation. Article 617 of the Companies Code provides that profits may not be distributed if, on the closing date of the last financial year, the net assets of the company, as shown in the financial statements, has fallen or would, as a result of the payment, fall below the amount of the issued or, where higher, the called up share capital, augmented by all reserves which according to the law or the Company’s articles of association may not be paid out.

b) Management of the risks

Montea ensures that the company's profit is maintained or even rises and that part of the realized profit is regularly transferred to reserves due to a decrease in the payout ratio.

1.2.12 Negative changes in the fair value of the buildings, i.e. the risk of a negative revaluation of the property portfolio

a) Description of the risks

A negative revaluation of the property portfolio can have a negative impact on the net result and the NAV but also on the debt ratio.

b) Management of the risks

The property is valued on a quarterly basis by an independent real estate expert, whereby trends are rapidly visible and measures can be taken proactively. Furthermore, the investment policy is geared to strategic logistic nodes which are less sensitive to a negative revaluation. In addition, the property portfolio is well diversified which limits the risk.

1.2.13 Risk of ongoing legal proceedings

a) Description of the risks

This is the risk where Montea is indicted in a legal dispute relating to financial transactions, property agreements and tenancy issues. A court ruling against the Company can have a significant impact on the activities, operating results, financial situation and/or prospects of the Company. The Company also runs the risk that certain tenants may demand the termination of their lease agreements, or a reduction in rent or make other claims against the Company. Such procedures can be lengthy and expensive.

b) Managing the risks

Montea respects the legislation and applies the recommendations stated in the Belgian Corporate Governance Code 2009 as a reference code (www.corporategovernancecommittee.be). If there is a court case, Montea may call on the services of external advisers to defend its interests.

1.2.14 Risks associated with the partnership structure of the Company

a) Description of the risks

Montea is structured in the form of a partnership limited by shares. One of the features of this type of company is that it is managed by a (statutory) business manager, who must have the capacity of a limited (managing) partner. The statutory business manager is responsible, among other things, for the day-to-day management and operation of the Company's activities. The general meeting of shareholders may only deliberate and make decisions when the statutory business manager is present. The statutory business manager is also required to give his/her approval for every decision taken by the general meeting of shareholders (including modifications to the articles of association).

As a result of this statutory right of veto and given the fact that the statutory business manager is virtually irremovable, the decision-making powers of the general meeting of shareholders may be blocked, which means that the necessary decisions or decisions of importance cannot be taken for the Company by the general meeting of shareholders. As a result, there is a risk that the voting rights linked to the shares may be wholly or partially undermined.

b) Managing the risks

The governance structure within the statutory business manager of Montea complies with the recommendations of the Belgian Corporate Governance Code 2009. As of the date of this annual financial report, the Board of Directors is made up of three[9] independent directors who together oversee the exercise of the mandate of Montea Management.

[9] At 31 December 2017, there were four independent directors, on 1 January 2018 Mr Delbaere's board mandate was terminated. In addition, the fact should be taken into account that André Bosmans' board mandate expires on May 15, 2018. In the event of a reappointment at the general shareholders meeting, he will no longer qualify as an independent director since he will already director for 12 years at that time (eg article 526ter, 2 ° Company Code).

1.2.15 Risks associated with reference shareholders

a) Description of the risks

The statutory business manager is controlled by the De Pauw Family, which at 31st December 2017 was the Company's largest shareholder, with a holding of 16.22%. The statutory business manager is appointed in the articles of association of Montea for a non-cancellable period up to and including 30th September 2026. Only in exceptional circumstances can the mandate of a statutory business manager of a partnership limited by shares be revoked. In its capacity as the controlling shareholder in the statutory business manager, the De Pauw Family has a major influence, because it determines – subject to the statutory rules on corporate governance and Montea's corporate governance charter – who becomes a director of the statutory business manager.

If the statutory business manager were no longer the statutory business manager of Montea, or in the event of a change in control over the statutory business manager, Montea could be obliged to make early repayment of the Bonds issues (see point 1.3.3 of this annual financial report).

The Company is not aware of the existence of any shareholder agreement between existing shareholders in relation to the shares. However, it is not impossible that some shareholders may agree to cast a majority vote at the Company's general meeting of shareholders. Such a majority position may vary according to the number of votes represented present at the general meeting of shareholders. Conversely, one or more shareholders may have sufficient votes to oppose certain shareholder decisions for which special majorities are required. The votes cast by the shareholders may possibly not correspond with the interests of the Company or of the Company's other shareholders.

The fact that one or more shareholders have a major holding in the Company's capital may also result in encouraging a takeover bid for the shares by a third party.

b) Managing the risks

Inalienability clauses aim to block the transfer of shares to certain shareholders.This is the best guarantee for a stable shareholding, such as: in the context of a joint venture or private placement transaction, where the parties freeze their mutual relations for a certain period of time and the duration of the investment during a certain period, if the reference shareholder commits to remain a shareholder for a certain period of time.

Pre-purchase clauses are clauses that stipulate that, in case of a proposed transfer of shares, the shareholder must first offer his shares for a limited period of time to the persons specified in the pre-emption clause, eg other shareholders or third parties. They are used to maintain the private nature of the company, or to stabilize the balance between different shareholders. The application of the pre-emptive clause may not have the effect of extending the non-transferability of the shares by more than six months from the date of the invitation to exercise the right of pre-emption.

1.3 Financial risks

Exposure to interest rate, liquidity and credit risks arise in the normal business of Montea. Montea analyzes and reviews all risks and hereby defines the control strategies regarding the economic impact on the performance of the Company. The results of these analyses and proposed strategies are reviewed on a regular basis and approved by the Board of Directors.

1.3.1 Debt structure

a) Description of the risks

By law, both Montea's consolidated and simple debt ratios may not exceed 65%[10].

In addition, the terms and conditions of the various bond issues ((i) 28th June 2013 for a total of € 30 million, (ii) 28th May 2014 for a total of € 30 million, (iii) 30th June 2015 for a total of € 50 million) stipulate a maximum consolidated debt ratio of 65%. If Montea breaches these covenants, any bondholder may, by sending a written notification to Montea's registered office, with a copy to the respective "agent", demand that his or her bonds be declared immediately due and repayable at their nominal value, plus interest accrued (if any) up to the date of payment, without further formalities, unless such default is remedied prior to Montea receiving the notification.

Montea has signed covenants with its financial institutions, which are in line with the market and which state that the consolidated debt ratio (pursuant to the RD of 13th July 2014 relative to regulated real estate companies (the 'GVV RD')) may not rise above 60%. As of 31st December 2017, Montea had obtained undertakings from all its financial institutions that during the period until September 2018 they will refrain from the right to request repayment of the existing lines of credit if the 60% threshold were to be exceeded. At 31st December 2017, Montea had € 285 million in lines of credit, of which € 264.9 million is already drawn down.

b) Managing the risks

If the consolidated debt ratio is more than 50%, pursuant to the GVV RD, a financial plan must be drawn up containing an implementation schedule and including a description of the measures that will be taken to prevent this ratio from rising above 65%[11].

At 31st December 2017, the consolidated debt ratio was 51.9%[12] (compared with 51.6% on 31st December 2016) and the simple debt ratio was 52.4%. This means that Montea has drawn up a financial plan with accompanying implementation schedule. The auditor has also drawn up a special report about the financial plan and the manner in which it is drawn up has been verified in accordance with article 24, paragraph 2 of the GVV RD. For more information relating to the financial plan, please see point 65.4.3 of this annual financial report.

[10] Article 23 of the RREC RD.
[11] Article 24 of the RREC RD.
[12] The debt ratio is calculated according to the RREC RD.

Montea has a consolidated debt capacity of approximately € 280 million before the statutory maximum debt ratio of 65% is reached. This means the property portfolio could be increased by 28% (additional growth of the fair value of the property portfolio of € 280 million compared with the current fair value of the property portfolio at 31st December 2017 of € 719 million, including the fair value of the € 48 million of developments and the fair value of the solar panels of € 13 million, financed in full by debt.

Montea has signed covenants with its banks whereby the debt ratio may not rise above 60%. As a result, the consolidated debt capacity is € 565 million (additional growth of the fair value of the property portfolio of € 150 million, compared with the current fair value of the property portfolio at 31st December 2017 of € 719 million, including the fair value of the developments of € 48 million and the fair value of the solar panels of € 13 million. This means that the property portfolio could increase by 17%, financed in full by debt.

Conversely, the current balance sheet structure, if all other parameters remain constant, could absorb a reduction in the value of the property portfolio of 21% or 14% respectively before a maximum debt ratio of 65% or 60% is reached.

1.3.2 Liquidity risk

a) Description of the risks

The liquidity risk consists of Montea running the risk that at a certain moment it may not have sufficient cash resources and that it may no longer be able to obtain the required financing to cover its short-term debts. On 31 December 2017 Montea has investment commitments for an amount of € 60 million.

- **Lines of credit**

Taking the legal status of the RREC into account, the view on rental income streams and given the nature of the assets in which Montea invests (logistics property), the risk of the non-renewal of its lines of credit (except in unforeseen circumstances) is limited, even in the context of a tightening of its terms of credit. On the other hand, it is true that the credit margins could rise at the time the lines of credit expire and need to be renewed.

There is also the risk of the termination of the bilateral lines of credit as the result of the cancellation, termination or review of the finance contracts caused by non-compliance of the undertakings (“covenants”) entered into at the time of signing these finance contracts. Technically speaking, the loss by Montea of its status as a regulated real estate company could constitute an *event of default* under most of Montea’s lines of credit (see 1.4 of this annual report). The undertakings that Montea has stipulated with its financial institutions are market-compliant and among other things state that its consolidated debt ratio (pursuant to the Royal Decree issued on 13th July 2014 relating to regulated real estate companies) may not exceed the ceiling of 60%.

As a result, if it does not comply with its obligations and, more generally, if it should remain in default of the terms of these contracts, Montea would be exposed to the risk of the forced, early repayment of these loans. Based on the current circumstances and the outlook that can reasonably be made based on those circumstances, Montea has no knowledge of any elements that indicate it would not be able to comply with one or other of its undertakings. However, the risk of this cannot be entirely excluded.

As of 31st December 2017, Montea had € 285 million in lines of credit, of which € 265 million is already drawn down.

- **Bond issues totalling € 110 million[13]**

As part of the further diversification of its financing, Montea proceeded with several bond issues on 28th June 2013 and 28th May 2014. On 30th June 2015 two bond loans were again issued, for a total amount of € 110 million. These bond loans have a term of seven until twelve years and mature on 28th June 2020, 28th May 2021, 30th June 2025 and 30th June 2027. It is possible that Montea may not reimburse the bonds on their respective maturity dates.

Under to article 5.6.3 of the general terms and conditions of these bond issues (Terms and Conditions), Montea could be obliged to make early repayment of the bonds issued should there be a change in the control of Montea. If this should be the case, each bondholder would then have the right to demand that Montea buy back his/her bonds at 100 per cent of their nominal value, together with any interest due, but not yet paid, up to (but excluding) the actual date of early repayment. A request for the repayment of a large number of bonds from the various bond loans could result in Montea not being able to repay these bond loans on their respective maturity dates.

Under article 5.6.3 of the respective Terms and Conditions, a change in the control of Montea is deemed to have taken place if:

i. a person makes an offer to all (or virtually all) shareholders (or all (or virtually all) shareholders other than the party making the offer and/or parties acting in mutual consultation (as defined in article 3, paragraph 1, 5° of the Act of 1st April 2007 on public takeover bids) with the party making the offer), to acquire all or the majority of the shares issued in the Company and (when, after the offer period has expired, the results of the offer are published and the offer has become unconditional in all regards) when the party making the offer, as a result of the offer and after fulfilling it, acquires shares or has the right to acquire shares (this being an unconditional right and not subject to any discretionary powers on the part of the party making the offer whether or not to exercise the right), after the publication of the results of the offer by the party making the offer in such a way that it has the right to cast 50 per cent or more of the votes that can normally be cast at a general meeting of the Company's shareholders; or
ii. a person or group of persons actual in mutual consultation, as stated in article 513 of the Companies' Code, acquires control over the Company's business manager (or, where appropriate, one of the statutory business managers); or
iii. Montea Management ceases to be the statutory business manager of the Company, except where, in this latter case, (a) within one month from the day of appointing a new statutory business manager, the Company convenes a general meeting of bondholders in accordance with condition 5.13 of the respective Terms and Conditions, and (b) at such a general meeting it is decided to waive the right of bondholders to receive early repayment, in accordance with condition 5.6.3 of the respective Terms and Conditions, with the presence and majority quorums of article 574 of the Companies' Code, on the understanding that the Company, its subsidiaries, a member of the Pierre De Pauw Family (defined as Dirk De Pauw, Marie Christine De Pauw, Bernadette De Pauw, Dominika De Pauw and Beatrijs De Pauw and their respective descendants) and any other major shareholder (this being a shareholder who is required to disclose a shareholding pursuant to the transparency legislation) under no circumstances will be entitled to vote at such a meeting if it/he/she/they hold 2013 Bonds or 2014 Bonds. For the purposes of this paragraph (iii), a change of control is only deemed to have occurred after the general meeting of bondholders has decided not to waive the right of bondholders to receive early repayment or if the general meeting of bondholders has not been convened after the expiration of one month following the day on which the new statutory business manager is appointed. In addition, for the purposes of this paragraph (iii), no change of control will be deemed to have occurred (a) when Montea Management has been replaced as the Company's statutory business manager by a legal entity controlled by one or more members of the Pierre De Pauw Family, or (b) when Montea Management ceases to be the Company's statutory business manager as the result of the Company being converted from a partnership limited by shares into some other legal form;

13 For more information, please refer to the press releases dated 24/06/2013, 20/05/2014 and 26/06/2015 or visit www.montea.com.

on the understanding, however, that the term “person”, as used in this definition of change of control, is not understood to mean: an entity that is associated with a member of the Pierre De Pauw Family (defined as Dirk De Pauw, Marie Christine De Pauw, Bernadette De Pauw, Dominika De Pauw and Beatrijs De Pauw and their respective descendants) or which is owned at least 50% by or is controlled by (or associated with) one or more members or one or more descendants of one or more members of the Pierre De Pauw Family.

In other words, as the result of a change in control over the statutory business manager, the early repayment of the bonds issued by Montea may be demanded by the bondholders. On 23rd June 2016, Montea Management NV was reappointed as the statutory business manager of Montea for a period of ten years. If Montea Management NV were not to be reappointed in timely fashion as statutory business manager, under article 5.6.3 of the respective Terms and Conditions, this would also be deemed to be a change of control.

b) Management of the risks

As of 31st December 2017, Montea had a total of € 285 million in lines of credit, of which € 265 million was already drawn down. During 2018, € 10.0 million of these lines of credit fall due and will have to be repaid or refinanced. For more information regarding the financing structure of Montea, please see point 5.3.5 of this annual report.

Note 34 gives an overview of the contracted and drawn down lines of credit, with their respective terms.

The liquidity risk is restricted by:

- the diversification of funding sources: the total financial debt, excluding rental guarantees received (€ 295.9 million), consists for 62.6% of lines of credit drawn down, 37.3% of the bond loans and 0.3% of other financial debts;
- the diversification of the drawn down lines of credit with six financial institutions (ING, Belfius, BNP Paribas Fortis, KBC, Bank Degroof and Banca Monte Paschi); this diversification provides attractive financial market terms;

To prevent a liquidity problem in the future, Montea is always taking actions to secure in good time the funding required for the further growth of the portfolio. The company currently foresees no problem in securing further sources of funding. In so doing, maintaining the balance between the cost of funding, as well as the term and diversification of the funding sources, is always to the fore.

1.3.3 Risks associated with changes in interest rates

a) Description of the risks

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

With the exception of the financial agreements regarding other financial debts[14] and the bonds[15], all of Montea's financial debts have been agreed at a variable interest rate (bilateral lines of credit at the EURIBOR 3-month rate + margin). This enables Montea to benefit from any low interest rates.

b) Management of the risks

To hedge against the risk of rises in interest rates, Montea conducts a policy whereby part of this financial debt is covered by interest rate hedging instruments. This prudential policy prevents a rise in the nominal interest rates from occurring without simultaneous growth in inflation, which results in an increase in the real interest rates. A rise in the real interest rates cannot then be offset by an increase in rental income through indexation. It can also be stated that there is always a difference in time between a rise in the nominal rates and the indexation of rental income.

In this way, the risk of rising interest rates is hedged using IRS (Interest Rate Swaps). Montea has contracted for 100% of the drawn-down bank finance and for one bond loan to the value of € 25 million at a variable interest rate. Montea conducts a policy whereby at least 50% of the drawn-down bank finance and the bond loan at a variable rate is hedged by using IRS-type hedging instruments IRS (in which the variable interest rate is swapped for a fixed interest rate).

The total debt position at 31st December 2017 was € 396.2 million. This means that 78.2% or € 310 million of the total debt position is exposed to variable interest rates. Taking account of 3 bond loans with a fixed interest rate, the outstanding lease debts and the current hedging instruments, the hedging percentage was 87.4% at 31st December 2017. If Montea's hedging percentage were to be more than 100% in the future, Montea would reduce this percentage again by working on build-to-suit projects or reviewing its hedging agreements.

Montea made use of the low interest rates in 2017 to contract new hedging instruments for a total notional amount of € 60 million by way of Interest Rate Swaps with an average term of 8.5 years at an average rate of 0.66%.

[14] Montea has financial debt in relation to a current financial agreement of € 0.8 million (<1% of the total financial debt). This financial agreement for the Milmort site expires on 31/12/2017. At the time, this was entered into with a fixed quarterly payment (including the interest charge).

[15] In 2015 Montea issued two bond loans, one with a variable interest rate of EURIBOR 3 months + 205 basis points and the other with a fixed interest rate of 3.42%, in 2014 at a fixed interest rate of 3.355% and in 2013 at a fixed interest rate of 4.107%. For more information, please see the press released dated 26/06/2015, 20/05/2014 and 24/06/2013.

1.3.4 Risks linked to the use of financial derivatives

a) Description of the risks

Any variation in the rate curve has an effect on the hedging instruments and hence also on the NAV, as published under IFRS. If, for example, the Euribor interest rate falls, this will have a negative effect on the market value of the hedging instruments. It is also not certain whether the Company will find the hedging instruments it wishes to contract in the future, or that the terms associated with the hedging instruments will be acceptable. There is also a counterparty risk vis-à-vis partners for which derivative financial products have been taken out.

b) Management of risks

Montea records negative variations in the fair value of the interest rate hedging instruments if the interest rates are lower than the rates based on the IRS. The same thing applies the other way round. These negative or positive variations may affect the net result, but have no effect on the EPRA result[16] given that they concern a non-realised and non-cash item (if the products are held until maturity and not settled early). This year, negative variations on the fair value of the interest rate hedging instruments were recorded.

Note 40.3 provides an overview of the fair value of the hedging instruments.

Taking account of the financial debts at variable interest rates, the hedging instruments, the bond loans at a fixed interest rate and the fixed interest rates on the financial agreement, the average funding cost in 2016 amounted to 3.0% (including bank margins).[17]

On the basis of the existing debt position on 31 December 2017, and the prevailing short-term interest rates, an increase of 100 basis points in the short-term interest rate would have no impact on the total funding cost, since the entire financial debt position is hedged.

All derivative financial products are held purely for hedging purposes. No speculative instruments are held. Furthermore, Montea works only with reputable financial institutions.

1.3.5 Credit risk

a) Description of the risks

The Company runs the general risk that a customer or counterparty will default on its contractual obligations (i.e. its payment commitments), which means that the Company could lose out on revenue.

Also the credit agreements contracted by the Company, in line with market practice, may contain market disruption clauses and clauses covering a significant change in circumstances (known as MAC or material adverse changes clauses) which, in some extreme circumstances, may generate additional costs for the Company and even, in more extreme cases, result in the credit arrangement being cancelled.

[16] See section 8.10

[17] For more information on the financial policy, cf. point 5.3.5. For the calculation of the average financing cost, see section 8.11.

b) Managing the risks

Management has a credit policy in place and exposure to credit risk is monitored on a continuous basis. Each new tenant is investigated separately for creditworthiness before the Company will offer a lease agreement. Rental guarantees (bank and/or parent company guarantees) of 3 or 6 months are also required systematically.

1.3.6 Risks linked to the banking counterparties

a) Description of the risks

Committing to finance contracts or using hedging instruments with a financial institution creates a counterparty risk in the event of the institute defaulting. The insolvency of a banking counterparty could result in the cancellation of the existing lines of credit and consequently to a reduction in the Company's financial resources.

b) Management of risks

Montea uses various banks for its financing and hedging instruments so as to diversify the counterparty risk, paying particular attention to the value for money of the services provided. In the current volatile context, Montea cannot exclude that one or more counterparties would remain in default. In accordance with market practices, the loan agreements contain market disruption clauses and clauses on material adverse changes (MAC) which, in certain extreme circumstances, can generate additional costs for the Company and even in more extreme cases, lead to the termination of the loan.

1.4 Regulatory risks

1.4.1 Legislative and fiscal framework for public regulated real estate companies

As a regulated public regulated real estate company (PRREC), Montea benefits from a favourable tax system. The company results (rental income and profits from sales, minus operating costs and financial charges) are exempt from corporation tax at the level of the PRREC (but not in terms of any subsidiaries). Dividend payments made by a PRREC are subject to withholding tax at a rate, in principle, of 30%[18]. However, this favorable tax system also includes obligations and restrictions that Montea must apply. For example, Montea may not invest more than 20% of its consolidated assets in other real estate as defined in Article 2, 5 ° vi to x of the RREC RD. As at 31 December 2017 this limit is not exceeded by Montea.

In the event of the loss of accreditation of the status of PRREC, which would imply a serious and persistent failure by Montea to comply with the requirements of the Act of 12th May 2014 or the Royal decree dated 13th July 2014, Montea would lose the benefit of this favourable tax system.

In addition, the loss of accreditation would also result in Montea being required to repay its borrowings early or more quickly.
Finally, Montea is exposed to the risk of future changes to the PRREC system.

[18] The increase in the withholding tax to 30% on dividends from regulated real estate companies was implemented by amendment to art. 269 of the Income Tax Code 1992, pursuant to art. 94 of the Program Act of 25th December 2016 (B.O.G. 29/12/2016). This change applies to earnings allocated or made payable from 1/1/2017. Previously, the withholding tax on dividends was 27%.

1.4.2 Legislative and fiscal context for SIIC

For the purpose of conducting its property investments in France, Montea has opted for the tax system that applies to 'Sociétés d'Investissements Immobiliers Cotées' (referred to below as SIIC), as stated in article 208 C of the French Income Tax Code (Code général des impôts – CGI).

Under article 208 C, this tax system applies if the following conditions are met:
- The Company is listed on a French or foreign (under certain conditions) regulated market;
- The Company's capital is a minimum of EUR 15 million;
- The Company may not be directly or indirectly owned by one or more shareholders (other than the listed companies that enjoy SIIC status), acting alone or in conjunction, for more than 60% of the Company's capital or voting rights;

The statutory purpose of the Company must consist mainly of the acquisition or construction of buildings for the purpose of leasing them or taking a direct or indirect holding in companies with a similar statutory purpose.

The main benefit of this system is the exemption from corporation tax for the following items of revenue:
- Obtaining profit from the lease of buildings or subletting property financed via a finance lease or of which ownership is transferred temporarily to the SIIC by the State, one of its public institutions or a local authority, on condition that at least 95% of this profit is paid out before the end of the financial year following the financial year in which it was generated;
- Gains from the sale of buildings and certain business rights, from rights associated with real estate finance leasing (obtained or contracted since 1st January 2005), from shareholdings in companies that have opted for SIIC status and from shareholdings in companies owned by the SIIC or one of its subsidiaries to a non-associate company, on condition that at least 60% of these gains is paid out before the end of the second financial year following their generation;
- Dividends received from subsidiaries that have opted for the SIIC system, on condition that they are paid in full during the financial year following the financial year in which they were received;
- Profits from collaborative arrangements entered into by the SIIC or its subsidiaries that come under the SIIC system, on the same terms as set out above.

Under article 235b ZCA of the French Code Général des Impôts, SIIC are exempt from supplementary corporation tax contributions (equivalent to 3% of the profit distributed) on account of the mandatory payments. Mandatory payments of dividends (100%), rental income (95%) and gains on transfers (60%) are exempt within the limitations of these rates, regardless of who the beneficiary is.

The contribution of 3% is owed by the SIIC for payments of profits derived from taxable income (on its additional activities that are taxable under corporation tax) or for the distribution of profits from exempted income on top of the rates imposed by law (except for payments made by an SIIC in favour of another SIIC that owns at least 95% of its shares).

The total amount of the mandatory payment (determined as described above) is limited to the tax-exempt result of the SIIC. This amount is capped at the profit available for distribution. This means that if the amount of the mandatory payment exceeds the profit available for distribution, any surplus will be carried forward to the following financial.

The SIIC system also applies, if opted for, to the subsidiaries of an SIIC if the following terms are met:

- The subsidiary is owned directly or indirectly 95% by one or more SIICs;
- The subsidiary is subject to French corporation tax;
- The statutory purpose of the subsidiary must consist mainly of the acquisition or construction of buildings for the purpose of leasing them or taking a direct or indirect holding in companies with a similar statutory purpose.

Non-compliance or changes to the rules required by the fiscally transparent system used for the French business may result in the loss of the favourable tax status and to the mandatory repayment of certain loans.

1.4.3 Legislative and fiscal framework of Fiscal Investment Institutions

To see through successfully its property investments in the Netherlands, in September 2013 Montea SCA filed an application for a "Fiscale Beleggingsinstelling" (hereinafter referred to as FBI) [Fiscal Investment Institution] pursuant to Article 28 of the Corporate Income Tax Code of 1969. Montea structured its Dutch property investments as Dutch public limited companies. Together with Montea Nederland BV, these entities constitute a fiscal entity for corporate tax. An FBI is subject to Dutch corporate tax at a rate of 0%. An FBI is required to pay out to its shareholders annually its full fiscal result (consolidated, in the case of a fiscal institution) with the exception of surplus values / capital . In addition to this pay out obligation, an FBI is also subject to various other obligations such as requirements at the level of its shareholders, i.e. the Company, and its shareholding structure as well as restrictions relating to debt financing.

On 31 December 2017, the company's Dutch subsidiary, Montea Nederland NV, had still not received a final decision from the Dutch tax authorities to the effect that the FBI status is approved. In 2016, the Dutch Inland Revenue Service cited a certain case law of the Dutch Supreme Court to develop a new vision in its policy concerning the interpretation the shareholder test. As a shareholder of its FBI subsidiary Montea Nederland NV, the Company must in particular show that it can qualify as an FBI itself. Only then can the company be considered as a qualifying shareholder under the FBI regime in the view of the Dutch Inland Revenue Service. Consultations are accordingly being conducted by and between the Dutch Inland Revenue Service and the Company on how this matter can be interpreted in concrete terms. The Company believes that as an RREC it operates within a system that is objectively comparable with that of the FBI, and that consequently it meets the requirements. The Company therefore believes that it is likely that it will be able to make reasonable arrangements with the Dutch Inland Revenue Service, whereby FII status will be accorded to Montea Nederland NV. Furthermore, the Dutch Ministry of Finance and the Dutch Inland Revenue Service have already indicated that they will proceed in accordance with the principles of good governance in order to obtain a level playing field (where similar cases will be treated in the same way). Montea therefore expects to be treated by the Dutch Inland Revenue Service no worse than other compliant comparable Belgian RRECs with existing arrangements with regard to FII status.

In its coalition agreement concluded in the beginning of October 2017, the Dutch government indicated that it wanted to abolish real estate FIIs as of 2020 because of the envisaged general scrapping of the dividend tax. Montea is monitoring this situation closely together with its tax advisors and sector associations and will provide an update if and when this is deemed relevant.

The risk that Montea Nederland NV does not obtain FII status means that it is possible that Montea Nederland NV will still be subject to the standard Dutch corporate tax at a rate of 25% (20% for the first €200,000 of taxable profit). The Company assesses the financial impact in such a case (pro forma) at a maximum of €0.12 per share for financial year 2017 (ca. 5% of the expected EPRA earnings for financial year 2017) without taking account of any other possible fiscally more favourable structuring of the Dutch subsidiaries.

If FII status is not granted by the Dutch Inland Revenue service, the Company estimates the financial impact (pro forma) at a maximum of € 0.19 per share for financial years 2015 and 2016 (ca. 7% of the expected EPRA earnings for financial year 2017).

Despite the fact that Montea had not yet obtained approval from the Dutch Inland Revenue Service for FII status on 31 December 2017, it keeps its accounts as if it already had FII status. Accordingly, in its corporate tax return for 2015, Montea Nederland took the view that it qualified for FBI status so that the corporate tax payable is nil. The Dutch tax inspector has however imposed a provisional assessment for 2015, taking account of the regular corporate tax rate. Given the applicable tax interest rate (8%), Montea has opted to pay this provisional assessment (a total of €0.09 per Montea share). Montea has however entered a receivable for the same amount in its accounts. If the FII status is granted, this amount will be repaid in full. If FII status is refused, then the tax assessment is duly paid. The receivable will be written off, and this will have a material negative impact on the Company's profitability.

Montea Nederland NV has already lodged its corporation tax return for the 2017 financial year. Montea also conducted its accounting affairs for 2016 and 2017 as though it was operating under the system of an FII (Tax Investment Institution). In other words, it has made no provision for any corporation tax in the Netherlands. Should the Dutch taxman be of the opinion that Montea is subject to the regular rate of corporation tax in the Netherlands, this will represent (as already explained above for the full financial year 2017 and for the full financial years 2015 and 2016) an additional tax latency of € 0.1 per share and € 0.09 per share for both 2016 and 2017, which will have a material negative impact on the Company's profitability.

1.4.4 Potential changes to the legal and fiscal context in which Montea operates

a) Description of the risks

Montea is aware that changes may be made to regulations or that new obligations may be put in place. Changes to the regulations and new obligations for the Company or its fellow parties may have an effect on its returns and the value of its assets.

The Company is also subject to the risk of future (unfavourable) changes to the GVV (regulated real estate companies) system. For example, these changes may cause a reduction in the Company's results or intrinsic value, or they may increase the debt ratio (for example simply through the application of new accountancy rules), or reduce the maximum debt ratio or affect the mandatory payment of dividends to Montea shareholders.

New national legislation and regulations may also come into effect, or there may be changes to the existing legislation and regulations, such as existing practices within the tax department, as dealt with in circular Ci.RH.423/567.729 dated 23rd December 2004 from the Belgian Ministry of Finance in relation to the calculation of the exit tax. Montea calculates the costs-to-buyer value, which is dealt with in the circular, including the deduction of registration fees or VAT, in such a way that the costs-to-buyer value stated in the circular may differ from (and may also be less than) the value of the property stated in the IFRS balance sheet of the regulated real estate company.

b) Managing the risks

Montea strictly follows the potential changes of the applicable legal and tax framework.

1.4.5 Planning legislation and environmental legislation

a) Description of the risks

A change to the regulations made by central or administrative governments could have an unfavourable effect on the operating capabilities of the buildings, which would have an effect on rental incomes and leas ability. It would also cause an increase to costs for maintaining operating condition.

b) Management of the risks

Montea is constantly assessing possible changes relating to planning and environment requirements under the law. It is assisted in this by external advisers.

1.4.6 Environmental risks

a) Description of the risks

The Company is exposed to environmental risks, which mean it is not able to totally exclude any liability risks in existing property or premises that are yet to be acquired. These environmental risks include the risks of historical soil contamination, the (former) presence of hazardous installations and/or the conducting of activities involving a risk, risks associated with the possible presence of materials containing asbestos, risks associated with the presence of products banned by law, such as transformers containing PCBs or refrigeration units containing CFCs, heating oil tanks, etc. Depending on the extent to which these types of environmental risks may be present, this can have significant financial consequences for the Company (additional investigative requirements, such as an exploratory and/or descriptive soil investigation, soil decontamination works, asbestos removal, works on or replacement of installations, etc.), and this may also have an impact on the ability of a property to be leased (or not). These types of consequences may also come to light in the future as the result of changes of a purely formal nature regarding sites of this kind, such as a change to land registry plots.

Complex procedures involved in the transfer of property can be time-consuming and lead to investigation and/or other costs.

Despite the studies carried out, the Company is exposed, as the property owner, to environmental risks and as a consequence is unable to totally exclude any liability risks in existing properties or premises yet to be acquired.

b) Management of the risks

Prior to a building being purchased, Montea investigates all discrepancies and risks to the environment very thoroughly. To prevent any risk of contamination, Montea also has a survey carried out into the quality of the soil, the subsoil and the groundwater for buildings where hazardous activities have or are still being carried out. If contamination is demonstrated, Montea does everything it can to control the potential associated with the hazards in a responsible manner. Montea also conducts periodic checks on any of its installations that may possibly constitute a risk for the soil.

2. Declaration

Responsible for the content of the annual financial report

The Business Manager of Montea, Montea Management NV, whose registered office is situated at 27 Industrielaan, 9320 Erembodegem, hereby declares that, to its knowledge:

- the annual accounts, which are drawn up in accordance with the applicable standard for annual accounts, provide a true picture of the assets, financial position and results of Montea and the companies included within the scope of consolidation;
- the annual financial report provides a true overview of the development and results of the company and the position of Montea and the companies included within the scope of consolidation, as well as a description of the principal risks and uncertainties with which they are faced.

There has been no material change in the financial and trading position of the group for which audited financial information has been published after 31 December 2017.

3. Alternative Performance Measures (APM)

APM constitute a financial performance, financial position or cash flows indicator, which differs from the financial indicators which are defined in the generally applicable accounting rules.

In accordance with the guidelines issued by the European Securities and Markets Authority (ESMA) as of 3 July 2016, the Alternative Performance Measures used by Montea are indicated with an asterisk (*) the first time they are mentioned in this annual report, and then defined in a footnote. In this way, the reader is informed that the definition concerns an APM. The performance indicators which are stipulated in IFRS rules or by law as well as the indicators that are not based on the headings of the balance sheet or the income statement, are not considered as APMs.

The aim and detailed calculation of the EPRA performance indicators and of other APMs that are used by Montea, are contained in Chapter 9.9 and 9.10 of this annual report.

The most important changes are:

- The EPRA earnings[19] correspond to the former “Net Current Result.” The description “Net Current Result” was changed upon the entry into force of the same ESMA guidelines concerning Alternative Performance Measures to Net Result from the core activities, i.e. the EPRA earnings. The use of the term ‘current’ is no longer compliant, according to these provisions. The name was consequently changed to EPRA earnings as defined in the ‘Best Practice Recommendations’ of EPRA (European Public Real Estate Association).
- The EPRA earnings per share[20] concern the EPRA earnings on the basis of the weighted average number of shares, which does not correspond with the former heading “Nut Current Result per share” because Montea used shares entitled to dividends as a basis.

[19] See Section 8.10
[20] See Section 8.10

4. Key Figures

		31/12/2017 12 months	31/12/2016 RESTATED (0) 12 months
Real estate portfolio			
Real estate portfolio - Buildings (1)			
Number of sites		**54**	**47**
Surface of the real estate portfolio			
Logistics and semi-industrial warehouses	sqm	968.948	715.310
Offices	sqm	0	67.668
Total surface	**sqm**	**968.948**	**782.978**
Development potential	sqm	168.652	230.344
Value of the real estate portfolio			
Fair value (2)	K€	657.518	532.063
Investment value (3)	K€	687.567	558.167
Occupancy Rate	**%**	**96,3%**	**98,1%**
Real estate portfolio - Solar panels			
Fair value	K€	12.771	9.978
Real estate portfolio - Projects under construction			
Fair value (2)	K€	48.439	10.281
Consolidated results			
Results			
Net rental result	K€	40.793	40.518
Operating result before the porfolio result	K€	38.830	36.304
Operating margin (5)*	%	95,2%	89,6%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€	-11.107	-11.780
EPRA result (7)*	**K€**	**26.785**	**24.018**
Weighted average number of shares		**10.392.676**	9.722.190
EPRA result per share (8)*	**€**	**2,58**	**2,47**
Result on the portfolio (9)	K€	3.972	8.801
Variations in fair value of the financial instruments (10)	K€	5.791	-616
Net result (IFRS)	**K€**	**36.548**	**32.204**
Net result per share	**€**	**3,52**	**3,31**
Consolidated balance sheet			
IFRS NAV (excl. minority participations) (11)	**K€**	**332.911**	**251.846**
EPRA NAV (12)*	**K€**	**344.521**	**276.650**
Debts and liabilities for calculation of debt ratio	K€	**388.148**	307.164
Balance sheet total	**K€**	**748.426**	**594.759**
Debt ratio (13)	**%**	**51,9%**	**51,6%**
IFRS NAV per share	**€**	**28,67**	**25,31**
EPRA NAV per share (14)*	**€**	**29,67**	**27,80**
EPRA NNAV per share (15)*	**€**	**29,14**	**25,97**
Share price (16)	**€**	**42,95**	**46,37**
Premium	**%**	**49,8%**	**83,2%**

(0) The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.
(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 inoccupied 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 8.11.
(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.
(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.comm and section 8.10.
(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 8.10.
(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 8.11.
(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 IAS 39.
(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 8.10.
(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 8.10.
(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 8.10.
(16) Share price at the end of the period.

5. Management report[21]

5.1 Montea's strategy " Space for Growth "[22]

- Montea literally offers its clients the space to grow through flexible, innovative property solutions. For this reason, Montea maintains a broad network of brokers, landowners, project developers and contractors.

- Montea converts its market knowledge into top-quality property investments that offer long-term added value to clients and shareholders.

- Montea is staffed by an enthusiastic team of logistics property experts. Through its clear insight into client requirements, Montea seeks to identify quality, customised solutions geared to the constantly changing economic situation.

- This is why shares in Montea offer a risk that is spread, as well as profitable growth and a stable dividend.

Montea operates according to these three core concepts:

- **Logistics property**

Montea believes in the long-term value of logistics property. At the IPO, the property portfolio contained more than 25% of semi-industrial properties. To date Montea has systematically reduced to 10% the number of buildings with a semi-industrial character. The complete life cycle of a logistics building is much longer than that of other institutional property categories. Architectural requirement, changing techniques, free height and other technical specifications evolve less quickly than in other segments, in office property, for example. When renovations are nevertheless called for during the life cycle, their cost in relation to the total value is lower than elsewhere. This makes logistics property an interesting long-term investment.

- **Pure player**

Montea has chosen to exclusively invest in logistics property. In doing so, Montea has a clear focus on this niche. The teams in Belgium, The Netherlands and in France consist of specialists in this sector and can consequently qualify as 'the best of the class' in their field. This sets Montea apart from many other real estate companies that have chosen to diversify their asset classes, resulting in the lack of a clear focus.

- **End investor**

Montea acts in the marketplace as an end-investor that takes a long-term view of its property portfolio. Using its expertise and experience in niche markets, Montea works with other parties in the sector, such as developers, construction companies, industrial parties and landowners, to become involved in the development process at an earlier stage. The build-to-suit project with Coca-Cola in Heppignies, Metro and CdS in Vorst and the collaboration with MG Real Estate (Group De Paepe), Cordeel Group, Bouwbedrijf Van de Ven, etc. are interesting examples of that vision. It is Montea's aim to continue carrying out this type of projects in the future.

[21] Chapter 5 "Management report" is the annual report in the sense of articles 96 and 119 of the Company Code.
[22] Chapter 5 "Management report" is the annual report in the sense of articles 96 and 119 of the Company Code.

5.2 Property report[23]

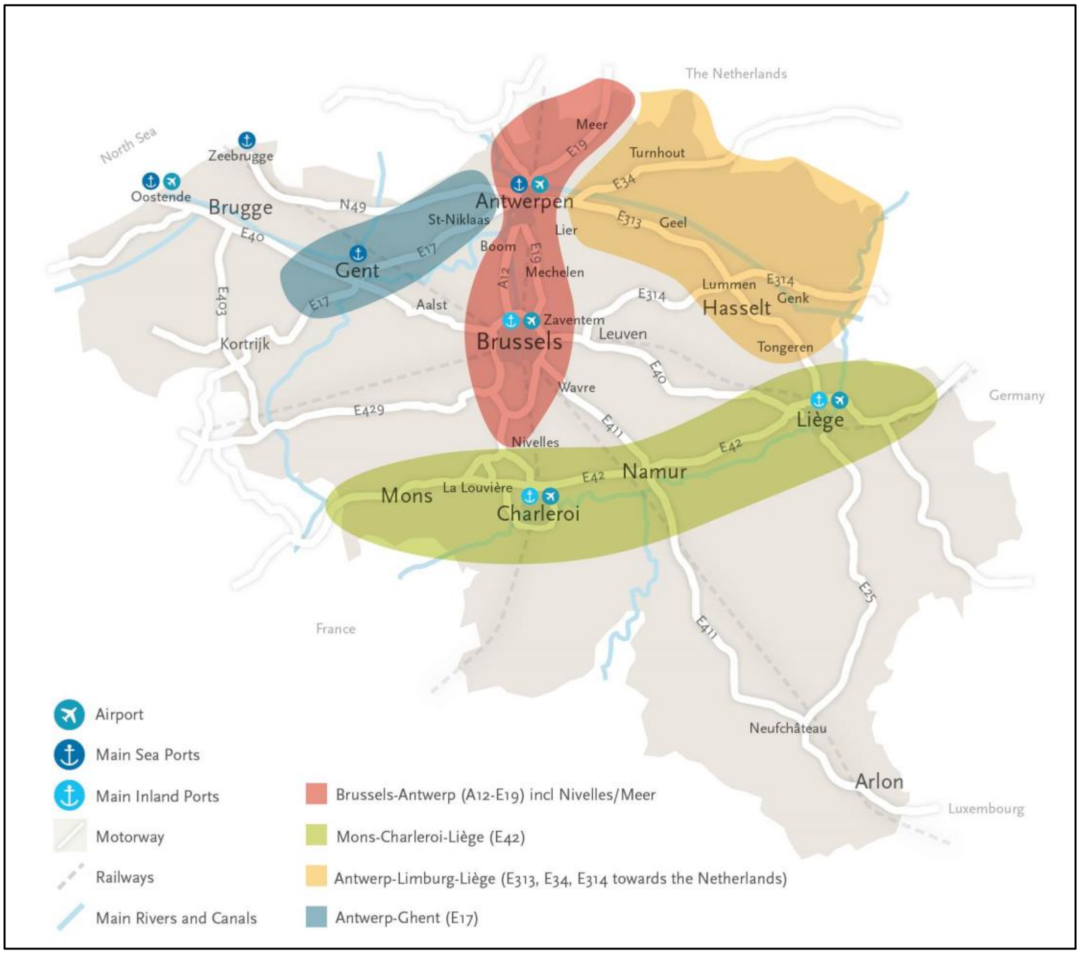
We include research material pertinent to the country and submarkets in which the properties to be valued are located, that is to say the Belgian industrial market, Dutch industrial market and French industrial market.

5.2.1 Belgium

Belgian logistics property market

Belgium benefits from its central location in Europe between the biggest European economies (Germany, UK and France).

The Belgian logistics zones are spread over four main logistics axes. The main axis is the Brussels-Antwerp axis along the A12 and E19 motorways, including Nivelles to the south of Brussels and Meer in the North of Antwerp. The second logistics axis starts from Antwerp East towards the Netherlands and Liège and includes the logistics zones along the E313, E34 and E314 motorways. A third logistics axis is the E17 motorway between Antwerp and Ghent. There is also a logistics axis in Wallonia, along the E42 linking the cities of Mons, Charleroi and Liège.

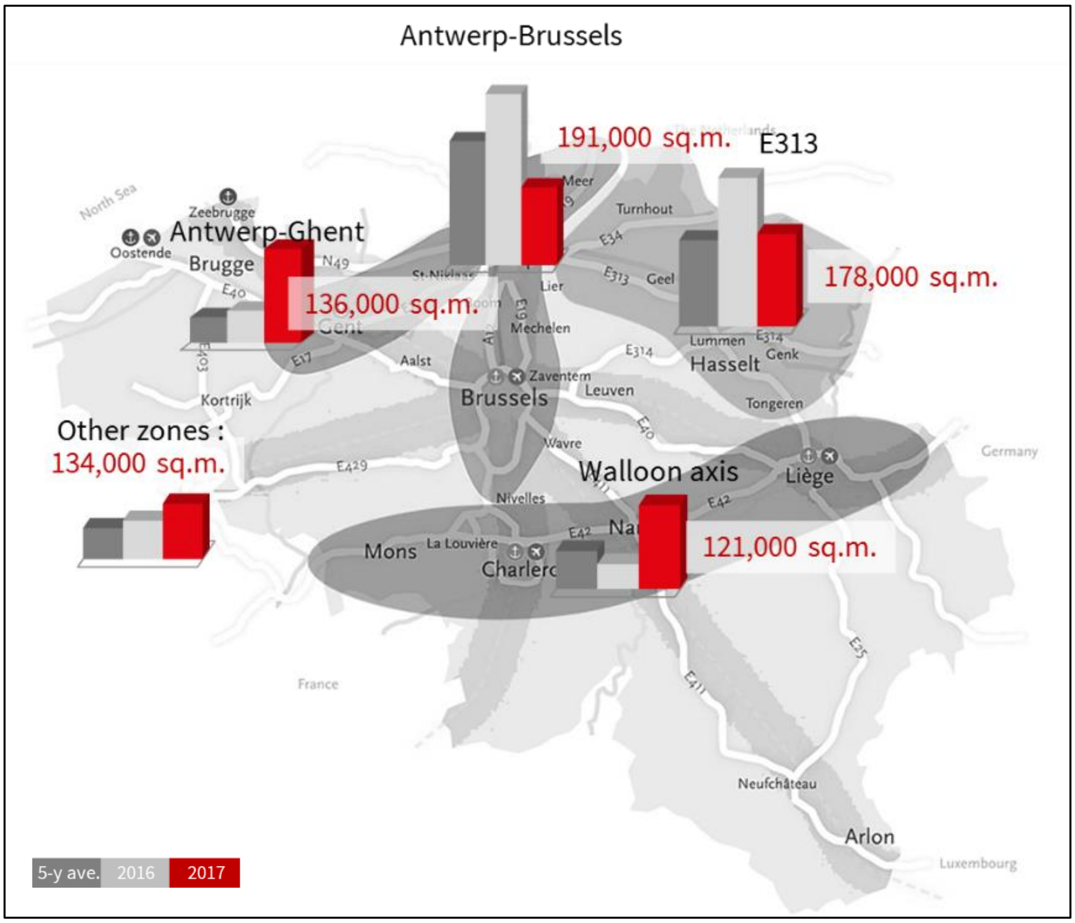


[23] Source: Report established by Jones Lange Lasalle on 15/02/2017 This report was prepared at the request of the issuer of which the real estate experts have agreed to the inclusion of the full report in this registration document.

Take-up

In Belgium, a total of 760,500 sq.m. logistics space were let or sold in 2017. The total transactional volume on the occupier market declined 31% in comparison with 2016, which was a record year, but remained 13% up on the 5-year annual average 2012-2016 when an average of 675.000 sq.m. was transacted annually. Take-up was spread evenly throughout the year, 51% of the volume being recorded in the first half year and 49% in the second. The largest transactions in 2017 were turn-key projects, amongst which 100,000 sq.m. on the Antwerp Left Bank for Katoen Natie, 83,000 sq.m. for Van Marcke in Kortrijk and 44,000 sq.m. by Jost Logistics in Trilogiport in Liège. JLL realised the latter transaction involving a large plot of land for future development.

The take-up volume was driven by the retail sector and by e-commerce related operations, which account for 48% of the take-up volume in 2017, representing 367,000 sq.m. The market was buyer-driven, 58% of the volume were purchases for own occupation vs. a 5-year average of 37%. The letting market performed weakly, representing 42% of the volume. Immediate vacancy remains below the 4% mark on all axes, but future availability might slightly rise as older logistics buildings are sometimes vacated by corporates centralising their activities in modern turn-key projects. Given the favourable economic growth forecast, albeit modest, and the development of solutions to counter mobility issues, the market outlook remains positive.



Take-up 2017 per logistics axis

57 logistics transactions were registered in 2017, 12% above the 5-year average of 51, but 14% below the number registered in 2016, which was an outstanding year. The highest number of transactions were noted in the size categories between 5,000 and 20,000 sq.m., 37 transactions vs. 30 in 2016. In the top category over 20,000 sq.m. a total of 8 transactions were recorded in 2017, 3 less than the 5-year average and less than half the number of 2016.

The average logistics transaction in Belgium in 2017 had a size of 13,300 sq.m. The average size varied from axis to axis and ranged from 8,700 sq.m. on the Antwerp-Brussels axis, to 14,800 sq.m. on the E313 axis and 22,700 sq.m. on the Antwerp-Ghent axis.

The Brussels-Antwerp axis attracted the highest volume of logistics transactions in 2017 representing 25% of the annual take-up. The largest transaction was the pre-letting by Fiege Logistics of an extension of 23,700 sq.m. in Puurs Logistics Centre owned by Goodman. The volume on this axis was, however, 37% below its 5-year average of 305,000 sq.m. The logistics market in 2017 was marked by a “move to the east”, with 23% of the take-up volume registered on the E313 axis Antwerp-Limburg, often multi-modal sites, thus countering potential mobility issues. Two transactions of 30,000 sq.m. were recorded on this axis, a pre-letting to Estée Lauder by WDP and Thys Bouwprojecten and the construction for own occupation by H. Essers Group of a first phase of the former Ford Genk site. The Walloon axis progressed the most in 2017, with a take-up volume of 121,000 sq.m. in 9 transactions, more than three times the volume of 2016 and more than double its 5-year average.

	City	Logistics Axis	Address	Area (sq.m.)	Type	Occupier
1	Kallo	Antwerp-Ghent	Antwerp Port, left bank	100,000	Project	Katoen Natie
2	Menen	Other	IZ LAR-Zuid	83,000	Project	Van Marcke
3	Liège	Walloon axis	DL Trilogiport	44,000	Project	Jost Logistics
4	Milmort	Walloon axis	Parc Industriel 7	35,000	Project	Weerts Logistics
5	Oevel	E313	West-Logistics II	30,000	Project	Estée Lauder
5	Genk	E313	Former site Ford Genk	30,000	Project	H. Essers

Top 5 occupier market transactions 2017

Future supply

With 659,000 sq.m. delivered in 2017, the second consecutive year of over 600,000 sq.m. of new logistics space in Belgium, completions were well above the 5-year annual average of 349,000 sq.m. Development remains nearly exclusively non-speculative. The high volume of new turn-key projects could give rise to increased vacancy levels in older logistics buildings. Volumes scheduled for delivery in 2018 currently amount to 363,000 sq.m.

Prime rents

The prime rent for logistics space in Belgium remained stable at €55 per sq.m. p.a. throughout the year 2017. This applies to the Brussels periphery, whilst in Antwerp the prime rent remained stable at €48. On other logistics axes prime rental levels range between €43 and €46 per sq.m. p.a. The 12-month outlook is stable.

Investment

In 2017, the total volume invested in logistics properties amounted to € 551 million. Industrial was the third largest asset class of the year representing 16% of the invested volume, after offices (54%) and retail (17%). The volume invested in industrial properties was more than double that of 2016 and almost double the 5-year average. The industrial investment market was dominated by the logistics segment, with a total annual volume of € 492 million against € 59 million for semi-industrial properties.

The investment volume was underpinned by portfolio deals such as the Logicor portfolio, part of a pan-European logistics portfolio acquired by CIC (China Investment Corp.), of which the Belgian component represents € 138 million. In addition the Lopolease portfolio, a logistics portfolio including Canal Logistics in Brussels, was sold by Leasinvest to Patrizia Immobilien for over € 60 million, a transaction in which the JLL Capital Markets' team advised the vendor. The volume is also driven by owner-occupier investments by corporates such as Van Marcke in the industrial zoning of Kortrijk (€75 million) and by Jost Logistics in DL Trilogiport Liège (€26 million).

The buy-side was dominated by international fund managers in the large logistics portfolio transactions and by Belgian REITs Montea, WDP and Intervest in single asset investment deals. The sell-side is dominated by Belgian developers and REITs. Demand remains high throughout all categories, but supply remains limited due to the lack of speculative development. The largest transaction in the semi-industrial segment was the acquisition by IBP Water-link OFP of the Solidus Solutions site in Hoogstraten (31,800 sq.m.), a sale and lease-back where JLL acted as agent.

In 2016, a total volume of €229 million was invested in logistics and semi-industrial property in Belgium, 33% under the volume invested in 2015 and 3% below the 5-year annual average 2011-2016. Looking at the overall number of transactions, 60 deals concerned office buildings, 46 transactions were retail properties followed by 20 industrial transactions. Interest from national and international investors for industrial opportunities remains high and transaction volumes would have been much higher if more well-let recent properties had been available.

The lack of product resulted in yield compression throughout 2017. At end 2017 the prime logistics yield stood at 5.75%, a historic low and a 75 bps decrease vs. end 2016. The forecast is stable. Semi-industrial yields followed the same trend and currently stand at 6.75%. Direct evidence of the low yield levels is thin and published yields are not necessarily representative as many include forward funding or are part of framework agreements.

City	Address	Area	Price MEUR	Yield (%)	Seller	Buyer
Various	Logicor portfolio	>100,000	138	-	Blackstone	CIC
Various	Lopolease portfolio	87,000	60	6.75	Leasinvest	Patrizia
Willebroek	Decathlon, De Hulst	48,000	31.6	6.5	MG Real Estate	Montea

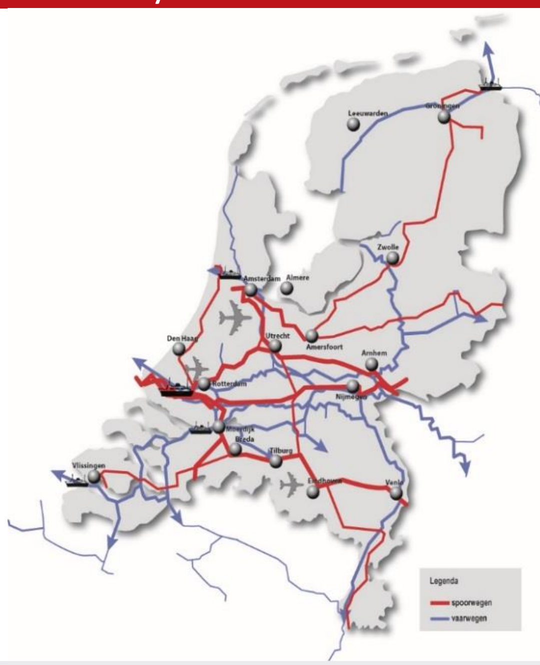
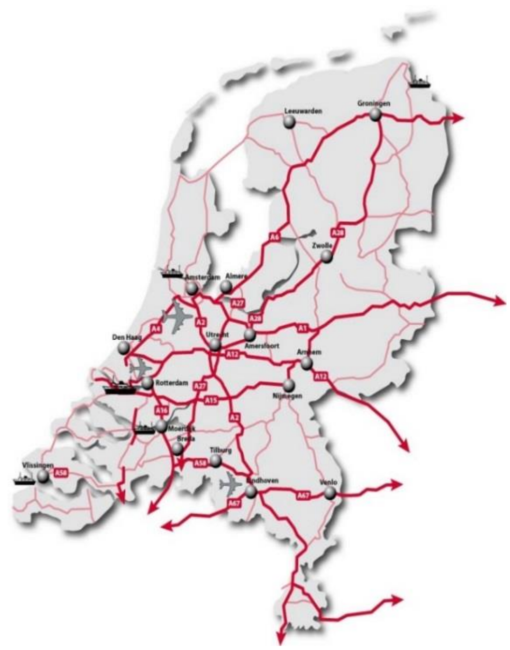
Top 3 logistics investment transactions 2017

5.2.2 The Netherlands

Dutch logistics property market

Dutch logistics market

The Netherlands has earned a reputation as a logistics hub. Its unique location and the traditional spirit of its people have laid a strong foundation for the logistics industry providing jobs to thousands. As the gateway to mainland Europe, the Netherlands was given a key role in the logistics process by nature itself. In recent years, logistics has become an increasingly international affair.

Rail and Water ways	Motorways
	

Dutch infrastructure

Due to its well-developed infrastructure network, the Netherlands has several inland hubs and two Mainports via which a vast majority of all goods are transported throughout the country and the rest of Europe.

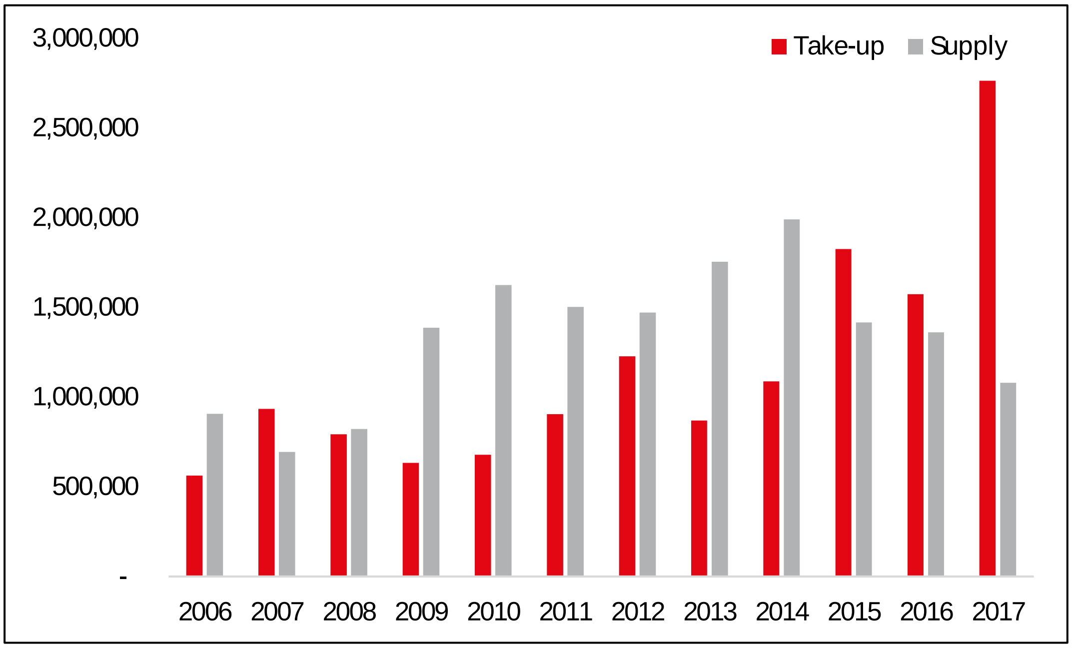
Due to its unique position, the Dutch distribution warehouse market is already, and has been for a long period of time, an institutionalised investment market. The light industrial / multi-let market has only just recently become more professional and is therefore following in the footsteps of the distribution warehouse market.

Take-up

With 3.3% economic growth in 2017 and anticipated growth of 3.1% in 2018, the Netherlands is one of the strongest performing countries in Western Europe. The change in trends of consumer's behaviour stimulates the growth of e-commerce and will therefore remain one of the important drivers behind the demand for modern logistic space.

Total logistics take-up exceeded (+75%) the total take-up of last year. Most occupier transactions were driven by 3PL (45%) and retail (32%) users. The ongoing high demand results in low supply (3.7%).

Largest transaction refers to the lease of 26,000 sq m for Jusda Europe at Bijsterhuizen in Wijchen.



Transactions and supply distribution warehouses

Prime rents

Prime rents Q4 2017

Investment

2017 has been an excellent year for both the occupier and investor market. Compared to 2016 the investment volume increased by 207% bringing the total of 2017 to €1.99 billion.

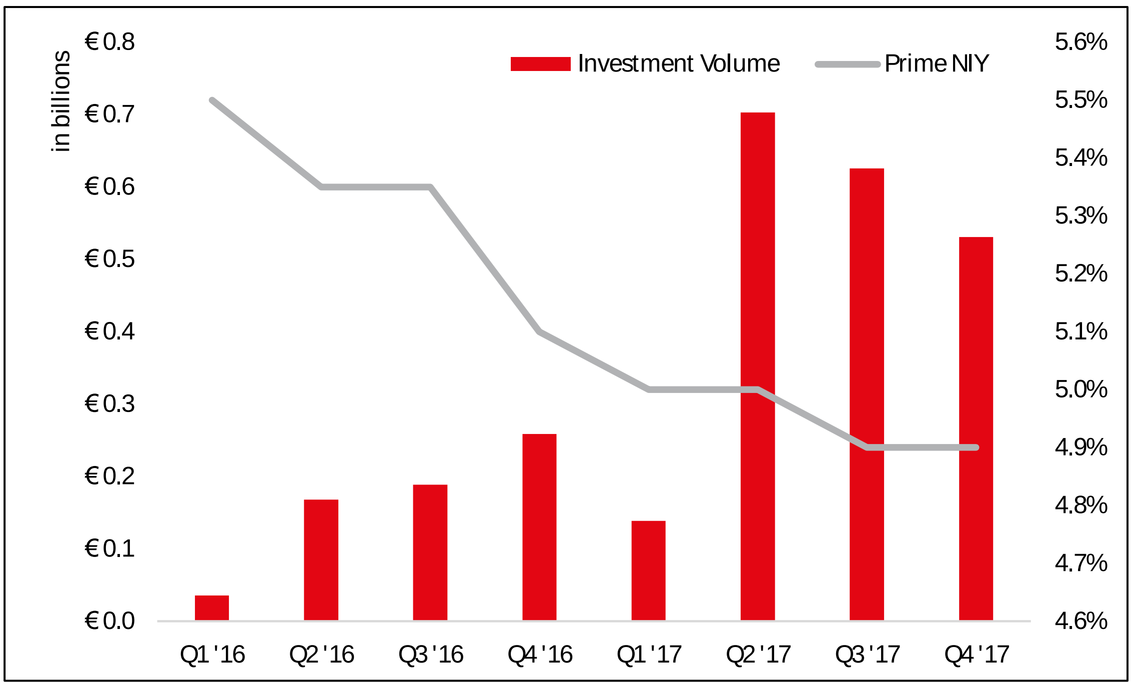
With an investment volume of over € 531 million in Q4 the total investment volume for 2017 amounts to € 1.99 billion. An increase of 207% compared to 2016.

The largest transaction in Q4 refers to the sale of the Logicor portfolio. Blackstone sold its European portfolio of € 12.25 billion to CIC out of which approx. €300 million refers to the Dutch portfolio.

High demand for logistic warehouses remains albeit there is a scarcity of existing A-grade logistic space. This results in high demand for newly built (speculative) warehouses.

Traditionally demand focusses on locations within the most important hotspots. But due to the scarcity of land in these locations, investors and developers widen their focus. They now acquire land positions at B-grade logistic areas such as for example Echt and Weert to meet the high demand in the market.

The appetite for core-investment product remains popular with as result a price-boosting effect on the logistic investment product. Large portfolio deals with a long-term lease contract are sold for a high price with a tight initial yield. The main focus for investors remains at the logistic hotspots.



Investment market indicators

5.2.3 France

Take-up

Up 3% compared to last year, warehouse take-up in France reached 3,390,000 sqm over the whole of 2017 and recorded its best performance of the decade. With almost 1,989,000 sq. m of warehousing sold in the second half of the year, the last six months of the XXL activity has swept away market estimates which were moving towards a slightly lower annual result than in 2016.

The 4 main markets of 'La Dorsale' have clearly regained the ascendancy on the secondary markets by capturing 2/3 of the volume against 47% in 2016. With its strategic location near the largest French consumption area, Ile-de-France remains the most attractive region for the logistics market.

It captured 46% of the volume on the French market in 2017. After a more nuanced start to the year, the Lyon market finally proved very attractive and at the very end of the race resumed its position as the second largest French logistics hub with nearly 8% of national take-up. The Marseille and Lille markets, for their part, account respectively for 5.9% and 5.5% of the take-up in 2017.

For the second year in a row, users' XXL specifications have raised national take-up demand to its highest historic level. Large transactions are maintained in the French landscape. After 23 XXL transactions (> 40,000 m²) signed in 2016, the market once again recorded 23 signatures on this surface segment. These transactions alone represent more than 48% of total take-up this year with a significant increase in average storage areas. On the sole activity of 2017, 3 warehouses exceed the bar of 100 000 m² of ground level storage, even up to 194 000 m² for the largest transaction.

The logistics park continues to grow by more than 2% per year. The share of buildings under construction to meet the needs of users represents 65% of the total take-up in 2017, all opportunities that should strongly animate the logistics investment market in 2018.

Marché	Preneur	Type	Ville	Surface	L/V
IDF	CONFORAMA	CHARGEUR	TOURNAN EN BRIE	193 271 m²	Location
IDF	AMAZON	CHARGEUR	BRETIGNY SUR ORGE	140 624 m²	Vente
Hors dorsale	AMAZON	CHARGEUR	BOVES	107 267 m²	Location
Hors dorsale	CASINO	CHARGEUR	MONTBARTIER	87 856 m²	Location
IDF	CONFIDENTIEL	CHARGEUR	MOISSY CRAMAYEL	81 739 m²	Location
IDF	ALINEA	CHARGEUR	NANTEUIL LE HAUDOUIN	72 782 m²	Location
IDF	LEROY MERLIN	CHARGEUR	REAU	71 458 m²	Vente
IDF	CDISCOUNT	CHARGEUR	REAU	62 899 m²	Location
IDF	CARREFOUR	CHARGEUR	AULNAY SOUS BOIS	61 654 m²	Vente
Lyon	ACTION LOGISTICS	CHARGEUR	BELLEVILLE	60 234 m²	Location
Hors dorsale	LIDL	CHARGEUR	MONTCHANIN	58 078 m²	Vente
IDF	CULTURA	CHARGEUR	MOISSY CRAMAYEL	55 363 m²	Location
IDF	AMAZON	CHARGEUR	SENLIS	54 532 m²	Location
Marseille	XPO LOGISTICS	LOGISTICIEN	FOS SUR MER	53 875 m²	Location
IDF	SAMADA	CHARGEUR	WISSOUS	53 001 m²	Location
IDF	IKEA	CHARGEUR	GENNEVILLIERS	49 994 m²	Location
IDF	CMP	CHARGEUR	AMBLAINVILLE	49 346 m²	Vente
IDF	FEDEX	LOGISTICIEN	ROISSY EN FRANCE	48 372 m²	Vente
Hors dorsale	AIRBUS GROUP	CHARGEUR	CORNEBARRIEU	43 294 m²	Vente
IDF	TRANSALLIANCE	LOGISTICIEN	REAU	42 090 m²	Location
Hors dorsale	DESCOURS ET CABAUD	CHARGEUR	PONT D'AIN	42 000 m²	Location
Hors dorsale	ALLOPNEUS	CHARGEUR	VALENCE	41 851 m²	Location
Marseille	KATOEN NATIE	LOGISTICIEN	ST MARTIN DE CRAU	40 000 m²	Location
Lille	SIMASTOCK	LOGISTICIEN	DOURGES	39 000 m²	Location

Take-up la Dorsale

After a nuanced start to the year, with 817,000 m² of take-up in the first half of 2017, take-up grew exponentially on the main French logistics markets in the second half of the year. With a combined total take-up of 2,487,000 sqm over the whole of 2017, the demand in the 'Dorsale' was up 44% compared to the same period last year and reached a record level.

The performance in 2017 was mainly driven by a very attractive Paris market (1,757,0up 00 m²). Strategic location close to the largest French consumption area, Ile-de-France remains the most attractive region for users of the logistics market. It alone captures 70% of take-up. After a more nuanced start to the year, the Lyonnais market finally turned out to be very attractive and, at the very end of the race, regained its position as the second logistics hub, capturing nearly 12% (303,000 sq. M) of the Dorsale take-up. The markets in Marseille and Lille each capture 9% of the Dorsale market (213,000 m²).

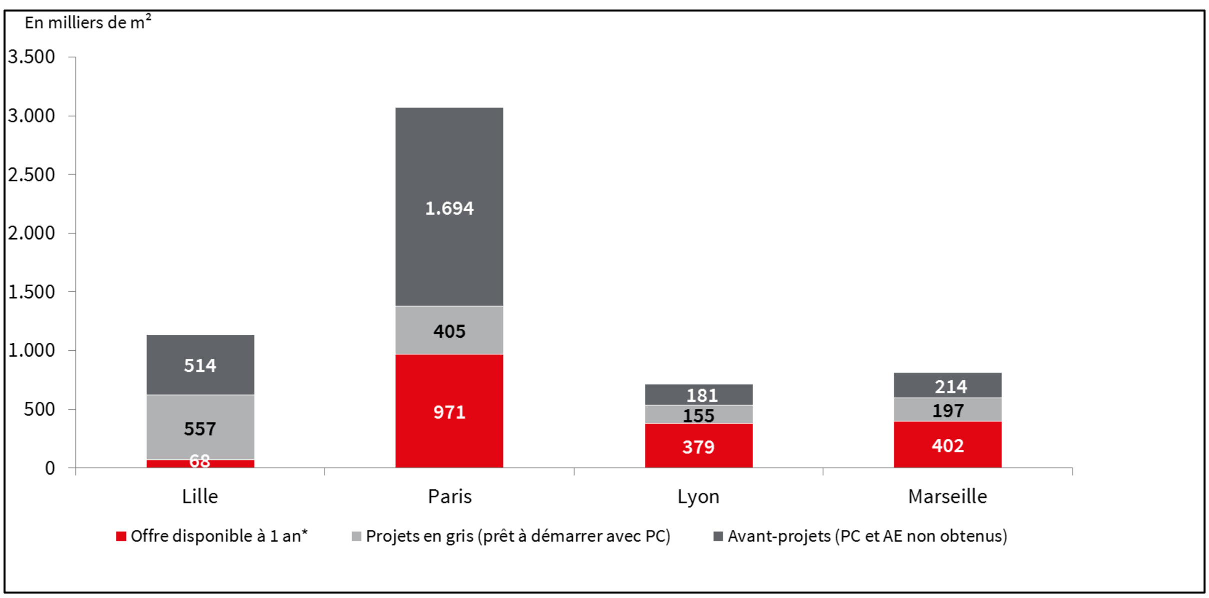
The one-year supply is up 15% year-on-year with 1.82 million square meters identified on the Dorsale. This increase is closely linked to the numerous releases XXL transactions. In line with demand (in m² take-up) in Lyon and Paris, it remains problematic in Lille. Nevertheless, important promotional projects that can meet the operational needs of users are identified in this region. On all the poles, we observe a timid return of the speculative projects by the promoters.

Like in the rest of the country, rental values remained stable in 4Q 2017.

	Nord Pas-de-Calais	Ile-de-France	Région lyonnaise	Région marseillaise
Parc	2 936 800 m²	11 292 100 m²	5 154 740 m²	2 738 400 m²
Demande placée	213 700 m²	1 757 000 m²	303 000 m²	213 200 m²
Transaction moyenne	16 430 m²	24 740 m²	17 840 m²	21 315 m²
Offre disponible à 1 an	68 260 m²	971 113 m²	378 847 m²	401 680 m²
Loyer prime €/m²/an HT	42 - 43	47 - 52	44 - 47	42 - 48
Loyer éco €/m²/an HT	35 - 37	42 - 44	36 - 40	35 - 42

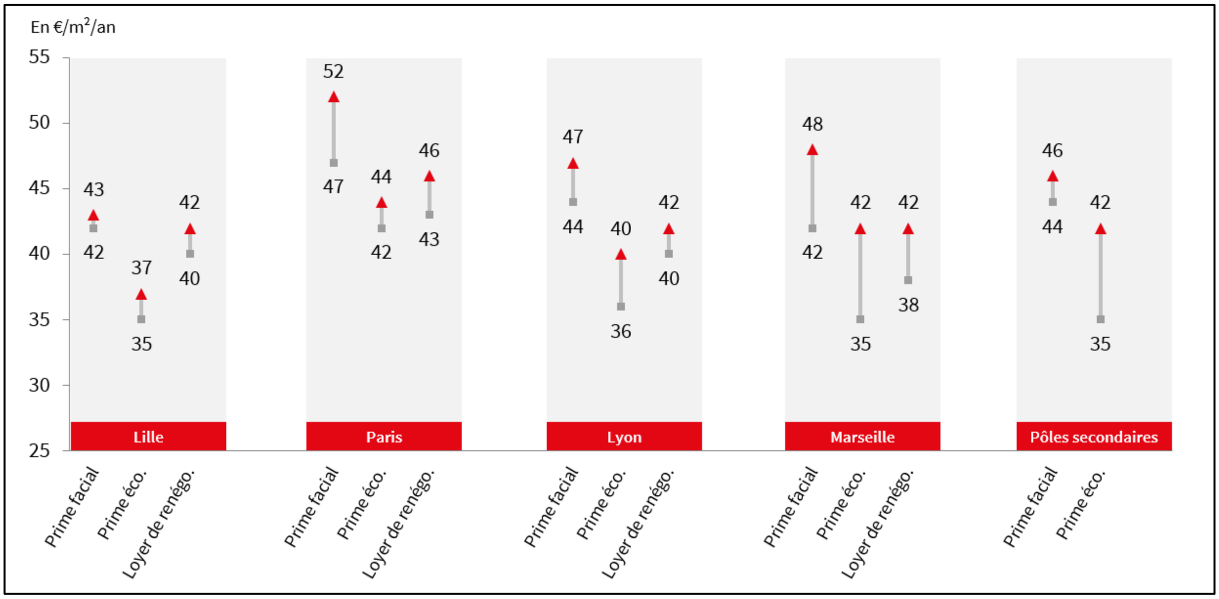
Offer

Numerous projects are available in Lille to answer the lack of immediate availability.



Future speculative development per geographic sector

Prime Rents



Future speculative development per geographic sector

Investment market

2017 was a very active year in the logistics investment market with € 1.95 billion traded in the last 12 months and the second best year ever, 10 years after the record $ 2.5 billion reached in 2007.

The volumes invested in logistics accounted for 8% of the volumes engaged in commercial real estate in France in 2017, a significant proportion and well above the 10-year average (6%).

As always in logistics, foreign investors dominated the market by taking 70% of the volumes invested, but AXA IM accounted for the the largest transaction by acquiring a € 1bn pan-European portfolio from GRAMERCY including 5 assets in France. Among the main buyers, we can also mention CARLYLE which has been very active through the acquisition of several portfolios or unit sites for a total amount of around € 200 million, and STAM EUROPE, through a vehicle held with a North American institutional investor, or GRENNOAK which entered the French market with the purchase of a portfolio of 4 assets far exceeding the € 100 million mark.

Beyond sales of physical real estate assets or portfolios, it are also the share deals that have shaken the European market this year with no less than 3 major operators who have changed shareholders in 2017: LOGICOR was bought by CHINA INVESTMENT CORPORATION (CIC) for € 12.25bn, P3 by Singapore GIC sovereign fund for € 2.4bn and IDI GAZELEY by GLOBAL LOGISTIC PROPERTIES (GLP), the leading logistics real estate owner in Asia, also for 2 , € 4 billion. These transactions demonstrate the strong interest of Asian investors in the European and particularly French logistics market.

The continued influx of liquidity on the French market, coupled with a persistent scarcity of quality assets, is still keeping yields under pressure at around 4.75% for "prime" logistics assets.

Acquéreur	Vendeur	Région	Commune	Surface
AXA REAL ESTATE INVESTMENT MANAGERS FRANCE	GRAMERCY EUROPE	Portefeuille « PURDEY » - France		224 000 m²
GREENOAK REAL ESTATE ADVISORS LLP	GENERALI REAL ESTATE	Portefeuille « AXXEL » - France		225 279 m²
INVESCO FRANCE	ORCHESTRA IMMOBILIER	Plaeteforme ORCHESTRA	ST LAURENT BLANGY	123 000 m²
THE CARLYLE GROUP	PROLOGIS	Portefeuille « GALLIA » - France		177 739 m²
STAM EUROPE	ARGOSYN	Portefeuille « ACROPOLIS » - France		163 371 m²
STAM EUROPE	PRD PERCIER REALISATION ET DEVELOPPEMENT	Portefeuille « OBAN » - France		126 956 m²
ROCKSPRING	KUEHNE ET NAGEL	Portefeuille « ANCHOR » - France		158 000 m²
INVESCO FRANCE	CONCERTO DEVELOPPEMENT	Plaeteforme EASYDIS	MONTBARTIER	74 500 m²

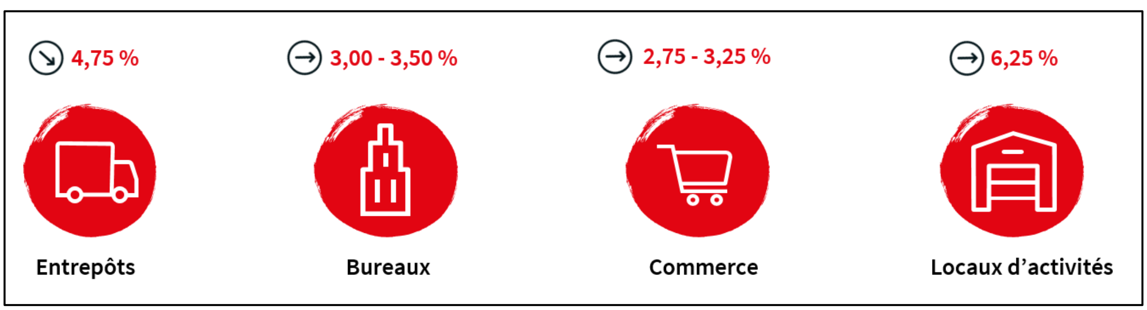
Significant investment transactions in 2017

Outlook

An economic recovery that is gaining momentum, a national political context judged positively internationally and a sustained rental market are all factors that should maintain or even strengthen the appetite of international investors for the French market of 2018. Indeed, the investors' interest in this asset class continues. We continue to see an abundance of cash to invest in the logistics market and capital ready to be deployed in France continues to flow from Europe, Asia and North America.

In this context, prime yields should remain below 5% in 2018 for the premium assets. However, logistics is still attractive in view of the risk premium it offers compared to other classes of real estate assets (offices, retail ...).

Also note that the excellent dynamics of the rental market continues in France with 3.4 million sqm of take-up in 2017. The high proportion of non-speculative projects (65% of take-up) suggests great opportunities for investors looking for secure assets.



Prime yields in commercial real estate (quarterly evolution)

5.2.4 Montea's property portfolio on 31/12/2017

	Total 31/12/2017	Belgium	France	The Netherlands	Total 31/12/2016
Real estate portfolio - Buildings (0)					
Number of sites	**54**	28	14	12	**47**
Warehouse space (sqm)	**968.948**	581.821	134.318	252.809	**715.310**
Office space (sqm)	**0**	0	0	0	**67.668**
Total space (sqm)	**968.948**	581.821	134.318	252.809	**782.978**
Development potential (sqm)	**168.652**	98.746	53.000	16.906	**230.344**
Fair value (K EUR)	**657.518**	358.149	94.342	205.027	**532.063**
Investment value (K EUR)	**687.567**	367.103	101.085	219.379	**558.167**
Annual contractual rents (K EUR)	**47.315**	26.341	7.397	13.577	**38.929**
Gross yield (%)	**7,20%**	7,35%	7,84%	6,62%	**7,32%**
Gross yield on 100% occupancy (%)	**7,20%**	7,35%	7,84%	6,62%	**7,43%**
Un-let property (m²) (1)	**32.209**	32.209	0	0	**15.274**
Rental value of un-let property (K EUR) (2)	**0**	0	0	0	**619**
Occupancy rate	**96,3%**	93,9%	100,0%	100,0%	**98,1%**
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	**12.771**	12.771	0	0	**9.978**
Real estate portfolio - Developments (4)					
Fair value (K EUR)	**48.439**	25.966	14.122	8.351	**10.281**

5.2.5 Conclusions of the property assessor[24]

Conclusions of the real-estate expert coordinator

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

Dear Sirs,

Re : Valuation of the real-estate portfolio of Montea as at 31st December 2017.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on B-REITs, Montea has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2017. We have been mandated to value the entire portfolios in Belgium, The Netherlands and France. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

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

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

Opinion

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

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

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

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[24] The property assessor's full report dated 31/12/2016 is not included in this annual report, but the conclusions only. This is because the full report contains confidential information that may be of interest to the competition. This report was drawn up at the request of the issuer, with the property specialists agreeing to the inclusion of the conclusions in this registration document.

The multiplier depends on the yield that investors require when acquiring in this market. The yield reflects the risks intrinsic to the sector (future voids, credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

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

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

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

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

A/ Properties held as an investment

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2017 amounts to a total of

688.350.300 €
(Six hundred and eighty eight million three hundred fifty thousand and three hundred Euros);

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

The most likely sale value corresponding to the fair value of this consolidated Montea property portfolio as at 31st December 2017 amounts to a total of

658.282.400 €
(Six hundred fifty eight million two hundred and eighty two thousand and four hundred Euros);

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

On this basis, the initial yield of the portfolio is 6,87%.

B/ Properties under development

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2017 amounts to a total of

49.427.000 €
(Forty nine million four hundred twenty seven thousand Euros);

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

The most likely sale value corresponding to the fair value of this consolidated Montea property portfolio as at 31st December 2017 amounts to a total of

48.440.100 €
(Forty eight million four hundred and forty thousand and one hundred Euros);

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

The property portfolio comprises:

31/12/2017							
INVESTMENT PROPERTIES	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium	7,16%	26.341.488 €	28.287.707 €	26.825.208 €	367.886.500 €	358.913.900 €	335.362.900 €
The Netherlands	6,19%	13.577.017 €	13.973.576 €	13.973.576 €	219.379.400 €	205.027.400 €	205.027.400 €
France	7,32%	7.396.797 €	7.396.797 €	7.012.053 €	101.084.400 €	94.341.100 €	94.341.100 €
TOTAL	6,87%	47.315.302 €	49.658.080 €	47.810.837 €	688.350.300 €	658.282.400 €	634.731.400 €
UNDER DEVELOPMENT	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium					26.615.471 €	25.966.300 €	23.941.400 €
The Netherlands					8.435.500 €	8.352.000 €	8.352.000 €
France					14.376.000 €	14.121.800 €	14.121.800 €
TOTAL					49.426.971 €	48.440.100 €	46.415.200 €

31/12/2017							
TOTAL PORTFOLIO	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium					394.501.971 €	384.880.200 €	359.304.300 €
The Netherlands					227.814.900 €	213.379.400 €	213.379.400 €
France					115.460.400 €	108.462.900 €	108.462.900 €
TOTAL					**737.777.271 €**	**706.722.500 €**	**681.146.600 €**

Yours sincerely,

Brussels, 6th February 2018

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

5.3 Major achievements during the financial year

5.3.1 Investment activity during 2016

- **30/03/2017 - Montea acquired ca 14,000 m²of logistics floor space at MG Park De Hulst in Willebroek (BE), let to Metro Cash & Carry Belgium NV (Metro group)** [25]

In December 2013, Montea concluded a partnership agreement with MG Real Estate for the development of the sustainable logistics "MG Park De Hulst" in Willebroek, with 150,000 m² of logistics floor space in all to be developed. Today, Montea is once again adding a premium distribution centre to its portfolio at MG Park De Hulst. The site covers ca. 20,900 m² and comprises 13,100 m² of storage space, 1,000 m² of office space, and 45 parking places. The building is equipped with refrigeration and freezing and deep-freeze units (-27°C), a sprinkler system and 12 loading docks, and will constitute the operational base for the logistical service of various horeca customers of Metro Cash & Carry Belgium.

This operation represented a total investment value of €8.8 million (in line with the fair value determined by the property expert) and generates a gross initial yield of ca. 7.1%. In 2014 Montea had already developed a customised 3,500 m² distribution centre for Metro in Vorst (BE). Metro signed a lease for that facility with a fixed term of 27 years. A lease has been concluded for the site in Willebroek with a fixed term of 10 years. Metro Cash & Carry Belgium is part of the international Metro group, which is active in 35 countries and one of the largest international retailers (**www.metro.be** - www.metrogroup.de).

- **10/04/2017 - Acquisiton build-to-suit project of 36,500 m² for DHL – Investment value of € 30.5 million**[26]

On 12/02/2015, MG Real Estate and Montea signed a partnership agreement with the Brussels Airport Company for the development of a new international hub for DHL Aviation NV of no fewer than 31,500 m² of warehouse and 5,000 m² of office floor space. The building was planned directly at the entrance of Brucargo, the logistics hotspot of Brussels Airport for cargo handling. DHL, the world leader in transport and logistics and "the logistics company for the world," rents this extremely strategic building for its worldwide network for a fixed period of 15 years. The new hub replaces the current outdated building and quadruples the existing capacity, from 12,000 to 39,000 shipments per hour, thanks to the advanced automation of the sorting techniques used. Montea has once again concluded a long term superficies agreement with the Brussels Airport Company. This transaction represented a total investment value of € 30.5 million and generates a gross initial yield of ca. 7.3%.

[25] For more information, see the press release of 30/03/2017 or www.montea.com.

[26] For more information, see the press release of 12/02/2015 or www.montea.com.

➢ **10/04/2017 - Delivery of build-to-suit project of approx. 5,000 m² for SACO Groupair – Investment value of € 3.6 million**[27]

In June 2016 SACO Groupair signed an agreement to work with Montea on the construction and lease of a new state-of-the-art airfreight building with adjoining offices at Brucargo. The Cordeel group was responsible for the development of this new complex, which is made up of approx. 4,200 m² of warehousing and some 800 m² of office space.

SACO Groupair is a well-established forwarder. Its head office is in Hamburg and the company, which has already been operating for some years at Brucargo (**www.sacogroupair.com**), has signed a lease agreement with a fixed term of nine years. In total, the site employs around 35 people and enables the group to grow rapidly. This transaction represents a total investment value of € 3.6 million and generates a gross initial yield of approximately 7.8%.

➢ **30/05/2017 - Sale & Lease back of an industrial building of ca. 1,500 m² in the Paris region – Investment value: € 1.93 million**[28]

Montea invested in an industrial building in Alfortville of ca 1,500 m² with a strategic location at the foot of the A86 motorway (Pompadour) just a few minutes of the western (A4) and southern (A6) motorway. The building comprises ca. 1,100 m² of storage space and 400 m² office space and mezzanines. This investment is in the framework of the extension of the existing portfolio in the Paris region, where Montea has invested € 29.7 million by purchasing 6 completed rented industrial buildings near Paris Charles De Gaulle airport and the Paris Region.**[29]** A lease agreement has been concluded with Brard, a woodworking company (**www.brard-entreprise.fr**) for a term of 9 years (first break after 6 years). This transaction represents a total investment value of € 1.93 million. It generates an additional rent of € 0.16 million per year.

➢ **01/06/2017 - Handover of Build-to-Suit project of approx. 21,100 m² for NSK European distribution centre at Tilburg (NL)** [30]

In June 2016 Montea started, in cooperation with Built to Build, with the development of a distribution centre for NSK in the logistics zone Vossenberg West, at Tilburg. One month earlier than the predetermined timing, the state-of-the-art logistics distribution center was delivered, consisting of 17,300 m² of storage space, 1,900 m² of offices and 1,900 m² of mezzanine. The building is rented for a fixed period of 10 years, the initial rent is € 1 million per year. This transaction represents a total investment value of € 15.4 million (in line with the investment value determined by the real estate expert), is financed by proper capital and generates an initial gross yield of approx. 6.50%.

Montea «Space for Growth» - site NSK – Tilburg (NL)

27 For more information, see the press release of 28/06/2016 or www.montea.com.
28 For more information, see the press release of 30/05/2017 or www.montea.com.
29 For more information, see the press release of 30/09/2008 or www.montea.com.
30 For more information, see the press release of 01/06/2017 or www.montea.com.

- **1/08/2017 - Montea acquires 59,500 m² plot of land strategically located along the Brussels Ring Road (R0)** [31]

Montea has signed an agreement concerning the acquisition of a strategically located plot of land of 59,900 m².

The land is located on the Vilvoorde interchange along the Brussels Ring Road. This location provides excellent connections to the E19, A12, and E40 motorways, as well as a smooth connection to Brussels Airport and the Brussels-Capital Region. Montea wishes to develop a customised logistics and/or distribution building on this plot, once it has found a tenant. The project could encompass ± 35,000 m² of storage space. In the meantime, Montea is already in talks with a number of potential tenants, where the focus is placed on the high-quality logistics and (urban) distribution. With a total investment value of € 10 million, this acquisition proceeded through the takeover of 100% of the shares of VILPRO NV.

- **01/08/2017 - Delivery of the 8,800 m² build-to-suit Crossdock Centre for Mainfreight**[32]

In September 2016[33] Mainfreight signed a cooperation agreement with Montea for the construction and rental of a new crossdock centre with offices in Genk. Willy Naessens assumed the development of this new building that consists of ca. 8,000 m² storage space and ca. 800 m² office space.

The lease was concluded for a fixed term of nine years and three months. Some 150 people will be employed at this location. This transaction represented a total investment value of €7.1 million and generates a gross initial yield of ca. 7.3%.

- **24/10/2017 – Montea creates growth for Bas Logistics in Etten-Leur (NL) through Sale and Rent Back of a logistics distribution centre of ca 8,600 m² and development of adjoining build-to-suit project of ca. 11,400 m²**[34]

Montea has acquired a logistics distribution centre at the Business Park Vosdonk, located in Etten-Leur, between Breda and Roosendaal, right on the A58 motorway (Exit 19). The logistics distribution centre consists of 6,870 m² storage space and 1,730 m² office space and is rented to Bas Logistics. Montea has also acquired a 20,808 m² adjoining plot of land for the development and rent of an extension of the existing distribution centre for Bas Logistics. The building will consist of ca. 9,900 m² storage space, a mezzanine of ca. 900 m² and a workplace of ca **570 m². The build-to-suit project will be operational by April 2018.**

Montea «Space for Growth» - Bas Logistics – Etten-Leur site (NL)

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31 For more information, see the press release of 1/08/2017 or www.montea.com.
32 For more information, see the press release of 1/08/2017 or www.montea.com.
33 For more information, see the press release of 15/09/2016 or www.montea.com.
34 For more information, see the press release of 24/10/2017 or www.montea.com.

Bas Logistics has signed a triple-net lease for a fixed period of 13 years for the existing distribution centre and for a fixed period of 12.5 years for the extension. The company is an all-round logistics service provider with branches in Etten-Leur (Netherlands), Cambiago (Italy) and Bratislava (Slovakia) (**www.bas.eu**). This transaction represented a total investment value of € 14 million (in line with the investment value defined by the real estate expert), financed by bank debt, and generated a net initial yield of about 6.0%.

- **6/11/2017 - Montea acquires a build-to-suit project exceeding 47,000 m² for Decathlon at MG Park De Hulst in Willebroek (BE) - Investment value of € 31.6 million**[35]

Montea concluded a partnership agreement with MG Real Estate in December 2013 to develop the sustainable logistics parc "MG Park De Hulst" in Willebroek, with a total of 150,000 m² logistics space to be developed. Montea buys a high-quality distribution centre for Decathlon as final part of this successful cooperation. In addition, Montea buys the remaining plots of land for € 3.2 million adjacent to the existing developments of Dachser and Federal Mogul.

The development for Decathlon is on a plot of land of ca 71,000 m² and comprises 46,274 m² storage space, 1,022 m² offices and 256 parking places. The entire distribution for Decathlon Benelux is organized from this development (www.decathlon.be). Decathlon, already a tenant of Montea for its facility in Bornem, rents the building for a minimum fixed period of 10 years.


Montea «Space for Growth» - Site Willebroek MG Park De Hulst - Decathlon (BE)

This operation represented a total investment value of € 31.6 million and generates a gross initial yield of ca. 6.5%.

- **08/11/2017 - Schiphol Airport – Acquisition of land to develop a building of ca. 5,400 m² at Schiphol Logistics Park (NL)**[36]

Montea has acquired a plot of land of ca. 15,000 m² at activity park Schiphol Logistics Park, uniquely located directly on the A4 and N201 motorways and next to the A5 and A9. A new distribution centre is being constructed here that will comprise ca. 4,500 m² of warehouses and two office units totalling ca. 900 m². The project will be delivered by April 2018.


Montea «Space for Growth» - site Schiphol Logistcs Park (NL)

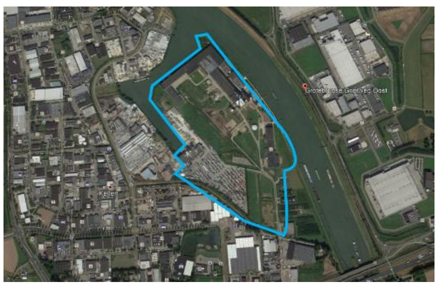
In the meantime, an initial lease has been signed with Thomsen Select, a company specialised in air cargo groupage and transport. This company will rent half of the building for a fixed period of 10 years. The other 50% and the strategically located separate truck parking of ca. 3,000 m² will be offered on the rental market. This transaction represents a total investment value of €7.12 million (in line with the investment value determined by the real estate expert) and generated a net initial yield of about 7.6%.

[35] For more information, see the press release of 6/11/2017 or www.montea.com.
[36] For more information, see the press release of 8/11/2017 or www.montea.com.

- **08/11/2017 - Roissy Charles de Gaulle Airport – Acquisition of building of ca 3,000 m² at Le Mesnil-Amelot (FR)** [37]

Montea has acquired a building in Le Mesnil-Amelot, with unique location adjacent at Roissy Charles de Gaulle. The 3,002 m² distribution center is divided into 2 units and is rented to Facilit'Air (1,996 m²) en Select Service Partners (1,006 m²). The total investment value amounts to € 3,29 million with an initial return of 6.76%. Montea is already owner since 2008 of the adjacent buildings and sees this investment as a complement to a previous investment. With this transaction, Montea has a portfolio of approximately 17,000 m² at this airport location.

- **09/11/2017 – Montea signs letter of intent to acquire ca 48 hectares of land in Tiel (NL)**[38]



Montea has reached an agreement with De Kellen BV to acquire ca 48 hectares on the De Kellen industrial estate in Tiel. Its central location in the Netherlands makes the site eminently suitable for organizing national distribution. The site can be easily reached from the A15 motorway. It lies on the Amsterdam Rhine Canal and De Waal, and has its own quay facilities. The intended use is broadly defined and the size of the site enables Montea to develop an ambitious master plan for the environment.

Luchtfoto: Terrein 48 ha - Tiel (NL)

The plot of land comprises 3 parts:
- 9 hectares are let for a fixed period of 12.5 years to Struyk Verwo.
- 25.5 hectares will be re-rented by the seller after the transaction for a period of 5 years. De Kellen BV will deliver the land ready for construction upon request.
- 13.5 hectares will be delivered ready for construction immediately by the seller. This part is also available immediately for customized logistical development.

Montea is currently already in negotiations with some candidates for an initial development to measure on the first 13.5-hectare zone. The parties expect to close the transaction, after the due diligence, by Q1 2018. Montea ultimately wishes to develop 25.5 hectares for logistics, distribution and production activities. The total lead time for the project is estimated at 4 to 6 years.

[37] For more information, see the press release of 8/11/2017 or www.montea.com.
[38] For more information, see the press release of 9/11/2017 or www.montea.com.

5.3.2 Development activity during 2016

- **13/03/2017 - Wayland Real Estate and Montea sign agreement for the future development of "LogistiekPark A12" in Waddinxveen**[39]

Wayland Real Estate and Montea have signed an agreement for the development of "LogistiekPark A12", a 206,000 m² plot, on which a logistics project exceeding 130,000 m² can be developed. Wayland Real Estate and Montea are currently finalising the master plan which will be unveiled within a foreseenable time. This cooperation had come into being under guidance and support of XO Property Partners.

Photo: Artist impression "LogistiekPark A12" Waddinxveen (NL)

- **30/05/2017 – Launch of a build-to-suit project of ca. 18,000 m² in Camphin-en-Carembault (FR)** [40]

In December 2014, Montea and Panafrance concluded a partnership agreement for the development of a logistics platform on 103,000 m² in Camphin-en-Carembault**[41]**. The land has a unique location to the south of Lille on the A1 motorway in the heart of the Lille-Paris-Lyon logistics triangle. Two distribution centres of 18,000 m² and 24,000 m² (with a total of 42,000 m²) can be developed on the land.

In the meantime, for phase 1 of the project, Montea will develop a distribution centre of ca. 18,000 m², that can be divided into 3 units. DSM Food Specialties France SAS will rent 12,000 m² (2 of the 3 units) for a fixed period of 9 years. DSM Food Specialties (DSM Group) is specialised in the production and export of enzymes for the food industry (www.dsm.com).

Montea «Space for Growth» - site Camphin-en-Carembault FR)

The development will be operational in the first quarter of 2018. The transaction represents a total investment value of € 11.2 million. Upon letting the third unit, which Montea expects to conclude before the building is delivered in the beginning of 2018, this distribution centre will generate an additional rent of € 740,440.

[39] For more information, see the press release of 30/03/2017 or www.montea.com.
[40] For more information, see the press release of 30/05/2017 or www.montea.com.
[41] For more information, see the press release of 03/12/2014 or www.montea.com.

➢ 18/07/2017 - Launch of second build-to-suit project at the logistics parc in Camphin-en-Carembault (FR) – Investment value of € 14.1 million[42]

Montea and GBS (Groupement des Bières Spéciales) signed a lease agreement for a period of 9 year for the development of a second build-to-suit project. The building of approximately 24,400 m² is divided into 4 units, of which GBS will rent approx. 18,500 m² (3 units). GBS will use the building as a distribution centre for France (www.gbs-solutions-boissons.fr). The building will be operational in the first quarter of 2018. The development represents a total investment value of approx. € 14.1 million. Upon letting the fourth unit, which Montea expects to conclude before the building is delivered in the beginning of 2018, this distribution centre will generate an additional rent of approx. € 1 million per year.

➢ 1/08/2017 - Montea offers Delta Wines in Waddinxveen ca 5,000 m² more floor space so that it can continue to grow [43]

In February 2014[44] Montea acquired a ca. 19,500 m² distribution centre on 25,800 m² of land, let to Delta Wines. The site is strategically located along the A12 motorway with connection The Hague**–Utrecht–Arnhem–Rhur Valley.**

To keep pace with its growth, Delta Wines has asked Montea to expand the aforementioned site by ca. 5,000 m². Delta Wines signed an additional lease for a fixed period of 12 years under the same terms and conditions. This extension will generate additional rent of ca. €225,000 per year.

This extension is scheduled for delivery in the first quarter of 2018.

➢ 8/11/2017 - Liege Airport – Launch of new development of 20,000 m² at Flexport City (BE) [45]

Liege Airport has drawn up an ambitious masterplan for the development of the northern zone at the airport. In that respect, Montea has concluded a building lease contract with the landowner Sowaer, for the development of a plot of land of more than 51,000 m,² situated at the entrance of Flexport City, right next to the new logistics processing buildings. Montea will ultimately develop a total of ca. 20,000 m² of warehouse units and related offices on this site and in so doing provide concrete support for the further growth of the airport. The total investment for phases 1, 2 and 3 will amounts to € 15 million. The construction of the first and second phase, ca. 12,200 m², will start in the coming days, as a long-term lease has already been signed with Malysse-Sterima. Montea will actually construct a hypermodern distribution centre of 4,700 m² storage space with 500 m² of offices for Malysse-Sterima. Medical kits will be sterilized in the building and will be prepared for dispatching to European hospitals. This means a new strategic "medical care" specialist for the airport.

[42] For more information, see the press release of 18/07/2017 or www.montea.com.
[43] For more information, see the press release of 1/08/2017 or www.montea.com.
[44] For more information, see the press release of 7/02/2014 or www.montea.com.
[45] For more information, see the press release of 6/11/2017 or www.montea.com.

The lease with Malysse-Sterima is for a fixed period of 20 years and will generate an initial yield of 6.35% as of the end of 2018. The company will invest ca. € 4 million itself in various facilities for the packaging of the goods. The remaining 7,000 m² of phase 2 can be delivered within a year of the signing of the lease.

- **22/12/2017 - Montea acquires distribution centre of ca. 8,500 m² in Saintes (BE)** [46]

Montea has acquired a logistics distribution centre from Immocass BVBA in Saintes, located on the E429 motorway at the boundary between Flemish Brabant and Walloon Brabant. The distribution centre consists of 7,500 m² storage space and 1,000 m² offices and is rented to Noukies. Noukies signed a triple-net lease for a fixed period of 9 years, which will generate rental income of €330,000 per year. The company is known for its soft cuddly toys and baby clothing (**www.noukies.com**). The transaction represented a total investment value of € 4.7 million (in line with the investment value determined by the property expert) and generated a net initial yield of ca. 7.15%.

- **22/12/2017 - Montea acquires existing solar panel installation on site in Aalst (BE) through the acquisition of 100% shares of Orka Aalst NV**[47]

Since 2009, Orka Aalst NV, a specialist in solar energy projects, has been operating a 678 KwP solar park on the roofs of the Tragel site in Aalst through a superficies agreement. However in 2011, Montea made the choice to invest itself in the development of solar energy projects. In that context it was decided to take over the shares of Orka Aalst NV, the company that owns the solar panels. This transaction represented a total investment value of € 1 million and generated a net initial yield of approximately 7.6%.

5.3.3 Divestment activity in 2016

- **30/03/2017 - Finalisation of the sale of the Savigny-le-Temple site (FR) to Patrizia Logistik Invest Europa I**[48]

On 10/01/2017 Montea announced the sale of 3 assets from its current portfolio in France, for a total sale value of €60,394,000. The sale of the properties in St Cyr en Val and in Tilloy-lez-Cambrai went through on 29/12/2016. The sale of the property in Savigny-le-Temple was finalised only on 30/03/2017, after the completion of a number of refurbishment works for the current tenant.

46 For more information, see the press release of 22/12/2017 or www.montea.com.
47 For more information, see the press release of 22/12/2017 or www.montea.com.
48 For more information, see the press release of 30/03/2017 or www.montea.com.

5.3.4 Lease activity in 2017

2017 saw the following lease activity:

- **9/01/2017 - Signature of long-term lease agreement with LabCorp - 100% occupancy for the site Mechelen (BE)** [49]

LabCorp BVBA and Montea signed a new lease agreement for the lease of 5,750 m² of storage space and 570 m² of office space. The multi-tenant site is fully leased with this transaction. LabCorp BVBA, (www.labcorp.com) takes unit 2 from February 2017, based on a lease agreement with a fixed term of 9 years. The annual rent for the unit amounts € 257,000.

- **08/05/2017 – New tenant for the Site in Ghent, Hulsdonk (BE)** [50]

In October 2016, it was announced that SAS AUTOMOTIVE BELGIUM NV, former supplier of Volvo, was forced to close. It will therefore terminate the lease early, i.e. on 31 January 2017. The rent payable for the remaining term of the lease is covered by a one-off severance pay. Montea has signed a lease with Bleckmann België NV for a fixed rental period of 5 months, until October 2017. The building consists of 11,910 m² of storage space and 1,012 m² of office space, and will be used as storage space for clothing and accessories. The rent amounts to €26,500 per month.

- **5/09/2017 – New long-term lease with Danone (D.P.F.F.) for ca. 6,000 m² in Camphin-en-Carembault (FR) – 100% occupancy rate for building of ca. 18,000 m²** [51]

In December 2014, Montea and Panafrance concluded a partnership agreement for the development of a logistics platform on a 103,000 m² plot in Camphin-en-Carembault[52]. Two distribution centres are being developed on the plot of ca. 18,000 m² and ca. 24,000 m² (total floor space: ca. 42,000 m²). Danone (D.P.F.F.) will rent 1 unit of ca. 6,000 m² for a fixed period of 9 years in the ca. 18,000 m² building. For the other two units (ca. 12,000 m²), Montea has already signed a lease with DSM Food Specialties France SAS. This brings the occupancy rate of this building to 100%. The transaction will generate a rental income of €740,440 per year for the entire building as of April 2018.

[49] For more information, see the press release of 9/01/2017 or www.montea.com.
[50] For more information, see the press release of 8/05/2017 or www.montea.com.
[51] For more information, see the press release of 5/09/2017 or www.montea.com.
[52] For more information, see the press release of 03/12/2014 and of 30/05/2017 or www.montea.com.

➢ 5/09/2017 – New ease agreement with Parker Hannifin Manufacturing Belgium for 9,900 m² in Milmort (BE) [53]

Montea and Parker Hannifin Manufacturing Belgium have signed a lease for a 9-year term for a 9,900 m² unit at the Milmort site, with a strategic location along the E313 in the direction of Antwerp and the E40 in the direction of Brussels. This agreement generates a rental income of €283,000 per year as of August 2017. The Parker group is a world leader in the production and distribution of components for the mobile, industrial and aerospace sector (www.parker.com).

➢ 5/09/2017 – Second lease with Nippon Express Belgium for 5,300 m² in Willebroek (BE) [54]

Montea and Nippon Express Belgium have once again signed a lease for a 9-year term for a 5,300 m² unit on "De Hulst" in Willebroek. This sustainable logistics estate boasts a unique location between the A12 and the E19 Brussels/Antwerp motorways. Nippon Express Belgium is already a lessee of a 6,000 m² built-to-suit project at Brucargo in Zaventem (www.nipponexpress.com). The new agreement is to generate a rental income of €263,000 per year as of September 2017.

➢ 13/12/2017 – Studio 100 finds new location fort he 40-45 musical in Puurs - Montea becomes exclusive real estate partner[55]

Studio 100 is particularly delighted to announce that it has found a new location for the 40-45 musical. It is the Montea site near the A12 and N16 interchange in Puurs. In addition to excellent accessibility, this location provides enough parking and has all the winning assets to host the blockbuster production.

Location

A land close to the A12 and N16 interchange in Puurs. The entire site covers more than 40,000 m² in all. Studio 100 will transform this site completely in the coming months into an accessible, public-friendly and modern theatre, where visitors can enjoy a captivating performance in all comfort. A large temporary structure is being erected to measure for 40-45 on the lawn of the buildings. The artistic concept, including rolling bleachers, is fully retained. The warehouse of the building will be used as foyer and reception area. The office area will be arranged as an artistic and production facility. Sufficient parking will also be provided. Studio 100 has signed a lease which will generate rent totalling €700.000 per year as of March 2018.

53 For more information, see the press release of 5/09/2017 or www.montea.com.
54 For more information, see the press release of 5/09/2017 or www.montea.com.
55 For more information, see the press release of 13/12/2017 or www.montea.com.

➢ **22/12/2017 - Profit Europe NV becomes new quality tenant at site in Erembodegem (Aalst – BE)** [56]

Montea and Profit Europe NV have signed a lease for a fixed term of 9 years which will generate rental income of €122,380 per year. The lease for unit 7, previously rented to Movianto, comprises 2,860 m² storage space, 56 m² office space and 10 parking places. Profit Europe NV will use the site as storage space for sprinkler installation components (www.profittings.eu).

Montea «Space for Growth» - site Erembodegem - Aalst (BE)

5.3.5 Further strengthening and diversification of the financing structure

➢ **26 September 2017 - Montea finalized a successful capital increase of €68,004,527 by issuing 1,658,647 new shares**

On 13 September 2017, Montea announced in a press release an increase in capital in cash with preferential right. On 22 September 2017, after the public offer to subscribe for the capital increase and the successful private placement of the scrips, the existing shareholders and new investors have committed to subscribe to 100% of the offered new shares.

This capital increase was successfully signed on 26 September 2017 for an amount of € 68,004,527 and the issue of 1,658,647 new shares, at an issue price of € 41 per new share. On 26 September 2017 the total capital of Montea amounts to € 236,623,450 and is now represented by 11,610,531 shares which are listed on both Euronext Brussels and Euronext Paris.

There are no preference shares. Each of these shares grants one voting right to the general meeting and these shares thus represent the denominator for the purposes of notifications in the event of reaching, exceeding or falling below the legal threshold of 5% or a multiple fold of 5% (transparency regulation). Montea has an additional statutory threshold of 3% regarding the disclosure of major shareholdings.

➢ **Further optimization of the debt structure**

Montea managed to extend the following loans with a maturity date in 2018 and 2019:

- Loan of €10 million concluded with ING with new maturity date in June 2024
- Loan of € 5 million concluded with KBC with new maturity date in December 2024
- Loan of € 5 million concluded with KBC with new maturity date in December 2023
- Loan of € 5 million concluded with KBC with new maturity date in December 2022
- Loan of € 6.7 million concluded with Belfius with new maturity date in September 2022
- Loan of € 10 million concluded with Bank Degroof Petercam with new maturity date in January 2024

[56] For more information, see the press release of 22/12/2017 or www.montea.com.

Furthermore, the following new lines of credit were granted:

- Loan of € 10 million concluded with KBC with an 8-year term
- Loan of € 10 million concluded with Belfius with a 9-year term
- Loan of € 10 million concluded with Belfius with a 7-year term

Montea also began working with Nagelmackers Bank, taking out a loan of € 20 million with a term of 8 years.

During the final quarter of 2017, Montea settled four IRS-type (Interest Rate Swap) interest rate hedging contracts for a nominal amount of € 60 million in order then to take out new hedging contracts (for the same amount) on terms in line with the current market. This settlement will have a positive impact on the term of the hedges, as well as on the average finance cost for the coming years of € 1.2 million per annum.

The hedge ratio[57] was 87.4 % at 31st December 2017.

The main risks and uncertainties confronting Montea and its subsidiaries are described in chapter 1 of this annual financial report.

5.3.6 Proposal to pay a gross dividend of € 2.17 per share

On the basis of the EPRA earnings of € 2.58, the board of directors of the statutory management company of Montea will propose paying out a gross dividend of € 2.17 per share (€ 1.52 net per share), which entails a pay-out ratio[58] of 84% with regard to the EPRA earnings. This means an increase of the gross dividend per share of 3% compared with 2016 (€ 2.11 gross per share), in spite of the increase in the weighted average number of shares of 7% as a result of the increase of capital in 2017.

KEY RATIO'S	31/12/2017	31/12/2016
Key ratio's (€)		
EPRA result per share (1)	2,58	2,47
Result on the portfolio per share (1)	0,38	0,91
Variations in the fair value of financial instruments per share (1)	0,56	-0,06
Net result (IFRS) per share (1)	3,52	3,31
EPRA result per share (2)	2,31	2,41
Proposed distribution		
Payment percentage (compared with EPRA result) (3)	84%	87%
Gross dividend per share	2,17	2,11
Net dividend per share	1,52	1,48
Weighted average number of shares	10.392.676	9.722.190
Number of shares outstanding at period end	11.610.531	9.951.884

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

57 *Hedge ratio: percentage of the fixed and variable debt ratios, hedged against fluctuations in the interest rate by derivative financial products. See section 8.11

58 The payout ratio of 84% was calculated on the basis of the EPRA earnings and not on the basis of the earnings available for payout.

5.3.7 Other events during the year 2017

- **13/03/2017 - Nomination of Jan van der Geest as Development Manager for Montea Nederland**

With the appointment of Jan van der Geest as Development Manager Montea wants to strengthen its presence in the Netherlands. Jan will be responsible for the future development of LogistiekPark A12 in Waddinxveen. Because of his long-standing affinity with the industrial market in the Netherlands, Jan van der Geest has the necessary experience to follow the new projects Montea in Netherlands. Jan van der Geest worked since 2006 for Heembouw, a developing construction company, where he worked as a commercial manager since 2011.

5.3.8 Policy developments concerning Dutch REIT status

With a view to its property investments in the Netherlands, in September 2013 Montea filed an application for the tax status of a '*Fiscal Investment Institution'* (hereinafter referred to as FII) pursuant to Article 28 of the Corporate Taxation Act of 1969. Montea has structured its property investments as public limited companies under Dutch law. These entities and Montea Nederland NV constitute a fiscal unit for the levying of corporate tax. An FII is subject to a 0% tax rate in the Netherlands. It is required to pay out its full fiscal result (consolidated in the case of a fiscal unit, with the exception of surplus values/capital gains) to its shareholders. In addition to this payout obligation, an FII is also subject to various other obligations such as requirements regarding its shareholders, in this case the Company, and its shareholding structure, as well as to restrictions concerning debt financing.

The Company's Dutch subsidiary, Montea Nederland NV, has had no final decision from the Dutch tax authorities approving the FII status. In 2016, referring to certain case law of the Dutch Supreme Court, the Dutch tax authorities developed a new approach in their policy concerning compliance with the shareholding test. More specifically, as shareholder of its FII subsidiary, Montea Nederland NV, the company would have to show that it can qualify as an FII itself. Only then can the Company be considered as a qualifying shareholder under the FII status in the view of the Dutch tax authorities. In this connection, the Company and the Dutch tax authorities engaged in consultations to determine how to proceed in concrete terms. The Company is of opinion that as a regulated real estate company it operates within a system that is comparable to that of the FII and therefore meets the requirements. The Company therefore believes it is likely it will be able to make reasonable arrangements with the Dutch tax authorities, so that FII status will be granted to Montea Nederland NV. Furthermore, the Dutch Ministry of Finance and the Dutch tax authorities already indicated in the past that they will proceed under the general principles of good governance so as to obtain a level playing field (same treatment applied to equivalent cases). The aim is to ensure that Montea is not treated by the Dutch tax authorities worse than other compliant comparable Belgian regulated real estate companies with existing arrangements concerning the FII status.

5.3.9 EPRA earnings per share[59]* amount to € 2.58: growth of 4.5% compared with the same period in the previous year

The EPRA result[60] was € 26.8 million, an increase of 12% during 2017, compared with € 24.0 million during the same period last year. The EPRA result per share was € 2.58 per share, compared with € 2.47 per share last year, including 7% more weighted average number of outstanding shares as a result of the capital increase of September 2017.

[59] *EPRA earnings per share concerns the EPRA result on the basis of the weighted average number of shares. Cf. www.epra.com.

[60] *EPRA result: this relates to the underlying result from the core businesses and indicates the extent to which the current dividend payments are supported by the profit. This result is calculated as the net result (IFRS) excluding the result on the portfolio and the variations in the fair value of financial instruments. Also see www.epra.com

This growth of € 2.8 million was mainly the result of:

- the € 2.5 million rise in the operating result before the result on the property portfolio as the result of:
    - the € 0.3 million rise in the net rental result from € 40.5 million at the end of December 2016 to € 40.8 million at the end of December 2017. The net rental result for 2016 included a higher amount of severance compensation received from Neovia Logistics (€ 2.3 million) compared with the amount received in 2017 from SAS Automotive (€ 1.3 million). In addition, 2 French sites, which were generating an annual net rental income of € 4 million, were sold in December 2016. These 2 amounts were offset (+ € 0.3 million) by the new rental income from the investments made and the handover of build-to-suit projects in the previous financial year and the new investments and handover of new projects in 2017;
    - the additional recovery of rental charges (€ 0.2 million) and the rise in "other rent-related income" (€ 2.2 million) had a positive impact of € 2.4 million, due mainly to the one-off payment received in April 2017 after the handover of the building at Brucargo developed for the tenant, DHL Aviation NV (€ 0.9 million), settlement of the additional works funded by Montea for the same tenant, other revenue such as compensation and PM payments received from tenants (€ 0.8 million) and additional revenue from solar panels (€ 0.5 million);
    - a rise of € 0.2 million in the Company's property charges and general overheads as a result of an increase in marketing & communication, HR and legal costs.
- the fall in the financial result (excluding variations in the fair value of the financial instruments) of € 0.7 million, due mainly to the settlement of an IRS-type (Interest Rate Swap) interest rate hedging contract in 2016 for a total cost of € 2.1 million, offset partly by:
    - rising financial charges (€ 0.6 million) resulting from an increase in the hedging percentage in 2017 (in fact new hedging arrangements were put in place at the end of 2016 for a nominal amount of € 87.5 million)
    - an increase in the average financial debt for new investments (€ 0.4 million)
    - a decline in financial revenue (€ 0.4 million)
- offset partly (€ 0.4 million) by the rise in estimated tax resulting from the exit tax paid, which was more than originally planned.

5.4 Synthesis of the financial results

5.4.1 Shortened consolidated summary of results before profit distribution as of 31 December 2017 (in thousands of euro)

ABBREVIATED CONSOLIDATED PROFIT & LOSS ACCOUNT (K EUR) *Analytical*	31/12/2017 12 months	31/12/2016 RESTATED (0) 12 months
CONSOLIDATED RESULTS		
NET RENTAL RESULT	**40.793**	**40.518**
PROPERTY RESULT	**43.963**	**41.258**
% compared to net rental result	**107,8%**	**101,8%**
TOTAL PROPERTY CHARGES	**-1.246**	**-1.043**
OPERATING PROPERTY RESULT	**42.717**	**40.215**
General corporate expenses	-3.814	-3.769
Other operating income and expenses	-72	-142
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	**38.830**	**36.304**
% compared to net rental result	**95,2%**	**89,6%**
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	**-11.107**	**-11.780**
EPRA RESULT FOR TAXES	**27.723**	**24.524**
Taxes	-938	-506
EPRA Earnings	**26.785**	**24.018**
per share (1)	**2,58**	**2,47**
Result on disposals of investment properties	769	8.131
Result on disposals of other non-financial assets	0	**0**
Changes in fair value of investment properties	3.204	670
Other portfolio result	0	**0**
PORTFOLIO RESULT	**3.972**	**8.801**
Changes in fair value of financial assets and liabilities	5.791	-616
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	**5.791**	**-616**
NET RESULT	**36.548**	**32.204**
per share	**3,52**	**3,31**

✓ **The net rental result was € 40.8 million, a rise of 1% on the previous year – Operating result before the result on the property portfolio was € 38.8 million, an increase of 7%**

- The **net rental result** was € 40.8 million, up 1% compared with the same period in 2016 (€ 40.5 million). The net rental result for 2016 included a higher amount of severance compensation from Neovia Logistics (€ 2.3 million) compared with the amount received in 2017 from SAS Automotive (€ 1.3 million). In addition, 2 French sites, which were generating an annual net rental income of € 4 million, were sold in December 2016. These 2 amounts were offset (+ € 0.3 million) by the new rental income from the investments made and the handover of build-to-suit projects in the previous financial year and the new investments and handover of new projects in 2017.

- The **operating result before the result on the property portfolio** rose from € 36.3 million in 2016 to € 38.8 million in 2017. This increase of € 2.5 million was mainly the result of:
  - the € 0.3 million increase in the net rental result (see above);
  - the additional recovery of rental charges (€ 0.2 million) and the increase in "other rent-related income" (€ 2.2 million) had a positive impact of € 2.4 million in 2017, due mainly to the one-off payment received in April 2017 after the handover of the building at Brucargo developed for the tenant, DHL Aviation NV (€ 0.9 million), settlement of the additional works funded by Montea for the same tenant, other revenue such as compensation and PM payments received from tenants (€ 0.8 million) and additional revenue from solar panels (€ 0.5 million);
  - partly offset by the rise in the Company's property charges and general overheads of € 0.2 million as a result of an increase in marketing & communication, HR and legal costs.

- The **operating margin**[61]* was 95.2% for the whole of 2017, compared with 89.6% in 2016.

✓ **Financial result excluding variations in the fair value of the financial instruments was € 11.1 million, compared with € 11.8 million last year**

The financial result excluding variations in the fair value of the financial instruments[62] was € 11.1 million, falling by 6% compared with the same period in the previous year. Average debt rose by € 41.8 million (13%). Average finance charges[63]* remained stable: 3.0% for the 2017 financial year. In 2018, a reduction is expected in the average finance charges as a result of the four IRS-type (Interest Rate Swap) interest rate hedging contracts for a total nominal amount of € 60 million at the end of 2017, then signing up to new hedging arrangements for the same nominal amount on terms in line with the market.

The € 0.7 million decline in the negative financial result (excluding variations in the fair value of the financial instruments) was mainly due to the settlement of an IRS-type interest rate hedging contract in 2016 for a total cost of € 2.1 million, offset partly by:

- increasing finance charges (€ 0.6 million) resulting from a rise in the hedging percentage in 2017
- an increase in the average financial debt for new investments (€ 0.4 million)
- a fall in financial revenue (€ 0.4 million)

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[61]* Operating or operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental result.

[62] See section 8.11.

[63]* This financial cost is an average over the year, including the lease debts and is calculated on the basis of the total financial cost compared with the average of the opening balance and the end of the financial debt for 2017, without taking into account the valuation of the hedging instruments.

In view of the clarification about the way the settlement of swaps is accounted for and to comply more closely with EPRA guidance, it was decided from 2017 to process the unwinding of swaps via the P&L heading: changes in the fair value of financial assets and liabilities. If we had applied this method of processing to the unwinding of the swap in 2016, this would not have had any effect on the net result and equity capital in 2016, only on the EPRA result, which would have been € 2.1 million or € 0.21 per share higher.

As of 31/12/2017, Montea had total bank debt (bilateral lines of credit) of € 264.9 million with 7 financial institutions. At 31st December 2017, total financial debt (including bond loans and leasing debt) was 87% hedged by type IRS-type (Interest Rate Swap) interest rate hedging contracts.

- ✓ **The result on the property portfolio[64] was € 4.0 million**

The result on the property portfolio was € 4.0 million at 31/12/2017. This exceptionally positive result was mainly the result of the sale of one of the French sites at Savigny, which generated a positive impact of € 0.7 million, demonstrating the somewhat cautious and conservative valuation of Montea's property portfolio with regard to the high interest in the market for high-quality logistical property. The result is also a consequence of a net positive variation in the fair value of the property portfolio, excluding capex, of € 3.2 million, as the result of the fall in the investment yields in the Netherlands and France for projects with long-term lease contracts. The fair value of the Belgian property portfolio, excluding capex, remained stable compared with the fair value in the previous year as the result of the high volume of investment in Belgium (transaction costs are included as a result of the change in the valuation rules from 2017 in the result on the property portfolio).

The valuation of the solar panels includes the gain in a separate component of equity capital. Reductions in value are also included in this component, unless they have been realised or unless the fair value falls below the original investment cost.

- ✓ **The positive variations in the fair value of financial instruments were € 5.8 million**

The positive variations in the fair value of financial instruments were caused by the positive impact of the fair value of the existing interest rate hedging contracts resulting from rising long-term interest rate expectations during the course of 2017.

- ✓ **The net result (IFRS) was € 36.5 million which was an increase of € 4.3 million compared with the previous year. This figure was strongly influenced by the positive variation in the fair value of financial instruments**

The EPRA result, combined with the result on the portfolio and with the variations in the fair value of financial instruments, led to the net result (IFRS) of € 36.5 million in 2017, compared with € 32.2 million in 2016. The net result (IFRS) per share was € 3.52 per share, compared with € 3.31 per share in 2016. The result on the property portfolio and the variations in the fair value of financial instruments are not cash items had have no impact whatsoever on the EPRA result.

- ✓ **EPRA result of € 2.58 per share[65]**

The EPRA result at 31/12/2017 was € 26.8 million, a rise of 12% compared with the same period last year.

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64 *Result on the property portfolio: this relates to the negative and/or positive variations in the fair value of the property portfolio + any losses or gains resulting from the realisation of property.

65 See section 8.10

Based on the result available for distribution, Montea will propose a gross dividend of € 2.17 per share to the general meeting of shareholders. This represents a 3% increase in the gross dividend per share compared with 2016, despite the dilution resulting from the capital increase in cash implemented in 2017.

5.4.2 Shortened consolidated balance sheet as of 31 December 2017

	CONSOLIDATED BALANCE SHEET (EUR)	31/12/2017 Conso	31/12/2016 Conso
I.	**NON-CURRENT ASSETS**	**719.615.007**	**545.461.627**
II.	**CURRENT ASSETS**	**28.811.399**	**49.297.472**
	TOTAL ASSETS	**748.426.406**	**594.759.099**
	SHAREHOLDERS' EQUITY	**333.029.072**	**251.964.960**
I.	**Shareholders' equity attributable to shareholders of the parent company**	332.910.588	251.846.477
II.	**Minority interests**	118.483	118.483
	LIABILITIES	**415.397.334**	**342.794.139**
I.	**Non-current liabilities**	386.250.635	310.381.242
II.	**Current liabilities**	29.146.699	32.412.897
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**748.426.406**	**594.759.099**

- On 31/12/2017, the **total assets** (€ 748.4 million) consist primarily of investment properties (88% of the total), solar panels (2% of the total) and developments (7% of the total). The remaining amount of the assets (3% of the total) consists of the other tangible and financial non-current assets, including assets intended for proprietary use and current assets, including cash investments, trade and tax receivables.

- The **total liabilities** consist of the equity capital of € 333.0 million and a total debt of € 415.4 million.

This total debt consists of:

- A total amount of € 264.9 million in drawn down lines of credit at 7 financial institutions. Montea has € 285 million in lines of credit taken out and an unused capacity of € 20.1 million
- A total amount of € 109.1 million with regard to the four bond loans that Montea concluded in 2013, 2014, and 2015 with maturities till respectively 2020, 2021, 2025 and 2027
- A total lease debt of € 1.4 million for the further financing of the solar panels at the site in Aalst
- The negative value of the ongoing hedging instruments to the tune of € 11.7 million
- Other debts and deferred charges for an amount of € 28.3 million. The deferred charges comprise in large measure the rent already invoiced in advance for the subsequent quarter.

In 2018 a total of € 10 million of contracted lines of credit (€ 2 million of withdrawn credit lines) come to maturity.

- The **debt ratio**[66] of Montea amounts to 51.9% compared with 51.6% end 2016.

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

- The **EPRA NAV**[67] on 31/12/2017 amounts to € 29.67 per share compared to € 27.80 per share on 31/12/2016. The EPRA NNNAV per share[68] amounts to € 29.14 per share on 31 December 2017 compared to € 25.97 per share on 31/12/2016.

5.4.3 Financial plan (Art. 24 of the Royal Decree of 13/07/2014)

5.4.3.1 General

If the consolidated debt ratio of the public RREC and its subsidiaries amounts to more than 50% of its consolidated assets, less the authorised financial hedging instruments, the public RREC is required to draw up a financial plan with an implementation schedule, setting out the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

A special report will be drawn up by the auditor about the financial plan, confirming that the auditor has verified the drafting of the plan, in particular its economic base, and that the figures contained in the plan correspond with those in the accounting records of the public RREC. The financial plan and the special report from the auditor will be submitted to the FSMA for information.

The general guidelines of the financial plan are included in detail in the annual and half-yearly financial reports. The annual and half-yearly financial reports will set out and justify (a) how the financial plan was implemented during the course of the relevant period, and (b) how the public RREC will implement the plan in the future.

5.4.3.2 Abbreviated form of the consolidated balance sheet at 31/12/2017

Based on the figures at 31/12/2017, the consolidated debt ratio of the RREC was 51.9%. For more information about the abbreviated form of the consolidated balance sheet at 31/12/2017, please see point 5.4.2 in this annual financial report.

5.4.3.3 Changes to the debt ratio of the regulated real estate company

Historically, Montea's debt ratio rose to its highest level since the end of 2008, and above 50%, in mid-2010 when it rose to 57.62%. On 2nd July 2010, a capital raising was conducted, taking the debt ratio back under 50%.

The debt ratio rose to 55.29% in September 2012. However, on 20th December 2012, a capital raising operation generating € 21.1 million was conducted to fund the project at Brucargo for DHL Global Forwarding. This pushed the debt ratio back down to 50.80% in the first trimester of 2013.

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

67 See section 8.10.

68 See section 8.10.

Due collectively to the dividend payment, the acquisition of the shares in Cordeel Evenstuk NV (which owns the property leased to DSV Solutions), the acquisition of the shares in Acer Parc NV (which owns the build-to-suit property leased to St-Jude Medical), the first investment in the Netherlands (fully financed with debt) and the acquisition of the shares in Ghent Logistics NV (financed by the issue of Montea shares), the debt ratio rose back to 52.82% at 31/12/2013.

A capital increase was implemented in the first half of 2014 to anticipate the planned acquisitions and investments in the second half of 2014. This involved the redevelopment at the sites in Grimbergen and Vorst, 3 build-to-suit projects in Belgium (2 at De Hulst in Willebroek and 1 at Brucargo) and 1 build-to-suit project in the Netherlands (Oss) and 2 sale-and-lease back transactions (Beuningen and Waddinxveen).

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

In the second half of 2015 Montea proceeded with the acquisition of the property in Tilburg (leased to Groep Versteijnen), which was fully financed with debt. A number of build-to-suit projects were also begun (Movianto in Erembodegem, CdS in Vorst and Bakkersland in Schiphol), with the ongoing works financed fully with debt. As a consequence of the above, the debt ratio per 31/12/2015 amounted to 55.77%.

New acquisitions were made in 2017, including the purchase of the site at Willebroek, leased to Metro group, in Q1/2017, the handover of the site at Brucargo, leased to SACO, in Q2/2017, the purchase of the site at Brucargo, leased to DHL Aviation, in Q2/2017, the handover of the Crossdock Center, Mainfreight project in Genk, in Q3/2017, the purchase of the site in Willebroek, leased to Decathlon, the acquisition of the land in Tyraslaan at Vilvoorde, the acquisition of the site in Saintes, leased to Noukies, in Q4/2017 and the acquisition of the shares in Orka Aalst NV in Q4/2017. These acquisitions were funded on the one hand by the capital increase implemented in September 2017, and by bank finance on the other, as a result of which the debt ratio remained stable (51.9%) compared with the previous year (51.6%).

As of 31st December 2017, the consolidated debt ratio was 51.9%[69] (compared with 51.6% at 31st December 2016) while the simple debt ratio was 52.4%. This meant that Montea drew up a financial plan with associated implementation schedule. The auditor drew up a special report about the financial plan and the way in which this report was drafted was verified in accordance with article 24, paragraph 2, of the GVV RD.

The debt ratio has never reached alarming heights, including during the period of financial crisis that have occurred since the end of 2008.

[69] De schuldgraad wordt berekend volgens het GVV KB.

5.4.3.4 Montea's investment potential in the future

Currently Montea's debt ratio stands at 51.9%. On the basis of this current debt ratio, the investment potential would amount to ca. € 280 million[70] without exceeding the maximum debt ratio of 65% (see table below). This amounts to a possible growth of the real estate portfolio by 28% (additional growth of the fair value of the real estate portfolio of € 280 million compared to the current fair value of the real estate portfolio of € 719 million at 31 December 2017, including the fair value of the developments € 48 million and the fair value of the solar panels of € 13 million) fully financed by debt.

in euro	31/12/2017	Investment potential	Balance sheet after investment potential
Investment properties	718.728.241	280.000.000	998.728.241
Other assets	29.698.165	-	29.698.165
TOTAL ASSETS	**748.426.406**	**280.000.000**	**1.028.426.406**
	-	-	-
Own capital	**333.029.072**	**-**	**333.029.072**
	-	-	-
Liabilities	**415.397.334**	**280.000.000**	**695.397.334**
Non-current liabilities	**386.250.635**	**280.000.000**	**666.250.635**
Provisions	-	-	-
Other non-current financial liabilities	11.707.142	-	11.707.142
Deferred taxes - liabilities	-	-	-
Other non-current liabilities	374.543.493	280.000.000	654.543.493
Current liabilities	**29.146.699**	**-**	**29.146.699**
Provisions	-	-	-
Other current financial liabilities	-	-	-
Accruals	15.542.082	-	15.542.082
Other current liabilities	13.604.618	-	13.604.618
TOTAL LIABILITIES	**748.426.406**	**280.000.000**	**1.028.426.406**
Debt ratio	**51,9%**		**65,0%**

Montea has concluded covenants with a number of banking institutions under the terms of which the debt ratio may not exceed 60%. Consequently, on the basis of the same calculation, the investment potential amounts to ca. € 150 million (see table below).

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

in euro	31/12/2017	Investment potential	Balance sheet after investment potential
Investment properties	718.728.241	150.000.000	868.728.241
Other assets	29.698.165	-	29.698.165
TOTAL ASSETS	**748.426.406**	**150.000.000**	**898.426.406**
	-	-	-
Own capital	**333.029.072**	**-**	**333.029.072**
	-	-	-
Liabilities	**415.397.334**	**150.000.000**	**565.397.334**
Non-current liabilities	**386.250.635**	**150.000.000**	**536.250.635**
Provisions	-	-	-
Other non-current financial liabilities	11.707.142	-	11.707.142
Deferred taxes - liabilities	-	-	-
Other non-current liabilities	374.543.493	150.000.000	524.543.493
Current liabilities	**29.146.699**	**-**	**29.146.699**
Provisions	-	-	-
Other current financial liabilities	-	-	-
Accruals	15.542.082	-	15.542.082
Other current liabilities	13.604.618	-	13.604.618
TOTAL LIABILITIES	**748.426.406**	**150.000.000**	**898.426.406**
Debt ratio	**51,9%**		**60%**

The above amounts did not take into account any variations in the value of the property portfolio. The variations in the fair value of the property portfolio can also have a significant impact on the debt ratio.

On the basis of the current equity capital, the maximum admissible debt ratio of 65% would be exceeded only in the event of a negative variation in the fair value of the investment properties of more than € 151 million. This corresponds to a drop of 21% in the existing portfolio.

in euro	31/12/2017	Investment potential	Balance sheet after investment potential
Investment properties	718.728.241	- 151.000.000	567.728.241
Other assets	29.698.165	-	29.698.165
TOTAL ASSETS	**748.426.406**	**- 151.000.000**	**597.426.406**
	-	-	-
Own capital	**333.029.072**	**- 151.000.000**	**182.029.072**
	-	-	-
Liabilities	**415.397.334**	**-**	**415.397.334**
Non-current liabilities	**386.250.635**	**-**	**386.250.635**
Provisions	-	-	-
Other non-current financial liabilities	11.707.142	-	11.707.142
Deferred taxes - liabilities	-	-	-
Other non-current liabilities	374.543.493	-	374.543.493
Current liabilities	**29.146.699**	**-**	**29.146.699**
Provisions	-	-	-
Other current financial liabilities	-	-	-
Accruals	15.542.082	-	15.542.082
Other current liabilities	13.604.618	-	13.604.618
TOTAL LIABILITIES	**748.426.406**	**- 151.000.000**	**597.426.406**
Debt ratio	**51,9%**		**65,0%**

Since the establishment of Montea, Montea has recorded a total negative variation in the value of the property portfolio of € 27.7 million, largely due to the recent financial crisis at the end of 2008 and 2009.

On the basis of the current state and valuation of the portfolio by an independent expert, Montea sees no substantial possible negative variations in the fair value. Montea is therefore of opinion that the current debt ratio of 51.9% provides a sufficient buffer to deal with possible further negative variations in the existing portfolio.

5.4.3.5 Movements in the debt ratio forecast in 2018

The table below shows the development of the debt ratio up to 31/12/2018.

In euro	Q4 2017		Q1 2018		Q2 2018		Q3 2018		Q4 2018
Property investments	718.728.962	34.611.421	753.340.382	16.664.255	770.004.637	23.860.810	793.865.448	23.280.250	817.145.698
Other assets	29.697.444		29.697.444		29.697.444		29.697.444		29.697.444
TOTAL ASSETS	**748.426.406**		**783.037.827**		**799.702.082**		**823.562.892**		**846.843.142**
Equity	**333.029.072**	7.224.330	**340.253.402**	-5.035.665	**335.217.737**	7.224.330	**342.442.068**	7.224.330	**349.666.398**
Obligations	**415.397.334**		**442.784.425**		**464.484.345**		**481.120.824**		**497.176.744**
Long term obligations	**386.250.635**		**420.862.056**		**437.526.311**		**461.387.121**		**484.667.371**
Provisions			-		-		-		-
Other long term financial obligations	11.707.142		11.707.142		11.707.142		11.707.142		11.707.142
Deferred taxes - liabilities			-		-		-		-
Other long term obligations	374.543.493	34.611.421	409.154.914	16.664.255	425.819.169	23.860.810	449.679.979	23.280.250	472.960.229
Short term obligations	**29.146.699**		**21.922.369**		**26.958.034**		**19.733.704**		**12.509.373**
Provisions			-		-		-		-
Other short term financial obligations			-		-		-		-
Accrued accounts	15.542.082		15.542.082		15.542.082		15.542.082		15.542.082
Other short term obligations	13.604.618	-7.224.330	6.380.287	5.035.665	11.415.952	-7.224.330	4.191.622	-7.224.330	- 3.032.709
TOTAL LIABILITIES	**748.426.406**		**783.037.827**		**799.702.082**		**823.562.892**		**846.843.142**
Debt ratio	**51,86%**		**53,07%**		**54,67%**		**55,11%**		**55,49%**

This evolution of the debt ratio is based on:

- A debt ratio of 51.9% on 31/12/2017

- A debt ratio of 55.5% on 31/12/2018:
  - The implementation of the current investment programme concerning 6 build-to-suit projects, yet to be delivered, financed fully with debt (± € 51 million).
  - The acquisition of 2 sites in the first half of 2018 (± € 6 million) with debt.
  - Further investments in the existing property portfolio in 2018 (± € 11 million) with debt.
  - The acquisition of 1 site in the first half of 2017 (± € 29 million) through a contribution in kind
  - Ambition project e.g. the start-up of a build-to-suit project (+/- € 30 million) with debt.
  - Proposed dividend payment of € 2.17 per share, where 65% of the shareholders will choose the optional dividend.

No account is taken of any possible changes in value of the property portfolio in the above amounts.

5.4.3.6 Conclusion

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

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

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

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

5.5 Conclusions for the financial year 2017

In financial terms, 2017 was characterised by generally good operating results for Montea:

- The EPRA earnings rose by 12% compared with the same period in the previous year;
- The EPRA earnings amount to € 2.58 per share compared with € 2.47 per share for the same period in the previous year.
- An operating margin[71] of 95.2% compared with 89.6% in 2016.

5.6 Appropriation of the result

On the basis of the results on 31 December 2017, the Board of Directors of Montea Management NV will propose to the General Meeting of Shareholders of 15 May 2018, to pay out a gross dividend of € 2.17 per share. This corresponds to a net dividend of € 1.52 per share.

5.7 Important post balance sheet date events

- **15/01/2018 - Montea signed a partnership agreement with J|MO, represented by Julien Mongoin, to increase the assets and strengthen the presence of Montea in France**

Montea has registered strong growth in its portfolio in France since being listed on the stock exchange. In signing the partnership agreement with J|MO, Montea aims to strengthen its presence in France. The partnership seeks to accelerate Montea's development in that country. Building on an affinity of long standing with the logistics real estate market, J|MO, represented by Julien Mongoin, has the necessary experience to embark on new developments for Montea in France. A graduate of the École Nationale des Travaux Publics (ENTPE), Julien Mongoin worked as Development Director from 2007 to 2010 at Nexity Geprim, a French property development company. Since the end of 2010, he was the Development and Acquisitions' Director of Barjane, a business real estate planning and development company.

5.8 Forecasts for the financial year 2017

5.8.1 General

Montea's business activities are affected in part by the overall economic climate. Lower economic growth can have an indirect effect on the occupancy rate and rental income. It also increases the risk that some tenants will be unable to fulfil their obligations.

At Montea, this risk is partly offset by the diversification of income streams (e.g. solar panels), geographic diversification (Belgium, France and the Netherlands) and signing leases for longer terms with good-quality tenants from a range of different sectors.

71 See section 8.11.

We are also seeing a growing appetite in Belgium, France and the Netherlands for logistics property, which is placing downward pressure on investment returns. For this reason, Montea is forced to be involved from the beginning of the project.

In 2018, Montea will focus further on the growth of its portfolio (external growth), as well as on improving the quality of its buildings (internal growth) and the diversification of its income streams.

- **External growth**

Montea will capitalise on its expertise and experience in order to continue its external growth in 2017. Thus, priority will go to:

- Sale & rent back projects, in which Montea acquires property from companies that wish to divest their property. Montea's initial experience in these projects came with the acquisition of the logistics property of Unilever in Vorst (2008), Office Depot in Saint-Martin-de-Crau (2013), Delta Wines in Waddinxveen (2014), Depa Disposables in Beuningen (2014), Groep Versteijnen in Tilburg (2015), Jan De Rijck in Eindhoven (2016), Bas Logistics in Etten-Leur (2017) and Noukies in Saintes (2017).
- Build-to-suit projects, in which Montea goes looking with an end-user for the ideal logistics solution in an "open book" relationship. Montea gained the necessary experience in these projects with the construction of a new distribution centre for Metro and CdS in Vorst, Movianto in Erembodegem (BE), Vos Logistics in Oss, DocMorris in Heerlen (NL) and Bakkersland in Aalsmeer (NL).
- Through partnership agreements, build-to-suit buildings were developed for Dachser and Neovia Logistics Belgium at MG Park De Hulst in Willebroek (BE), for DHL Global Forwarding, St Jude Medical, Nippon Express Belgium at Brucargo in Zaventem (BE), DHL Aviation at Brucargo in Zaventem (BE).
- Collaboration with other property players, such as developers, land-owners and industrial parties, in which Montea uses its knowledge and experience in the logistics market to become involved in the development process at an earlier stage and hence realise part of the development margin. For instance, Montea has a collaborative agreement with De Paepe Group for the development of the De Hulst logistics park in Willebroek.
- Prospection relating to the acquisition or purchase of portfolios or buildings that are not part of the core investments and priorities of various investment groups.

- **Internal growth and quality improvement**

In addition to external growth, Montea will focus on enhancing its existing portfolio. Montea sees 2 major opportunities:

- Development of the land bank, in which Montea will work actively on marketing the remaining land in the portfolio. Montea currently holds 230,344 m² of development potential.
- Improvement of the quality of the portfolio, in which Montea carries out full monitoring of its portfolio. The aim here is to have a clear view of the possible rises in value that can be created by a concerted adjustment/improvement of its products to the expectations and requirements of the market, without losing sight of sustainability.

5.8.2 Specific outlook for Montea

- Occupancy rate and term of the leases

On 31/12/2017, the occupancy rate amounted to 96.3%, chiefly as a result of the partly vacancy at the site in Milmort (ex-Vincent Logistics now partly let to Parker) and Willebroek (ex-Neovia Logistics now partly let to Nippon Express) as well as the completely vacant site in Ghent (ex-SAS Automotive site in 2017 for 5 months leased to Bleckmann). Montea's goal is to keep the EPRA vacancy rate below 5%. The average term of leases until the first termination option is 7.5 years. On the basis of already announced growth, Montea expects to maintain the average term for its leases above 7 years by the end of the financial year.

In 2018, there is a total floor space[72] of 28,774 m² (exclusive of the current vacancy of which 30% of the building in Ghent has already been let to Facil Europe) that will be the subject of lease extensions and/or new leases (3.0% of the total floor space).

Montea is convinced that owing to the good location and good state of the sites, new tenants can be found or existing leases can be extended for the current vacancies or any new vacancies in 2017.
We strive to maintain the occupancy rate >95%.

- Investment pipeline

In the current climate of yield compression, and taking account of the sound investment policy pursued by Montea, it is more difficult to acquire quality Class A buildings on the basis of reasonable returns. As a result, build-to-suit projects are acquiring increasing importance in our investment portfolio. We expect that the property portfolio will grow to € 800 million in financial year 2018.

- Financing strategy

Taking account of the 60% debt ratio restriction, Montea still has an investment capacity of € 150 million. Montea is striving for a diversified financing policy, where the aim is to bring the term of our loans (currently 5.5 years) in line with the term of our leases (currently 7.7 years on average). In December 2017, Montea analysed its debt position again (€ 42 million), and, prior to the expiry dates of a number of lines of credit, refinanced debts at lower market conditions. We expect the hedge ratio to rise above 80% in 2018.

- Operating margin[73]

The operating margin amounted exceptionally[74] to 95.26% on 31/12/2017. On the basis of already announced growth, Montea expects to be able to maintain the operating margin over 92%.

- EPRA earnings

On the basis of the EPRA earnings of € 26.8 million in 2017, the coming net income from the acquired projects and, taking account of an estimated extension of certain leases and the letting of currently vacant premises, Montea expects growth of 5% in EPRA earnings per share in 2018.

72 Calculated on the basis of possible break (break date).
73 See section 9.10.
74 Due to a number of one-off fees.

5.8.3 Assumptions about the forecast of EPRA earnings

In the outlook we describe the expected results concerning the consolidated EPRA earnings and the consolidated balance sheet for financial year 2017 on the basis of figures as indicated in the annual report as at 31 December 2017, the known information after the balance sheet data, and the calculated forecasts on the basis of the development of the property, economic and financial markets.

These forecasts and estimates may not be interpreted as a certainty, because the activities of Montea and the market in which it is active are subject to uncertainties and risks, and consequently this forward-looking information does not constitute any commitment for the company. There is a possibility that the expectations will not be reached.

5.8.3.1 Assumptions

Montea applies the usual accounting methods used for the preparation of the consolidated financial statements as at 31 December 2016 in accordance with IFRS as applied by the European Union and implemented by the RREC RD.

The assumptions are rather conservative yet realistic.

5.8.3.2 Assumptions about factors that Montea can influence directly

Net rental income

The net rental income is estimated on the basis of the current contracts, taking into account the assumption used, pegged to the index (see below) of the leases that are applied for each contract separately, taking into account the anniversary date of the contract.

For leases with a termination option in 2018, conservative re-leasing (extension or renewal) estimates are made on an individual basis.

Furthermore, growth potential of € 100 million is assumed, of which € 70 million was already known at the time that the forecasts were made. The known investments contribute to the rental income in accordance with the timing and yield negotiated or under negotiations. The other investments (projection spread over Q3 and Q4 2018) will yield at a rate lower than the average yield of the current portfolio (see section interest charges). The capital structure is hereby kept stable with the debt ratio around 55%.

Other rent-related operating revenues and expenditures

This section comprises the rental charges borne by the owner as well as the passing on of those rental charges to the tenants. For existing projects and known investments, these revenues and expenditures are recognised in accordance with the lease. For other investments (projection spread over Q3 and Q4 2018), we rely on triple net leases.

Furthermore, this section includes income from solar panels that are recognised in line with the generated income of 2017 without further extension in 2018, with the exception of the income from the acquisition of Orka Aalst NV[75], as well as the management fee for immovable property that Montea charges to the tenants.

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[75] See press release of 22/12/2017 or www.montea.com for more information.

Property costs

These costs comprise primarily brokerage commissions, internal management fees and costs and charges relating to vacant properties. They are estimated for 2018 on the basis of the current portfolio and expectations concerning new investments.

Company overheads

These costs comprise chiefly:

- The rental of offices in France and the Netherlands
- Marketing costs, financial and commercial communication
- Estimated fees payable to advisors such as property experts, lawyers, tax experts, IT costs and auditor's fees
- The annual subscription fee payable for Regulated Real Estate Companies
- Fee for listing on Euronext
- The internal operating expenses of Montea, i.e. the remuneration of the statutory manager of Montea Comm. V.A. and labour costs, exclusive of internal management fees

Overheads are included in the budget on the basis of the actual costs in 2017, plus indexing of 2%. Marketing and personnel costs are provided on the basis of a best approximate estimate.

Interest charges

The estimate of interest charges is based on changes in financial debts, starting with the financial debt as at 31 December 2017, plus additional investments (known and projected) through borrowed capital, taking into account a stable debt ratio around 55%.

The interest rate calculation is based on an overall average financing cost[76] of 3% for 2018 calculated on the basis of the increased degree of hedging at the start of 2018 (87.7% on 1 January 2018) to be gradually brought up to 80% by the end of 2018. A weighted average credit margin, as well as the reservation cost for existing credit facilities not used and the cost of the interest hedging instruments are taken into account in the calculation of the overall financing cost. The assumptions are made on the premise that no loans will be repaid early, and that ongoing IRS contracts will not be settled early either.

The total financial cost was subsequently lowered with an estimated amount of capitalised interest calculated on the ongoing project developments. No interest was capitalised for the additional projection. In this way, the calculated interim interest is neutralised in the financial cost account and recognised in the investment cost of the project on the asset side of the balance sheet until it is delivered and starts to generate rental income.

Taxes

This item comprises the annual corporate tax payable. The taxable base of Montea Comm. V.A. is almost nil, given the fiscal transparency that Montea enjoys (except for the effect on the rejected expenses and abnormal benefits). The relevant dividend tax on an estimate of the taxable base of the fiscal entity Montea SCA (branch in France) and the fiscal entity Montea Netherlands is estimated in this section.

Furthermore, for the other companies, direct subsidiaries of Montea Comm. V.A. which do not qualify as SIIC (France) or FII (Netherlands), an estimate was made on the basis of the estimated local results.

[76] Cf. section 8.10 of the annual financial report 2017 of Montea.

5.8.3.3 Assumptions about factors that Montea cannot influence directly

An indexing level in 2018 based on the economic consensus expectations is taken into account for the development of rental income.
The calculation of the interest rate is based on a 3-month Euribor rate of 0%.

The changes in the fair value of the hedging instruments are not cash items and have therefore no impact on the EPRA earnings. So no assumptions are made about this item.

The same rationale shall apply to the changes in the fair value of the property portfolio.

The prospects can moreover be influenced by market, operational, financial and regulatory risks, as described in Chapter 1: Risk factors, of the annual financial report 2017 of Montea.

5.8.3.4 Forecast of EPRA earnings

On the basis of the foregoing assumptions and current forecasts for 2018, Montea expects an increase in EPRA earnings of 5% per share per year, from € 2.58 per share to € 2.71 per share.

		Actual 2017 (k EUR)	Budget 2018 (k EUR)
EPRA RESULT		**26.785**	**31.817**
number of shares (weighted average)		10.392.676	11.733.045
per share		2,58	2,71
OPERATIONAL MARGIN		**38.830**	**43.414**
NET RENTAL RESULT	(A)	**40.793**	**47.655**
Recharges and other RE income	(B)	3.170	1.786
REAL ESTATE RESULT		**43.963**	**49.441**
Real estate costs	(C)	-1.246	-2.013
OPERATIONAL REAL ESTATE RESULT		**42.717**	**47.428**
General costs / other costs and income	(D)	-3.887	-4.013
OPERATIONAL MARGIN	(E)	**38.830**	**43.414**
OPERATIONAL MARGIN (%)	(E) / (A) =	**95,2%**	**91,1%**
FINANCIAL RESULT		**-11.107**	**-10.959**
TAX RESULT		**-938**	**-638**

5.8.3.5 Forecast of consolidated balance sheet

The following assumptions were made when drawing up the projected consolidated balance sheet:

Montea targets a growth in its property portfolio of ca. € 100 million and the further development of projects, as well as some direct property acquisitions.

A stable debt ratio between 50% and 55% was taken into account for the changes in equity capital. To maintain the debt ratio, the projected EPRA earnings for financial year 2018 were recognised, which should result in a debt ratio of ca. 55.5% by the end of 2018.

On the other hand, the debt ratio was taken into account for the changes in borrowed capital. The forecast for financial debts was drawn up taking account of the expected investment volume and the part that is expected to be financed by equity capital (see above).

	Actual 2017	Budget 2018
	(k EUR)	(k EUR)
TOTAAL ACTIVA	**748.426**	**846.843**
Vastgoedbeleggingen	**718.729**	**817.146**
Andere activa	**29.697**	**29.697**
TOTAAL PASSIVA	**748.426**	**846.843**
Eigen vermogen	**333.029**	**349.666**
Verplichtingen	**415.397**	**497.177**
Langlopende verplichtingen	**386.251**	**484.667**
Voorzieningen	0	0
Andere langlopende financiële verplichtingen	11.707	11.707
Uitgestelde belastingen - verplichtingen	0	0
Andere langlopende verplichtingen	374.543	472.960
Kortlopende verplichtingen	**29.147**	**12.509**
Voorzieningen	0	0
Andere kortlopende fianciële verplichtingen	0	0
Overlopende rekeningen	15.542	15.542
Andere kortlopende verplichtingen	13.605	-3.033
SCHULDGRAAD	**51,9%**	**55,5%**

5.8.3.6 Dividend forecast

The dividend policy is determined by the Board of Directors of Montea and presented after the end of the financial year at the annual general meeting of shareholders. Based on the projected EPRA earnings for 2018, Montea expects a further increase in dividend of 3% per share, which will lead to a gross dividend of € 2.24 per share, and a payout ratio of +/- 84%.

5.8.4 Auditors report on the forecasts 2018

Building a better working world

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Statutory auditor's report on the consolidated financial forecasts of Montea Comm VA

As a statutory auditor of the company and applying the EC regulation n° 809/2004 of the European Commission of 29 April 2004, we have prepared the present report on the forecasts of the consolidated EPRA result of Montea Comm VA ("the consolidated financial forecasts") for the accounting year 2018, and included in chapter 5.8 of the 2017 consolidated annual report as approved on 20 February 2018 by the Board of Directors of the Company.

The assumptions included in paragraph 5.8 result in the following consolidated EPRA result for the accounting year 2018:

Date: accounting year 2018, ending on 31 December 2018

Consolidated EPRA result: increase of 5%

Management's responsibility

It is the management's responsibility to prepare the profit forecast, together with the material assumptions upon which it is based, in accordance with the requirements of EU Regulation n° 809/2004.

Auditor's responsibility

It is our responsibility to provide an opinion on the forecasts as required by Annex I, item 13.2 of the EU Regulation n° 809/2004. We are not required nor do we express an opinion on the possibility to achieve that result or on the assumptions underlying these forecasts.

We performed our work in accordance with the auditing standards applicable in Belgium, as issued by the Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises including related guidance from its research institute and on the International Standard on Assurance Engagements 3400 relating to the examination of prospective financial information. Our work included an evaluation of the procedures undertaken by management in compiling the forecasts and procedures aimed at verifying the consistency of the methods used for the forecasts with the accounting policies normally adopted by Montea Comm VA. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with reasonable assurance that the forecasts have been properly compiled on the basis stated.

Since the forecasts and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecasts. Any differences may be material.

Statutory auditor's report of 29 March 2018 on the consolidated financial forecasts of Montea Comm VA

Opinion

In our opinion:

(i) the forecasts have been properly compiled on the basis stated; and

(ii) the basis of accounting used for these forecasts is consistent with the accounting policies of Montea Comm VA as applied in the consolidated financial statements of the accounting year ending on 31 December 2017.

Brussels, 29 March 2018

Ernst & Young Réviseurs d'Entreprises sccrl
Statutory auditor
Represented by

Joeri Klaykens*
Partner
* Acting on behalf of a BVBA/SPRL

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5.9 Corporate Governance statement

5.9.1 Applicable legislation and reference code

This corporate governance statement contains the most important rules that Montea has adopted from the legislation and the recommendations on corporate governance and the way these have been applied in 2017.

Montea is thus incorporating the provisions recorded in the Belgian Corporate Governance Code 2009 (www.corporategovernancecommittee.be). Should it deviate from this, it shall include this deviation in this corporate governance statement, pursuant to Article 96, §2 of the Belgian Company Code. This takes into account the size of the company and the nature of its activity.

The applicable legislation includes not only the Companies' Code, but also the Act regarding regulated real estate companies (the **RREC Act**) and the Royal Decree relative to regulated real estate companies (the **RREC RD**).

This statement of corporate governance is part of this annual report, pursuant to Article 96, §2 and § 3 of the Company Code.

Montea's company type is a General Partnership by shares and has only one appointed statutory manager (the Manager). This Statutory Manager, Montea Management NV, is a Limited Liability Company. As general partner, it is jointly and severally liable without limitations for all of Montea's obligations.

The Company and its Manager respect the provisions of the Belgian Corporate Governance Code 2009 and the legal recommendations on corporate governance by applying these within the organisation of the management of the Manager. As managing body of the Manager of the company, it is the Board of Directors of Montea Management NV, which collegially takes decisions concerning the values and the strategies of Montea, on the principal policy lines and its willingness to take risk.

The structure of the general partnership by shares is thus considered as transparent in terms of corporate governance.

In the corporate governance charter of 11/08/2016 (see www.montea.com/investor-relations/corporate information) and in this corporate governance statement, the term "board of directors" refers to the board of directors of Montea's manager, Montea Management NV.

The Company has so far complied with the provisions of the Corporate Governance Code with the exception of the following provisions:

- pursuant to provision 4.6 of the Corporate Governance Code 2009, the mandate of director shall not be more than four years. This limit may be waived in order to make some rotation in the board of directors. This exception applies on the one hand for the Managing Director appointed on 17/05/2016 for six years, to enable him to implement a long-term strategy and, on the other hand, this applies also for the Chairman of the Board of Directors appointed on 19/05/2015 for six years to ensure the continuity of policy.
  For more information, please see the table in section 6.8.4.2, A (Board of Directors – Composition).

- in view of the limited size of the company, the Board of Directors of the company's manager has decided not to establish a separate appointments committee. The duties of the appointments committee will be handled by the remuneration committee, in the remuneration and appointments committee;
- pursuant to provision 2.9 of the Belgian Corporate Governance Code 2009, the Board of Directors of the Manager must appoint a secretary who advises the Board on all governance matters. This has not happened as yet, given the limited staff and limited complexity of the company's organisation. However, an agreement was closed with a lawyer, if necessary, to provide advice in governance matters and in the application of corporate governance rules.

5.9.2 Statements on Directors

The Board of Directors of Montea Management NV states that to their knowledge:

- during the previous five years (i) no single director was convicted of fraud, (ii) there was no director, in the capacity of member of the administrative, managerial or supervisory body, involved in a bankruptcy, suspension or dissolution, (iii) no director was accused and/or the subject of a public official nominative sentence pronounced by a statutory or regulatory body, and (iv) there was no director declared incompetent by a court to act as a member of the administrative, managerial or supervisory body of an issuer of financial instruments or to intervene in the management or administration of the affairs of an issuer or in connection with the management or the exercise of the activities of an issuing institution. By "directors" are also meant the permanent representatives of the directors-legal entities.
- no employment contract was concluded with the directors providing for the payment of compensation by the end of the contract. There is a management contract between the Montea Management NV and the directors providing for the payment of a fee[77].
- that it is aware of its directors owning shares of Montea or not.
- the fact that up to now, with exeption of the executive directors and some members of the executive management, no options for shares of Montea have been granted.

5.9.3 Report on internal audit and risk management systems

5.9.3.1 General

The board of directors of the Manager is responsible for assessing the risks that are characteristic of the Company and also for assessing the effectiveness of internal auditing.

In turn, the Company's executive management is responsible for putting in place a system for monitoring risk management and the effectiveness of internal auditing.

Montea organises the way the Company's internal auditing and risks are managed by:

- defining its audit environment (general legal, financial and operational context);
- identifying and ranking the main risks[78] to which the Company is exposed;
- analysing the extent to which the Company manages these risks.

---

[77] See chapter "Executive Management and day-to-day management of the Manager"
[78] We refer to chapter 1: Risk factors for the description of these risks.

As part of this process, special attention is also paid to the reliability of the reporting and financial communication process.

5.9.3.2 The audit environment

The main features of the audit environment consist of:

- The culture of risk
  Montea conducts itself responsibly in order to generate steady and recurrent revenue. Montea adopts a cautious approach regarding its investment policy and will avoid any speculative projects.

- A clear description of the Company's purpose
  Montea is a leading RREC, listed on the stock exchange, which specialises in logistics property. Montea has set itself the aim of building up a diversified property portfolio that generates stable and recurrent income. In doing so, Montea allows itself to be guided by the interests of the logistics world in Belgium, the Netherlands and France.

- A definition of the role of the various management bodies
  Montea has a Board of Directors, an audit committee, a remuneration and appointments committee and three investment committees. The audit committee has the specific task of handling the company's internal auditing and risk management. Montea is assisted by third parties (EY, Primexis and ARAB/Deloitte in Belgium, France and the Netherlands) for accounting and tax matters, with only material support from these parties (this is in no way a delegation of management tasks).

- Company organisation
  The Company is organised into various departments, which are shown in an organisation chart. Each person within the organisation is aware of what powers and responsibilities have been allocated to them.

- Measures to ensure sufficient capabilities
  The Company assures itself that the following have sufficient skills and capabilities:
  - directors (see below): in view of their experience the directors have the skills they need to carry out their mandate, including in the area of accountancy and general financial matters, legal matters and knowledge of the logistics market;
  - executive management and staff: carrying out the various functions within the Company is assured by:
    - a recruitment process based on carefully defined employee profiles;
    - an assessment policy and appropriate remuneration based on achievable and measurable objectives;
    - appropriate training for all positions within the Company.

5.9.3.3 Risk analysis and audits

The person, in charge of the company's risk management, draws up a list of all risks that are evaluated by the audit committee twice a year. These risks are discussed in the chapter on "Risk factors" in this report.

The Company's specific audit processes can be subdivided into the following categories:

- audits based on statutory requirements:
  every transaction involving the purchase or sale of property can be traced in terms of origin, the parties involved, the nature of the transaction and the time it was carried out, by using official notarised documents or other legal documents such as a Share Purchase Agreement.
- audits based on internal procedures:
  - any purchase, sale and lease contract is signed by the permanent representative of the Manager and at least one of the Manager's directors;
  - incoming invoices are approved by at least 2 people (the person responsible and the manager of each department). All incoming invoices (from the different countries) are also additionally approved by the CEO.
  - outgoing payments are approved by 2 people (2 effective managers and/ or the CFO and 1 effective manager).
- audits on financial matters:
  - the Company is assisted by an external adviser with regard to consolidation or other accounting matters, including tax advice, whenever necessary;
  - analytical lists are kept on record and each closing period matching the accounts for both the assets and the liabilities of the balance sheet (Reporting Valuation file and Finance Overview)
  - at each closing period an overview is conducted of any discrepancies in the actual costs and income, compared with the budget and compared with the actual costs and income of the previous year;
  - ad hoc samples are taken according to their material importance.
- audits in the area of the main financial risks, such as:
  - consulting external database in relation to the creditworthiness of customers;
  - the proactive monitoring of interest rate risks, in which the Company is assisted by external hedging consultants.

5.9.3.4 Financial information and communication

General communication within the Company is tailored to the size of the Company. It is based mainly on general staff communication, internal work meetings and general e-mail traffic.

The process of financial information is based on retroplanning made on a quarterly, half-yearly and annual basis. The internal accounting team in Belgium and the external office in France and in the Netherlands provide the accounting figures. These figures are consolidated and verified by the controlling team, which reports to the CFO.

5.9.3.5 Supervision and assessment of internal auditing

The quality of internal auditing is assessed during the course of the financial year by:

- the audit committee;
- the Auditors as part of their half-yearly and annual audit of the financial figures;
- the person responsible for internal audit: an internal audit programme has been approved in the audit committee. The internal audit function at Montea has been delegated for a term of three years (as of 23 September 2014) to an external contractor BDO Bedrijfsrevisoren BV o.v.v.e CVBA, represented by Mr Koen Claessens. The final responsibility for the internal audit lies with the effective manager PSN Management BVBA, represented by its permanent representative Peter Snoeck.

5.9.4 Board of Directors and committees

5.9.4.1 General

Montea has the legal form of a joint stock company and was accredited on 26th September 2006 by the FSMA as a public property trust under Belgian law. This accreditation came into effect on 1st October 2006. On 22nd September 2014, Montea was accredited by the FSMA as a public regulated real estate company under Belgian law. This accreditation came into effect on 30th September 2014, which was the date on which Montea's extraordinary general meeting voted to approve the new status.

In accordance with the Company Code and its articles of association, Montea is managed by a statutory Manager/Partner, Montea Management NV ("Montea Management" or the "Manager"), a company that is jointly and severally liable, without limitation, for all commitments made by Montea and which itself is represented by its permanent representative, Mr Jo De Wolf. On June 23, 2016 Montea Management was reappointed as statutory manager of Montea for a period of ten years.

Montea Management is managed by a Board of Directors that is made up in such a way that Montea can be run in accordance with article 4 of the RREC Act and has at least three independent directors in the sense of article 526c of the Companies' Code, in accordance with the requirements of the Act of 12th May 2014 and the RD of 13th July 2014 relating to regulated real estate companies.

The structure of the partnership limited by shares is totally transparent. This means that all of the rules of the Act of 12th May 2014 and the RD of 13th July 2014 relating to regulated real estate companies apply to its management body, the Manager and the directors of the Manager.

In this regard, Montea has expanded the principles in the area of corporate governance to the directors of the Manager.

Montea's corporate governance structure, in accordance with the Belgian Corporate Governance Code 2009, can be shown diagrammatically as follows:

- the management bodies, on two levels:
  - the Manager, Montea Management NV, represented by its permanent representative, Mr Jo De Wolf;
  - the board of directors and the individuals to whom the day-to-day management of Montea Management NV is entrusted;
- the supervisory bodies:
  - internal: supervision of the day-to-day management by the effective managers, supervision by the compliance officer and the person tasked with the risk management of the company and the person tasked with the internal audit;
  - external: the auditors and the FSMA.

The individuals who form part of the company's Board and statutory manager have their business address at Montea's registered offices (solely for matters relating to Montea).

5.9.4.2 Board of Directors

A. Composition Board of Directors

(i) Appointment

The members of the Board are appointed by the General Meeting of Montea Management NV by a simple majority from a list of candidates presented by the Board of Directors on the advice of the Renumeration and Nomination Committee. With the exception of one share held by Jo De Wolf, the General Meeting of the Manager is composed of the five children of the late Mr Pierre De Pauw, who each hold 20% of the shares.

The members of the Board of Directors are all natural persons.

The directors are in principle appointed for a maximum period of four years, but, contrary to recommendation 4.6. of the Belgian Corporate Governance Code 2009, this limit may be waived in order to make a certain rotation within the board.

Nominations for appointments or renewal of appointments, or the non-renewal or the resignation of directors will be submitted in advance to the FSMA for approval and/or communication purposes pursuant to article 14, §4, paragraph 4 of the RREC Act.

The appointment process is led by the Chairman of the Board of Directors. Nominee directors or candidates for reappointment as director are nominated by the board of directors to the shareholders of the Manager on recommendation of the Remuneration and Nomination Committee.

Before any new appointment, an evaluation is made of the skills, knowledge and experience already present on the Board and for which there remains a need. This ensures the necessary diversity and complementarity of the diverse backgrounds and skills of the directors. A profile of the required role is detailed.

Non-executive directors are made aware of the extent of their duties at the time of their candidacy nomination.

(ii) Qualification requirements

The members of the Board of Directors are evaluated on the basis of the following criteria:

- knowledge of the sector of transport and logistics in Belgium and in Europe;
- knowledge of the operation of seaports and of the contacts with their operators;
- knowledge of the construction industry and of the market for logistics property in the Belgium, the Netherlands and France;
- knowledge of the logistical flows of goods;
- knowledge in the field of real estate development projects;
- experience in leading a Board of Directors or in participating in such a board, of a listed (real estate) business;
- financial knowledge and knowledge of corporate finance in the context of complex real estate transactions.
- knowledge of accountancy codes including the IFRS rules.

Non-executive directors may not hold more than five (5) directorships in listed companies simultaneously. Any changes to their other commitments outside Montea are to be reported to the Chairman and the Renumeration and Nomination Committee in a timely manner.

In accordance with article 13 of the RREC Act, at least three directors must be independent in the sense of article 526c of the Companies' Code. At the present time, the following directors comply with the independence criteria of the aforementioned article 526c of the Companies' Code:

- Ciska Servais;
- Sophie Maes;
- André Bosmans [79];
- Michel Delbaere[80].

(iii) Composition

The Board of Directors is made up of nine[81] members. The composition of the Board of Directors was as follows at 31st December 2017:

Name	Acting as/Function	Start date mandate	Eind date mandate
Dirk De Pauw	Executive director and since 1/10/2014 also chairman of the board of directors	01/10/2006	18/05/2021
Jo De Wolf	Managing director, Chief Executive Officer (CEO).	30/09/2010	17/05/2022
Peter Snoeck	Executive director	01/10/2006	15/05/2018
André Bosmans	Independant, non-executive director	01/10/2006	15/05/2018
Jean-Marc Mayeur	Non-executive director	15/05/2012	15/05/2018
Dirk Vanderschrick [82]	Non-executive director	15/05/2012	16/05/2017
Ciska Servais	Independant, non-executive director	21/05/2013	21/05/2019
Sophie Maes	Independant, non-executive director der	03/10/2013	21/05/2019
Michel Delbaere	Independant, non-executive director	17/05/2016	31/12/2017
Greta Afslag	Non-executive director	16/05/2017	19/05/2020

Based on the advice of the remuneration and appointments committee, the Board of directors has verified that the independent directors meet the independence criteria of article 526ter of the Company Code.

With effect from 16th May 2017, the directors' mandates of Greta Afslag began for a term of three years (until the annual general meeting of 2020).

The Board currently has three female members, which means that since 01/01/2018 more than 1/3 of the directors have a different gender.

(iv) Curricula

Following is the brief curriculum of each of the directors or, in case of the companies being directors, of their permanent representatives, with report of the other mandates they have fulfilled in the course of the past five years as members of the administrative, management or supervisory bodies in other companies (with the exception of the subsidiaries of the Company).

79 The directors' mandate of André Bosmans expires on 15 May 2018. In the event of a reappointment by the general meeting as director, he will no longer qualify as an independent director since he will have been a director for 12 years in accordance with article 526ter, 2 ° Company Code.

80 Michel Delbaere is since 1 January 2018 no longer administrator of Montea.

81 However, From 1 Januari 2018 the Board of Directors is only composed of eight members due to the termination of Mr Delbaere's mandate .

82 Dirk Vanderschrik is since 16 May 2017 no longer administrator of Montea.

Dirk De Pauw
Representative of the family De Pauw
Chairman of the board of directors and of the investment committees
Start of mandate: 1/10/2006 - Renomination till 18/05/2021

Dirk De Pauw, born in 1956, is one of the founding shareholders of Montea. He received his diploma in accounting and business management from the INHUS in Ghent, followed by additional training at the Vlerick Leuven Gent Management School.

a. The mandates that have lapsed in the past five years: none
b. The current mandates:
   Since 1982 he has been managing director of the NV CLIPS in Asse. Dirk De Pauw is Chairman of the board of directors of the Manager of Montea and Chairman of both Investment committees of the Company. He represents the Pierre De Pauw family on the Board of Directors.

Jo De Wolf BVBA
Executive Director and CEO
Start of mandate: 30/09/2010 - Renomination till 17/05/2022[83]

Jo De Wolf, born in 1974, holds a Master's degree in Applied Economics from KU Leuven, an MBA from the Vlerick Leuven Ghent Management School and pursued the Master's Real Estate programme at the KU Leuven.

a. The mandates that have lapsed in the past five years:
   Nil
b. The current mandates:
   As of 19 October 2010, Jo De Wolf BVBA, represented by Mr Jo De Wolf, was appointed as effective leader of Montea Comm. VA, in accordance with Article 14 of the RREC Law).
   Since May 2011: Director of BVS-UPSI (Professional Association of the Property Sector).
   Since December 2016: Director of Good Life Investment Fund.

Peter Snoeck
Representative of the Family De Pauw – Executive director
Start of mandate: 1/10/2006 - Renomination till 15/05/2018

Peter Snoeck, born in 1957, received his diploma in industrial engineering in electromechanics in Ghent. He then studied business management at the KUL (Katholieke Universiteit Leuven) and pursued training to become a realtor.

a. The mandates that have lapsed in the past five years: none
b. The current mandates:
   Since 2006, Peter Snoeck has been executive director of the Manager of Montea. He represents the Pierre De Pauw family on the Board of Directors. PSN Management BVBA, represented by Mr Peter Snoeck has been appointed as an effective manager of Montea Comm. VA, in accordance with article 14 of the RREC Act.

[83] In previous annual reports, the end date of the mandate of Jo De Wolf BVBA was incorrectly stated.

André Bosmans
Independent, non-executive Director
Start of mandate: 1/10/2006 – Renomination till 15/05/2018

André Bosmans, born in 1954, earned a law degree (State University of Ghent - RUG) and earned a diploma in 1978 as notary public at the RUG.

a. The mandates that have lapsed in the past five years:
   Cardev NV, City Mall Development NV, City Mall Invest NV, Dolce La Hulpe NV, Luso Invest NV, S.D.E.C. NV.
b. The current mandates:
   He has been, through his management company, Secretary-General, member of the Executive committee of Banimo (since April 2016) and director of the stock quoted Banimmo NV (since 2011), NV Comulex since 2016, NV IPS (since 2016) and NV Lex 84 (sinces 2016).
   He is in personal name director of the NV Grondbank The Loop and Schoonmeers Bugten NV and manager of CVBA P.D.S.M. He is, finally, independent director of NV VEDIS in his personal name and of NV International Commerce and Trading through his management company. He is a member of the executive committee of Belgian Land NV. He is member of the investment committee "Vastgoed" of PMV.
   He is a member of the board of directors and chairman of the Executive Committee of VZW Baluchon Alzheimer.
   He is chairman of the board of directors and of the investment committee as independent director of the NV ReKode, company manager of the SCA Inclusio.

Jean-Marc Mayeur
Non-executive Director
Start of mandate: 15/05/2012 – Renomination till 15/05/2018

Jean-Marc Mayeur, born in 1970, has a degree in Commercial Engineering (Solvay Business School – ULB).

a. The mandates that have lapsed in the past five years: Retail Estates
b. De current mandates:
   Federale Management since 2012.
   Federale Invest since 2013.
   Since 2012, director of various real estate subsidiaries investing in student rooms and in nursing homes and merged in 2017 in Federal Real Estate Investment Management.
   The Hype since 2017, a joint venture between Federal Real Estates and Eaglestone.
   LEAPPP since 2017, a joint venture between Federale and Willemen.
   Since May 2012 he has represented Federale Verzekering as Chief Investment Officer as a director of Montea.

Ciska Servais
Independent, non-executive director
Start of mandate: 21/05/2013 – Renomination till 21/05/2019

Ciska Servais, born in 1965, has a degree in Law, a Master's in International Legal Cooperation and a special diploma in Environmental Sciences.

a. Mandates expiring in the past five years: nihil
b. Current mandates:
   Quoted CFE NV (construction company) and Astrea BV CVBA (law practice).

Sophie Maes
Independent, non-executive director
Start of mandate: 03/10/2013 - Renomination till 21/05/2019

Sophie Maes, born in 1957, has a degree in Commercial and Financial Sciences.

a. Mandates expiring in the past five years:
   - Mandates in her own name: Messiaen NV, Espace Belliard NV, Alides NV, Fonsny NV, R. Maes NV, MAPP SCI, Imco SCI, Alides Projects NV, Krekelendries NV, Immo Spa NV, ACS Technics NV, Building Hotel Maes NV, Aedifica NV, Investissement Leopold SA.
   - Mandates of the company Insumat: Aedifica NV, Aalterpaint NV, Alides Projects NV, Paestum NV.

b. Current mandates:
   - In her own name: Director of Insumat NV, Promotion Leopold NV, Profin BVBA, Algemene Bouw Maes NV P+eState CVBA, ACS Technics NV, Edonia SpZoo, Argolla SpZoo, Voka – Kamer van Koophandel Oost-Vlaanderen, VOKA Vlaams Economisch Verbond VZW, BVS-UPSI, BNP Paribas Fortis Bank (Advisory Board).
   - Current mandates of the company Insumat: Director of Alides REIM NV, Building Hotel Maes NV, Investera NV, Investpool NV, ACS Technics NV, Alides Properties NV, Espace Belliard NV, Fonsny NV, Gindac NV, Immo Spa NV, Krekelendries NV, R. Maes NV, Ghent Industrial Investment NV, VIA, VINEA, Rinkkaai, Gdansk Development Holding NV, Parkrand,Edegem NV, Prins Boudewijn NV.

Greta Afslag
Non-executive director
Start of mandate: 16/05/2017 – Nomination till 19/05/2020

Greta Afslag, born in 1962, has a degree in Master in Applied Economics at KU Leuven .

a) Mandates expriring in the past five years: nihil.
b) Current mandates:
   Since 1998 director of VDL Interass, insurance broker.
   Since 2010 director of Belins invest , investment company.
   Since 2017 director of Montea.

B. Duties of the Board of Directors

Montea Management NV acts, in carrying out its duties in the capacity of Manager, in the exclusive interest of Montea. The Board of Directors of Montea Management NV has the following specific duties in this context:

- defining the strategy of Montea, its risk profile and in particular defining the sectors and the geographical area in line with the relevant legal requirements;
- approval of investment decisions in line with relevant legal requirements;
- monitoring and approval of periodic financial information;
- oversight of the executive management, particularly in light of strategy monitoring;
- approval of public information;
- proposal of profit distribution;
- other duties expressly assigned to the manager (strategy and budget, annual, quarterly and half-yearly accounts, use of the authorized capital, approval of the merger/demerger reports, convening of the Ordinary and Extraordinary General Meetings, organising the decision-making bodies and appointing their members).

C. Activity Report of the Board of Directors

The Board of Directors met on five occasions in 2017. In between, where necessary in the interests of the company, there were ad hoc meetings of the Board of Directors via telephone conferencing. The directors attended in the way illustrated by the table below:

Name	Function	Director, representative of	Start 1st mandate	End mandate	Presence 2017
Dirk De Pauw	Chairman and executive director	Family De Pauw	October 2006	May 2021	5/5
Jo De Wolf	Managing director	Gedelegeerd bestuurder	September 2010	May 2022	5/5
André Bosmans	Independant, non-executive director	Independant, non-executive director	October 2006	May 2018	5/5
Peter Snoeck	Executive director	Family De Pauw	October 2006	May 2018	4/5
Jean-Marc Mayeur	Non-executive director	Federale Verzekering	May 2012	May 2018	5/5
Dirk Vanderschrick	Non-executive director	Belfius Insurance Belgium	May 2012	Ended earlier in May 2017	0/3
Ciska Servais	Independant, non-executive director	Independant, non-executive director	May 2013	May 2019	4/5
Sophie Maes	Independant, non-executive director	Independant, non-executive director	October 2013	May 2019	5/5
Michel Delbaere	Independant, non-executive director	Independant, non-executive director	May 2016	May 2019	2/5
Greta Afslag	Non-executive director	Belfius Insurance Belgium	May 2017	May 2020	2/2

The issues addressed at the Board of Directors' meetings include the following issues:

- review and discussion of the reports from the remuneration and appointments committee;
- review and discussion of the reports from the audit committee;
- review and discussion of the reports from the investment committees;
- deliberation and decisions regarding investments and divestments on the advice of the investment committees;
- deliberation and decisions regarding the quarterly, half-yearly and annual consolidated and statutory financial statements and press releases;
- discussion and approval of the annual budget;
- evaluation and monitoring of the strategy set;
- deliberation and decisions regarding the increase in capital in cash of 26 September 2017.

D. Operation of the Board of Directors

In order to optimise the operation of the Board of Directors, it has established two advisory committees within itself and answerable to it:

- the Audit Committee
- the Remuneration Committee, which also functions as a Nomination Committee given the limited size of the Company.

The Board of Directors assesses the effectiveness of its committees.

After each committee meeting the Board of Directors receives a report on that committee's findings and recommendations. In between meetings, ad hoc information is sent to the directors and any director may demand any information at first request at any time through the Chairman of the Board of Directors.

Individual directors and the committees may at any time, through the Chairman of the Board of Directors, request the Board of Directors to call upon external experts (legal advisors, tax advisors etc., in accordance with Article 4.11 of the Belgian Corporate Governance code 2009) under the aegis of the company. These external experts may be appointed in the light of new purchases, divestments and new regulations on environmental and legal matters.

The Board of Directors is obliged to examine such questions from a director or committee if they are approved by a majority of the directors. The Board of Directors is advised on investment projects by three investment committees, of which the composition is determined by the Board. To this effect, a third investment committee for the Netherlands was created in 2016.

Given the size of the company, its activities and the efficiency of its decision-making process, there is no need to formally designate a secretary.

E. Chairman of the Board of Directors

The Chairman of the Board is chosen by the Board of Directors from amongst its members. The Chairman is appointed on the basis of his knowledge, skills, experience and mediation abilities.

The post of Chairman may not be combined with that of CEO.

The Chairman has the special duty to:
- promote the leadership and proper functioning of the Board of Directors;
- act as intermediary between the Board and the CEO;
- ensure that the directors and its committees have accurate, timely and clear information for the meetings and if necessary, between the meetings. In this context, the agenda of the Board and its committees is set at the beginning of each calendar year;
- to chair, lead and ensure the smooth running of the shareholders' meetings.

F. Professional development of directors

Professional development of directors is guaranteed by:

- on the one hand, the personal development of each director in their own field of expertise by attending various seminars and the change in the property market;
- and on the other, by the organisation of various in-house trainings and seminars.

This year there have been informal training sessions about a/o the evolution of the logistics property market.

G. Evaluation of directors

The evaluation of the directors is done at different levels:

- the Board of directors performs an annual evaluation of its size, composition, functioning and performance, as well as that of the committees and the interaction with executive management;
- the directors evaluate each other on a permanent basis and may put problems or comments about the contribution of a director on the agenda for the Board of directors or may discuss this with the Chairman. The Chairman can then, at his discretion, take the necessary steps.

The board of directors is assisted in this by the remuneration and nomination committee, as well as by any external experts, as required.

The contribution of each director is assessed on a periodic basis so that in the event of changing circumstances, the composition of the board of directors can be modified. In the event of a re-appointment, an assessment is conducted of the director's contribution based on a previously defined and transparent procedure.

The board of directors ensures that directors can be succeeded. It also sees to it that all appointments and re-appointments of both executive and non-executive directors allow for an even balance of qualifications and experience within the board of directors to be maintained.

5.9.4.3 Audit committee

A. Composition of the audit committee

(i) Set-up

The audit committee was established under Article 526bis of the Belgian Company Code put into effect on 1 January 2009 and assists the Board of Directors in fulfilling its oversight role on the internal and external audit in the broad sense of the term.

(ii) Composition

The audit committee is made up of the following directors:

- Sophie Maes, chairman of the audit committee, non-executive and independent director;
- Ciska Servais, non-executive and independent director;
- Mr Dirk Vanderschrick, non-executive director (member till 16/5/2017);
- Jean-Marc Mayeur, non-executive director (member since 16/05/2017).

According to Article 526*bis* of the Belgian Company Code, at least one member of the Audit Committee must have the necessary expertise in the field of accountancy and auditing. We refer to the wide experience and expertise of the total committee:

- Mrs Sophie Maes has relevant experience as CEO of the various companies in the Maes group;
- Mr Dirk Vanderschrick has relevant experience given that he is responsible for retail and commercial banking at Belfius Bank;
- Mrs Ciska Servais has relevant experience as a member of the audit committee at CFE NV;
- Mr Jean-Marc Mayeur has relevant experience as director of several branches of Federale Verzekering.

When the audit committee deliberates on the annual financial audit, an external financial adviser and/or Auditor can also be invited to attend the meeting, if so desired.

B. Duties of audit committee

The audit committee is charged with the legal duties in accordance with Article 526*bis* of the Belgian Company Code. The duties of the audit committee include:

- assisting the Board of Directors in its supervisory responsibilities, particularly with regard to providing information to shareholders and third parties;
- monitoring of the financial reporting process, particularly of the quarterly, half-yearly and annual results;
- monitoring of the legal control of the annual statutory accounts and the consolidated financial statements;
- monitoring the effectiveness of the systems for internal control and risk management of the company;
- monitoring the internal audit and its effectiveness;
- assessing and monitoring the independence of the auditor, and approving the remuneration of this auditor, with particular reference to the provision of additional services to the company;
- analysing the observations made by the auditor, and, where necessary, making recommendations to the Board of Directors;
- ensuring that all legislation relating to any conflict of interest is strictly applied.

In addition, the recommendation to appoint (or renew an appointment) of the Auditor made by the Board of directors at the General Meeting can only be made upon proposal by the Audit Committee.

The Audit Committee reports, after each meeting, to the Board of directors on the performance of its duties, and at least when the Board of directors drafts the annual account and the consolidated annual account, and, as the case may be, the shortened financial summary intended for publication.

C. Audit Committee activity report

In 2016 the audit committee was convened five times. The members' attendance was as shown in the table below:

Name	Function	Presence 2017
Sophie Maes	Independant, non-exective director, President	5/5
Ciska Servais	Independant, non-exective director	4/5
Dirk Vanderschrick	Non-exective director	0/3
Jean-Marc Mayeur	Non-exective director	2/2

At these meetings the issues dealt with included the following:

- discussing the quarterly, half-yearly and annual consolidated and statutory financial statements;
- discussing and evaluating the internal audit systems: (i) follow-up of financial solvency of clients, (ii) follow-up and analysis of current legal matters, (iii) follow-up and analysis of liquidity needs;
- discussing the annual financial figures audited by the auditor-revisor;
- reporting to the full Board of Directors regarding the main conclusions of the Audit Committee.

At two meetings, previous points were also discussed with the auditor. At all meetings, previous points were also discussed with the CEO and the CFO.

D. Evaluation of the audit committee

The most important criteria for evaluating the audit committee and its members are:

- experience in the field of accounting and auditing;
- experience in sitting on other audit committees;
- experience in the analysis, control and monitoring of financial, legal and business risks.

The evaluation of the members and operation of the audit committee is done on a permanent basis (i) both by colleagues and (ii) by the full Board of Directors. If someone has questions regarding the contribution of a fellow colleague/member, he can discuss this with the chairman of the board of directors. The chairman can then, at his discretion, take the necessary steps.

5.9.4.4 Remuneration and Nomination Committee

A. Composition of Remuneration and Nomination Committee

(i) Set-up

The Board of Directors has established a Remuneration Committee in accordance with Article 526quater of the Belgian Company Code. The Remuneration Committee also functions as a Nomination Committee. given the limited size of the company.

(ii) Composition

The remuneration and appointments committee is made up of the following members:

- Ciska Servais, chairman of the committee, non-executive and independent director;
- André Bosmans, non-executive and independent director;
- Sophie Maes, non-executive and independent director.

This composition ensures that the committee has the necessary expertise in the area of remuneration policy on account of their far-ranging professional experience.

Mrs Sophie Maes has a/o relevant experience as CEO of the various companies in the Maes group. Mrs Ciska Servais has among others the relevant experience as member of the remuneration committee of CFE NV. Mr André Bosmans has a/o relevant experience in relation with his current director mandates.

B. Duties of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee performs the following activities on its behalf:

- make proposals to the Board of directors on the remuneration policy for directors and members of executive management and, where applicable, on the resulting proposals that should be submitted to the shareholders by the Board of Directors;

- make proposals to the Board of directors on the individual remuneration of directors and members of executive management, including variable remuneration and long-term performance bonuses, whether or not linked to shares in the form of stock options or other financial instruments, and of severance pay, and where appropriate, the resulting proposals that should be submitted to the shareholders by the Board of Directors;
- preparing the remuneration report that will be added by the Board of Directors in the corporate governance statement in the annual report;
- the explanation of the remuneration report at the Annual General Meeting of shareholders

C. Activity report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee met twice in 2016. The members' attendance was as shown in the table below:

Name	Function	Presence2017
Ciska Servais	Independant, non-exective director, President	1/1
Sophie Maes	Independant, non-exective director	1/1
André Bosmans	Independant, non-exective director	1/1

At these meetings the following issues were discussed:
- evaluation of the management for 2017 and discussion of the goals for 2018;
- discussion and evaluation of the overall staff policy;
- discussion and approval of stock option plan;
- discussion and preparation of the remuneration report 2017.

The CEO attends the meetings of the Remuneration and Nomination Committee whenever it discusses the goals and the remuneration of the executive management and its staff.

D. Evaluation of the Remuneration and Nomination Committee

The functioning of the Remuneration and Nomination Committee is evaluated by means of the following criteria:

- experience in the field of personnel management, remuneration policy and remuneration systems;
- experience in sitting on other remuneration committees.

The evaluation of the members and operation of the Remuneration and Nomination Committee is done on a permanent basis (i) both by colleagues and (ii) by the full Board of Directors. If someone has questions regarding the contribution of a fellow colleague/member, he can discuss this with the chairman of the board of directors. The chairman can then, at his discretion, take the necessary steps.

5.9.4.5 Investment Committees

A. Composition of the investment committees

(i) Set-up

The Board of Directors decided to set up a separate investment committee for Belgium, France and the Netherlands. In 2013, an investment committee for Belgium and France was set up and in 2016 for the Netherlands for the purpose of obtaining professional advice in investment dossiers.

(ii) Composition

The Investment Committee Belgium consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- PSN Management BVBA, represented by Mr Peter Snoeck;
- Elijarah BVBA, represented by Els Vervaecke (CFO);
- PDM cv, represented by Peter Demuynck (Chief Commercial Officer) (CCO);
- GCA Consult BVBA, represented by Mrs Griet Cappelle, Chief Operating Officer (COO).
- EMOR BVBA, represented by Francis Rome;
- Insumat NV, represented by Sophie Maes;
- Brix & Co, represented by Patricia Laureys.

The Investment Committee France consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee, and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- Elijarah BVBA, represented by Els Vervaecke (CFO);
- Jean de Beaufort (General Manager of the subsidiary in France);
- SAS Casamagma, represented by Laurent Horbette

The Investment Committee the Netherlands consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee, and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- Elijarah BVBA, represented by Els Vervaecke (CFO);
- PDM cv, represented by Peter Demuynck (Chief Commercial Officer) (CCO);
- GCA Consult BVBA, represented by Mrs Griet Cappelle, Chief Operating Officer (COO).
- ADK Invest B.V., represented by Ad De Keijzer;
- Rien MTMA van den Heuvel, represented by Rien van den Heuvel.

B. Duties of the Investment Committees

The investment committees are responsible for the preparation of investment and divestment files for the Board of Directors. They also follow the negotiations with the various counterparties of Montea. These negotiations are mainly related to the acquisition (in any form) and the divestment of property, the conclusion of major lease agreements and/or acquisitions of property companies.

C. Investment Committees’ activity report

In 2017, the Investment Committee Belgium met three times. The members’ attendance was as shown in the table below:

Name	Function	Presence 2017
DDP Management BVBA, represented by Dirk De Pauw	President	3/3
Jo De Wolf BVBA, represented by Jo De Wolf	Member	3/3
PSN Management BVBA, represented by Peter Snoeck	Member	3/3
Elijarah BVBA, v represented by Els Vervaecke	Member	3/3
PDM cv, represented by Peter Demuynck	Member	3/3
GCA Consult BVBA, v represented by Griet Cappelle	Member	3/3
Emor BVBA, represented by Francis Rome	Member	3/3
Insumat NV, v represented by Sophie Maes	Member	3/3
Brix & Co, represented by Patricia Laureys	Member	3/3

In 2017, the Investment Committee France met five times. The members' attendance was as shown in the table below:

Name	Function	Presence 2017
DDP Management BVBA, represented by Dirk De Pauw	President	5/5
Jo De Wolf BVBA, represented by Jo De Wolf	Member	5/5
Elijarah BVBA, v represented by Els Vervaecke	Member	5/5
Jean de Beaufort	Member	5/5
SAS Casamagna, represented by Laurent Horbette	Member	5/5

In 2017, the Investment Committee the Netherlands met three times. The members' attendance was as shown in the table below:

Name	Function	Presence 2017
DDP Management BVBA, represented by Dirk De Pauw	President	3/3
Jo De Wolf BVBA, represented by Jo De Wolf	Member	3/3
Elijarah BVBA, v represented by Els Vervaecke	Member	3/3
PDM cv, represented by Peter Demuynck	Member	3/3
GCA Consult BVBA, represented by Griet Cappelle	Member	3/3
HOAM BV, represented by Hylcke Okkinga	Member	3/3
ADK Invest B.V., represented by Ard De Keijzer	Member	3/3
Rien MTMA van den Heuvel, represented by Rien van den Heuvel	Member	3/3

5.9.4.6 Executive management and daily management

A. Composition of the executive management and daily management

(i) Set-up

The Board of Directors has entrusted the executive and daily management of Montea to the executive management.

On 31 December 2016, the executive management consisted of[84]:

[84] Elijarah BVBA, represented by Els Vervaecke, PDM cv, represented by Mr Peter Demuynck, Mr Jean de Beaufort, GCA Consult BVBA represented by Griet Cappelle and HOAM BV, represented by Hylcke Okkinga have no decision-making powers, but only consultative powers.

- Jo De Wolf BVBA, represented by Mr Jo De Wolf, in the position of CEO;
- PSN Management BVBA, represented by Peter Snoeck, in the position of Key account manager;
- Elijarah BVBA, represented by Els Vervaecke (CFO);
- PDM cv, represented by Mr Peter Demuynck, in the position of CCO;
- Jean de Beaufort, in the position of Director France;
- GCA Consult BVBA, represented by Mrs Griet Cappelle, in the position of COO;
- HOAM BV, represented by Hylcke Okkinga, in the position of Director Nederland.

Jo De Wolf BVBA, represented by Mr Jo De Wolf, and PSN Management BVBA, represented by Mr Peter Snoeck, also qualify as effective leaders in the sense of article 14 of the RREC Act. The mandate of the effective leaders Jo De Wolf BVBA and PSN Management BVBA started respectively at 20/10/2010 and 01/10/2006. Both mandates will expire on September 23, 2018. As of that date, the mandate of effective leader will be exercised by a physical person in accordance with article 14, §1 of the RREC Act.

No member of the executive management has been convicted in connection with fraud offences in the past 5 years.

There have been no further abnormalities with regard to bankruptcies, receiverships or liquidations in which a member of the executive management has been involved in the past 5 years.

There have been no further abnormalities about allegations made and/or sanctions imposed by supervisory authorities relating to any member of the executive management in the past 5 years in which a member has been disqualified to act as member of the executive management.

B. Duties of the executive management

The executive management is responsible for the following:

- preparing the decisions that have to be taken by the Board of Directors in order to fulfil its obligations, and the timely provision of the information required to do so;
- implementing decisions taken by the Board of Directors;
- carrying out internal audits, without prejudice to the supervisory role of the Board of Directors, based on approvals made by the Board of Directors;
- proposing the full, timely, reliable and accurate preparing of the annual accounts to the Board of Directors;
- preparing the publication of the annual accounts and other material financial and non-financial information;
- proposing a balanced and understandable assessment of the financial situation to the Board of Directors;
- setting out the responsibility and accountability to the Board of Directors regarding the exercise of its duties.

The executive management is charged in particular with the management of property, the financing policy, the overall management of staff and the HR policy, the preparation of all statutorily required financial and other information and the reporting and distribution of all information required to the public or competent authorities.

C. Functioning of the executive management and daily management

The executive management works closely together and in constant consultation. When the executive management does not reach an agreement, the decision is left to the Board of Directors.

The executive management meets weekly. The agenda items of these meetings are, inter alia, the operational decisions regarding the daily management, the status of current projects and leases and evaluation of new projects under study.

The executive management regularly reports to the Board of directors on the fulfilment of its mission.

The executive management provides the Board of directors with all relevant business and financial information. These include: key figures, an analytic presentation of the results versus the budget, a summary of the evolution of the property portfolio, the consolidated financial statements and details on the consolidated financial statements.

Proposals for decisions that the Board of directors must take are explained to the Board of Directors by the CEO.

D. Evaluation of the executive management and daily management of the Manager

The executive management is evaluated by the Board of Directors on the basis of performance and objectives.

5.9.5 Diversity policy

In formulating its advice to the Board of Directors with respect to the directors to be appointed, the Remuneration and Nomination Committee (and the Board of Directors in return at the nomination of candidates to the General Meeting) takes into account the intended diversity within the board of directors. Such diversity is not only gender related but also to other criteria such as competencies, experience and knowledge. A diversification of the board of directors contributes to a balanced decision-making process by analyzing possible problems from different perspective.

The board of directors of Montea has currently three female members, which means that as of 1 January 2018, 1/3 of the directors (ie three of the nine members) have a different gender. Moreover, the current members of the board of directors have a diverse background such as the real estate, the legal and the bank sector.

5.9.6 Remuneration Report

5.9.6.1 The Manager

A. Remuneration policy

The articles of association of the Manager make provision for remuneration of the contract of Montea Management NV as statutory Manager of the RREC. This remuneration consists of two parts: a fixed part and a variable part.

The fixed part of the remuneration of the Manager is established every year by the Annual General Meeting of the RREC. This lump sum cannot be less than € 15,000 per year and meets the criteria of article 35, §1, 2nd subparagraph of the RREC Act.

The variable statutory portion is equal to 0.25% of the amount equal to the sum of the adjusted results[85] and of the net gains on disposal of property not exempt from the mandatory payment. This remuneration meets the criteria of article 35, §1, 2nd subparagraph of the RREC Act. The Manager is entitled to reimbursement of the actual costs incurred, directly related to his/her mission and of which sufficient proof is provided.

B. Remuneration for the financial year 2016

During the financial year ending on 31st December 2017, the remuneration of the Manager was € 770,000 excl. VAT. This amount includes the total remuneration cost on the part of the Board of Directors of the Manager, the remuneration for the managing director and the operating costs of Montea Management NV.

The final allocation of this remuneration to the Business Manager will be submitted for approval to the annual meeting on 15th May 2018.

5.9.6.2 The Board of Directors and its committees

A. Remuneration policy

The continuity principle is applied for non-executive directors. They are reimbursed in the form of attendance fees per Board of Directors meeting attended and for those of committees within the Board of Directors. Next to the attendance fees, the Chairman of the Board of Directors receives a fixed remuneration.

This disbursement of “attendance fees” does not apply to executive directors. They are only remunerated in their capacity of members of the executive management. In accordance with the principles regarding Corporate Governance, the compensation of directors is proportionate to their responsibilities and to the time they devote to their functions.

The amount for the attendance fees for non-executive directors is approved every year through the General Meeting on the proposal of the Board of Directors, prepared by the Remuneration and appointments Committee. All members of the Board are also covered by a civil liability insurance for directors, whose total premium of € 25,127.50 for all directors together is borne by Montea.

There are no additional fees (company car, pension, options, mobile phones etc.) paid to the directors. The non-executive directors are not eligible for the award of variable compensation.

B. Remuneration for the financial year 2017

After benchmarking, the attendance fee for FY 2016 for the non-executive independent directors was established at € 2,000 per meeting for all directors who actually participate in the Board of Directors. The executive and the non-executive non-independent directors do not receive attendance fees.

The Chairman of the Board of Directors receives an annual fixed emolument of € 60,000.

[85] The corrected result = Net result + Depreciation + Amortization - Reversal of losses - Reversals transferred and discounted rent +/- Other non-monetary items +/- Result of sold property +/- Variations in the fair value of property.

The non-executive, independent members of the audit committee and the remuneration and appointments committee receive an additional attendance fee for each effective attendance at a committee meeting. For the 2016 financial year, this attendance fee was set at € 2,000 per meeting for the chairman and members of all committees.

For directors, this means that for FY 2017, they received the following compensation:

Name		Fonction	Director, representative of	Board of Directors Annual fixed remuneration	Board of Directors Presence fee	Audit Committee Presence fee	Remuneration Committee Presence fee	Total
Dirk De Pauw	President	President Executive director	Family De Pauw	€ 60.000				€ 60.000
Jo De Wolf	Member	Managing director and CEO	Managing director					€ 0
André Bosmans		Independant and non-executive director	Independant and non-executive director		€ 10.000		€ 2.000	€ 12.000
Peter Snoeck	Member	Administrateur exécutif	Famille De Pauw					€ 0
Jean-Marc Mayeur		Non-executive director	Federale Assurance					€ 0
Greta Afslag		Non-executive director	Belfius Insurance Belgium					€ 0
Emor SPRL, représentée par Francis Rome	Member	Independant director	Independant and non-excecutive director					€ 0
Ciska Servais SPRL, représentée par Ciska Servais		Vice president	Independant and non-excecutive director					€ 0
Ciska Servais			Independant and non-executive director		€ 8.000	€ 8.000	€ 2.000	€ 18.000
Insumat SA, représentée par Sophie Maes	Member	Independant director	Independant and non-executive director					€ 0
Sophie Maes		Independant director	Independant and non-executive director		€ 10.000	€ 10.000	€ 2.000	€ 22.000
Michel Delbaere		Independant and non-excecutive director	Independant and non-executive director		€ 4.000			€ 4.000
Bri x & Co, représentée par Patricia Lauwereys	Member							€ 0
				€ 60.000	€ 32.000	€ 18.000	€ 6.000	€ 116.000

C. Remuneration policy for the next two financial years

The Board of Directors shall benchmark at all times the remuneration of the members of the board of directors and its committees with the market. The remuneration and nomination committee will discuss on an annual basis these remunerations and submit them to the Board of Directors.

For the financial years 2018 and 2019 no changes have been foreseen to the current remuneration for the members of the board and its committees:

- the attendance fee for non-executive and independent directors is set at € 2,000 per meeting for all directors who actually take part in the board of directors meeting. Executive and non-executive non-independent directors receive no attendance fee.
- the Chairman of the board of directors receives an annual fixed remuneration of € 60,000.
- the chairman and the non-executive and independent members of the audit committee and the remuneration and appointments committee receive an additional attendance fee for each meeting of the committee that they actually attend of € 2,000

5.9.6.3 The Investment Committees

A. Remuneration policy

Remuneration policy and remuneration for the financial year 2017

With the exception of executive management, members receive an attendance fee of € 2,000 per meeting attended, for the investment committees Belgium/France/the Netherlands. The chairman of the investment committee received an annual remuneration of € 30,000 for the three investment committees.

B. Remuneration for the financial year 2017

The members received the following remuneration for the financial year 2017:

Name	Function	Country	Presence 2017
DDP Management BVBA, represented by Dirk De Pauw	President	BE/FR/NL	30,000 €
Jo De Wolf BVBA, represented by Jo De Wolf	Member	BE/FR/NL	0
PSN Management BVBA, represented by Peter Snoeck	Member	BE/FR/NL	0
Elijarah BVBA, v represented by Els Vervaecke	Member	BE/FR/NL	0
PDM cv, represented by Peter Demuynck	Member	BE/NL	0
GCA Consult BVBA, v represented by Griet Cappelle	Member	BE/NL	0
HOAM BV, represented by Hylcke Okkinga	Member	NL	0
Emor BVBA, represented by Francis Rome	Member	BE	6,000 €
Insumat NV, v represented by Sophie Maes	Member	BE	6,000 €
Brix & Co, represented by Patricia Laureys	Member	BE	6,000 €
Jean de Beaufort	Member	FR	0
SAS Casamagna, represented by Laurent Horbette	Member	FR	10,000 €
ADK Invest B.V., represented by Ard De Keijzer	Member	NL	6,000 €
Rien MTMA van den Heuvel, represented by Rien van den Heuvel	Member	NL	6,000 €0

C. Remuneration policy for the next two financial years

The board of directors of the Manager shall evaluate and analyze at all times the remuneration of the members of the investment committees. This will be discussed on an annual basis in the remuneration and nomination committee and submitted to the Board of Directors.

For the financial years 2018 and 2019, no changes are made to the current remuneration for the members of the investment committee.

5.9.6.4 The executive management

A. Remuneration policy

Members of executive management who are also directors receive no remuneration for the performance of their directorship.

The remuneration for people responsible for day-to-day management consists of two parts: a fixed part and a variable part. The amount of these two parts is determined by the Board of Directors, taking into account the responsibilities and the time required for these functions, as well as the industry standard practice. For the CEO the variable part amounts to 25% maximum of the total remuneration. For the other members of the executive management the variable part amounts to between 10% and 25% of the total remuneration.

Neither the fixed remuneration nor the variable remuneration of the members of the executive management may be determined based on the operations and transactions carried out by Montea or its subsidiaries[86].

For example, if they are eligible for variable remuneration, the criteria that make up all or part of the variable remuneration that depends on the results must relate exclusively to the consolidated net result, with the exception of any fluctuations in the fair value of the assets and hedging instruments.

Each year, at the proposal of the remuneration and appointments committee, the Board of Directors decides on the variable compensation that members of the executive management are entitled to in relation to their activities for the following financial year. The Board of Directors also defines the amounts of variable compensation, as well as the performance criteria on which this compensation depends. Where appropriate, the terms of articles 520*b*, 520*c* and 525 of the Companies' Code are complied with.

B. Remuneration in the financial year 2017

The variable remuneration of the CEO for the year 2017 was set at the beginning of FY 2017 by the Remuneration Committee, based on the following targets, which proportionally represent a possible variable remuneration:

Communication:
- improvement of corporate identity through different initiatives

Business development: BE – NL – FR:
- >95% EPRA occupancy rate
- portfolio growth by € 100 million per year
- development of commercial team over the 3 countries

Financial
- Implementation Client Relationship Management – Follow up clients / aging / invoicing
- Structuring of financial deparment: assigning responsibilities
- Alignment of procedures & reporting between FIN and OPS
- Debt management: active asset-liability matching
- Digital processes

Operations
- Project management, reception of ongoing projects in BE – NL – FR
- Alignment of procedures & reporting between FIN and OPS
- Further development of quotation service

Each year, through an assessment interview with the Chairman of the board of directors, it will be determined whether the proposed objectives have been achieved, either in full or in part. This assessment (and any variable remuneration) will be discussed by the remuneration and nomination committee and then submitted to the next meeting of the board of directors.

The variable remuneration for the FY 2017 of the other members of the executive management[87] was set at the beginning of FY 2016 by the Remuneration Committee based on the following objectives:

[86] Article 35, §1, subparagraph 2 of the Law of 12 May 2014 on regulated real estate companies.
[87] The executive management consists of seven members (see section 6.1.4.6 A.).

Name	Fixed remuneration	Variable remuneration	Pension compensation	Other remunerations and advantages (*)	Total
BVBA Jo De Wolf	€ 450.000	€ 125.000	€ 0	€ 0	€ 575.000
Other members of the executive management (*)	€ 1.292.189	€ 336.640	€ 0	€ 14.400	**€ 1.643.229**
	€ 1.742.189	**€ 461.640**	**€ 0**	**€ 14.400**	**€ 2.218.229**

(*) Other components include the benefit of the hospitalization insurance, the company car and the mobile phone
(*) This only applies for Jean de Beaufort.

The remuneration of the other members of the executive management includes both the amounts invoiced by the management companies (PDM CVBA, PSN Management BVBA, GCA Consult BVBA, HOAM BV and Elijarah BVBA)) and the full salary costs for Jean de Beaufort.

The contracts of executive management do not provide for any claim back clauses in relation to variable remuneration granted on the basis of incorrect financial data.

C. Remuneration policy for the next two years

The CEO shall make each year an analysis and evaluation based on market terms, for the remuneration of the executive management. The summary of this analysis and evaluation will be discussed by the CEO together with the Chairman of the Board of directors before it will be discussed in the remuneration committee.

The remuneration committee discusses the analysis and evaluation and makes a proposal for the remuneration of the whole Montea team, including the remuneration of the executive management, for approval in the next Board of Directors.

The following objectives for the CEO and the executive management for 2018 and 2019 were discussed and recorded at the remuneration and appointments committee meeting:

Communication:
- Focus o, corporate communication
- Optimalisation website

Business development: BE – NL – FR:
- >95% EPRA occupancy rate
- Portfolio growth by € 100 million per year
- Development of dutch team & integration of Julien Mongoin

Financial
- Implementation Client Relationship Management – Follow up clients / aging / invoicing
- Optimalisation & digitalisation of closing proces
- Alignment of procedures & reporting between FIN and OPS
- Debt management: active asset-liability matching
- Digital processes

Operations
- Project management, reception of ongoing projects in BE – NL – FR
- Alignment of procedures & reporting between FIN and OPS
- Implementation of circular development

D. Share options and share buy-back programme

A share option plan was approved at the meeting of the board of directors held on 14 November 2011 for all members of executive management, including executive directors. A total of 23,346 options were granted in this option plan, which have all been exercised to date (the last options were exercised between 15 and 30 September 2016).

E. Payments made on departure

The management agreement entered into between the CEO and Montea provides for a one-off equivalent payment of 6 months (fixed and variable part) in the event of the agreement being terminated prematurely.

The management agreements of the other members of executive management provide for the allocation of a one-off equivalent payment of 1 to 12 months in the event of the agreement being terminated prematurely. The statutory terms regarding employment agreements are not departed from in the employment agreements.

The summary below gives an overview of the payments made on departure for members of executive management.

Name	
Jo De Wolf BVBA, represented by Jo De Wolf	6 months
PSN Management BVBA, represented by Peter Snoeck	12 months
PDM cv, represented by Peter Demuynck	3 months (*)
Elijarah BVBA,represented by Els Vervaecke	3 months (*)
Peter Verlinde	(**)
Jean de Beaufort	(**)
GCA Consult BVBA, represented by Griet Cappelle	3 months (*)
HOAM BV, represented by Hylcke Okkinga	6 months
(*) This will be increased with 1 month per working year with a maximum of 6 months	
(**) the pay-out are based upon teh legal conditions relating to the contracts	

5.9.7 Control - Internal control - Supervision of the executive management

The supervision of the executive management is, in accordance with the Belgian Corporate Governance Code 2009, the responsibility of the full Board of Directors of the Manager.

This supervision does not control the content of all acts made by the persons who are responsible for the executive management.

5.9.8 Other persons involved

5.9.8.1 Compliance officer

Compliance is an independent function within Montea. It focuses on investigating and encouraging compliance by Montea of the rules relating to its business.

The rules relating to compliance and integrity are included in the function of the compliance officer. Under principles 3.7 and 6.8, as well as Appendix B of the Corporate Governance Code 2009, the independent compliance function resides with Elhanafi Oubial[88], who has been appointed as compliance officer since 26 May 2017 (for a period of three years).

The compliance officer is charged with investigating and encouraging compliance by the company of the rules relating to the integrity of its business activities. The rules cover the requirements that arise from the company's policy and its status, as well as other statutory and regulatory requirements. It therefore relates to part of the corporate culture in which emphasis is placed on honesty and integrity, compliance with high ethical standards in conducting business, and compliance with the applicable regulations. Hence the compliance officer is also charged with supervising compliance with the rules on market abuse, such as those imposed by the Act of 2nd August 2002 relating to supervision of the finance sector and financial services, directive (EU) nr. 596/2014 of the European Parliament and the Board of 16 April 2014 with regard to market abuse. The compliance officer is also charged with supervising compliance with the rules regarding conflicts of interest, as set out in section 9 of Montea's corporate governance charter with regard to the incompatibility of mandates.

88 This function was carried out by Charlotte Wellens from July 4, 2016 until May 25, 2017.

The compliance officer reports to the effective director, Jo De Wolf BVBA, represented by Jo De Wolf.

5.9.8.2 Person charged with risk management for the company

Risk is a constantly present element in the business world. Montea identifies the risks in all of its processes and builds in the necessary internal controls to restrict exposure to these risks.

The awareness of risks in its internal and external environment is demonstrated on various levels by the Company to its staff by setting a good example at the top, as well as through the corporate governance charter – in other words the corporate culture.

It is the task of the Board of Directors to monitor identification of the risks and the way those risks are controlled. The Board of Directors pays attention to the various risk factors to which the Company is subject. The constant developments on the property and financial markets require the constant tracking of risks associated with monitoring the Company's results and financial situation.

The audit committee, which assists the Board of Directors in carrying out its supervisory role, submits the necessary recommendations to the Board of Directors regarding risk management and the control of financial risks. In conjunction with management and the auditor, the audit committee monitors the principal risks and the measures needed to control these risks.

At Montea, Elhanafi Oubialis charged with the risk management function for a period of 3 years, with effect from 6 May 2017[89], tacitly renewable for periods of 1 year and which can be cancelled early at any time by a decision taken by the Board of Directors of the statutory manager. Her duties include responsibility for drawing up, developing, monitoring, updating and implementing the risk management policy and risk management functions. She reports to the effective manager, namely Jo De Wolf BVBA, represented by Jo De Wolf.

5.9.8.3 Internal audit

Internal audit is an independent assessment function within the organisation. It focuses on examining and assessing the proper operation, effectiveness and efficiency of internal auditing. Internal audit assists the members of the organisation in the effective execution of their responsibilities and provides them in this regard with analyses, evaluations, recommendations, advice and information regarding the activities examined.

The scope of internal audit covers, in general, the examination and evaluation of the suitability and effectiveness of internal auditing, as well as the extent to which the allocated responsibilities are complied with.

The person charged with internal auditing examines the company's compliance with the policy lines, risk management (both measurable and non-measurable risks), reliability (including integrity, correctness and completeness) and the timeliness of the financial and management information, as well as external reporting, the continuity and reliability of the electronic information systems and the operation of staff services.

[89] This function was carried out by Charlotte Wellens from July 4, 2016 until May 25, 2017.

The person charged with internal auditing examines and assesses all aspects of Montea's overall business. In doing so, he or she uses various types of audit, such as:

- the financial audit, designed to verify the dependability of the accounting records and annual financial statements based on them;
- the compliance audit, aimed at checking compliance with legislation, regulations, policy lines and procedures;
- the operational audit, focused on checking the quality and suitability of the systems and procedures, the critical analysis of the organisation structures and the assessment of the conclusive nature of the methods and resources used in relation to the objectives;
- the management audit, focused on assessing the quality of the management function in terms of the company's objectives.

The internal audit function at Montea is for a period of three years (commencing on 23rd September 2014), delegated to and carried out by the external service-provider, BDO Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Koen Claessens. He issues a report to the executive directors, who in turn produce a report for the entire Board of Directors of the Manager, where appropriate via the audit committee. The person responsible for internal auditing can also inform the chairman of the Board of Directors or Montea's auditors directly. He can examine all of the company's documents, files and information data, including the management information and minutes from the advisory and decision-making bodies, insofar as these are necessary for him to carry out his assignment. The person ultimately responsible for internal auditing is at the effective manager, PSN Management BVBA, represented by its permanent representative, Peter Snoeck, who has the required professional reliability and expertise (fit and proper) to carry out this function.

The end responsibility for the internal audit is the effective leader PSN Management BVBA, represented by its permanent representative Peter Snoeck who has the necessary professional reputation and appropriate expertise to carry out this function.

The person who is responsible for the internal audit function at Montea does not combine this function with that of risk manager or compliance officer.

5.9.8.4 Auditor

The Auditor is appointed by the General Meeting of shareholders, and is chosen from the list of auditors approved by the FSMA. The Auditor is Ernst & Young Bedrijfsrevisoren, with registered office at 1831 Diegem, De Kleetlaan 2, represented by Mr Joeri Klaykens. The auditor was reappointed at the Annual General Meeting of May 17, 2016 for a term of three years until the annual meeting of 2019.

In accordance with the Belgian Company Code, the Auditor must perform the following duties. These duties are mainly related to the audit of accounting information in the annual financial statements.

1. The Auditor exercises supervision over the financial statements and the consolidated financial statements and makes a detailed written report on these annually.
2. A special report by the auditor is furthermore required in the following cases:
    - for contribution in kind;
    - for quasi-contribution;
    - when issuing shares below the par value of the old shares;
    - in the event of reduction or waiver of the preferential right to a capital increase or the issuance of convertible bonds or warrants;
    - in the event of conflict of interest of a director (no separate report is necessary but the information should be included in the auditor's annual report);
    - in the event of a patrimonial benefit given to an influential shareholder of a listed company (no separate report is necessary but the information should be included in the auditor's annual report);

- when changing the purpose of the company;
- when converting the company into another company type (legal entity);
- with mergers and demergers;
- when proposing to dissolve the company and the conclusion of the liquidation.

The Auditor also cooperates with the supervision conducted by the FSMA and to that end will:

1. ascertain that the RREC has taken appropriate measures for the administrative, accounting, financial and technical organisation, as well as for internal auditing in order to comply with the RREC Act and RREC RD and the implementation decrees and regulations put in place, as well as the management regulations or articles of association;
2. confirm that the annual reports and half-yearly reports have been provided to it by the RREC in accordance with article 50 of the RREC Act, in fully accurate form and in accordance with the applicable rules;
3. issue a periodic report to the FSMA or issue a special report at the FSMA's request about the organisation, operations and financial structure of the RREC;
4. issue a report to the FSMA as soon as it has knowledge of:
   a) decisions, events or developments that affect or may affect significantly the position of the RREC financially or in the area of its administrative, accounting, financial or technical organisation, or its internal auditing;
   b) decisions or events that may refer to breaches of the Companies' Code, the articles of association, the RREC Act, the RREC RD and the decrees and regulations put in place for implementation;
   c) other decisions or events that may result in a refusal to certify the accounts or to formulate a reservation.

The base for calculating the remuneration of the Auditor is a fixed annual emolument. For the financial year ending on 31st December 2017, the fixed emolument for the auditors, Ernst & Young Bedrijfsrevisoren, represented by Mr Joeri Klaykens, for its examination and auditing of the individual and consolidated accounts for the Montea group was € 49,600.00 (excl. VAT). In addition to the remuneration stated, € 34,500 was also paid as remuneration for additional auditing work.

5.9.8.5 Property expertise

Article 24 of the RREC Act, provides that the RREC's property should be valued by one or more independent property experts. The expert shall act in full independence and have the necessary professional reliability in real estate valuation and appropriate experience and has a suitable organisation for the fulfilment of its missions. The expert is appointed for a renewable term of three years. He may only be charged with the valuation of a particular property for a maximum period of three years.

The experts are Jones Lang LaSalle BVBA, Marnixlaan 23, 1000 Brussel, for the assets in Belgium, The Netherlands and France. At the meeting of the Board of Directors on 22nd June 2015, the appointment of Jones Lang LaSalle BVBA, represented by Mr Rod Scrivener, was approved for a period of three years, beginning on 1/07/2015 and ending automatically on 30/06/2018.

Pursuant to article 24, paragraph 4 of the RREC Act, the remuneration of the property expert shall not have any direct or indirect connection with the value of the property being assessed.

The fee of the property expert is calculated based on a fixed fee per site in Belgium, the Netherlands and France. The property expert may also receive fees in the context of specific assignments.

These specialists will determine and report on the market value of the property in accordance with the applicable statutory requirements for valuing property under the RREC Act, of which the specialist will take account. The arrangements made between the parties remain subject to and come under the terms of the RREC RD and in particular all of the statutory requirements that apply to RRECs, as well as all statutory requirements that may supplement or supersede the current requirements that apply to RRECs.

For the financial year ending on 31st December 2017, the total amount paid in fees in the context of these assignments was € 112,218.95 (excl. VAT).

5.9.8.6 Entities charged with financial services

Euroclear Belgium NV is tasked with the company's financial service.

Carrying out this financial service incurred a total cost of € 19,067.18 in 2017. This fee includes both a fixed fee per year and a variable fee per dividend paid out for non-registered shares.

5.9.8.7 Activities in the field of research and development

Montea has no activities in the field of research and development.

5.9.9 Conflicts of Interest

Pursuant to article 523 of the Companies' Code, every director who, directly or indirectly, holds a financial interest that conflicts with a decision or action that comes under the authority of the Board of Directors, is required to report this to the other members of the Board, nor may he or she take part in the Board's deliberations.

Pursuant to article 524 of the Companies' Code, any decision or action that relates to the relations between the Company and an associated company (with the exclusion of subsidiaries) and between subsidiaries of the Company and an associated company (other than a subsidiary), is to be the subject of a special report that is required to be drafted by three independent directors, assisted by an independent specialist.

During the 2017 financial year, the Board of Directors had not to apply the procedure provided for in articles 523 and 524 of the Companies' Code.

Pursuant to article 37 of the RREC Act, the FSMA must be informed in the event of a transaction that would result in any gain for the parties described in the article. This means that the Company must prove the interest of the planned transaction, as well as the fact that the planned transaction falls within its normal company policy. These transactions must also be conducted on market terms and are required to be made public immediately. Pursuant to article 49, §2 of the RREC Act, the fair value, as established by the real estate expert, in a transaction with the parties described in article 37, will be the maximum price when the Company is acquiring property and the minimum when the Company is disposing of property. These transactions must also be explained in the annual report.

During the financial year, the Company conducted the following transaction pursuant to article 37 of the Regulated Real Estate Companies Act: in the context of the public offering to subscribe for new shares in cash, and the related capital increase on 26 September 2017, the implementation of a capital increase took place for an amount of € 68,004,527 through the issue of 1,658,647 shares[90]. In the context of the aforementioned capital increase, there was a possible conflict of interest for the following persons because they acted as counterparties in this transaction or could derive any benefit from assets:

- Montea Management NV, headquartered in 9320 Erembodegem, Industrielaan 27, company number 0882.872.026 (RPR Gent, Dendermonde department), as statutory company manager of the Company;
- Jo De Wolf BVBA, as deputy director and permanent representative of the statutory manager;
- Mr. Dirk De Pauw, as director of the statutory manager;
- Mr. Peter Snoeck, as director of the statutory manager; and
- The reference shareholders (Family De Pauw, Federal Insurance and Belfius Insurance Belgium).

There are no significant arrangement and/or agreements with major shareholders, clients, suppliers or other parties on the grounds of which individuals have been selected as members of board, managerial or supervisory bodies, or as members of the company management.

There are no potential conflicts of interest between the issuing institution and members of the board, managerial or supervisory bodies and any member of executive management.

The are no details of any restrictions to which members of the board, managerial or supervisory bodies and any member of executive management have agreed with, with regard to disposing of the securities from the issuing institution in their possession within a specific period.

5.9.10 Transparency Reporting

Any person who directly or indirectly acquires voting securities of the company, should declare to the FSMA, as well as to the company, the number of securities that he/she owns, when voting rights pertaining to the voting rights securities that he/she holds, actively or passively exceed the statutory threshold of 3% of the total voting rights pertaining to the securities of the company. The same notification is also required to transfer, directly or indirectly, voting rights securities, if as a result, the voting rights fall below this 3% threshold. The provisions of Articles 6 to 17 of the Act of 2 May 2007, on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, shall apply to the aforementioned quota.

This provision is without prejudice to the obligation to notify in case the legal thresholds[91] of 5%, 10%, 15%, etc., each time at 5% points, are reached or fall below this threshold.

[90] For more information we refer to the press release of 12/06/2015 or www.montea.com.

[91] Law of 2 May 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market.

5.9.11 Protection against public takeover bids - Elements that may have an impact in the event of a public takeover bid (in accordance with Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market)[92]

5.9.11.1 Capital structure (on 31 December 2017)

The capital, € 236,623,450 is represented by 11,610,531 shares. There are no preference shares. Each one of these shares is entitled to one vote (except for the company's treasury shares of which the voting right is suspended) at the General Meeting and hence these shares represent the denominator for purposes of notification in the event of reaching, exceeding or falling short of the statutory or legal thresholds (transparency regulations). The voting right is not restricted either by law or statutorily.

5.9.11.2 Decision-making bodies

Montea is headed by a Manager, Montea Management NV, in its capacity as managing partner. Montea Management NV was reappointed statutory as of 23 June 2016 for a period of 10 years. The main consequence of the fact that Montea is a general partnership is that the Manager, Montea Management NV, has, under the articles of association, extensive powers and even a veto right regarding important decisions and amendments of the articles of association[93].

Montea Management NV, for the performance of the contract as Manager for and on behalf of the company, is represented by a permanent representative, Mr Jo De Wolf, in accordance with Article 61 para 2 of the Company Code. The Manager may submit his/her resignation at any time.

The mandate of Manager can only be revoked by a court order after a claim by a General Meeting of Montea on the basis of reasonable grounds is established.

When the general meeting must decide on this issue, the Manager shall not vote. The Manager continues to exercise his duties until his resignation, following a court decision, which has the force of res judicata. The Manager must be organized in such a way that, in the framework of its Board of Directors, at least two individuals in a group are jointly responsible for monitoring the person(s) responsible for the executive management of operations in the interest of Montea.

The members of the supervisory bodies of the Manager need to possess the professional reliability and the required experience as prescribed by the RREC Act.

In the event of the loss on the part of the members of the management bodies or the Manager's day-to-day management body of the required professional reliability or required experience, as required by the RREC Act (fit and proper), the Manager or the auditor(s) must convene a general meeting of Montea Comm. VA, with the point on the agenda to deal with the recording of the loss of these requirements and the measures to be taken.

[92] Unless stated otherwise in the following paragraph, Montea confirms that the other elements of Article 34 of the Royal Decree of November 14, 2007 do not apply.

[93] See also Article 25 of the articles of association of Montea Comm. VA concerning the decision-making.

If one or more members of the bodies entrusted with the management or the executive management of the Manager no longer meet the above requirements, the Manager must replace them within the month. When this period has expired, a General Meeting of Montea must be convened, as described above, without prejudice to the measures that can be taken by the FSMA in connection with the exercise of its powers.

The mission of the Manager consists, in particular, of taking all actions that are useful or necessary for achieving the civic objectives of Montea, with the exception of those that are reserved by law or under the articles of association for the General Meeting of Montea. The Manager may increase the capital of Montea within the limits of the authorised capital.

5.9.11.3 Authorised capital

Since 30/09/2014, the authorized capital was used four times:
- on 3 June 2015, capital increase amounting to € 4,363,580.10 in the context of the (indirect) contribution in kind by the Apeldoorn site in the Netherlands;
- on 12 June 2015, capital increase amounting to € 8,079,777.33 in the context of the stock dividend
- on March 23 2016, amounting to € 9,114,605 in the context of the (indirect) contribution in kind of the property companies Nyssa NV and Robinia One NV
- on June 10 2016, capital increase amounting to € 10,419,013.65 in the context of the stock dividend
- on September 26 2016, capital increase in cash amounting to € 33,803,225.86.

The balance of the authorized capital amounts to € 120,206,493.92 on 31/12/2017.

The Business Manager has express permission to increase the corporate capital, on one or more occasions, up to a maximum amount of € 178,414,971.96, and in accordance with the terms set by the Manager and in line with the rules of the Companies' Code and the RREC Act. The Manager was authorised to do so by the extraordinary general meeting held on 30th September 2014. Pursuant to article 7 of the articles of association of Montea Comm. VA, this consent was granted for a period of 5 years (until 21st October 2019). These capital increases may be in cash, by contribution in kind or by the conversion of reserves.

The extraordinary general meeting held on 30th September 2014 also authorised the Manager to proceed, for a period of three years, with one or more capital increases in the event of a public takeover bid, under the terms provided for in article 607 of the Companies' Code and subject to compliance, where appropriate, with the irreducible allocation right provided for in the RREC legislation.

5.9.11.4 Buyback of shares

Montea can repurchase its own shares or pledge these in accordance with a decision by the General Meeting, pursuant to the provisions of the Belgian Company Code. The same Meeting also sets the conditions for the disposal of these shares.

On 17th September 2012, Montea announced its decision[94] to implement a programme to buy back its own shares up to a maximum of € 0.75 million, based on the consent granted at the extraordinary general meeting of shareholders on 17th May 2011. This programme began on 18th September 2012 and ended on 31st December 2012. This buy-back programme was part of the approved option plan at Montea.

[94] See press release of 17 September 2012.

In total, 23,346 Montea shares were bought back for a total acquisition value of € 636,329. In line with IFRS rules, a separate reserve for this amount was established in the consolidated accounts. While on 1st January 2016 Montea still owned 7,246 of its own shares, by 31st December 2016 there were nil as the result of options being exercised by beneficiaries under the option plan in 2016.

5.9.11.5 Contractual conditions

There are no significant agreements to which Montea is party and that enter into force, can be modified or expire, when the control over Montea would change as a result of a public take-over bid, except for the provisions concerned in the issue conditions of the bonds (*Terms and Conditions*) that were issued in 2013, 2014 and 2015.

5.9.11.6 Information about activities in the area of research and development

In view of the business conducted by the Company, it has no activities in the area of research and development.

5.9.11.7 Branch offices

Montea has branch office in France, registered as Montea SCA with its registered office at 18-20 Place de la Madeleine, 75008 Paris.

5.9.11.8 Use of financial instruments

Please refer to point 1.3.

6. Montea on the stock exchange

6.1 Evolution of the Montea share

The Montea share is aimed at private and institutional investors from Belgium and overseas who are attracted by an indirect investment in logistics property and who aim at a high dividend return with a moderate risk profile.

Since October 2006 the Montea share is listed on Euronext Brussels' continuous market (MONT) and since January 2007 on Euronext Paris (MONTP). It is part of the compartment C (Mid Caps).

Based on the closing price on 31/12/2017 (€ 42.95), Montea shares were 49.8% above the value of the net assets per share (IFRS NAV).

Taking account of the closing price on 31/12/2017, Montea shares decreased by 7.4% compared to the closing price on 31/12/2016 (an increase of 8.2% if the average price over 2017 and 2016 is taken into account).

The board of directors of Montea's statutory manager will propose to the General Meeting to pay a gross dividend of € 2.17 per share, which corresponds to € 1.52 net per share. The tax on dividends for regulated real estate companies was increased (except for some exceptions) in 2017 from 27% to 30% due to Art. 269 of the Income Tax Act 1992 pursuant to Article 94 of the Program Act of 25 December 2016 (B.S. 29/12/2016). This change applies to earnings that are granted or payable from 1/1/2017.

Key figures for the Montea share:

STOCK MARKET PERFORMANCE	31/12/2017	31/12/2016
Share price (€)		
At closing	42,95	46,37
Highest	50,22	48,42
Lowest	41,06	35,10
Average	45,82	42,36
Net asset value per share (€)		
IFRS NAV	28,67	25,31
EPRA NNNAV	29,14	25,97
EPRA NAV	29,67	27,80
Premium (%)	**49,8%**	**83,2%**
Dividend return (%)	**5,1%**	**4,6%**
Dividend (€)		
Gross	**2,17**	2,11
Net	**1,52**	1,48
Pay out ratio		87%
Volume (number of securities)		
Average daily volume	5.941	7.717
Volume of the period	1.514.920	1.983.235
Number of shares	**11.610.531**	**9.951.884**
Market capitalisation (K €)		
Market capitalisation at closing	498.672	461.469
Ratios (%)		
Velocity	13,0%	19,9%

Return on Dividend (%): Gross dividend divided by the share price at the end of the period.
Velocity: Volume over the period divided by the number of shares.

6.2 Shareholder status of Montea per 31 December 2016

Shareholders	Number of issued shares	%
Family De Pauw : Dirk, Marie Christine, Bernadette, Dominika, Beatrijs, Indivision, Montea Management NV	1.883.189	16,22%
Belfius Insurance Belgium - Galileelaan 5, 1210 Brussel	1.017.346	8,76%
Federale Verzekeringen - Rue de l'Etuve 12, 1000 Brussel	965.503	8,32%
Patronale Life – Belliardstraat 3, 1040 Brussel	854.998	7,36%
Ethias NV	607.130	5,23%
Public (free float)	6.282.365	54,11%
TOTAL	**11.610.531**	**100,00%**

All shareholders have the same voting rights. Each share gives the right to one vote. Major holdings about which Montea was briefed in application of the transparency legislation are posted on www.montea.com, based on the transparency disclosures that Montea has received.

As a manager Montea Management NV has, in accordance with Article 659 of the Belgian Company Code, a veto against decisions of the General Meeting representing the interests of the Company to third parties or which relate to amending the articles of association.

The silent partners are responsible for the debts and losses of Montea only up to the sum of their contribution, on condition that they do not carry out any act of management.

Typical of the limited partnership by shares is that the statutory Manager has a veto on all important decisions of the General Meeting.

6.3 Family relationships between shareholders, directors and effective leaders

There are no known agreements that, when entering into force at a later date, could result in a change of control over the issuer.

Family De Pauw

The Family De Pauw consists of:

- Dirk De Pauw, Marie Christine De Pauw, Bernadette De Pauw, Dominika De Pauw and Beatrijs De Pauw (brother and four sisters);
- the De Pauw joint ownership;
- The NV Montea Management, controlled by the five aforementioned De Pauw siblings.

They own 16.22% of the voting rights of Montea Comm. VA.

The family De Pauw acts in concert. This is also shown in the notifications made to the FSMA, in press releases and this information can also be found on the Montea website.

Dirk De Pauw is, as already mentioned in the annual report, director and chairman of the board of directors of the statutory manager Montea Management NV. Peter Snoeck is an executive director, as already mentioned in the annual report. Peter Snoeck is the husband of Dominika De Pauw.

6.4 Shareholders agenda

- 22/02/2018 Annual results 31/12/2016
- 15/05/2018 Annual General Meeting of shareholders
- 15/05/2018 Interim statement – results per 31/03/2018
- 21/08/2018 Half-yearly financial report – results per 30/06/2018
- 07/11/2018 Interim statement – results per 30/09/2018

7. Corporate social responsibility

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

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

7.1 Further implementation of the "Blue Label" plan

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

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

"Blue Label" includes:

- an efficient approach to energy, water and waste management;
- cost-aware and proactive maintenance management;
- the restriction of CO_2 emissions;
- the creation of comfort and safety in the working environment;
- risk management;
- monitoring and improving energy consumption;
- managing documents and making them available to customers and partners;
- the constant screening of the property portfolio and related activities.

7.2 Montea promotes sustainability with Lean and Green Star (Award & Star)

As a member of VIL (Vlaams Instituut voor de Logistics – Flemish Logistics Institute), Montea supports the Lean and Green sustainability programme. Lean and Green encourages and supports companies in making dramatic reductions in their CO_2 emissions. Given that Montea is closely involved in sustainability and making its own property portfolio sustainable, this was the ideal time to join this project.

On 10th December 2013, Montea was presented with the **Lean and Green Award** by Minister Joke Schauvliege for its efforts in making its property portfolio sustainable.

On 8th May 2015, Montea became the first Belgian property investors to receive the **Lean & Green Star** in recognition for the effective reduction of CO_2 emissions in its Belgian portfolio by 26%. The Lean & Green Star certificate was officially presented on 16th June 2015.

As a result of obtaining this additional independent recognition, Montea is able to pass on its sustainability goals to its partners (contractors, architects, suppliers, etc.), as well as to its tenants.

At Montea, as the owner of logistics buildings, we are confident that we can function as a catalyst in promoting the Lean and Green programme to tenants and in so doing develop a consistent sustainability concept. DHL Freight, VDAB, Coca-Cola Enterprises Belgium and XPO are tenants of Montea, which have also received the Lean and Green Award.

Sustainability efforts already made in Montea's Belgian property portfolio:

- 230,000 m² of logistics space has been fitted with energy monitoring systems for the day-to-day evaluation of tenants' energy usage;
- A detailed energy scan has already been carried out in 80% of the existing buildings. As a result, sustainable investments have been made (increased insulation values, reduced ventilation losses, increased lighting output, more efficient HVAC systems, etc.);
- A total capacity of 4 MWp of solar panels was installed on the rooftops of the portfolio in Belgium. This corresponds to a production of 3,800MWh, comparable to approximately 1,300 households;
- 275,000 m² of buildings have been purchased or built in which the K-value is lower than K35 (legal maximum is K40);

7.3 Sustainable development

As a responsible company, Montea is well aware of the potential consequences of its business activities for the environment in the broad sense of the word and as such it subscribes to targets in relation to sustainable development.
The Company undertakes to manage its property assets with respect for the following aspects:

7.3.1 Energy management

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

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

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

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

The sites at Aalst, Erembodegem, Mechelen, Milmort, Heppignies, Bornem, Puurs Schoonmansveld 18 and Grimbergen are equipped with a monitoring system. This monitoring enables Montea to monitor its energy management closely and to make adjustments when there is extreme consumption.

7.3.2 Solar panels

Based on the monitoring described above, the total amount of energy produced by the PV installations meets expectations: 4.5 MWh was generated by the solar panels, saving 1,100 tons of CO_2 emissions.

Depending on their operational requirements, Montea's tenant use up to 90% of the solar energy produced. Each quarter, Montea informs its tenants about the solar energy produced, solar energy consumed locally and the financial benefit.

In 2016, approximately 40% of green power was used out of the total amount of electricity consumed for the Belgian property portfolio.

7.3.3 Facility Management programme

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

- by using the "work order" module in "My Montea", Montea is able to monitor and track its work orders and their due dates accurately and then generate reports for each site, project and, if required, each tenant.
- tenants can also use our "My Montea" web portal to register and monitor all messages/problems/queries themselves so that the service and communication relating to buildings management can run clearly and smoothly.
- for 4 sites the maintenance module can be used so that maintenance purchase orders relating to these buildings are generated automatically and the maintenance can be tracked in detail. In 2013, a maintenance plan was implemented for all sites.

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

7.3.4 Waste management

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

8. Consolidated and statutory financial statements as of 31 December 2017

8.1 Consolidated balance sheet as of 31 December 2017[95]

		CONSOLIDATED BALANCE SHEET (EUR x 1.000)	Note	31/12/2017	31/12/2016 RESTATED (0)	31/12/2015 RESTATED (0)
I.		**NON-CURRENT ASSETS**		**719.615**	**545.462**	**517.686**
	A.	Goodwill		0	0	0
	B.	Intangible assets	19	168	189	214
	C.	Investment properties	20	706.431	535.136	506.934
	D.	Other tangible assets	21	12.877	10.098	10.500
	G.	Trade receivables and other non-current assets	23	42	39	38
II.		**CURRENT ASSETS**		**28.811**	**49.297**	**31.999**
	A.	Assets held for sale	24	0	7.721	0
	D.	Trade receivables	25	14.364	10.499	7.691
	E.	Tax receivables and other current assets	26	8.748	6.607	4.069
	F.	Cash and cash equivalents	27	3.436	3.350	4.930
	G.	Deferred charges and accrued income	28	2.263	21.121	15.309
		TOTAL ASSETS		**748.426**	**594.759**	**549.685**
		TOTAL SHAREHOLDERS' EQUITY		**333.029**	**251.965**	**208.256**
I.		**Shareholders' equity attributable to shareholders of the parent company**		**332.911**	**251.846**	**208.157**
	A.	Share capital	29	232.938	200.282	185.288
	B.	Share premiums	29	66.641	32.439	20.893
	C.	Reserves	30	-3.216	-13.079	-16.904
	D.	Net result of the financial year	31	36.548	32.204	18.880
II.		**Minority interests**	**32**	**118**	**118**	**100**
		LIABILITIES		**415.397**	**342.794**	**341.429**
I.		**Non-current liabilities**		**386.251**	**310.381**	**291.354**
	B.	Non-current financial debts	34	374.543	285.577	267.165
		a. Credit institutions		264.072	175.132	156.333
		b. Financial leasings		1.136	184	774
		c. Other		109.335	110.261	110.058
	C.	Other non-current financial liabilities	35	11.707	24.804	24.188
	E.	Other non-current liabilities	36	0	0	0
II.		**Current liabilities**		**29.147**	**32.413**	**50.075**
	B.	Current financial debts	34	2.273	10.590	27.491
		a. Credit institutions		2.000	10.000	26.667
		b. Financial leasings		273	590	824
		c. Other		0	0	0
	C.	Other current financial liabilities		0	0	0
	D.	Trade debts and other current debts	37	10.894	10.848	7.915
		a. Exit taks		4.346	2.014	1.455
		b. Other		6.547	8.833	6.460
	E.	Other current liabilities	37	437	150	3.993
	F.	Accrued charges and deferred income	38	15.542	10.826	10.677
		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**748.426**	**594.759**	**549.685**

(0) See section 8.62.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

[95] There has been no change of significance in the financial or trading position of the group since the end of the last reporting period for which either controlled financial information or interim financial information has been published, except those included under the section Alternative Performance Indicators (APMs).

8.2 Consolidated statement of comprehensive income before profit appropriation as of 31 December 2017[96]

	CONSOLIDATED PROFIT & LOSS ACCOUNT (EUR x 1.000)	Note	31/12/2017	31/12/2016 RESTATED (0)	31/12/2015 RESTATED (0)
			12 months	12 months	12 months
I.	Rental income	1	43.234	41.833	35.438
II.	Write-back of lease payments sold and discounted		0	0	0
III.	Rental-related expenses	2	-2.440	-1.315	-1.148
	NET RENTAL RESULT		**40.793**	**40.518**	**34.290**
IV.	Recovery of property charges		0	**0**	**0**
V.	Recovery of charges and taxes normally payable by tenants on let properties	3	5.168	4.942	4.832
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease		0	0	0
VII.	Charges and taxes normally payable by tenants on let properties	3	-5.895	-5.863	-5.824
VIII.	Other rental-related income and expenses	4	3.897	1.660	1.565
	PROPERTY RESULT		**43.963**	**41.258**	**34.864**
IX.	Technical costs	5	-34	-122	-114
X.	Commercial costs	6	-122	-257	-233
XI.	Charges and taxes of un-let properties	7	0	-31	-102
XII.	Property management costs	8	-1.047	-590	-839
XIII.	Other property charges	9	-44	-43	-43
	PROPERTY CHARGES		**-1.246**	**-1.043**	**-1.332**
	PROPERTY OPERATING RESULT		**42.717**	**40.215**	**33.532**
XIV.	General corporate expenses	10	-3.814	-3.769	-4.037
XV.	Other operating income and expenses	11	-72	-142	-58
	OPERATING RESULT BEFORE PORTFOLIO RESULT		**38.830**	**36.304**	**29.437**
XVI.	Result on disposal of investment properties	12	769	8.131	5
XVII.	Result on disposal of other non-financial assets		0	0	0
XVIII.	Changes in fair value of investment properties	13	3.204	670	-2.660
XIX.	Other portfolio result		0	0	0
	OPERATING RESULT		**42.803**	**45.105**	**26.782**
XX.	Financial income	14	240	656	581
XXI.	Net interest charges	15	-11.245	-12.308	-8.556
XXII.	Other financial charges	16	-102	-128	-41
XXIII.	Change in fair value of financial assets & liabilities	17	5.791	-616	438
	FINANCIAL RESULT		**-5.316**	**-12.396**	**-7.578**
XXIV.	Share in the result of associates and joint ventures		0	0	0
	PRE-TAX RESULT		**37.486**	**32.709**	**19.204**
XXV.	Corporation tax	18	-938	-506	-324
XXVI.	Exit tax		0	0	0
	TAXES		**-938**	**-506**	**-324**
	NET RESULT		**36.548**	**32.204**	**18.880**
	Attributable to:				
	Shareholders of the parent company		36.548	32.204	18.880
	Minority interests		0	0	0
	Number of shares in circulation at the end of the period		11.610.531	9.951.884	9.211.701
	Weighted average of number of shares of the period		10.392.676	9.722.190	9.012.751
	NET RESULT per share (EUR)		**3,52**	**3,31**	**2,09**

(0) See section 8.62.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

[96] The consolidated summary of the realised and non-realised results before the distribution of profit at 31st December takes account of 10,392,676 shares that are entitled to profit from the result of 2017. The total number of shares was 11,610,531 at the end of the 2017 financial year.
Montea reports in the consolidated summary of the realised and non-realised results before the distribution of profit at 31st December 2017 the net current result, the net current result excl. IAS 39 per share and the net result per share, based on the number of shares with profit-sharing entitlement in the result.

8.3 Consolidated comprehensive income before the distribution of profit as of 31 December 2017

ABBREVIATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR x 1.000)	31/12/2017 12 months	31/12/2016 RESTATED (0) 12 months	31/12/2015 RESTATED (0) 12 months
Net result	**36.548**	**32.204**	**18.880**
Other items of the comprehensive income	**484**	**-720**	**213**
Items taken in the result	**0**	0	0
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	0	0	0
Changes in the effective part of the fair value of authorized cash flow hedges	0	0	0
Items not taken in the result	**484**	**-720**	**213**
Impact of changes in fair value of solar panels	484	-720	213
Comprehensive income	**37.032**	**31.483**	**19.093**
Attributable to:			
Shareholders of the parent company	37.032	31.483	19.093
Minority interests	0	0	0

(0) See section 8.62.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

8.4 Consolidated cash flow summary as of 31 December 2017

CONSOLIDATED CASH FLOW STATEMENT (EUR x 1.000)	Notes	31/12/2017 12 months	31/12/2016 RESTATED (0) 12 months	31/12/2015 RESTATED (0) 12 months
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR (A)		**3.350**	**4.930**	**4.250**
Net result		**36.548**	**32.204**	**18.880**
Financial cash elements (not dedectable of the net profit) to become the operating result		**11.107**	**11.780**	**8.016**
Received interests	14 €	-240	-656	-581
Payed interests on finances	15+16	11.347	12.436	8.597
Received dividends		0	0	0
Taxes (dedected from the net result) to become the operating result	18	**938**	**506**	**324**
Non-cash elements to be added to / deducted from the result		**-10.415**	**-8.480**	**2.356**
Depreciations and write-downs		**286**	**211**	**139**
Depreciations/write-downs (or write-back) on intangible and tangible assets (+/-)	10 €	205	200	196
Write-downs on current assets (+)	10 €	90	11	2
Write-back of write-downs on current assets (-)		-9	0	-59
Other non-cash elements		**-10.701**	**-8.691**	**2.217**
Changes in fair value of investment properties (+/-)	13 €	-3.204	-670	2.660
IAS 39 impact (+/-)	17 €	-5.791	616	-438
Other elements		0	0	0
Realized gain on disposal of investment properties	12 €	-769	-8.131	-5
Provisions		0	0	0
Taxes	18 €	-938	-506	0
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS (B)		**38.178**	**36.009**	**29.576**
Change in working capital requirements (C)		**25.620**	**-11.920**	**1.880**
Movements in asset items		**20.570**	**-11.159**	**-3.047**
Trade receivables	23 €	-3	-1	-1
Other long-term non-current assets	25 €	-3.865	-2.808	4.762
Other current assets	26+27	5.580	-2.538	-2.483
Deferred charges and accrued income	28 €	18.858	-5.812	-5.327
Movements in liability items		**5.050**	**-762**	**4.927**
Trade debts	37 €	-543	2.865	-2.487
Taxes, social charges and salary debts	37 €	589	68	2.861
Other current liabilities	37 €	287	-3.843	3.205
Accrued charges and deferred income	38 €	4.717	149	1.347
NET CASH FLOW FROM OPERATING ACTIVITIES (A)+(B)+(C) = (A1)		**67.148**	**29.018**	**31.456**
Investment activities		**-166.546**	**-24.718**	**-85.177**
Acquisition of intangible assets		-79	-66	-180
Investment properties and development projects		-164.934	-80.929	-85.843
Other tangible assets		-51	-55	-93
Solar panels		-2.250	246	-2.841
Disposal of investment properties		769	56.086	3.780
Disposal of superficy		0	0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B1)		**-166.546**	**-24.718**	**-85.177**
FREE CASH FLOW (A1+B1)		**-99.398**	**4.301**	**-53.721**
Change in financial liabilities and financial debts		**67.599**	**2.721**	**66.073**
Increase (+)/Decrease (-) in financial debts		80.650	1.511	66.511
Increase (+)/Decrease (-) in other financial liabilities		-13.097	1.211	-438
Increase (+)/Decrease (-) in trade debts and other non-current liabilities		-46	0	0
Change in other liabilities		**0**	**0**	**0**
Increase (+)/Decrease (-) in other liabilities		0	0	0
Increase (+)/Decrease (-) in other debts		0	0	0
Change in shareholders' equity		**46.342**	**8.108**	**595**
Increase (+)/Decrease (-) in share capital	29	32.656	14.994	9.227
Increase (+)/Decrease (-) in share premium	29	34.201	11.546	6.243
Increase (+)/Decrease (-) in consolidation differences		0	0	0
Increase (+)/Decrease (-) in minority interests	32	0	19	0
Dividends paid		-20.999	-18.700	-15.262
Increase (+)/Decrease (-) in reserves	30	484	249	387
Increase (+)/Decrease (-) in changes in fair value of financial assets/liabilities		0	0	0
Disposal of treasury shares		0	0	0
Dividend paid (+ profit-sharing scheme)		**0**	**0**	**0**
Interim dividends paid (-)		0	0	0
Financial cash elements		**-11.107**	**-11.780**	**-8.016**
NET FINANCIAL CASH FLOW (C1)		**102.834**	**-951**	**58.652**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (A1+B1+C1)		**3.436**	**3.350**	**4.931**

(0) See section 8.62.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

8.5 Summary of the variation in the consolidated equity capital and reserves as of 31 December 2017

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Minority interests	Shareholders' equity
			RESTATED (0)	RESTATED (0)	RESTATED (0)		
ON 31/12/2015	**185.288**	**20.893**	**-16.905**	**18.880**	**0**	**100**	**208.256**
Elements directly recognized as equity	**9.227**	**6.243**	**3.646**	**0**	**0**	**18**	**19.134**
Capital increase	9.227	6.243	0	0	0	0	15.470
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties			4.117	0	0	0	4.117
Positive change in value of solar panels (IAS 16)			-720	0	0	0	-720
Own shares			249	0	0	0	249
Own shares held for employee option plan			0	0	0	0	0
Minority interests			0	0	0	18	18
Corrections			0	0	0	0	0
Subtotal	**185.288**	**20.893**	**-13.259**	**18.880**	**0**	**118**	**211.920**
Dividends			-18.700	0	0	0	-18.700
Result carried forward			18.880	-18.880	0	0	0
Result for the financial year			0	32.204	0	0	32.204
			0	0	0	0	
ON 31/12/2016	**200.282**	**32.438**	**-13.079**	**32.204**	**0**	**118**	**225.424**
Elements directly recognized as equity	**32.656**	**34.201**	**-1.342**	**0**	**0**	**0**	**65.515**
Capital increase	32.656	34.201	0	0	0	0	66.857
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	-1.840	0	0	0	-1.840
Positive change in value of solar panels (IAS 16)	0	0	484	0	0	0	484
Own shares	0	0	0	0	0	0	0
Own shares held for employee option plan	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0
Corrections	0	0	14	0	0	0	14
Subtotal	**232.938**	**66.641**	**-14.421**	**32.204**	**0**	**118**	**317.479**
Dividends	0	0	-20.999	0	0	0	-20.999
Result carried forward	0	0	32.204	-32.204	0	0	0
Result for the financial year	0	0	0	36.548	0	0	36.548
ON 31/12/2017	**232.938**	**66.641**	**-3.217**	**36.548**	**0**	**118**	**333.028**

(0) See section 8.62.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

8.6 Notes to the consolidated financial statements as of 31 December 2017

8.6.1 Background

8.6.1.1 Statement of compliance

The financial statements of the company are prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), with those approved by the EU, with those issued by the International Accounting Standards Board (IASB) and with those interpreted by the International Financial Interpretations Committee of the IASB. The investment properties (including the projects) and financial instruments are booked at fair value. The other items of the consolidated financial accounts are drawn up based on historic cost. When the figures are indicated in thousands of euro, there may be slight rounding-off differences.

8.6.1.2 Consolidation principles

Subsidiaries[97]

Subsidiaries are entities over which the company exercises control.

A company has control over another company when it is exposed to, or holds rights on, variable remunerations of its involvement in that company, and has the possibility to influence those remunerations, based on its power.

IFRS 10 requires that there can only be a question of control if the 3 conditions below are met cumulatively:

- “power” over subsidiaries;
- exposure to the rights to the net income / net outgoings as the result of their influence on their subsidiaries; in other words that the “investor” is exposed to – or has arrangements about – the variable (net) revenue (both positive and negative) from involvement with the “investee” (subsidiaries).
- the possibility to use its power over its subsidiaries in order to influence net income / net outgoings, in other words that the “investor” can actually exercise the existing rights to realise the (net) revenue.

The annual accounts of the subsidiaries are included in the consolidated annual accounts from the date on which the company began exercising control until the date it relinquished control. Where necessary, the valuation rules of the subsidiaries will be adjusted to guarantee consistency with the principles adopted by the group.

Except for subsidiaries that were merged during the financial year, the annual accounts of the subsidiaries relate to the same accounting period as those of the consolidating company. The minority interests are interests in the subsidiaries that are held neither directly or indirectly by the group.

Intercompany transactions

Intra-group balances and transactions and any unrealized profits within the group are eliminated in proportion to the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of value loss ("impairment").

97 The companies included in the consolidation and with their proper participation are: Montea Comm. VA (BE0417186211), Montea SCA (497673145 RCS Paris), SCI Montea France (100%) (493288948 RCS Paris), SCI 3R (95%) (400790366 RCS Paris), SCI Actipole Cambrai (100%) (501414254 RCS Paris), SCI Sagittaire (100%) (433787967 RCS Paris), SCI Saxo (100%) (485123129 RCS Paris), SCI Sévigné (100%) (438357659 RCS Paris), SCI Socrate (100%) (481979292 RCS Paris), SCI APJ (100%) (435365945 RCS Paris), Bornem Vastgoed NV (99,6%) (BE0811754891), Pterocarya NV (100%) (BE0567731793), Gleditsia NV (100%) (BE0567816422), Sambucus NV (100%) (BE0567731892), Vilpro NV (100%) (BE0437858295), Castanea (100%) (BE0861588147), Cercis Parc NV (100%) (BE0846024793), Immocass BVBA (100%) (BZ0863700470), Orka Aalst NV (100%) (BE0821535461), SFG BV (100%) (KvK 60209526), Montea Nederland NV (100%) (KvK 58852794), Montea Almere NV (100%) (KvK 58854134), Montea Rotterdam NV (100%) (KvK 59755636), Montea Oss NV (100%) (KvK 61787671), Montea Beuningen NV (100%) (KvK 61787264), Montea ‘s Heerenberg NV (100%) (KvK 62392670) and Europand Eindhoven BV (100%) (KvK 20121920). With the exception of Montea Management NV, statutory manager of Montea Comm.VA, all listed companies are included in the consolidation.

8.6.1.3 Use of estimates and assessments

The preparation of consolidated financial statements in accordance with IFRS requires good management to make assessments, estimates and assumptions that may apply to the policies and regulations, and reporting the assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical events and various factors that are considered reasonable in such circumstances. The actual results may deviate from these estimates. The estimates and underlying assumptions are revised on an ongoing basis. Revision and accounting estimates are recognized in the period in which the estimate is revised, both when the estimate impacts the audited financial year and when the estimate impacts the future. Except for assessments with regard to defining the fair value of the investment properties, the solar panels and the derivatives, as of 31 December 2017, there are no significant assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet, which would carry a significant risk of material adjustment to the book value of assets and liabilities for the next financial year. We refer also to note 20.

8.6.2 Valuation rules

8.6.2.1 Investment property

Investment properties comprise all lands and buildings that can be leased and which (wholly or partly) generate rental income, including buildings where a limited portion is held for the firm's own use. In accordance with IAS 40, investment property is valued at fair value. An external, independent expert, Jones Lang LaSalle BVBA, Marnixlaan 23, 1000 Brussel makes a quarterly valuation of the property portfolio.

Any gain or loss, after the acquisition of a building, as a result of a change in fair value is booked in the income statement. The valuation is carried out in accordance with the capitalization method and the method of incorporation of rental income as set forth in the International Valuation Standards 2005, published by the International Valuation Standards Committee.

The fair value (as defined in IFRS 13) is the price that would be received on the sale of the asset or paid to transfer an obligation in a normal transaction between market parties on the evaluation date. The fair value must also reflect current lease contracts, current cashflows and reasonable assumptions in relation to expected rental income and costs.

The sale of a property investment is usually subject to the payment to the public authorities of registration fees or added value tax. Regarding the extent of these registration fees, the Belgian Association of Asset Managers (BEAMA) published on 8th February 2006 a notice in this regard. After analysing a large number of transactions, the conclusion was reached that the impact of the acquisition costs on major investment properties that exceed a value of € 2,500,000 is limited to 2.5%. This is because a variety of methods of transfer of ownership is used in Belgium. If necessary, this percentage will be revised annually and adjusted per 0.5% bracket. Items below the threshold of € 2,500,000 remain subject to the usual registration fee and their fair value therefore corresponds with the value exclusive of registration, notary and VAT, and taking into account the current leases. For the other countries, the theoretical local registration fees, deducted from the investment value, are average per country: France: 6.9% and the Netherlands: 7.0%.

The investment value in Belgium corresponds with the fair value, plus 2.5% acquisition charges (for investment properties that exceed a value of € 2,500,000). The fair value is thus to be calculated by dividing the value less legal charges by 1.025.

In 2017, Montea decided to adjust its valuation rule with regard to mutation costs (which is equal to the difference between the fair value of the real estate and the investment value of the real estate) to be adjusted retrospectively. Originally, the difference between the fair value of the real estate and the investment value of the real estate, as determined by the external real estate experts at purchase, was included under the section "Reserve for the impact on the fair value of estimated transaction rights and costs in case of hypothetical disposal of investment properties" of equity. The movements during the financial year were included in the result (mark-ups and write-downs). In case of divestment, the initial difference between the fair value and the investment value was included in the result.

From now on, the transaction rights and costs will be processed through the profit and loss account[98] (via portfolio result). Only after processing the results will end up in the Reserves in the account "Reserve for the Balance of the variations in the fair value of the real estate". The account "Reserve for the impact on the fair value of estimated transaction rights and costs in case of hypothetical disposal of investment properties" will no longer be used.

The realized gains / losses on the sale are recognized in the income statement under the heading "Result of the sale of investment properties". The realized result is determined as the difference between the selling price and the fair value of the last valuation.

8.6.2.2 Concessions

The paid concessions are treated as operating leases in accordance with IAS 17.

8.6.2.3 Development projects

Property to be constructed or developed for future use as investment property is recorded under the heading “investment properties” and will be valued at fair value.

All costs directly related to the development are capitalized, and the directly attributable interest expenses are capitalized in accordance with the provisions of IAS 23-financial costs.

8.6.2.4 Other tangible non-current assets

All tangible non-current assets which neither meet the definition of investment property, nor the definition of development project have been catalogued under this section. Other tangible non-current assets are initially recorded at cost and valued in accordance with the cost model. Grants are deducted from the cost. Additional costs are only capitalised if the future economic benefits related to tangible current assets increase for the company. Other tangible non-current assets are depreciated on the basis of the linear depreciation method. The following rates will apply on an annual basis:

- plant, machinery and equipment: 20%-25%
- furniture and rolling stock: 20%
- IT equipment: 33%
- real estate for own use: 2%

[98] The equity is not affected by this adjustment. Furthermore, this adjustment also has no impact on the EPRA result and the result for distribution.

Solar panels are valued on the basis of the revaluation model in accordance with IAS 16 – Tangible non-current assets. After the initial take-up, an asset for which the fair value can be reliably established needs to be entered in the accounts at the revalued value, i.e. the fair value at the time of revaluation, minus any depreciations accumulated later and any extraordinary reductions in value accumulated later. The fair value is determined based on the discounting method of future returns.

The service life of the solar panels is estimated, in line with revenue from green power certificates, at 20 years in Flanders, 10 years in Brussels and 15 years in Wallonia.

The solar panels are evaluated on a quarterly basis.

Gains recorded at the start-up of a new site are stated in a separate component of shareholders' equity. Losses are also recorded in this component, except where they are realized or unless the fair value falls below the initial cost. In these latter cases, they are recorded in the result.

Montea assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset.
When the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to bring the carrying amount of the asset back to the recoverable amount.

The recoverable amount of an asset is defined as the highest fair value minus selling costs (assuming a voluntary sale) or the value in use (based on the present value of the estimated future cash flows). The regarding resulting impairments are charged to the income statement.

The company value is the constant value of expected future cash flows. To determine the value in use, the estimated future cash flows are discounted at an interest rate before tax, which reflects current market rates and the specific risks related to the asset.

For assets that do not generate cash, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Previously recognized impairment loss is reversed through the income statement if a change has occurred in the estimate used to determine the recoverable amount of the asset since the recognition of the last impairment loss.

8.6.2.5 Financial non-current assets

Financial non-current assets are valued at fair value. The claims and guarantees for the receivables are instead booked at face value. A reduction is made in the case of a permanent write-down or devaluation.

8.6.2.6 Cash and cash equivalents

Cash and cash equivalents include bank accounts, cash and short-term investments.

8.6.2.7 Equity

The capital includes net cash obtained from creation, merger or capital increase whereby the direct external costs are deducted (such as registration fees, notary and publication costs, etc.).

If the company proceeds to buy back own shares, the amount paid, including directly attributable costs, is deducted from equity (restricted reserves). Dividends are a part of results carried forward until the General Shareholders Meeting grants dividends.

Montea decided in 2017 to adjust retrospectively its valuation rule with respect to mutation costs (which is equal to the difference between the fair value of the real estate and the investment value of the real estate). Originally the difference between the fair value of the property and the investment value of the property as determined by the external property experts and is included in the section "Reserve for the impact on fair value of estimated transfer rights and costs on hypothetical transfer of investment property" of the equity. The movements during the financial year were taken to the result (mark-ups and write-downs). In case of divestment, the initial difference between the fair value and the investment value was taken to the result.

From now on, the transaction rights and costs will be processed through the profit and loss account[99] (via portfolio result). Only after processing, the results will end up in the Reserves in the account "Reserve for the Balance of the variations in the fair value of the real estate". The account "Reserve for the impact on the fair value of estimated transaction rights and costs in case of hypothetical disposal of investment properties" will no longer be used.

8.6.2.8 Provisions

A provision is made if the company has a legal or contractual obligation as a result of an event from the past and where it is probable that a cash outflow will be required to meet the obligation and provided that this outflow can be determined in a reliable way. Provisions are valued at the discounted value of expected future cash flows to the market rate.

8.6.2.9 Debts

Trade and other debts are valued at their face value on the balance sheet date. Interest-bearing debts are initially recorded at cost, less any directly attributable costs. Then the difference between the book value and the refundable amount is included in the income statement over the period of the loan using the actual interest method.

8.6.2.10 Revenues

Revenues include gross rental income and proceeds resulting from the services and the management of the buildings. Revenue is measured at the fair value of the indemnity that is received or is entitled. Revenue is recorded only from the time that it is sufficiently certain that the economic benefits will accrue to the company. Gratuity costs and benefits granted to the tenants are recognized to reduce the rental income over the term of the lease, the period between the entry into force and the first break option (a "straight line"). Indemnification for early termination of lease is immediately included in the income statement.

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[99] The equity is not affected by this adjustment. Furthermore, this adjustment also has no impact on the EPRA result and the result for distribution.

Revenues related to the solar panels (green power certificates and electricity generated) are recognized at the time of receipt of such income in accordance with IAS18. The principles of IAS20 are also applied. There are no green power certificates that were not sold at the end of the financial year. These green power certificates are paid by the government and not by the energy suppliers.

8.6.2.11 Costs

The costs are measured at the fair value of the indemnity that is paid or owed.

Executed works in the buildings

Concerning work executed in the buildings, a distinction is made between:

- maintenance and repairs: these are costs that do not increase the expected future economic benefits of the building, and as such are integrally dependent on the result of the period in which they are paid;
- extensive renovation work: these are costs as a result of occasional work on the building, which will significantly increase the expected economic benefits of the building. The direct costs attributable to such work, such as materials, construction work by contractors, architect's fees and remuneration of other potential advisors etc. are capitalized;
- rental advantages: this is provided by the lessor to the lessee to convince the latter to rent existing or additional space. These costs are spread over the period from the commencement of the lease to the first break and are deducted from the rental income.

Commissions paid to real estate brokers

Commissions regarding the rental of buildings are charged against profits in the period in which they were paid. Commissions relating to the purchase of buildings, registration fees and other additional costs are considered as part of the purchase price of the building and are consequently capitalised. Commissions paid by selling buildings are deducted from the selling price obtained for the realized gain or loss to be determined.

General expenses

General expenses are expenses associated with the management and overall operation of the RREC. These include general administrative costs, staff costs for general management, and depreciation of assets used for general management.

8.6.2.12 Financial result

The financial result consists on the one hand of interest costs on loans and associated costs, and investment income, and on the other hand of positive and negative fair value variations of hedging instruments. Interest income and costs are recognised pro rata temporis in the income statement. Potential dividend income is booked in the income statement on the day the dividend is granted.

8.6.2.13 Taxation and exit tax

The tax on the profit for the year comprises the current tax burden. The tax on profit or loss is recognized in the income statement with the exception of the elements recorded directly in equity. Deferred tax assets and liabilities are recorded based on the liability method for all temporary differences between the taxable basis and book value for financial reporting purposes, for both assets and liabilities. Deferred tax assets are only recognized if it is probable that these could be compared against taxable profits in the future.

The exit tax is the tax levied on the profit and on the tax-free reserves as the result of a merger, split, contribution in kind or transfer of a regulated real estate company with a company that is not a regulated real estate company[100].

If the latter is incorporated for the first time in the consolidation of the Group, a provision for exit tax is included together with a revaluation value equal to the difference between the value with costs for the buyer (investment value minus all sales-related costs such as registration and notary fees) of the building at the time of acquisition and book value. The exit tax is generally payable by the contributor of a property or company but Montea must record these due to the fact that the tax is only assessed after a certain time. This tax is deducted from the value of the property or company to be transferred.

Any subsequent adjustment of the exit tax liability is included in the income statement. The amount of the exit tax can vary even after the transfer or merger from which this variation may arise.

8.6.2.14 Derivative financial instruments

Montea concludes loans with financial institutions with a variable interest rate. The company uses financial hedging instruments of the IRS type (Interest Rate Swaps) to hedge against the risk of increases to these variable interest rates. In so doing, the loans linked to variable interest rates are to a large extent swapped against a fixed interest rate. In accordance with its financial policy and in application of its regulations, Montea holds no derivative instruments nor would it issue any for speculative purposes.

The hedging instruments do not satisfy the conditions for the type of "hedging" as defined in IAS 39, whereby all movements in the real value of the instrument are entirely included in the income statement. The market-to-market balance sheet date is used to determine the fair value.

In order to clarify the accounting method of the settlement of swaps, and in order to obtain a better connection with the EPRA guidance, there was decided to process the unwinding of the swaps from 2017 via the P & L heading: changes in the fair value of financial assets and liabilities. If we had applied this accounting method to unwind the swap in 2016, this would have had no effect on the net result and equity of 2016, only on the EPRA result that would have been higer (€ 2.1 million or € 0.21 per share).

[100] The exit tax is the tax levied on the difference between the fair value and the book value and on the tax-free reserves and is 16.5% + 3% crisis tax for mergers that take place before 31 December 2018. For mergers that take place after 1 January 2019 and before 31 December 2019, the exit tax amounts to 12.5% + 2% crisis tax. For mergers that take place after 1 January 2020, the exit tax amounts to 15%.

8.6.2.15 Off balance sheet rights and obligations

These rights and obligations are valued at face value based on the amount stated in the contract. If there is no face value or if valuation is not possible, the rights and obligations are reported as token entries.

8.6.2.16 New standards and interpretations

8.6.2.16.1 New and changed standards and interpretations applied by the Group

Montea has certain standards and amendments for the first time. This will apply to the financial years beginning at or after 1 January 2017. Montea has published no other standard, interpretation or amendment not yet in force, applied early.

While these new standards and amendments to be first applied in 2017, they had no material impact on the consolidated financial statements / the condensed consolidated interim financial statements of the Group.

The nature and effect of the new and revised standards and interpretations are explained below:

- Amendments to IAS 7 Statement of cash flows – Initiative on information disclosure, applicable from 1 January 2017
- Amendments to IAS 12 Income taxes – Recognition of deferred income tax assets for unrealized losses, applicable from 1 January 2016
- Annual improvements to IFRS 2014-2016 cycle (not yet approved by the EU on 15 December 2017), applicable from 1 January 2017
- Amendments to IAS 7: Statement of cash flows – Initiative in the field of information disclosure.
  The amendments require that information be disclosed on changes in financing obligations (such as borrowings), whether or not they stem from cash flows (e.g. exchange rate gains or losses). Montea has disclosed information on the current financial year in Note 34.
- Amendments to IAS 12: Income taxes – Recognition of deferred income tax assets for unrealized losses
  The amendments clarify that it is necessary to assess whether the tax legislation limits the sources of taxable profit with which temporary differences with unrealized losses can be offset. The amendments clarify the assessment of future taxable profits, and provide an explanation on the circumstances under which the realization of certain assets can be recognized for more than their asset value in the taxable profit.

Annual improvements to IFRS 2014-2016 cycle

The purpose of the '2014-2016 cycle' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements pertain to:

- Improvements in IFRS 12: Information disclosure on interests in other entities – Clarification of the scope of application of the disclosure requirements in IFRS 12: The improvements are applied retrospectively and clarify that the disclosure requirements, except in paragraphs B10-B16, apply to interests in subsidiaries, joint ventures and associates (or a part of an investment in joint ventures and associates) which are classified as (or are recognized in a group of assets that is classified as) held for sale.

The amendments have no impact for the group.

Published standards that are not yet in force

The standards and interpretations that were published on the date of publication of the group's financial statements, but were not yet in force, are explained below. Montea plans to apply these standards and interpretations where applicable.

- Amendments to IFRS 2 Share-based payments – Classification and valuation of share-based payment transactions[101], applicable from 1 January 2018
- Amendments to IFRS 4 Insurance contracts – Application of IFRS 9 Financial instruments with IFRS 4 Insurance contracts, applicable from 1 January 2018
- IFRS 9 Financial instruments, applicable from 1 January 2018
- Amendments to IFRS 9 Financial instruments – Characteristics of early repayments with negative compensation,[105] applicable from 1 January 2019
- IFRS 15 Revenue from contracts with customers, including amendments to IFRS 15: Entry into force of IFRS 15 and Clarification of IFRS 15, applicable from 1 January 2018
- IFRS 16 Leases, applicable from 1 January 2019
- IFRS 17 Insurance contracts[105], applicable from 1 January 2021
- Amendments to IAS 28 Investments in associates and joint ventures – Long-term interests in associates and joint ventures [105], applicable from 1 January 2019
- Amendments to IAS 40 Investment property – Reclassification of investment property,[105] applicable from 1 January 2018
- IFRIC 22 Foreign currency transactions and advance considerations,[105] applicable from 1 January 2018
- IFRIC 23 Uncertainty over income tax treatments,[105] applicable from 1 January 2019
- Annual improvements to 2014-2016 cycle, applicable from 1 January 2018
- Annual improvements to 2015-2017 cycle, applicable from 1 January 2019

Amendments to IFRS 2 Share-based payments – Classification and valuation of share-based payment transactions[105]

The amendments clarify the effects of vesting conditions on the valuation of a share-based payment transaction settled in cash; the classification of a share-based payment transaction that is settled net after withholding tax; and the processing of a share-based payment transaction when owing to a change in the conditions, an equity instrument will be settled in cash. Retrospective application is authorized if it concerns all the amendments and other criteria are met. The amendments are applicable to financial years that start on or after 1 January 2018. These amendments are not applicable to the Montea Group.

Amendments to IFRS 4 Insurance contracts – Application of IFRS 9 Financial instruments with IFRS 4 Insurance contracts

The purpose of the amendments is to limit somewhat the impact of the non-simultaneous introduction of the new standards for financial instruments, IFRS 9 and IFRS 17 Insurance contracts, that replace IFRS 4. The amendments give entities that issue insurance contracts two options: temporary exemption from the application of IFRS 9 (the delay approach); and the overlay approach. The temporary exemption will be applicable for the first time on financial years that start on or after 1 January 2018. An entity may opt for the overlay approach when it applies IFRS 9 for the first time and it applies this approach retrospectively to financial assets that are designated in the transition towards IFRS 9. The entity adjusts previous financial years in connection with the overlay approach only if it adjusts

[101] Not yet approved by the EU on 15 December 2017

the previous financial years within the first application of IFRS 9. These amendments do not apply to the Montea group.

IFRS 9 Financial instruments

IFRS 9 Financial instruments replaces IAS 39 Financial instruments: Recognition and valuation, as well as all previous versions of IFS 9. IFRS 9 brings together all three aspects of the financial instrument processing project: classification and valuation, exceptional write-down and hedge accounting
IFRIC 9 is applicable to financial years that start on or after 1 January 2018. Retrospective application is required, except for hedge accounting. No disclosures need be provided for previous financial years. Hedge accounting is in general applied prospectively, with a limited number of exceptions.

Montea will introduce the new standard on the required effective date and shall not adapt comparable information. In 2017, Montea conducted a detailed impact analysis for all three aspects. This analysis is based on the available information and is subject to change as a result of subsequent detailed analyses or additional information which is made available in 2018 to the group as soon as the group applies IFRS 9. In general, the group expects no significant impact on its financial position and equity, other than the effect of applying the requirements of IFRS 9 for exceptional write-down. The group expects a higher but not a material provision for exceptional write-down that will have a negative impact on equity, as discussed below. In addition, the group will introduce changes in the classification of certain financial instruments.

a) Classification and valuation

Montea expects that the application of the IFRS 9 requirements for classification and valuation will have no significant impact on its balance sheet or equity. Montea expects all financial assets which are now valued at fair value can continued to be valued as such.

Shares not listed on the stock exchange are to be held for the foreseeable future. No losses are recognized in the income statement for exceptional write-down in previous financial years. Montea will use the option to recognize changes in fair value in unrealized results and therefore believes that the application of IFRS 9 will have no significant effect.

Loans and receivables are held to receive contractual cash flows and are expected to lead to cash flows that consist only of revenues from capital and interest. Montea has analysed the characteristics of the contractual cash flow and established that they meet the criteria for valuation at amortized cost under IFRS 9. Consequently, reclassification for these instruments is not required.

b) Exceptional write-down

IFRS 9 requires that Montea include expected credit losses, based on a financial year of 12 months or the complete lifecycle, in all its debt obligations, loans and receivables. Montea will apply the simplified approach and will recognize the expected credit losses in its receivables that are based on the complete lifecycle. Based on an analysis conducted by Montea on 31 December 2017, IFRS 9 is expected to have no material impact on the consolidated financial statements, taking into account the relatively limited amount of outstanding receivables, combined with a low credit risk associated therewith.

c) Hedge accounting

Not applicable for the group.

d) Other adjustments

In addition to the afore-described adjustments, other items in the financial statements will be adjusted where necessary, e.g. differed taxes, assets held for sale and the related liabilities, investments in associates and joint ventures.

Amendments to IFRS 9 Financial instruments – Characteristics of early repayments with negative compensation[105]

The amendments to IFRS 9 authorize entities to value financial assets with characteristics of early repayment, whereby a party to a contract can or must pay or receive reasonable remuneration for the early termination of the contract (so that there can be 'negative' compensation from the perspective of the holder of the asset) at amortized cost or at fair value, with recognition of value changes in unrealized results. The amendment is applicable to financial years which start on or after 1 January 2019. Early application is authorized. This amendment will have no impact on the group.
In the Basis for Conclusions of the amendment, the IASB also clarified that the requirements in IFRS 9 for application of the amortized cost of a financial liability when a modification (or exchange) does not lead to the write-off of the liability, are consistent with the requirement concerning a change of a financial asset that does not lead to the write-off of the asset. This amendment applies to financial years which start on or after 1 January 2018. Both amendments should be applied retrospectively. This amendment will have no impact on the group.

IFRS 15 Revenue from contracts with customers

A five-step model for recognizing turnover from contracts with customers is introduced in IFRS 15. Under IFRS 15, revenues from the supply of goods or provision of services are recognized at the remuneration that the company expects to be entitled to. IFRS 15 replaces all existing requirements for revenue recognition. IFRS 15 is applicable to financial years that start on or after 1 January 2018. Full retrospective application or adjusted retrospective application is required.

IFRS 15 is not expected to have a material impact on Montea's consolidated financial statements since leases, which represent Montea's main source of revenues, fall outside its scope. The principles of IFRS 15 are nonetheless applicable to the non-lease components that may be contained in a lease or in separate agreements, such as maintenance-related services charged to the tenant. In view of the fact that such non-lease components are relatively limited in terms of amount and usually concern services which are recognized both under IAS 18 and under IFRS 15, Montea expects no material impact here.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 *Determining whether an arrangement contains a lease,* SIC-15 *Operational leases – Incentives* and SIC- 27 *Evaluating the substance of transactions in the legal form of a lease.* IFRS 16 sets out the principles for the recognition, valuation, presentation and clarification of leases. Lessees recognize all leases under one model in the balance sheet. This processing is comparable to the processing of financial leases under IAS 17. The standard contains two exemptions from recognition for lessees – leases of assets with a small value (e.g. personal computers), and leases with a short term (i.e. leases for 12 months at most). On the start date of the lease, a lessee undertakes an obligation to make lease payments (i.e. the lease obligation) and an asset that represents the right to use the underlying asset for the term of the lease (i.e. the right of use). Lessees recognize the interest on the lease obligation and the depreciation on the right of use separately in the income statement. Lessees revalue the lease obligation when certain events occur (e.g. a modification in the term of the lease, a modification in the future lease payments as a result of a change in an index or figure used to determine these payments). The lessee usually recognizes the amount of the revaluation of the lease obligation as an adjustment of the right of use.

Under IFRS, the recognition of leases by lessors is by and large the same as the current recognition method under IAS 17. Lessors continue to classify all leases according to the same classification principle as in IAS and continue to make a difference between two sorts of leases: operational and financial leases.

IFRS 16 moreover requires that lessees and lessors provide more extensive disclosure than under IAS 17.

IFRS 16 is applicable to financial years that start on or after 2019. Early application is authorized, but not before IFRS 15 is applied. For a lessee, full retrospective application or adjusted retrospective application is required. Certain exemptions are authorized on the basis of transitional provisions.

Since Montea operates almost exclusively as a lessor, with the exception of concession contracts, and has not opted to reassess whether a contract is or contains a lease by comparison with IAS 17, IFRS 16 is expected to have no material impact on the consolidated financial statements. In limited cases where Montea is a lessee in leases classified as operational leases under IAS 17 and these contracts do not fall under the exceptions provided in IFRS 16 (e.g. car rental, use of real estate by the group and concession contracts), a right of use and related obligation have to be recognized in the consolidated financial statements. In 2018 Montea will carry out further its assessment of the possible effect of IFRS 16 on its financial statements.

IFRS 17 Insurance contracts[105]

IFRS 17, a new standard for insurance contracts, replaces IFRS 4 Insurance contracts. IFRS is applicable to all sorts of insurance contracts (i.e. life insurance, casualty insurance, direct insurance and reinsurance), irrespective of the type of entity that issues them, as well as on certain guarantee and financial instruments with discretionary profit sharing. There are certain exceptions to the scope of application. The general aim of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and more consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on the continuation of previous local principles for financial reporting, IFRS 17 provides a model for insurance contracts that deals with all relevant aspects of reporting. The basis of IFRS 17 is the general model, supplemented by a specific adjustment for certain profit-sharing contracts (‘variable fee approach’) and a simplified model for short-term contracts in particular (‘premium allocation approach’).

IFRS 17 is applicable to financial years that start on or after 1 January 2021. The adjustment of previous financial years is required. Early application is authorized, provided IFRS 9 and IFRS 15 are applied on or before the date of the first application of IFRS 17. This standard is not applicable for Montea.

Amendments to IAS 28 Investments in associates and joint ventures – Long-term interests in associates and joint ventures[105]

The amendments clarify that an undertaking applies IFRS 9 Financial instruments on long-term instruments in an associate or joint venture that are part of the net investment in the associate or joint venture. These amendments are applied retrospectively and are applicable to financial years that start on or after 1 January 2019. Exceptions may apply. Early application is authorized. These amendments will have no effect on Montea.

Amendments to IAS 40 Investment property – Reclassification of investment property[105]

The amendments clarify when an entity has to reclassify property, including property under construction or development to or from investment property. The amendments determine that a change in use will take place as soon as the property meets, or no longer meets, the definition of investment property and there is evidence of change in use. A change in the intentions of management for the use of a property does not suffice as evidence of a change in use. The amendments must be applied retrospectively for changes to use that take place on or after the start of the financial year in which the entity applies the amendments for the first time. An entity must assess again the classification of the property held on that date and, if applicable, reclassify the property in accordance with the circumstances prevailing on that date. Retrospective application in accordance with IAS 8 is authorized only if the necessary information to that end was available at the time. The amendments are applicable to financial years that start on or after 1 January 2018. Early application is authorized and must be disclosed. Montea will apply the amendments when they enter into force. As Montea's current practice corresponds with the amendments, it expects no impact on its consolidated financial statement.

IFRIC 22 Foreign currency transactions and advance considerations[105]

The interpretation clarifies that, in determining the spot exchange rate to be applied for the first recognition of the relevant asset, (a part of the) expenditures or (a part of the) revenues when writing off a non-monetary asset or non-monetary liability that pertains to a prepayment, the date of the transaction is the date on which an entity recognizes the non-monetary asset or non-monetary liability that arises out of the advance consideration.
Entities can apply the interpretation retrospectively. Entities may also opt for the retrospective application for all assets, expenditures and revenues in the scope that is recognized for the first time on or after:

(i) the start of the financial year in which the entity applies the interpretation for the first time; or
(ii) the start of a previous financial year reflected in the financial statements for the financial year in which the entity applies the interpretation for the first time.

The interpretation is applicable to financial years that start on or after 1 January 2018. This standard is not applicable for Montea.

IFRIC 23 Uncertainty over income tax treatment [105]

The interpretation concerns the recognition of income tax within the scope of IAS 12 *Income taxes* when there is uncertainty over income tax treatment or levies that fall outside the scope of IAS 12, and does not cover specific support for the recognition of interest and fines. The interpretation deals specifically with:

- Whether an entity takes into account uncertainty over income tax treatment separately;
- The assumptions that an entity makes concerning the assessment of the tax treatment by the tax authorities;
- How an entity determines the tax result, taxable base, non-offset tax losses, unused tax losses and tax rates;
- How an entity takes account of changes of facts and circumstances.

An entity must determine whether each uncertain tax treatment is to be taken into account separately or together with one or more other uncertain tax treatments. The approach that best forecasts the removal of the uncertainty is preferable.

The interpretation is applicable to financial years that start on or after 1 January 2019. Certain transitional exemptions are authorized. Montea will apply the interpretation as of the day of entry into force.

Annual improvements to 2014-2016 cycle

The purpose of the '2014-2016 cycle' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements pertain to:

- IAS *28* Investments in associates and joint ventures – Clarification that the choice to value investments at fair value with recognition of the changes in value in the income statement can be provided per separate investment. The amendments clarify the following:
    - An entity that provides venture capital, or another eligible entity may opt, for the first recognition per separate investment, to value its investments in associates and joint ventures at fair value with recognition of changes in value in the income statement.
    - If an entity which is not an investment entity itself, has an interest in an associate or joint venture which is an investment entity, the entity may, upon applying the equity method, maintain the valuation at fair value applied by the associate or joint venture of the investment entity for its interests in subsidiaries. This choice is made separately for each associate or joint venture of an investment entity on the date (a) of the first recognition of the associate or joint venture of the investment entity; (b) on which the associate or joint venture becomes an investment entity; or (c) on which the associate or joint venture of the investment entity becomes a parent company for the first time.

The amendments must be applied retrospectively and are applicable from 1 January 2018. Montea will apply the interpretation as of the day of entry into force.

Annual improvements to 2015-2017 cycle

The purpose of the '2015-2017 cycle' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements pertain to:

- IFRS 3 *Business combinations* and IFRS 11 *Joint arrangements* – Previously held interest in a joint business activity: The amendments clarify whether the previously held interest in a joint business activity (e.g. a business as defined in IFRS 3) must be valued at fair value.
    - When a party in a joint business activity obtains control of the joint business activity, it must value the previously held interest in said joint business activity again at fair value (IFRS 3). An entity must apply the amendments to business combinations with an acquisition date on or after 1 January 2019. Early application is authorized and must be disclosed.

  - When a party which participates in (but has no joint control over) a joint business activity, obtains control over the joint business activity, it may not value again the previously held interest in the joint business activity (IFRS 11). An entity must apply the amendments on transactions whereby it obtains the joint control on or after 1 January 2019. Early application is authorized and must be disclosed.
- IAS 12 *Income taxes* – income taxes on payments pertaining to financial instruments that are classified as equity: The amendments clarify that an entity must recognize income tax on dividends in the income statement, unrealised results or equity, depending on whether the entity recognized the original transaction or event which lies at the basis of the distributable profit from which the divided was paid out. The amendments are applicable to financial years that start on or after 1 January 2019. Early application is authorized and must be disclosed. The amendments must be applied first on income tax on dividends which are recognized on or after the start of the earliest financial year reflected in the financial statements.
- IAS 23 *Borrowing costs* – Borrowing costs that are eligible for activation: The amendments clarify that, when an eligible asset is ready for the intended use or for sale or a part of the borrowing concerned which relates to the eligible asset is still outstanding at the time, that borrowing must be recognized in the overall resources which an entity borrows. The amendments are applicable to financial years that start on or after 1 January 2019. Early application is authorized and must be disclosed.

Montea will apply the interpretation as of the date of entry into force.

8.7 Notes to the consolidated financial statements as of 31 December 2017

8.7.1 Comments to the consolidated balance sheet and income statement

Note 1: Rental income

Montea leases its property investments based on lease agreements. This income is gross rental income generated by these lease agreements and appears under this heading.

The table below shows a summary of rental income over the whole year:

RENTAL INCOME (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Rent	41.907	39.497	33.939
Guaranteed rental income	0	0	0
Rental discounts	0	0	0
Rental incentives	0	0	0
Compensation for early breach rental contracts	1.327	2.336	1.499
Compensation financial leasing	0	0	0
TOTAL	**43.234**	**41.833**	**35.438**

In 2017, the rental income increased by 3.3% in 2017 to €43,234K. The fees for prematurely broken lease contracts decreased by € 1 million compared to 2016, while rental income increased by € 2.4 million compared to 2016.

The decrease in fees for prematurely terminated leases is the result of a lower severance payment received from SAS Automotive in 2017 compared to Neovia Logistics in 2016.

This increase (6%) is chiefly the result of the limited rising rental income due to the sale of 3 buildings in France end 2016 en start 2017 generating a total rental income of +/- €4.5 million. This increase in rental income of €2.4 million is mainly due to:

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

- The positive impact of the rental income from the new investments during 2017:
  - Built-to-suit project in Zaventem (let to Saco) (BE)
  - Delivery of project in Aalsmeer (let to Scotch & Soda) (NL)
  - Acquisition of project in Zaventem (let to DHL Aviation) (BE)
  - Acquisition of project in Willebroek (let to Metro and Decathlon) (BE)
  - Delivery of project in Genk (let to Mainfreight) (NL)
  - Acquisition of project in Saintes (let to Noukies) (BE)
  - Acquisition of project in Tilburg (let to NSK) (NL)
  - Acquisition of project in Etten-Leur (let to Bas Logistics) (NL)

- The negative impact of the sale of 3 buildings in France (St.-Cyr-en-Val- and Tilloy-lez-Cambrai end 2016 and Savigny-le-Temple end Q1 2017).

The table below shows a detail of the rental income per site:

CONTRACTUAL RENTAL INCOME (EUR x 1.000)		31/12/2017 12 months	0 - 1 year	1 - 3 years	> 3 years
Belgium		**26.341**	**233**	**2.670**	**23.438**
Aalst	Tragel 48-58	2.121	12	267	1.842
Bornem	Industrieweg 4-24	608	0	203	405
Grimbergen	Eppegemsestwg 31-33	1.210	0	0	1.210
Hoboken	Smallandlaan 7	130	0	0	130
Puurs	0	250	0	0	250
Nivelles	Rue de la Technique 11	203	203	0	0
Puurs	Schoonmansveld 18	450	0	0	450
Erembodegem	Industrielaan 27	860	0	222	638
Mechelen	Zandvoortstraat 16	998	0	723	275
Vorst	Humaniteitslaan 292	2.008	0	653	1.355
Milmort	Avenue du Parc Industriel	525	0	283	242
Heppignies	Rue Brigade Piron	811	0	0	811
Zaventem	Brucargo 830	2.195	0	0	2.195
Zaventem	Brucargo 763	323	0	0	323
Zaventem	Brucargo 831	640	0	0	640
Gent	Evenstuk	1.742	0	0	1.742
Gent	Korte Mate	0	0	0	0
Zaventem	Brucargo 738-1	482	0	0	482
Willebroek	De Hulst Triton	215	18	263	-66
Willebroek	De Hulst Dachser	1.037	0	0	1.037
Willebroek	De Hulst Federal Mogul	1.445	0	0	1.445
Erembodegem	Waterkeringstraat 1	997	0	56	940
Bornem	Industrieweg 3	0	0	0	0
Zaventem	Brucargo	3.171	0	0	3.171
Willebroek	De Hulst Metro	627	0	0	627
Willebroek	De Hulst Decathlon	2.057	0	0	2.057
Genk	Mainfreight	520	0	0	520
Zaventem	Brucargo - Saco	379	0	0	379
Saintes	Amtoys / Noukies	335	0	0	335
Frankrijk		**2.448**	**656**	**947**	**844**
Savigny-le-Temple	Rue du Chrome 2	0	0	0	0
Feuqueires	Zoning Industriel du moulin	363	0	363	0
Cambrai	P.d. Activité Actipole	0	0	0	0
Roissy	Rue de la Belle Etoile 280	320	0	0	320
Bondoufle	Rue Henrie Dunant 9-11	0	0	0	0
Décines	Rue a Rimbaud 1	0	0	0	0
Le Mesnil Amelot	Rue du Gué 4, Rue de la Grande B	225	0	225	0
Alfortville	Le Techniparc	223	223	0	0
Roissy	Rue de la Belle Etoile 383	654	293	0	361
Le Mesnil Amelot	Rue du Gué 1-3	499	140	359	0
Saint-Priest	Chemin de la Fouilousse	0	0	0	0
St-Cyr en Val	Rue des Genêts 660	0	0	0	0
Marennes	La Donnière	0	0	0	0
Saint-Laurent-Blangy	Actipark	0	0	0	0
Saint-Martin-de-Crau	Ecopole	0	0	0	0
Saint-Priest	Parc des Lumières	0	0	0	0
Alfortville	Rue Félix Mothiron 8	164	0	0	164
Nederland		**13.577**	**0**	**0**	**13.577**
Almere	Stichtse Kant	1.196	0	0	1.196
Waddinxveen	Exportweg	975	0	0	975
Oss	Vollenhovermeer	1.045	0	0	1.045
Beuningen	Zilverwerf	1.047	0	0	1.047
's Heerenberg	Distributieweg	1.371	0	0	1.371
Heerlen	Business Park Aventis	1.475	0	0	1.475
Apeldoorn	Ijseldijk	564	0	0	564
Tilburg	Gesworenhoekseweg	1.002	0	0	1.002
Aalsmeer	Japanlaan & Thailandlaan	2.375	0	0	2.375
Eindhoven	De Keten - Jan De Rijk	1.208	0	0	1.208
Tilburg	Brakman - NSK	1.000	0	0	1.000
Etten-Leur	Parallelweg - BAS Logistics	320	0	0	320
TOTAAL		**42.366**	**889**	**3.617**	**37.860**

When we take account of all the properties that have been part of the property portfolio for the past 3 years (i.e. disregarding the acquisition of new sites or divestments - total of 27 sites), the rental income is as follows (also see table):

- 2015: € 27,252K
- 2016: € 27,638K (+1.4%)
- 2017: € 27,944K (+1.1%)

The increase of 1.6% of the rental income for Belgium in 2017 is mainly due to the yearly indexation, the new tenants: CDS at the site of Vorst, extra rental to DSV (phase 2) at the site Gent Evenstuk partly compensated by the vacancy of the site of Puurs, previously leased to H&M and the vacancy of the site of Gent Korte Mate, previously leased to SAS Automotive.

The increase of 1.7% of the rental income for France in 2017 compaired with 2016 is mainly due to the yearly indexation.

The decrease of 0.8% of the rental income for the Netherlands in 2017 compared to 2016 as a result of the renegotiation of the lease in 2017 by JCL for the site at 's Heerenberg Distributieweg, partly compensated by the annual indexation that was limited in 2017 for the Netherlands.

RENTAL INCOME (EUR x 1.000)		31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Belgium		**16.077**	**16.181**	**15.258**
Aalst	Tragel 48-58	2.135	2.081	2.013
Bornem	Industrieweg 4-24	582	562	103
Grimbergen	Eppegemsestwg 31-33	1.100	1.080	1.069
Hoboken	Smallandlaan 7	128	125	100
Nivelles	Rue de la Technique 11	331	380	373
Puurs	Schoonmansveld 18	146	805	773
Erembodegem	Industrielaan 27	896	687	828
Mechelen	Zandvoortstraat 16	935	838	754
Vorst	Humaniteitslaan 292	2.003	1.673	1.225
Milmort	Avenue du Parc Industriel	494	507	1.000
Heppignies	Rue Brigade Piron	813	800	832
Zaventem	Brucargo 830	2.195	2.157	2.118
Zaventem	Brucargo 763	321	289	283
Zaventem	Brucargo 831	638	625	462
Gent	Evenstuk - DSV Fase I	1.716	1.437	1.077
Gent	Korte Mate	138	654	650
Zaventem	Brucargo 738-1	482	475	609
Willebroek	De Hulst Dachser	1.024	1.005	989
France		**6.465**	**6.550**	**6.778**
Savigny-le-Temple	Rue du Chrome 2	136	328	327
Feuqueires	Zoning Industriel du moulin	359	359	359
Roissy	Rue de la Belle Etoile 280+ 383	918	905	708
Bondoufle	Rue Henrie Dunant 9-11	238	236	475
Décines	Rue a Rimbaud 1	376	374	974
Le Mesnil Amelot	Rue du Gué 4, Rue de la Grande Borne	873	803	373
Alfortville	Le Techniparc	226	224	640
Le Mesnil Amelot	Rue du Gué 1-3	498	495	225
Saint-Priest	Chemin de la Fouilousse	615	611	492
Marennes	La Donnière	757	753	744
Saint-Laurent-Blangy	Actipark	639	636	636
Saint-Martin-de-Crau	Ecopole	830	825	825
The Netherlands		**5.539**	**5.585**	**5.543**
Almere	Stichtse Kant	1.120	1.119	1.164
Waddinxveen	Exportweg	993	988	983
Oss	Vollenhovermeer	1.010	1.009	965
Beuningen	Zilverwerf	1.037	1.035	1.027
's Heerenberg	Distributieweg	1.379	1.433	1.404
TOTAL		**28.081**	**26.275**	**26.625**

34 of the 54 sites have been part of the portfolio for more than 3 years. 20 sites were added to the portfolio in the last three years through new leases or existing contracts, or new leases through the development or acquisition of new sites. 5 sites (Meer, Herentals, St-Cyr-en-Val, Tilloy-lez-Cambrai and Savigny-le-Temple) were sold in the last 3 years.

Note 2: Rental-related expenses

RENTAL-RELATED EXPENSES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Rent to pay on leased assets	-2.360	-1.305	-1.205
Depreciations on trade receivables	-90	-11	-2
Write-back of write-downs on trade receivables	9	0	59
TOTAL	**-2.440**	**-1.315**	**-1.148**

The total rent payable on leased assets concerns the concession fees and rent payments on the following sites: Brucargo 830, Brucargo 763-765, Brucargo 831, Brucargo 738, Ghent Evenstuk, Ghent Hulsdonk, Grimbergen, Belron at Genk and DHL Hub at Machelen.

These paid concessions are booked in accordance with IAS 17 and the building that has been implemented was booked as investment in accordance with IAS 40.

The schematic overview below shows the annual concession fees and rent payments per site (based on the annual amount on 31 December 2017) and the date on which Montea has to pay this amount.

	2017	**End date**	
Brucargo 830	€526,000	2062	No building allowance is paid when the site is vacant
Brucargo 763	€89,000	2063	No building allowance is paid when the site is vacant
Ghent - Evenstuk	€248,000	2043	
Brucargo 831	€173,000	2063	No building allowance is paid when the site is vacant
Ghent - Hulsdonk	€79,000	2043	
Grimbergen:	€80,000	2029	
Brucargo 738	€135,000	2064	No building allowance is paid when the site is vacant
Machelen – DHL Hub	€951,000	2065	No building allowance is paid when the site is vacant
Genk – Belron	€33,000	2042	
Brucargo – Saco	€46,000	2063	No building allowance is paid when the site is vacant
Total	**€2,360,000**		

The table below shows the future non-discounted concession cash flows:

Non-discounted concession cash flows (EUR x 1000)					
Site	Percentage rent (if applicable)	Base (yearly contractual rent or amount/m²)	< 1 year	1 year < x < 5 years	> 5 years
Brucargo - DHL Global Forwarding	24%	2.195	526	2.104	21.040
Brucargo - Geodis Calberson Belgium	28%	323	89	356	3.649
Gent - DSV Solutions	0%	240	248	992	5.208
Brucargo - SJM Coördination Center	28%	629	173	692	7.093
Gent - SAS Automotive	0%	77	79	316	1.659
Grimbergen - Caterpillar	0%	8	80	320	560
Brucargo - Nippon Express	28%	482	135	540	5.670
Machelen - DHL Hub	40%	3.171	1.269	5.074	53.278
Genk - Belron	0%	61	61	245	2.509
Brucargo - Saco	28%	335	94	375	4.030
TOTAL			2.753	11.014	2.764.064

Montea applies IAS39.59. When Montea calls on external legal advice for the collection of rent and/or other receivables, a provision for the doubtful receivables is immediately allocated. When the money owed is received, the impairment is reversed in the accounts.

The reduction in value in 2017 concerns the provision allocated for the tenant SMIW at the site in Milmort (€ 90K).

Note 3: Rental charges and taxes normally borne by the tenant on rented buildings and recovery of said rental charges and taxes

RENTAL CHARGES AND TAXES NORMALLY BORNE BY THE TENANT ON LET PROPERTIES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Recovery of charges and taxes normally payable by tenants on let properties	**5.168**	**4.942**	**4.832**
Reinvoicing of rental charges borne by the tenant	2.714	1.983	2.003
Reinvoicing of taxes on let properties	2.454	2.959	2.829
Charges and taxes normally borne by the tenant on let properties	**-5.895**	**-5.863**	**-5.824**
Rental charges borne by the tenant	-3.025	-2.325	-2.363
Taxes on let properties	-2.870	-3.537	-3.461
TOTAL	**-727**	**-920**	**-992**

The drop of the net impact to € -727K is largely due to the extra rental occupancy at several sites in ownership of the Montea group.

In the event of vacancy, the highest cost price is the advance levy on income derived from real estate and the insurance, which may or may not be passed on. The advance levies and taxes on rented buildings amounted to €2,870 in 2017 (6.8% of the rental income, which amounted to €41,907K on 31/12/2017).

Note 4: Other rental-related income and expenditures

OTHER RENTAL-RELATED INCOME AND EXPENDITURE (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Property management fee	471	290	262
Income from the solar panels	1.382	912	954
Other	2.044	459	349
TOTAL	**3.897**	**1.660**	**1.565**

The property management fee is contractually agreed. In most leases, it amounts to a percentage of the annual rent. In 2017, the company also exceptionally received some Project management fees during the construction phase that were also included in this section, which explains the increase compared to 2016.

The income from the solar panels consists of the generated electricity which is charged to the tenants and the grid operator (18.7%), and of income from the green certificates (81.3%).

The revenues are recognised when the income is received, in accordance with IAS18. There are no green certificates that are not sold at the end of the financial year. The green certificates are paid by the government and not by the energy suppliers.

The solar panels on the buildings of the sites in Bornem, Grimbergen, Puurs Schoonmansveld 28, Vorst, Milmort, Heppignies, Aalst and Ghent Hulsdonk generated a total income of € 1,382K.

In 2017, the “Other” item consisted of the recovered advance levy on income derived from vacant sites in the previous financial years booked as cost, and of income from the racks at the Oss site. Montea invested in these racks at the tenant’s request and they were invoiced to the latter on a monthly basis. In 2016, the tenant acquired the racks.

In 2017, the “Other” item consisted of the one-off payment received in April 2017 regarding the completion of the Brucargo building developed for DHL Aviation NV (€ 0.9 million), but also the payment of the additional works financed by Montea for the same tenant (payment over the lease contract: 15 years) and other income such as the insurer's damages due to claims, covered by our insurance policy and the fees received for the reinstatement of the buildings in the portfolio after the termination of a lease and after deduction of the or estimated costs for this reinstatement.

Note 5: Technical costs

TECHNICAL COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Recurring technical costs	**-25**	**-122**	**-113**
Repairs	-12	-109	-102
Compensation for overall guarantuees	0	0	0
Insurance premiums	-13	-13	-11
Non-recurring technical costs	**-8**	**0**	**-1**
Major repairs	0	0	0
Claims	-8	0	-1
TOTAL	**-34**	**-122**	**-114**

The increase in the technical costs in 2017 is due mainly to the refurbishment costs of the sites where the leases come to an end.

Note 6: Commercial costs

COMMERCIAL COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Brokers' fees	-91	-202	-190
Publicity	0	0	0
Lawyer fees and legal expenses	-30	-55	-43
TOTAL	**-122**	**-257**	**-233**

The commercial costs comprise the broker’s fees payable after signing of new leases with Facil Europe and Profit Europe as well as the related fees of lawyers.

Note 7: Charges and taxes for un-let properties

CHARGES AND TAXES OF UN-LET PROPERTIES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Charges	0	-23	-47
Property tax	0	0	-46
Insurances	0	-9	-9
TOTAL	**0**	**-31**	**-102**

Note 8: Property management costs

PROPERTY MANAGEMENT COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Internal property management costs	-1.047	-590	-822
Exteral property management costs	0	0	-17
TOTAL	**-1.047**	**-590**	**-839**

These costs comprise on the one hand expenses for the internal team that is responsible for the management and marketing of the real estate, and form costs attributable directly to management. The increase in internal management costs in 2017 compared with 2016 can be explained by an incorrect representation in 2016. However, without any impact on results because it only concerns a reclassification of the general costs to the management costs.

Note 9: Other property costs

OTHER PROPERTY COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Other property charges	-44	-43	-43
TOTAL	**-44**	**-43**	**-43**

In 2017, “Other property costs” concerned mainly the maintenance of the solar panels.

Note 10: General overheads

GENERAL CORPORATE COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Office costs	-363	-305	-329
Representation costs	-94	-114	-117
Fees	-825	-780	-960
Real estate expert	-125	-109	-137
Auditor	-84	-78	-74
Legal advisors	-107	-115	-124
Accounting and financial advisors	-373	-316	-369
Other	-135	-162	-257
Listing fees	-321	-256	-234
Marketing and communication	-301	-323	-304
Personnel costs + fees business manager	-1.705	-1.791	-1.897
Amortizations	-205	-200	-196
TOTAL	**-3.814**	**-3.769**	**-4.037**

The company’s overheads comprise mainly costs relating to the daily management and expenses incurred for obligations of listed companies.

The overheads totalled €5,807 K. Of these:

- €945 K (16.3%) were activated on existing sites and new ongoing projects. They concern project management expenses;
- €1,047 K (18.0%) entered under property costs (in property management fees, under note 8). These are costs attributable directly to the internal team responsible for the management and commercialization of the real estate and the costs to be allocated immediately to the management on the other hand.

As such, 65.7% of these costs (€3,814 K) are reserved as overheads of the company. The drop in that figure is due to a drop in the marketing and communication, HR and consultancy costs.

The fee of the auditors, EY Bedrijfsrevisoren, represented by Joeri Klaykens, relating to the remuneration for the legal assignment to audit and review the company and consolidated accounts, amounts to €50,000 (the total amounts to €87 K, of which € 34 K pertains to other auditing activities – cf. auditor).

Apart from the fees for the auditor, the property expert and the manager, no other significant remuneration was payable in 2017.

The average workforce and breakdown of staff costs can be shown as follows:

	31/12/2017 12 months	31/12/2016 12 months
Average staff (in FTE)	**19**	**13**
a) Workers	0	0
b) Clerks	*19*	*13*
Administrative clerks	*10*	*7*
Technical clerks	*9*	*6*
Geografical location staff (in FTE)	***19***	***13***
West-Europe	*19*	*13*
Belgium	*14*	*10*
France	*3*	*3*
The Netherlands	*2*	*0*
Central- and Eastern-Europe	*0*	*0*
Staff costs (in EUR x 1000)	**2.027**	**1.708**
a) Remuneration and direct social benefits	*1.155*	*969*
b) Corporate contributions for social insurance	*412*	*356*
c) Corporate premiums for non-statutory insurance policies	*30*	*43*
d) Other staff costs	*430*	*340*

(*) FTE stands for Full Time Equivalent

Staff costs included above can be found in the section general costs (see above) and in the section management costs (see Note 8). The difference between the two amounts corresponds to the remuneration of the statutory manager.

Montea has contracted for its permanent employees a group insurance contract of the type defined contribution plan with an external insurance company. The contribution of the insurance plan is paid by Montea. The insurance company has confirmed that, on 31 December 2017, the shortfall to guarantee the minimum legal return is not material.

Note 11: Other operating revenues and expenditures

OTHER OPERATING INCOME AND EXPENSES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Other operating income	35	61	29
Other operating expenses	-107	-203	-86
TOTAL	**-72**	**-142**	**-58**

The other operating revenues comprise mainly:

- Compensation received;
- Once-off income.

The other operating expenditures comprise mainly:

- Fees for registration and legal formalities;
- Social security contributions in France;
- Costs incurred for projects that did not go through.

Note 12: Earnings from the sale of investment properties

RESULT ON DISPOSAL OF INVESTMENT PROPERTIES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Net sale of real estate (sale price - transaction expenses)	17.360	57.938	3.780
Fair value of sold real estate	-16.591	-49.807	-3.775
TOTAL	**769**	**8.131**	**5**

(0) See section 8.6.2.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

The capital gains of €769 in 2017 result from the sale of the site in Savigny-le-Temple. The capital gains of € 8,131 K in 2016 result from the sale of the site in Cambrai and Saint-Cyr-en-Val. The capital gain of € 5K in 2015 result from the sale of the site in Herenals rented to Kemin.

Note 13: Changes in the fair value of investment properties

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Positive changes in fair value of investment properties	12.949	8.553	14.535
Negative changes in fair value of investment properties	-9.745	-7.883	-17.195
TOTAL	**3.204**	**670**	**-2.660**

(0) See section 8.6.2.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

The positive changes in the fair value of the investment properties consist of the balance of all positive changes in the fair value of the sites. The same applies for the negative changes.

When the balance of all positive and negative changes is considered as a whole, the result on the property portfolio amounts to € 3,204 K on 31 December 2017.

When we look at the balance of the positive and negative changes separately (+€12.9 million and -€9.7 million respectively) we can note the following:

- The positive changes in the fair value of the investment properties are largely due to the drop of the return on investment for projects with long-term leases;
- The negative changes in fair value of the investment properties are largely attributable to the severance compensation received for leases at break date or were discontinued, posting the result of the initial transaction costs for the purchase or development of new properties (see section 8.6.2.1) and debiting the result of the remaining rent-free periods.

When Montea invests in a property (heavy alteration works), those investments are entered under the assets of the balance sheet. If the property expert does not value these extra works fully (or not at all) according to the cost price of these works, Montea books a negative change in the valuation of the real estate.

For more information on the valuation principles applied to the property portfolio, cf. note 20.

Note 14: Financial income

FINANCIAL INCOME (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Interests and dividends received	1	1	138
Compensation financial leasing	0	0	0
Net realized gains on sale of financial assets	0	0	0
Net realized gains on sale of financial leasing receivables and similar receivables	0	0	0
Other	240	655	443
TOTAL	**240**	**656**	**581**

The financial income pertains to the interest accrued on the available funds and to the unavailability compensation to MG Real Estate concerning park De Hulst. Reference is made to note 28 first paragraph in the 2016 annual financial report. These fees were honored at an interest rate of 5.5% on an annual basis. The acquisition of the distribution center for Decathlon is the final part of a successful collaboration with MG Real Estate, which means that the financial income has decreased in 2017.

.

Note 15: Net interest charges

NET INTEREST CHARGES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Nominal interest charges on loans	-6.115	-5.713	-5.364
Reinstatement of the nominal amount for financial debts	1	0	6
Costs from authorized hedges	-5.123	-6.578	-3.142
Other interest charges	-8	-17	-57
TOTAL	**-11.245**	**-12.308**	**-8.556**

The net interest charges went down by €1,063 K or 8.6%.

The average debt burden rose by € 41.8 million (13%). Conversely, there was a drop in the average financing cost to 3%[102]* including the cost of the hedging instruments) for financial year 2017 as a result of which the nominal interest charges on loans increased by € 402 K.
The impact of hedging instruments is 1.3%. This means that the average financial cost without hedging instruments would be 1.7%.

The costs for the hedging instruments decreased by € 1,455 K mainly due to the unwinding of an interest rate swap hedging contract in the form of an Interest Rate Swap (IRS) in 2016 for a total amount of € 2.1 million to conclude subsequently a new hedge in 2016 at current market conditions against a higher hedging rate in 2017 compared with 2016.

In the last quarter of 2017, Montea completed four interest rate hedging contracts of the type IRS, for a nominal amount of € 60 million, to subsequently conclude new hedges for the same amount, under current market conditions. This unwinding will have a positive impact on the term of the hedges, as well as on the average financing cost for the coming years of € 1.2 million/year. Given clarification on the accounting treatment of the unwinding of swaps, and in order to obtain a better connection with the EPRA guidance, it was decided to process the unwinding of the swaps from 2017 through the P&L section: changes in the fair value of financial assets and liabilities. If we had applied this accounting method to the unwinding of the swap in 2016, this would have had no effect on the net result and equity of 2016, only on the EPRA result that would have been higher by € 2.1 million or € 0.21 per share.

Note 16: Other financial costs

OTHER FINANCIAL COSTS (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Bank charges and other commissions	-102	-128	-41
Net realized losses on sale of financial assets	0	0	0
Net realized losses on sale of financial leasing receivables and similar receivables	0	0	0
Other	0	0	0
TOTAL	**-102**	**-128**	**-41**

The bank charges comprise mainly commission fees for the conclusion of new lines of credit.

[102]* This financial charge is an average over the entire year, including the lease payables, and was calculated on the basis of the total financial result with respect to the average of the opening balance and the closing balance of the financial debt burden for 2017, without taking the valuation of the hedging instruments into account.

Note 17: Changes in the fair value of financial assets and liabilities

The change in the fair value of the financial assets and liabilities amounts to € 5,791 K, consisting of:

- The positive change in the fair value of the financial assets and liabilities of €6,699 K;
- The negative change pursuant to IFRS 13, whereby Montea books a Credit Value Adjustment (CVA) of €909 K in 2017 compared with 2016.

VARIATIONS IN THE FAIR VALUE OF FINANCIAL ASSET AND LIABILITIES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Authorized hedges	5.791	-616	438
Authorized hedges subject to hedge accounting as defined by IFRS	0	0	0
Authorized hedges no subject to hedge accounting as defined by IFRS	5.791	-616	438
Other	0	0	0
TOTAL	**5.791**	**-616**	**438**

The debt position of Montea under the hedging instruments amounts to €12.0 million.

FAIR VALUE OF THE HEDGES (EUR x 1.000)	Start date	Maturity date	Nominal amount	Amount taken 31/12/2017	Interest rate	Heged interest rate	Fair value 2017 (*)	Fair value 2016 (*)	Fair value 2015 (*)	Change in fair value
IRS'	1/01/2016	1/09/2024	0	0	2,66%	Euribor 3M	-	-2.983	-1.098	2.983
IRS	1/07/2012	1/07/2024	0	0	2,50%	Euribor 3M	-	-	-	0
IRS	1/10/2011	1/10/2020	0	0	2,77%	Euribor 3M	-	-	-	0
IRS '	30/11/2015	30/05/2019	0	0	3,07%	Euribor 3M	-	-845	-2.687	845
IRS	1/10/2011	1/10/2020	0	0	2,77%	Euribor 3M	-	-	-	0
IRS	31/12/2015	31/12/2021	10.000	10.000	2,38%	Euribor 3M	-932	-1.248	-1.240	316
IRS	2/01/2015	1/07/2022	25.000	25.000	2,25%	Euribor 3M	-2.558	-3.324	-3.177	766
IRS '	1/04/2015	1/07/2022	0	0	2,52%	Euribor 3M	-	-1.488	-1.446	1.488
IRS '	1/04/2015	1/07/2023	0	0	2,74%	Euribor 3M	-	-4.550	-4.277	4.550
IRS	3/10/2016	1/07/2024	25.000	25.000	1,71%	Euribor 3M	-2.265	-2.949	-4.519	684
IRS	1/04/2015	1/07/2027	25.000	25.000	2,74%	Euribor 3M	-4.943	-5.900	-4.997	958
IRS	31/03/2015	30/06/2023	10.000	10.000	2,51%	Euribor 3M	-1.236	-1.590	-1.479	354
IRS	30/12/2016	31/12/2027	2.500	2.500	0,78%	Euribor 3M	3	-41	-	44
IRS	30/12/2016	31/12/2024	10.000	10.000	0,45%	Euribor 3M	18	-120	-	138
IRS	30/12/2016	31/12/2026	50.000	50.000	0,68%	Euribor 3M	38	-763	-	801
IRS	31/12/2016	31/12/2025	25.000	25.000	0,56%	Euribor 3M	38	-330	-	368
IRS ''	29/12/2017	29/12/2027	25.000	25.000	0,82%	Euribor 3M	-104	0	0	0
IRS ''	29/12/2017	29/12/2026	10.000	10.000	0,72%	Euribor 3M	-33	0	0	0
IRS ''	29/12/2017	29/12/2024	15.000	15.000	0,50%	Euribor 3M	-29	0	0	0
IRS ''	29/12/2017	29/12/2025	10.000	10.000	0,61%	Euribor 3M	-26	0	0	0
TOTAL			**242.500**	**242.500**			**-12.029**	**-26.131**	**-24.920**	**14.294**

It is shown schematically here when the existing IRS totalling €242.5 million mature:

2021:	€10 million
2022:	€25 million
2023:	€10 million
2024:	€50 million
2025:	€35 million
2026:	€60 million
2027:	€52.5 million

As a result of the adaptations according to IFRS 13, Montea has booked a positive change in the valuation of the hedging instruments of € 418 K over all the financial years (Credit Value Adjustment). As such, the net debt position of Montea under the hedging instruments amounts to €11.6 million, which are booked as long-term financial debts under the liabilities in the balance sheet.

The negative adjustment of the nominal amount to the fair value of the hedging instruments can be found in the other non-current financial debts on the liabilities of the balance sheet and the positive adjustment of the nominal amount to the fair value of the other financial fixed assets - hedging instruments on the assets of the balance sheet.

At the end of 2017, Montea has hedging instruments for a nominal amount of €242.5 million.

The average hedging cost decreased from 2.3% (average hedge cost excluding one-off unwinding costs in 2016 from € 2.1 million) to 2.1% (taking into account a constant perimeter) [103].

The non-discounted cash flows for the next five years based on the existing IRS contracts are appended here.

Undiscounted Cashflows (EUR x 1000)	< 1 year	1 year < x < 2 years	2 years < x < 3 years	3 years < x < 4 years	4 years < x < 5 years	5 years < x < 6 years	6 years < x < 7 years	6 years < x < 7 years	7 years < x < 8 years	9 years < x < 10 years	> 11 years
Cost of hedging	3.922	3.922	3.922	3.922	3.651	3.006	2.722	2.010	1.694	1.082	0

Note 18: Corporation tax

CORPORATE TAXES (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Withholding tax	0	0	-1
Actual corporate taxes (profit)	-938	-505	-323
TOTAL	**-938**	**-506**	**-324**

The corporate tax booked consists of a provision for:

- The tax payable on the rejected expenses by Montea Comm. V.A.
- The corporate tax payable for companies that do not enjoy regulated real-estate company status
- The dividend tax payable by Montea SCA
- The dividend tax payable by Montea Netherlands

Note 19: Intangible fixed assets

INTANGIBLE ASSETS	(x EUR 1.000)
ON 31/12/2015	**214**
Acquisitions	66
Depreciations	-91
ON 31/12/2016	**189**
Acquisitions	79
Depreciations	-100
ON 31/12/2017	**168**

This heading indicates the amounts of the intangible fixed assets for own use. These intangible fixed assets contain primarily the licence and development fees for property management, facility and accounting software.

103 The average hedging cost is calculated by dividing the annual hedging cost through the average hedged amount.

Note 20: Investment properties

PROPERTY INVESTMENTS & PROJECT DEVELOPMENT	(X EUR 1.000)	(X EUR 1.000)	(X EUR 1.000)
	Property investments	Project developments	TOTAL
On 31/12/2015	**497.590**	**9.345**	**506.935**
Investments	**79.993**		**79.993**
New acquisitions	*39.001*		39.001
Acquisitions through share transactions	40.992		40.992
Re-developments	-		-
Delivered project developments		-15.359	-15.359
Desinvestments	**-57.516**		**-57.516**
Sale Assets	-49.795		-49.795
Assets for sale	-7.721		-7.721
Increase/(decrease) fair value	**4.788**		**4.788**
On 31/12/2016	**524.855**	**-6.014**	**518.841**
Investments	**127.538**		**127.538**
New acquistions	*14.307*		*14.307*
Acquisitions through share transactions	*78.166*		*78.166*
Reception built-to-suit projects	35.065		35.065
Increase/(decrease) fair value	**3.293**	**-89**	**3.204**
On 31/12/2017	**657.991**	**48.440**	**706.431**

The increase in property investments in 2017 for an amount of € 133 million is mainly the result of:

- An increase of the new acquisitions (€ 17 million):
  - Phase 1 at Etten-Leur leased to Bas Logistics (€ 5 million);
  - Mesnil-Amelot leased to Facilit'Air and SSP (€ 3 million);
  - Expansion ground adjacent to leased site Dachser (€ 1 million)
  - Expansion ground adjacent to leased site Federal Mogul (€ 1 million)
  - Improvement and maintenance work on the existing portfolio (€ 7 million)

  The project in Etten-Leur, the project in Mesnil-Amelot and the expansion grounds were financed with the proceeds of the capital transaction (see section 5.3.5 for more information). The improvement and maintenance work were financed through debt.

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- Delivery of Built-to-suit projects worth € 35 million:
  - project at Brucargo leased to Saco (€ 4 million)
  - distribution center in Genk leased to Mainfreight (€ 7 million)
  - extension project in Waddinxveen leased to Delta Wines (€ 1 million)
  - project in Tilburg leased NSK (€ 16 million)
  - the Built-to-suit project in Aalsmeer leased to Scotch & Soda (€ 7 million)

  The project in Brucargo, the project in Genk, the project in Tilburg and the project in Aalsmeer were financed through debt. The project in Waddinxveen was financed with the proceeds of the capital transaction (see section 5.3.5 for more information).

- An increase in new property purchases through equity transactions (€ 78 million):
  In Belgium:
  - Castanea NV: project leased to Metro in Willebroek (€ 9 million)
  - Gleditsia NV, Sambucus NV and Pterocarya NV: project leased to Decathlon in Willebroek (€ 32 million)
  - Cercis Parc NV: project leased to DHL Aviation NV at Brucargo (€ 31 million)
  - Immocass BVBA: sale & lease back transaction with Noukies in Saintes (€ 4 million)

In France:
- EAPJ SCI: acquisition of project in Alfortville (€ 2 million);

The project in Willebroek and the project Brucargo were financed through debt. The project Decathlon in Willebroek, the sale & lease back transaction in Saintes and the projects in Alfortville were financed with the proceeds of the capital transaction (see section 5.3.5 for more information).
IFRS 3 does not apply because these transactions do not classify under the acquisition of a business combination. The acquired company is not considered as a separate business but rather as a building that generates rental income.

- An increase in the fair value of our property portfolio, totaling € 3 million.

The balance sheet of Castanea NV which was acquired through share transaction, contains the following elements:
- the land with building leased to Makro Cash&Carry Belgium NV
- outstanding trade receivables of € 0.2 million
- capital of € 0.3 million
- equity of € 0.2 million
- an intragroup debt amounting to € 6.5 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of Gleditsia NV (37% ownership of the site and building) which was acquired through share transaction, contains the following elements:
- the land with building leased to Decathlon
- outstanding trade receivables of € 0.65 million
- capital of € 1 million
- equity of € 3.1 million largely consisting of capital
- other liabilities (including taxes) and accrued liabilities of € 0.2 million
- an intragroup debt amounting to € 9.1 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of Pterocarya NV (30% ownership of the site and building) which was acquired through share transaction, contains the following elements:
- the land with building leased to Decathlon
- outstanding trade receivables of € 0.5 million
- equity of € 2.5 million largely consisting of capital
- other liabilities (including taxes) and accrued liabilities of € 0.2 million
- an intragroup debt amounting to € 5 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of Sambucus NV (33% ownership of the site and building) which was acquired through share transaction, contains the following elements:
- the land with building leased to Decathlon
- outstanding trade receivables of € 0.6 million
- equity of € 2.8 million largely consisting of capital
- other liabilities (including taxes) and accrued liabilities of € 0.2 million
- an intragroup debt amounting to € 5.3 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of Cercis Parc NV which was acquired through share transaction, contains the following elements:
- the land with building leased to DHL Aviation
- fixed assets under construction of € 1.7 million
- outstanding trade receivables of € 1 million
- other receivables and accrued assets amounting to € 0.8 million
- negative equity of € 0.2 million
- trade and other payables (including taxes) of € 0.8 million
- accrued liabilities of € 0.8 million
- an intragroup debt amounting to € 28.8 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of Immocass BVBA which was acquired through share transaction, contains the following elements:
- the land with building leased to Noukies
- equity of € 0.2 million
- financial debts of € 1.1 million

The financial debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balances of APJ SCI which was acquired through share transaction, contains the following elements:
- the land with building leased to Brard Entreprise
- equity of € 0.1 million
- an accrued equity of € 3.3 million
- financial debts and other debts (including taxes) of € 0.1 million

The table below shows an overview of the analyses regarding the project developments:

Projet developments	**(X EUR 1.000)**
On 31/12/2015	**25.640**
Project developments	
- Heerlen	3.045
- Bakkersland	-13.300
- Movianto	-11.200
- ExtensionDSV	-1.144
On 31/12/2016	**10.281**
Project developments	
Vilvoorde Tyraslaan	11.199
Vilvoorde Tyraslaan	9.910
Bornem - Pelsis	4.982
Camphin - Danone/DSM/GBS	11.170
Ettenleur - Bas Logistics	4.934
SLP - Thomsen Select	3.270
Aalsmeer - Scotch & Soda oplevering	-7.217
Augmentation/(diminution) de la juste valeur	-89
On 31/12/2017	**48.440**

The real estate portfolio is valued at fair value. The fair value is determined on the basis of non-observable inputs and consequently these investment properties belong to level 3 of the fair value hierarchy as determined in accordance with IFRS. See note 39 for more information. The positive variation in the valuation of the investment properties can be explained by the sharpening of the return on logistics real estate in the investment market.

Valuation methodology

The estimation of a site consists of determining its value on a certain date, determining the price at which the site can potentially be traded between buyers and sellers who are sufficiently informed without information asymmetries and who wish to realize this kind of transaction . This value is the investment value or the price to be paid plus any transfer taxes (registration fees or VAT). The fair value, cfr IAS / IFRS reference scheme, can be obtained by subtracting the theoretical local registration rights from the investment value.

Sensitivity of valuations

The sensitivity of the fair value in function of changes in the significant non-observable inputs used in the determination of the fair value of properties classified in level 3 according to the IFRS fair value hierarchy is as following:

		Impact on fair value	
Non-observable inputs	**calculated in**	**Increase**	**Decrease**
Estimated rental value	€/m²	+	-
Discount rate	%	-	+
Required yield		-	+
Remaining term lease contract	years	+	-
Occupation rate		+	-
Inflation		+	-

In addition, a long (short) remaining term of the lease contract often leads to an increase (decrease) in the discount rate.
The sensitivity of the fair value of the portfolio can be estimated as follows:

- an increase (decrease) of 1% of the rental income means that the fair value of the portfolio will increase (decrease) by approximately € 7.5 million
- a decrease (rise) of 0.25% of the discount rate means that the fair value of the portfolio will increase (decrease) by approximately € 29 million.

Note 21: Other tangible fixed assets

OTHER TANGIBLE NON-CURRENT ASSETS (x EUR 1.000)	Total	Own use	Other
ON 31/12/2015	**10.500**	**571**	**9.929**
Acquisition value 01/01/2016	**11.140**	**757**	**10.383**
Acquisitions	55	0	55
Solar panels	-391	0	-391
- acquisitions solar panels	*330*	*0*	*330*
- added value/less value of existing solar panels	*-720*	*0*	*-720*
Acquisition value 31/12/2016	**10.804**	**757**	**10.047**
Depreciations 01/01/2016	**-640**	**-224**	**-416**
Depreciations	-67	-38	-29
Depreciations 31/12/2016	**-707**	**-262**	**-445**
ON 31/12/2016	**10.098**	**495**	**9.526**
Acquisition value 01/01/2017	**10.804**	**757**	**10.047**
Acquisitions	51	0	51
Solar panels	2.793	0	2.793
- acquisitions solar panels	*2.308*	*0*	*2.308*
- added value/less value of existing solar panels	*484*	*0*	*484*
Acquisition value 31/12/2017	**13.648**	**757**	**12.891**
Depreciations 01/01/2017	**-707**	**-262**	**-445**
Depreciations	-64	-38	-26
Depreciations 31/12/2017	**-771**	**-300**	**-471**
ON 31/12/2017	**12.877**	**457**	**12.420**

The gray cells were adapted following an incorrect take up in the results of the financial annual report 2016.

The movement in other tangible fixed assets includes mainly, in addition to the reduction in value on the solar panels at the sites in Bornem, Grimbergen, Erembodegem, Puurs Schoonmansveld, Heppignies, Milmort, Vorst and Gent, the investment in new solar panels in Aalst through the acquisition of the company Orka Aalst NV.

The plusvalue was taken directly from equity capital (also see valuation rules 8.6.2).

Solar panels are valued based on the revaluation model in accordance with IAS 16 – Tangible Fixed Assets. After the initial drawdown, the asset from which the fair value can reliably be determined, must be recorded at the revalued value, i.e. the fair value at the time of the revaluation, minus any accumulated writedowns later, plus any later accumulated special value reduction. If these solar panels were to be valued at their cost price, the amount would be € 11,514 K. The solar panels are not valued by an independent property assessor.

The fair value is determined on the basis of the discounting method of future revenues.

In the case of the valuation of the solar panels, the net gains (€ 484 K for 2017) are stated in a separate component of the equity capital. Also see note 30.1.

Note 22: Financial fixed assets

FINANCIAL ASSETS	(x EUR 1.000)
ON 31/12/2015	**0**
Assets held for sale till maturity	**0**
Participations in associated companies or companies with a participating interest	0
Assets at fair value through result	**0**
Hedging instruments	0
ON 31/12/2016	**0**
Assets held for sale till maturity	**0**
Participations in associated companies or companies with a participating interest	0
Assets at fair value through result	**96**
Hedging instruments	96
ON 31/12/2017	**96**

The financial fixed assets relate solely to the positive valuation of the hedging instruments.

The negative valuation of the hedging instruments for 2016 are shown in Note 17.

Note 23: Trade receivables and other fixed assets

TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS	(x EUR 1.000)
ON 31/12/2015	**38**
Guarantees paid in cash	1
ON 31/12/2016	**39**
Guarantees paid in cash	3
ON 31/12/2017	**42**

This amount concerns a guarantee paid in cash.

Note 24: Assets intended for sale

ASSETS HELD FOR SALE	(x EUR 1.000)
OP 31/12/2015	**0**
Accounting value of the investment properties held for sale	7.721
Real Estate certificates	0
Other	0
OP 31/12/2016	**7.721**
Accounting value of the investment properties held for sale	-7.721
Real Estate certificates	0
Other	0
OP 31/12/2017	**0**

The sale of the property in Savigny-le-Temple took take place on 30 March 2017 after a number of alteration works by the current tenant.

Note 25: Short-term trade receivables

TRADE RECEIVABLES (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Trade receivables - gross	14.951	11.014	8.195
Provisions for doubtful receivables	-587	-515	-504
TOTAL	**14.364**	**10.499**	**7.691**

On 31 December 2017, the gross trade receivables amounted to €14,364K, of which:

- €12,941K in trade receivables;
- €735K in doubtful receivables;
- €1,275K in other trade receivables
- - € 587 in losses in value for doubtful receivables.

The table below includes an age analysis of the trade receivables of € 12,940 K.

TABLE OF MATURITY DATES OF TRADE RECEIVABLES	(x EUR 1.000)
Trade receivables, not due	11.899
Trade receivables, due 1 -30 days	397
Trade receivables, due 31 - 60 days	266
Trade receivables, due 61 - 90 days	52
Trade receivables, due > 90 days	326
TOTAL	**12.940**

No losses in value were booked on the total amount of € 12,940 K because for the claims on expiry of 90 days, an individual analysis per file is made, showing that we are not at risk of the claims being lost and we have sufficient comfort dat our clients meet their obligations.

To minimise the impact of the overdue receivables on the result, Montea manages its customer base in an efficient manner. Montea subjects its customers to a credit analysis on a regular basis. It will also subject potential customers to a prior credit analysis before proceeding to conclude new leases. The table below provides an overview of the doubtful receivables:

DOUBTFUL RECEIVABLES	(x EUR 1.000)
ON 31/12/2015	**504**
Amount current financial year	11
Reversal amount current financial year	0
ON 31/12/2016	**515**
Amount current financial year	220
Reversal amount current financial year	0
ON 31/12/2017	**735**

WRITE-DOWNS ON DOUBTFUL RECEIVABLES ACCOUNTED FOR	(x EUR 1.000)
ON 31/12/2015	**504**
Provisions current financial year	11
Reversal losses doubtful receivables	0
ON 31/12/2016	**515**
Provisions current financial year	73
Reversal losses doubtful receivables	0
ON 31/12/2017	**587**

The table below provides an overview of the trade receivables:

TABLE OF OTHER RECEIVABLES	(x EUR 1.000)
Trade receivables - debit balance	0
Trade payables - debit balance	100
Invoices to bill	907
Creditnotes to receive	268
TOTAL	**1.275**

The trade receivables due for which a loss of value is booked are shown in the table below.

TABLE OF MATURITY OF DOUBTFUL DEBTS	(x EUR 1.000)
Trade receivables, not due	0
Trade receivables, due 1 -30 days	0
Trade receivables, due 31 - 60 days	0
Trade receivables, due 61 - 90 days	0
Trade receivables, due > 90 days	587
TOTAL	**587**

Montea has made the necessary efforts to have the most part of the outstanding trade receivables collected already after the end of the year.

Montea has not obtained any guarantees to limit its credit risk or any credit hedging instruments.

Note 26: Taks receivables and other current assets

TAX RECEIVABLES AND OTHER CURRENT ASSETS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
TAXES	**7.908**	**6.559**	**4.254**
Value added taxes (VAT)	6.739	6.292	3.983
Corporation tax	1.169	268	271
OTHER CURRENT ASSETS	**840**	**48**	**-185**
TOTAL	**8.748**	**6.607**	**4.069**

The considerably recoverable VAT amount is the result of a number of large invoices that were booked at the end of the year regarding the ongoing developments and purchases under VAT in the Netherlands. The outstanding tax claim concerns the Dutch corporation tax of the tax entity of which the FBI status is in application but has not yet been obtained. See Note 37 and section 1.4.3.

Note 27: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Cash at banks	3.436	3.348	4.929
Term deposits	0	2	2
Cheques to be cashed	0	0	0
TOTAL	**3.436**	**3.350**	**4.930**

Note 28: Deferred charges and accrued income

DEFERRED CHARGES AND ACCRUED INCOME - ASSETS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Accrued and not due rental income	454	424	394
Rental discounts and rental incentives to be allocated	0	0	0
Prepaid property charges			
- Prepaid allowance Group De Paepe	0	4.500	4.500
- Costs for future projects / Provisions construction costs	833	-4.500	-4.500
- Autres	0	0	0
Prepaid interests and other financial charges	0	0	0
Other	976	412	344
TOTAL	**2.263**	**21.121**	**15.309**

The heading "costs for future projects / Advances on construction costs" comprises the option fee and other costs already incurred such as the application for the building permit for Logistics Park A12 in Waddinxveen[104], start-up costs for the project in Liège[105] on concession land, as well as a limited start-up cost for the Blue Gate project in Antwerp[106]. Since this contract of sale had not yet been signed at the end of the reporting period, these costs were entered under deferred charges and accrued income, and not yet under "Investment properties." Once the agreement of purchase is final, these costs and/or advances are moved to "Investment properties."

Note 29: Share capital and share premiums

SHARE CAPITAL AND SHARE PREMIUMS (x EUR 1.000)	Capital	Costs capital increase	Capital shares options staff	Subscription premium	Number of shares
ON 31/12/2015	**187.735**	**-2.450**	**3**	**20.893**	**9.211.701**
Contribution in kind and stock dividend	15.085	-91	0	11.546	740.183
ON 31/12/2016	**202.820**	**-2.541**	**3**	**32.439**	**9.951.884**
Capital increase	33.803	-1.147	0	34.201	1.658.647
ON 31/12/2017	**236.623**	**-3.688**	**3**	**66.641**	**11.610.531**

On 26 September 2017, Montea increased its equity by € 68,004,527 (capital + issue premium). 1,658,647 new shares were accordingly created.

For more information, cf. the press release of 22/09/2017 (non audited by the auditor) or www.montea.com.

Note 30: Reserves

(EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Reserves	**-3.216**	**-13.079**	**-16.904**
Legal reserves	845	835	835
Reserve for the net amount of the changes in fair value of investment properties	-55.573	-49.930	-52.300
Reserves for the impact on the fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	0
Reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting as defined by IFRS	0	0	0
Reserve for the net amount of the changes in fair value of authorized hedges not qualified for hedge accounting as defined by IFRS	-14.939	-24.188	-24.626
Reserve for the net amount of exchange rate differences on monetary assets and liabilities	0	0	0
Reserve for the translation differences coming from the conversion of activities abroad	0	0	0
Reserve for treasury shares	-2	-2	-251
Reserve for the net amount of the changes in fair value of financial assets held for sale	0	0	0
Reserve for actuarial gains and losses on defined benefit pension plans	0	0	0
Reserve for deferred taxes on investment properties located abroad	0	0	0
Reserve for received dividends, used for the reimbursement of financial debts	0	0	0
Other reserves	66.454	60.207	59.438

See section 8.6.2.1. The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit.

[104] See press release of 13/03/2017 or www.montea.com for more information.
[105] See press release of 6/11/2017 or www.montea.com for more information.
[106] See press release of 18/02/2016 or www.montea.com for more information.

At the Board meeting held on 14th November 2011, an option plan was approved for all members of the executive management, including the executive directors. Montea's own shares have been purchased to cover these options. The amount of € 251K ("Reserve for own shares") relates to 7,246 of Montea's own shares, with a total par value of € 251K (including charges). These 7,246 shares are the remaining shares of the 23,346 shares bought in to finance the current option plan. During the 2016 financial year, all remaining options were exercised totalling 7,246 shares. No new option plan was planned for the time being.

The difference in the item "reserve for the balance of the change in the fair value of real estate" from the previous year amounts to € 5,643K, largely as a result of the negative value development of the property expert as a result of the change in the valuation rules relating to the mutation costs (see section 8.6.2.1). The mutation costs were directly taken into account when purchasing. The negative reserve for the balance of the changes in the fair value of real estate and the reserve for the balance of the hedging instruments are the most important components that have a major negative impact on the reserves.

Note 30.1: Reserve for the balance of the changes in the fair value of property

RESERVE FOR THE BALANCE OF THE CHANGES IN FAIR VALUE OF PROPERTY	(x EUR 1.000)
Changes in fair value of investment properties 2007 (15 months)	5.629
Changes in fair value of investment properties 2008 (12 months)	-10.046
Changes in fair value of investment properties 2009 (12 months)	-16.034
Changes in fair value of investment properties 2010 (12 months)	-1.906
Changes in fair value of investment properties 2011 (12 months)	-4.420
Changes in fair value of investment properties 2012 (12 months)	-6.692
Changes in fair value of investment properties 2013 (12 months)	-3.658
Changes in fair value of investment properties 2014 (12 months)	1.457
Changes in fair value of investment properties 2015 (12 months)	2.470
Revaluation gains solar panels 2011 (12 months)	1.566
Revaluation gains solar panels 2012 (12 months)	-128
Revaluation gains solar panels 2013 (12 months)	-192
Revaluation gains solar panels 2014 (12 months)	-63
Revaluation gains solar panels 2015 (12 months)	213
Revaluation gains solar panels 2016 (12 months)	-720
ON 31/12/2016	**-55.573**

Note 30.2: Reserve for the balance of the changes in the fair value of authorised hedges not subject to hedge accounting as defined in IFRS

RESERVE FOR THE BALANCE OF THE CHANGES IN FAIR VALUE OF AUTHORIZED HEDGES NOT SUBJECT TO HEDGE ACCOUNTING AS DEFINED IN IFRS	(x EUR 1.000)
changes in fair value of authorized hedges 2007 (15 months)	0
changes in fair value of authorized hedges 2008 (12 months)	861
changes in fair value of authorized hedges 2009 (12 months)	-6.792
changes in fair value of authorized hedges 2010 (12 months)	-2.089
changes in fair value of authorized hedges 2011 (12 months)	1.643
changes in fair value of authorized hedges 2012 (12 months)	-4.917
changes in fair value of authorized hedges 2013 (12 months)	-8.033
changes in fair value of authorized hedges 2014 (12 months)	5.497
changes in fair value of authorized hedges 2015 (12 months)	-10.358
changes in fair value of authorized hedges 2016 (12 months)	-616
ON 31/12/2016	**-14.939**

The variation in the fair value of the hedging instruments is entered fully in the income statement.

Note 31: Result

For more information concerning the result, cf. point 8.5 “Overview of the changes in the consolidated equity and reserves on 31/12/2017”.

The table below provides an overview of the net earnings per share and the EPRA earnings per share on the basis of the weighted average number of shares and the number of dividend entitled shares at the closing of Montea’s financial year. The EPRA earnings are equal to the net income, exclusive of the result on the portfolio[107] (c. XVI to XIX of the consolidated overview of the realised and non-realised earnings before the appropriation of the profits) and excluding the variation in the fair value of financial assets and liabilities (see XXIII of the consolidated statement of realized and unrealized profits for profit distribution).

It should be noted that the number of shares which are entitled to the result of Montea is equal to the number of shares at the end of the period with the exception of the newly created shares (1,658,647 shares) as a result of the capital increase in cash of September 2017. The latter give entitlement to a (pro rata temporis) dividend per share as from 1 October 2017. Furthermore, the diluted earnings per share are equal to the basic earnings per share, since the result of the minority interest (5% of SCI 3R and 0.4% of Bornem Vastgoed NV) is negligible. Moreover, Montea has no guarantees and/or convertible bonds.

DETAIL RESULTS PER SHARE (EUR x 1.000)	31/12/2017 12 months	31/12/2016 12 months (RESTATED (0))	31/12/2015 12 months (RESTATED (0))
NET RESULT	**36.548**	**32.204**	**18.880**
Attributable to:			
Shareholders of the parent company	36.548	32.204	24.010
Minority interests	0	0	0
EPRA result (K€)	**26.785**	**24.018**	**21.097**
Number of weighted number average of shares before the period	10.392.676	9.722.190	9.722.190
Number of shares in circulation at the end of the period	11.610.531	9.951.884	9.211.701
NET (ordinary/diluted) RESULT PER SHARE / weighted number average of shares (€)	**3,52**	**3,31**	**1,94**
EPRA RESULT (ordinary/diluted) PER SHARE / weighted number average of shares (€)	**2,58**	**2,47**	**2,17**

DETAILED RECONCILIATION NET RESULT TO EPRA RESULT (EUR X 1.000)	31/12/2017 12 months	31/12/2016 12 months (RESTATED (0))	31/12/2015 12 months (RESTATED (0))
NET RESULT	**36.548**	**32.204**	**18.880**
- Result on sale of investment properties	-769	-8.131	-5
- Variations in fair value of the investment properties and properties for sale	-3.204	-670	2.660
- Variations in fair value of the financial assets and liabilities	-5.791	616	-438
EPRA RESULT (K€)	**26.785**	**24.018**	**21.097**

(0) The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders’ equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

Note 32: Minority interests

MINORITY INTEREST	**(x EUR 1.000)**
ON 31/12/2015	**100**
5% of the result of SCI 3R on 31/12/2015	19
ON 31/12/2016	**119**
Minority intrests Bornem Vastgoed NV	0
ON 31/12/2017	**119**

[107] See section 8.11.

Note 33: Long term provisions

PROVISIONS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Pensions	0	0	0
Other	0	0	0
TOTAL	**0**	**0**	**0**

Note 34: Financial debts

FINANCIAL DEBTS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
NON-CURRENT FINANCIAL DEBTS	**374.543**	**285.577**	**267.165**
Credit institutions	262.900	175.132	156.333
Bond	109.335	109.189	109.117
Securities and bank guarantees deposited	1.172	1.071	835
Financial leasing	1.136	184	774
Others	0	0	105
- Other leasings	0	0	0
- Other rental guarantees	0	0	0
- Provisions property income claiming more than 1 year	0	0	0
- Waived property income claiming more than 1 year	0	0	0
- Other	90	0	105
CURRENT FINANCIAL DEBTS	**2.273**	**10.590**	**27.491**
Credit institutions	2.000	10.000	26.667
Financial leasing	273	590	824
Others	0	0	0
- Other leasings	0	0	0
- Other rental guarantees	0	0	0
- Provisions property income claiming more than 1 year	0	0	0
- Waived property income claiming more than 1 year	0	0	0
- Other	0	0	0
TOTAL	**376.817**	**296.167**	**294.656**

The financial debts concern nominal amounts where interest is not included.

The financial debts consist chiefly of bilateral lines of credit at six financial institutions. On 31/12/2017 Montea had a total of €285 million in contracted lines of credit, of which 93% (€ 264.9 million) has been drawn.

Next year, 0.8% (or € 2 million) of the drawn debt or 3.5% (€ 10 million) of the contracted debt becomes due.

The total financial debts to “credit institutions” are at variable interest, and are hedged for 87.4% by financial IRS instruments at fixed interest rate.

The financial debts relating to “sureties, guarantees and other debts” are at fixed interest rate. With the exception of 1 bond for €25 million, all bonds are at fixed interest rate. The credit lines are at variable rate.

The tables below show the maturity analysis of the credit lines, bond loans and hedging instruments. The last column shows the expected interest rates based on 31/12/2017 and a stable euribor.

CREDIT INSTITUTIONS	Contracted credit lines	Withdrawn credit lines	Withdrawn credit lines + interest costs
Credit lines, with a maturity < 1 year	10.000 €	2.000 €	3.187 €
Credit lines, with a maturity 1 - 2 year	5.000 €	5.000 €	3.113 €
Credit lines, with a maturity 2 - 3 year	20.000 €	20.000 €	3.047 €
Credit lines, with a maturity > 3 year	250.000 €	237.900 €	8.609 €
TOTAL	**285.000 €**	**264.900 €**	**17.956 €**

HEDGINGS (x EUR 1000)	Notional amount	Interest cost hedgings
Hedgings, with a maturity of < 1 year	-	3.922
Hedgings, with a maturity of 1 - 2 years	-	3.922
Hedgings, with a maturity of 2 - 3 years	-	3.922
Hedgings, with a maturity of > 3 years	242.500	16.994
TOTAL	**242.500**	**28.759**

BONDS (EUR x 1000)	Contracted bonds	Withdrawn bonds	Interes costs bonds
Bonds, with a maturity < 1 year	0	0	3.606 €
Bonds, with a maturity 1 - 2 year	0	0	3.606 €
Bonds, with a maturity 2 - 3 year	3.000 €	30.000 €	2.982 €
Bonds, with a maturity > 3 year	80.000 €	80.000 €	7.591 €
TOTAL	**110.000**	**110.000**	**17.785 €**

The table below provides an overview of current bonds:

BONDS						
Nominal amount	Start date	Expire date	Interest	Interest rate	Refund capital	Refund interest
30.000	28/06/2013	28/06/2020	Fix	4,11%	2020	Annual
30.000	28/05/2014	28/02/2021	Fix	3,36%	2021	Annual
25.000	30/06/2015	30/06/2027	Variable	EURIBOR 3M + 205 bps	2027	Quarterly
25.000	30/06/2015	30/06/2025	Fix	3,42%	2025	Annual
110.000						

Montea has financial leasing debts at the site Milmort (BE) reimbursed on a quarterly basis. This leasing debt ends in 2017. This lease will expire in January 2018. In Q4 2017, Montea acquired the existing solar panel installation at the site in Aalst (BE) leased to Barry Callebaut, through the acquisition of 100% of the Orka Aalst NV shares. A leasing debt also rests here, which is repaid on a quarterly basis. This lease will expire in March 2028.

Below is a schematic overview of the outstanding remaining leasing debts:

Site	Total	Open
Milmort	31/12/2017	184 408 €
Tragel - Orka Aalst NV	31/12/2017	1 224 481 €
	TOTAAL	1 408 889 €

The table below shows the cash flow statement the current financing obligations (see new valuation rule IAS 7 of section 8.6.2.16.1):

(EUR x 1.000)	1/01/2017	Cash flow	Herclassificatie nav verkoop	Wisselkoers-schommelingen	Wijziging in de reële waarde	Nieuwe lease-overeenkomsten	Andere	31/12/2017
Rentedragende leningen op ten hoogste één jaar	10.000	-8.000	0	0	0	0	0	2.000
Kortlopende verplichtingen onder koop-, huur- of leasingovereenkomst	590	-590	0	0	0	273	0	273
Rentedragende leningen op meer dan één jaar	285.393	86.843	0	0	0	0	0	372.235
Langlopende verplichtingen onder koop-, huur- of leasingovereenkomst	184	-184	0	0	0	1.136	0	1.136
Te betalen dividend	10	0	0	0	0	0	0	10
Derivaten	24.804	0	0	0	-13.097	0	0	11.707
Totaal verplichtingen van financieringsactiviteiten	**320.981**	**78.069**	**0**	**0**	**-13.097**	**1.409**	**0**	**387.361**

Note 35: Other non-current financial liabilities

OTHER NON-CURRENT FINANCIAL LIABILITIES (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2017
Authorized hedges	11.707	24.804	24.188
TOTAL	**11.707**	**24.804**	**24.188**

The other non-current financial liabilities relate only to the negative valuation of the interest rate hedging instruments on 31/12/2017. As of 31/12/2017, the interest rate hedging instruments had a negative value of € 24.2 million. For the comparison of the fair values with the book values, please see Note 22. The interest-rate hedging instruments have a negative value of € 11.7 million on 31/12/2017. For the comparison of the fair values with the carrying amounts, please see note 17. The decrease of the negative value of the hedging instruments is the result of the settlement of four interest rate hedging contracts of the IRS type with a notional amount of € 60 million and subsequently a new hedging against current market conditions.

Note 36: Other non-current liabilities

OTHER NON-CURRENT LIABILITIES (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Guarantees	0	0	0
TOTAL	**0**	**0**	**0**

Note 37: Trade debts and other current debts

TRADE DEBTS AND OTHER CURRENT DEBTS (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Exit Taks	**4.346**	**2.014**	**1.455**
Other	**6.547**	**8.833**	**6.460**
Suppliers	4.664	5.512	2.640
Tenants	571	266	273
VAT, salaries and social security	1.313	3.056	3.547
TOTAL	**10.894**	**10.848**	**7.915**

OTHER CURRENT LIABILITIES (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Dividends	10	10	14
Intercompany liabilities	404	117	0
Other	23	23	3.979
TOTAL	**437**	**150**	**3.993**

The item 'Exit tax' consists of commissions created as a result of the purchases of various real estate companies: Bornem Vastgoed NV (owner of project leased to Pelsis), Castanea NV (owner of project leased to Metro), Cercis Parc NV (owner of project leased to DHL Aviation), Gleditsia NV (37% owner of project leased to Decathlon), Pterocarya NV (30% owner of project leased to Decathlon), Sambucus NV (33% owner of project leased to Decathlon), Immocass BVBA (owner of project leased to Noukies) and Vilpro NV (owner of the site on the Tyraslaan in Vilvoorde). See note 20.

The "Suppliers" item has an outstanding balance of €4.7 million. This refers to unpaid invoices at year-end.

The item "Intercompany obligations statutory manager" consists of an outstanding debt on the current account of Montea Management NV.

Note 38: Accrued charges and deferred income

ACCRUED CHARGES AND DEFERRED INCOME - LIABILITES (EUR x 1.000)	31/12/2017	31/12/2016	31/12/2015
Property income received in advance	11.166	7.463	7.613
Interests and other charges accrued and not due	4.405	3.374	3.071
Other	-28	-11	-8
TOTAL	**15.542**	**10.826**	**10.677**

The accruals in the liabilities consists mainly of rental income invoiced in advance and the allocation of interest still not paid on the bond loans.

Note 39: Fair value hierarchy

		Fair value hierarchy (EUR x 1.000)	31/12/2017 Booking value	31/12/2017 Level 1 (1)	31/12/2017 Level 2 (2)	31/12/2017 Level 3 (3)
I.		**NON-CURRENT ASSETS**	**719.615**	**0**	**306**	**719.309**
	A.	Goodwill	0	0	0	0
	B.	Intangible assets	168	0	168	0
	C.	Investment properties	706.431	0	0	706.431
	D.	Other tangible assets	12.877	0	0	12.877
	E.	Non-current financial assets	96	0	96	0
	F.	Finance lease receivables	0	0	0	0
	G.	Trade receivables and other non-current assets	42	0	42	0
	H.	Deferred taxes (assets)	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity	0	0	0	0
II.		**CURRENT ASSETS**	**28.811**	**3.436**	**25.375**	**0**
	A.	Assets held for sale	0	0	0	0
	B.	Current financial assets	0	0	0	0
	C.	Finance lease receivables	0	0	0	0
	D.	Trade receivables	14.364	0	14.364	0
	E.	Tax receivables and other current assets	8.748	0	8.748	0
	F.	Cash and cash equivalents	3.436	3.436	0	0
	G.	Deferred charges and accrued income	2.263	0	2.263	0
		TOTAL ASSETS	**748.426**	**3.436**	**25.681**	**719.309**
		LIABILITIES	**415.397**	**0**	**420.795**	**0**
I.		**Non-current liabilities**	**386.251**	**0**	**391.648**	**0**
	A.	Provisions	0	0	0	0
	B.	Non-current financial debts	374.543	0	379.941	0
		1. Bancaire schulden	231.304	0	231.304	0
		2. Obligatieleningen	109.260	0	115.291	0
		3. Diverse langlopende financiële schulden (borgtochten, waarborgen,…)	184	0	184	0
	C.	Other non-current financial liabilities	11.707	0	11.707	0
	D.	Trade debts and other non-current debts	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0
II.		**Current liabilities**	**29.147**	**0**	**29.147**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	2.273	0	2.273	0
		1. Bank debt	231.304	0	231.304	0
		2. Leasing	109.260	0	115.291	0
	C.	Other current financial liabilities	0	0	0	0
	D.	Trade debts and other current debts	10.894	0	10.894	0
	E.	Other current liabilities	437	0	437	0
	F.	Accrued charges and deferred income	15.542	0	15.542	0
		TOTAL LIABILITIES	**415.397**	**0**	**420.795**	**0**

- Level 1: valuations of the fair value are determined by the (unadjusted) quoted market prices in active markets for identical assets and liabilities;
- Level 2: valuations of the fair value are determined based on data other than quoted prices specified in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);
- Level 3: valuations of the fair values are determined using valuation techniques that data for the asset or liability cover that are not based on observable market data (unobservable data).

During the financial year 2016 no transfers took place between the different levels of the fair value hierarchy.

		Fair value hierarchy (EUR x 1.000)	31/12/2016 Booking value	31/12/2016 Level 1 (1)	31/12/2016 Level 2 (2)	31/12/2016 Level 3 (3)
I.		**NON-CURRENT ASSETS**	**545.462**	**0**	**228**	**545.234**
	A.	Goodwill	0	0	0	0
	B.	Intangible assets	189	0	189	0
	C.	Investment properties	535.136	0	0	535.136
	D.	Other tangible assets	10.098	0	0	10.098
	E.	Non-current financial assets	0	0	0	0
	F.	Finance lease receivables	0	0	0	0
	G.	Trade receivables and other non-current assets	39	0	39	0
	H.	Deferred taxes (assets)	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity	0	0	0	0
II.		**CURRENT ASSETS**	**49.297**	**3.350**	**38.227**	**7.721**
	A.	Assets held for sale	7.721	0	0	7.721
	B.	Current financial assets	0	0	0	0
	C.	Finance lease receivables	0	0	0	0
	D.	Trade receivables	10.499	0	10.499	0
	E.	Tax receivables and other current assets	6.607	0	6.607	0
	F.	Cash and cash equivalents	3.350	3.350	0	0
	G.	Deferred charges and accrued income	21.121	0	21.121	0
		TOTAL ASSETS	**594.759**	**3.350**	**38.455**	**552.955**
		LIABILITIES	**342.794**	**0**	**349.367**	**0**
I.		**Non-current liabilities**	**310.381**	**0**	**316.954**	**0**
	A.	Provisions	0	0	0	0
	B.	Non-current financial debts	285.577	0	292.150	0
	C.	Other non-current financial liabilities	24.804	0	24.804	0
	D.	Trade debts and other non-current debts	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0
II.		**Current liabilities**	**32.413**	**0**	**32.413**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	10.590	0	10.590	0
	C.	Other current financial liabilities	0	0	0	0
	D.	Trade debts and other current debts	10.848	0	10.848	0
	E.	Other current liabilities	150	0	150	0
	F.	Accrued charges and deferred income	10.826	0	10.826	0
		TOTAL LIABILITIES	**342.794**	**0**	**349.367**	**0**

IFRS 13 deals with the practical application of determining the fair value when this is required or permitted by a different standard. This was also applied with regard to the valuation of the property investment, solar panels and financial instruments.

1. Property investments

The practical application of determining the fair value when valuing the property investments was carried out based on the external estimator, based mainly on the capitalisation method.

The practical application of determining the fair value when valuing the property investments, based on the capitalisation method, was carried out on the basis of the external valuer who determined the market rent values and market yields at all of the individual sites. Some adjustments have been added to these market rent values and market yields, depending on the specific situation (e.g. the difference between the actual rent and the market rental value, the actual value of the future investments, as well as the estimate of future vacancies).

As stated above, the fair value of the property investments is determined mainly using the market rental value (€ per m²), equivalent yield (net yield based on an equivalent product at this location). The table below shows a summary of these two parameters per geographical region, with a minimum, maximum and weighted average. The fair value of the property investments is also determined by the difference between the actual rent and the market rental value.

Valuation Fair Value of Investment properties	BE	FR	NL
Rental Capitalization Method			
Market rental value (Min - Max.) (EURO /m²)	10-130	28-125	10-130
Market rental value - Weighted Average (EURO /m²)	45,99	52,20	55,25
Equivalent Yield (Min - Max.) (%)	6,00%-8,00%	5,85%-10,25%	5,69%-7,52%
Equivalent Yield - Weighted Average (%)	6,95%	6,94%	6,33%
Actual rent huur compared to market rental value (%)	98,44%	105,49%	97,16%

The table above shows that the minimum and maximum market rent values are a long way apart. This is due mainly to:
* type of logistics: (e.g. refrigerated warehouse / cross-dock warehouses compared with standard warehouses);
* location of the property;
* proportion of offices compared with the whole site.

The cash flow method is no longer used because it does not create added value to the existing capitalization method. This cash flow method will only in very specific cases, be applied to support the capitalization method.

The table below shows the main parameters for 2016:

Valuation Fair Value of Investment properties	BE	FR	NL
Rental Capitalization Method			
Market rental value (Min - Max.) (EURO /m²)	10-130	28-125	20-130
Market rental value - Weighted Average (EURO /m²)	47,29	45,84	56,75
Equivalent Yield (Min - Max.) (%)	6,00%-8,00%	6,10%-10,30%	5,87%-7,26%
Equivalent Yield - Weighted Average (%)	7,11%	7,16%	6,51%
Actual rent huur compared to market rental value (%)	100,69%	107,82%	99,20%

2. Solar panels

The practical application of determining the fair value when valuing the solar panels is based on a calculation of the actual net value over the remaining term of the green power certificates.

Solar panels are valued based on the revaluation model in accordance with IAS 16 – Tangible fixed assets. After the initial take-up, an asset for which the fair value can be reliably established needs to be entered in the accounts at the revalued value, i.e. the fair value at the time of revaluation, minus any depreciations accumulated later and any extraordinary reductions in value accumulated later. The fair value is determined based on the discounting method of future returns.

In determining the discounting method the following items are taken into account:

- The service life of the solar panels is estimated, in line with revenue from green power certificates, at 20 years in Flanders, 10 years in Brussels and 15 years in Wallonia;
- The renewable energy certificates amount to between € 65 and € 330 per certificate;
- The sales income of electricity to customers based on existing contracts;
- The income on surplus electricity sold back to the energy suppliers on the basis of existing contracts;
- Considering the cost of insurance and maintenance for the solar panels.
- Considering a discount rate determined by project between 7.0% and 8.0%;
- Considering a fall in yields during the 20-year period as a result of wear of approximately 0.2% to 0.6% per year;
- The residual value is zero at the end of the period related to the renewable energy certificates.

The solar panels are evaluated on a quarterly basis.

The capital gain at the start of a new site with regard to solar panels is recorded in a separate component of equity. Losses are recorded in this same component, unless they are realized or the fair value drops below the initial cost. In these latter cases they are recorded in the income statement.

3. Derivatives

When determining the fair value of the derivatives, account was taken on the one hand of the fair value made available to Montea by the financial institutions, based on the swap-rate of comparable products at 31/12/2017, compared with the contracted hedging instruments. The fair value of the derivatives as of 31/12/2017 was € 12,125K. This would normally have to be catalogued under level II. The company also has to value the "non-performance risk". Montea has a negative fair value on its hedging instruments.

Based on estimations (credit default swaps at 31/12/2017, the average age of the outstanding swaps), Montea has calculated a "non-performance risk" of € 418 K, a decrease of € 909 with respect to 31/12/2016. This non-performance risk has a positive effect on the fair value of derivative instruments. Expressing this "non-performance risk" includes the full fair value of € 11,707 K in level III. The decrease in non-performance risk is largely due to the limited restructuring of derivative instruments during the year.

The non-performance risk as at December 31, 2017 was € 1,326 K.

4. Financial obligations

Financial obligations consist of 4 bond loans issued, the drawn down lines of credit totalling € 264.9 million and the other debts. The practical application of determining fair value in valuing the bonds was made based on the indicative pricing active market. Because the bonds had not been traded as of 31/12/2017, they are classified in level 2 (market value in the active market for an equivalent product). The fair value of these bond loans equals the book value. All lines of credit at Montea have been entered into at variable interest rates (bilateral lines of credit at EURIBOR 3 months + margin). In this way, the fair value of the outstanding lines of credit is virtually equivalent to the book value of the lines of credit. Hence they are classified in level 2, which is justified, as the market value in an active market for comparable products is available.

5. Current assets and current (non-financial) liabilities

The valuation technique and the input when valued at fair value used for the current assets and current liabilities are due to the fact that the current assets and current liabilities are valued at their nominal value, given that these are short-term receivables and debts and hence the credit risk is limited.

Note 40: Segment information

In relation to the liability regarding segmented information, the Company applies IFRS 8.

Geographically speaking, the current portfolio is located in Belgium, the Netherlands and France. The Company manages and coordinates its business geographically and in so doing also reports according in line with this geographical segmentation. The tables below show the balance sheet and profit-and-loss account in line with this geographical segmentation.

Note 40.1: Segmented balance sheet for 2017

		(EUR x 1.000)	31/12/2017 BE	31/12/2017 FR	31/12/2017 NL	31/12/2017 Elim.	31/12/2017 Conso
I.		**NON-CURRENT ASSETS**	**499.763**	**108.536**	**204.848**	**-93.532**	**719.615**
	A.	Goodwill	0	0	0	0	0
	B.	Intangible assets	168	0	0	0	168
	C.	Investment properties	393.111	108.478	204.842	0	706.431
	D.	Other tangible assets	12.853	18	6	0	12.877
	E.	Non-current financial assets	93.628	0	0	-93.532	96
	F.	Finance lease receivables	0	0	0	0	0
	G.	Trade receivables and other non-current assets	3	39	0	0	42
	H.	Deffered taxes (assets)	0	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity method	0	0	0	0	0
II.		**CURRENT ASSETS**	**164.209**	**3.950**	**5.970**	**-145.317**	**28.811**
	A.	Assets held for sale	0	0	0	0	0
	B.	Current financial assets	0	0	0	0	0
	C.	Finance lease receivables	0	0	0	0	0
	D.	Trade receivables	8.987	2.160	3.417	-200	14.364
	E.	Tax receivables and other current assets	150.749	1.169	1.947	-145.117	8.748
	F.	Cash and cash equivalents	2.458	535	443	0	3.436
	G.	Deffered charges and accrued income	2.015	85	162	0	2.263
		TOTAL ASSETS	**663.972**	**112.486**	**210.818**	**-238.849**	**748.426**
		TOTAL SHAREHOLDERS' EQUITY	**256.057**	**72.202**	**118.439**	**-113.670**	**333.029**
I.		**Shareholders' equity attributable to the shareholders of the parent company**	**256.039**	**72.103**	**118.439**	**-113.670**	**332.911**
	A.	Share capital	232.938	0	30.189	-30.189	232.938
	B.	Share premiums	66.641	0	0	0	66.641
	C.	Reserves	-59.774	65.032	75.007	-83.480	-3.216
	D.	Net result of the financial year	16.234	7.071	13.243	0	36.548
II.		**Minority interests**	**19**	**100**	**0**	**0**	118
		LIABILITIES	**407.915**	**40.283**	**92.379**	**-125.180**	**415.397**
I.		**Non-current liabilities**	**385.081**	**1.169**	**0**	**0**	**386.251**
	A.	Provisions	0	0	0	0	0
	B.	Non-current financial debts	373.374	1.169	0	0	374.543
	C.	Other non-current financial liabilities	11.707	0	0	0	11.707
	D.	Trade debts and other non-current debts	0	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0	0
II.		**Current liabilities**	**22.833**	**39.114**	**92.379**	**-125.180**	**29.147**
	A.	Provisions	0	0	0	0	0
	B.	Current financial debts	2.273	0	0	0	2.273
	C.	Other current financial liabilities	0	0	0	0	0
	D.	Trade debts and other current debts	7.825	2.267	1.003	-200	10.894
	E.	Other current liabilities	416	34.772	85.637	-120.387	437
	F.	Accrued charges and deferred income	12.320	2.075	5.739	-4.592	15.542
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**663.972**	**112.486**	**210.818**	**-238.849**	**748.426**

- The fair value of the property investments in Belgium was € 393.1 million for 2017, € 117 million higher than the fair value of the property investments in Belgium in 2016. This increase is mainly due to the acquisition of the site in Willebroek, leased to Metro group in Q1/2017, the completion of the project iat Brucargo, leased to SACO in Q2/2017, the completion of the crossdock centre leased to Mainfreight in Genk in Q3/2017, the purchase of the land in the Tyraslaan in Vilvoorde in Q4/2017, the acquisition of the site in Willebroek, leased to Decathlon in Q4/2017, the purchase of the site in Saintes, leased to Noukies in Q4/2017, the start of the build-to-suit project in Bilzen leased to Carglass and the purchase of the solar panels at the site in Aalst, leased to Barry Callebaut, in Q4 2017.
- The fair value of property investments including assets for sale in France was € 108.4 million for 2017, € 10.9 million over the fair value of property investments in France in 2016, mainly due to the purchase of the site in Alfortville leased to Brardt in Q1 2017, the purchase of the site in le Mesnil-Amelot, leased to Facilit'Air and SSP, in Q4/2017 and the ongoing development of the buildings in Camphin-en-Carembault leased to DSM, Danone and GBS. Montea has sold the site in Savigny-le-Temple leased to Le Piston Français.
- The fair value of property investments in the Netherlands was € 204.8 million for 2017, € 35.6 million higher than the fair value of property investments. This increase is mainly due to the completion of the project at Aalsmeer leased to Scotch&Soda, the start of the extension project in Waddinxveen, leased to Delta Wines, the purchase of the site Brakman, leased to NSK in Q2/2017, the purchase of the site in Etten-Leur and the start of the extension works leased to BAS Logistics, in Q4/2017 and the purchase of the land in Schiphol and the start of the development leased to Thomsen Select, in Q4/2017.

Note 40.2: Segmented balance sheet for 2016

		(EUR x 1.000)	31/12/2016 BE	31/12/2016 FR	31/12/2016 NL	31/12/2016 Elim.	31/12/2016 Conso
I.		**NON-CURRENT ASSETS**	**363.283**	**89.815**	**155.838**	**-63.475**	**545.462**
	A.	Goodwill	0	0	0	0	0
	B.	Intangible assets	189	0	0	0	189
	C.	Investment properties	276.095	89.760	169.282	0	535.136
	D.	Other tangible assets	10.075	18	5	0	10.098
	E.	Non-current financial assets	76.923	0	-13.448	-63.475	0
	F.	Finance lease receivables	0	0	0	0	0
	G.	Trade receivables and other non-current assets	2	37	0	0	39
	H.	Deffered taxes (assets)	0	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity method	0	0	0	0	0
II.		**CURRENT ASSETS**	**200.479**	**75.971**	**-1.840**	**-225.313**	**49.297**
	A.	Assets held for sale	0	7.721	0	0	7.721
	B.	Current financial assets	0	0	0	0	0
	C.	Finance lease receivables	0	0	0	0	0
	D.	Trade receivables	7.009	2.054	1.943	-507	10.499
	E.	Tax receivables and other current assets	157.766	62.045	-7.516	-205.688	6.607
	F.	Cash and cash equivalents	2.445	528	377	0	3.350
	G.	Deffered charges and accrued income	33.259	3.623	3.356	-19.117	21.121
		TOTAL ASSETS	**563.762**	**165.786**	**153.998**	**-288.788**	**594.759**
		TOTAL SHAREHOLDERS' EQUITY	**191.451**	**65.150**	**78.889**	**-83.525**	**251.965**
I.		**Shareholders' equity attributable to the shareholders of the parent company**	**191.432**	**65.050**	**78.889**	**-83.525**	**251.846**
	A.	Share capital	200.282	0	45	-45	200.282
	B.	Share premiums	32.439	0	0	0	32.439
	C.	Reserves	-50.864	49.805	69.184	-83.480	-15.356
	D.	Net result of the financial year	9.575	15.245	9.661	0	34.481
II.		**Minority interests**	**19**	**100**	**0**	**0**	**118**
		LIABILITIES	**372.312**	**100.636**	**75.109**	**-205.262**	**342.794**
I.		**Non-current liabilities**	**309.310**	**1.071**	**0**	**0**	**310.381**
	A.	Provisions	0	0	0	0	0
	B.	Non-current financial debts	284.506	1.071	0	0	285.577
	C.	Other non-current financial liabilities	24.804	0	0	0	24.804
	D.	Trade debts and other non-current debts	0	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0	0
II.		**Current liabilities**	**63.002**	**99.565**	**75.109**	**-205.262**	**32.413**
	A.	Provisions	0	0	0	0	0
	B.	Current financial debts	10.590	0	0	0	10.590
	C.	Other current financial liabilities	0	0	0	0	0
	D.	Trade debts and other current debts	3.847	4.920	2.587	-507	10.848
	E.	Other current liabilities	41.354	92.597	70.450	-204.250	150
	F.	Accrued charges and deferred income	7.211	2.048	2.072	-505	10.826
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**563.762**	**165.786**	**153.998**	**-288.788**	**594.759**

(0) The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

Note 40.3: Segmented profit-and-loss account for 2017

	(EUR x 1.000)	31/12/2017 BE	31/12/2017 FR	31/12/2017 NL	31/12/2017 Elim.	31/12/2017 12 maanden
I.	Rental income	23.593	7.078	12.563	0	43.234
II.	Write-back of lease payments sold and discounted	0	0	0	0	0
III.	Rental-related charges	-2.440	0	0	0	-2.440
	NET RENTAL INCOME	**21.152**	**7.078**	**12.563**	**0**	**40.793**
IV.	Recovery of property charges	0	0	0	0	0
V.	Recovery of charges and taxes normally borne by tenants on let properties	2.772	1.631	765	0	5.168
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0	0	0	0
VII.	Charges and taxes normally borne by tenants on let properties	-3.271	-1.657	-967	0	-5.895
VIII.	Other rental-related income and expenses	3.723	56	117	0	3.897
	PROPERTY RESULT	**24.376**	**7.109**	**12.478**	**0**	**43.963**
IX.	Technical costs	-23	-10	0	0	-34
X.	Commercial costs	-119	-3	0	0	-122
XI.	Charges and taxes of un-let properties	0	0	0	0	0
XII.	Property management costs	-538	-509	0	0	-1.047
XIII.	Other property charges	-35	-9	0	0	-44
	PROPERTY CHARGES	**-716**	**-530**	**0**	**0**	**-1.246**
	PROPERTY OPERATING RESULT	**23.660**	**6.578**	**12.478**	**0**	**42.717**
XIV.	General costs of the company	-3.134	-456	-225	0	-3.814
XV.	Other operating income and expenses	-55	-17	0	0	-72
	OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**20.471**	**6.106**	**12.253**	**0**	**38.830**
XVI.	Result on disposal of investment properties	0	769	0	0	769
XVII.	Result on disposal of other non-financial assets	0	0	0	0	0
XVIII.	Changes in fair value of investment properties	-1.850	786	4.269	0	3.204
XIX.	Other portfolio result	0	0	0	0	0
	OPERATING RESULT	**18.621**	**7.660**	**16.522**	**0**	**42.803**
XX.	Financial income	3.714	0	0	-3.474	240
XXI.	Net interest charges	-11.436	-425	-2.858	3.474	-11.245
XXII.	Other financial charges	-59	-31	-12	0	-102
XXIII.	Changes in fair value of financial assets and liabilites	5.791	0	0	0	5.791
	FINANCIAL RESULT	**-1.990**	**-456**	**-2.871**	**0**	**-5.316**
XXIV.	Share in the result of associates and joint ventures	0	0	0	0	0
	PRE-TAX RESULT	**16.631**	**7.204**	**13.651**	**0**	**37.486**
XXV.	Corporate taxes	-397	-133	-408	0	-938
XXVI.	Exit tax	0	0	0	0	0
	TAXES	**-397**	**-133**	**-408**	**0**	**-938**
	NET RESULT	**16.234**	**7.071**	**13.243**	**0**	**36.548**
	EPRA RESULT	**12.294**	**5.517**	**8.974**	**0**	**26.785**
	Weighted average number of shares	10.393	10.393	10.393	0	10.393
	NET RESULT PER SHARE	**1,56**	**0,68**	**1,27**	**0,00**	**3,52**
	EPRA RESULT PER SHARE	**1,18**	**0,53**	**0,86**	**0,00**	**2,58**

The changes in the fair value of investment properties amounting to € 3.20 million are due to the positive variation in France and the Netherlands, which compensates the negative variations in Belgium. The negative change in fair value in Belgium (€ -1.85 million) is mainly due to the transaction costs (see section 8.6.2.1) when acquiring the sites Decathlon, DHL Hub, Metro and other purchases, acquired in 2017.

The positive change in fair value in France (€ 0.8 million) and the Netherlands (€ 4.3 million) was realized by an improvement of the investment market for logistics properties owned by Montea based on location, leasing and site specifications. France and the Netherlands were less impacted as the growth was mainly in Belgium in 2017.

Note 40.4: Segmented profit-and-loss account for 2016

	(EUR x 1.000)	31/12/2016 BE	31/12/2016 FR	31/12/2016 NL	31/12/2016 Elim.	31/12/2016 12 maanden
I.	Rental income	21.149	10.920	9.765	0	41.833
II.	Write-back of lease payments sold and discounted	0	0	0	0	0
III.	Rental-related charges	-1.305	-11	0	0	-1.315
	NET RENTAL INCOME	**19.844**	**10.909**	**9.765**	**0**	**40.518**
IV.	Recovery of property charges	0	0	0	0	0
V.	Recovery of charges and taxes normally borne by tenants on let properties	2.480	2.195	267	0	4.942
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0	0	0	0
VII.	Charges and taxes normally borne by tenants on let properties	-3.114	-2.315	-434	0	-5.863
VIII.	Other rental-related income and expenses	1.454	137	69	0	1.660
	PROPERTY RESULT	**20.664**	**10.927**	**9.667**	**0**	**41.258**
IX.	Technical costs	-48	-75	0	0	-122
X.	Commercial costs	-81	-70	-107	0	-257
XI.	Charges and taxes of un-let properties	-31	0	0	0	-31
XII.	Property management costs	-444	-146	0	0	-590
XIII.	Other property charges	-43	0	0	0	-43
	PROPERTY CHARGES	**-646**	**-290**	**-107**	**0**	**-1.043**
	PROPERTY OPERATING RESULT	**20.017**	**10.637**	**9.561**	**0**	**40.215**
XIV.	General costs of the company	-2.787	-754	-228	0	-3.769
XV.	Other operating income and expenses	287	-91	-338	0	-142
	OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**17.517**	**9.792**	**8.994**	**0**	**36.304**
XVI.	Result on disposal of investment properties	300	5.992	0	0	6.291
XVII.	Result on disposal of other non-financial assets	0	0	0	0	0
XVIII.	Changes in fair value of investment properties	-727	2.004	3.511	0	4.788
XIX.	Other portfolio result	0	0	0	0	0
	OPERATING RESULT	**17.090**	**17.788**	**12.505**	**0**	**47.383**
XX.	Financial income	652	767	13	-776	656
XXI.	Net interest charges	-7.397	-3.097	-2.590	776	-12.308
XXII.	Other financial charges	-79	-47	-2	0	-128
XXIII.	Changes in fair value of financial assets and liabilites	-616	0	0	0	-616
	FINANCIAL RESULT	**-7.440**	**-2.377**	**-2.579**	**0**	**-12.396**
XXIV.	Share in the result of associates and joint ventures	0	0	0	0	0
	PRE-TAX RESULT	**9.650**	**15.411**	**9.926**	**0**	**34.987**
XXV.	Corporate taxes	-75	-166	-265	0	-506
XXVI.	Exit tax	0	0	0	0	0
	TAXES	**-75**	**-166**	**-265**	**0**	**-506**
	NET RESULT	**9.575**	**15.245**	**9.661**	**0**	**34.481**
	EPRA RESULT	**10.618**	**7.250**	**6.150**	**0**	**24.018**
	Weighted average number of shares	9.722	9.722	9.722	0	9.722
	NET RESULT PER SHARE	**0,98**	**1,57**	**0,99**	**0,00**	**3,55**
	EPRA RESULT PER SHARE	**1,09**	**0,75**	**0,63**	**0,00**	**2,47**

(0) The gray cells were adapted following the change in the valuation rule introduced in Q2 2017. The shareholders' equity is not affected. Furthermore, this adjustment has no impact on the EPRA earnings and the distributable profit. See section 8.6.2.7.

The "eliminations" column relates to the consolidation entries required in the context of the company's consolidation and has no impact whatsoever on the consolidated result.

In addition to geographical segmentation, the Company also uses sector-specific segmentation in terms of its client base in order to spread the risk profile.

Note 41: Financial risk management

Exposure to the risk of exchange rates, interest rates, liquidity and credit risks are all part of Montea's normal business activities. The company analyses and reviews all of these risks and defines the strategies to be implemented to control the economic impact on the Company's performance. The results of these analyses and then proposed strategies are reviewed regularly and approved by the Board of Directors.

The sensitivity analysis for the interest rate risk is conducted both on the net result and on equity capital. Given that there is no hedging in place, the impact will not differ.

A. Interest rate risk

The Company's long-term and short-term financial debts consist solely of debts with floating interest rates. The Company uses IRS-type financial hedging instruments to cover the interest rate risk.

As of 31/12/2017, the interest rate risk on lines of credit with variable interest rates was 87.4% hedged. This means that a rise or fall in interest rates would have a minimal impact on the Company's results. In the event of a rise or fall of 100 basis points, annual interest charges for the Company, calculated at 31 December 2017, would not change (taking the IRS contracts into account).

B. Credit risk

The credit risk is the risk of financial loss for the Company should a client or counterparty default on its contractual obligations. Management has a credit policy and exposure to the credit risk is managed on an ongoing basis. Every new tenant is investigated separately for their creditworthiness before the Company offers a lease agreement. A rental security guarantee of 3 or 6 months is required.

C. Exchange rate risk

The Company's property portfolio consists solely of buildings in Belgium, France and the Netherlands, and all lease contracts are in EURO. This means that the Company is not exposed to any exchange rate risk.

D. Liquidity risk

Note 34 provides a summary of the Company's financial debts and their respective terms. The Company controls its liquidity risk by having sufficient available credit facilities[108] and by gearing receipts and payments as closely as possible to each other.

Note 42: Transactions between associate companies

The transactions between associate companies is limited to the management fee between the statutory manager Montea Management NV and Montea Comm. VA.
At the end of the financial year 2017 the following items were included in the financial statements:

Operational result – Remunerations statutory manager:	€ 888 K
Debt – Current account Montea Management NV:	€ 404 K

Note 43: Off-balance sheet liabilities

There were no off-balance sheet liabilities for the 2017 financial year.

Note 44: Events after 31 December 2017

To date, no significant agreements have been entered into that are not part of the normal business operations of the Company of which the Montea group is part.

[108] As of 31/12/2017, Montea had € 285 million in lines of credit, of which € 264.9 million was already drawn down. This means that Montea still has € 20.12 million available.

8.8 Statutory auditor's report to the general meeting of the company Montea Comm VA for the year ended 31 December 2017[109]

EY Building a better working world

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Independent auditor's report to the general meeting of Montea Comm VA for the year ended 31 December 2017

As required by law and the Company's by-laws, we report to you as statutory auditor of Montea Comm VA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income before profit allocation, the consolidated overall result before profit allocation, the summary of the variation in the consolidated equity and the consolidated cash flow summary for the year ended 31 December 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 17 May 2016, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2018. We performed the audit of the Consolidated Financial Statements of the Group during 8 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Montea Comm VA, which consists of the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income before profit allocation, the consolidated overall result before profit allocation, the summary of the variation in the consolidated equity and the consolidated cash flow summary for the year ended 31 December 2017 and the disclosures, which show a consolidated balance sheet total of € 748.426 thousand and of which the consolidated income statement shows a profit for the year of € 36.548 thousand.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

[109] EY bedrijfsrevisoren, represented by Mrs Christel Weymeersch, has agreed with with the inclusion of the statement or the report and with the form and context in which this statement or report is included.

Audit report dated 29 March 2018 on the Consolidated Financial Statements of Montea Comm VA as of and for the year ended 31 December 2017 (continued)

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

<u>Valuation of the investment properties</u>

- Description of the matter and audit risk:

Investment property amounts to a significant part (94%) of the assets of the Group.

In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being only to a limited extent observable on a public market (discount rate, future occupancy rate, ...).

- Summary of audit procedures performed

As external appraisers carry out an estimate of the fair value of the investment properties of the Group, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:

- assessed the objectivity, the independence and the competence of the external appraisers,
- tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
- reviewed the models, assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 20 of the Consolidated Accounts.

<u>Valuation of financial instruments</u>

- Description of the matter and audit risk:

Montea uses interest rate swaps (IRS) to hedge its interest rate risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result. As a matter of fact, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements. The audit risk appears on the one hand in the valuation of these derivatives.

Audit report dated 29 March 2018 on the Consolidated Financial Statements of Montea Comm VA as of and for the year ended 31 December 2017 (continued)

- Summary of audit procedures performed
  - We have compared the fair values of the derivatives with the values communicated by the financial institutions as counterparties;
  - and the changes to the credit risk adjustments. We have assessed the most important assumptions and the calculations.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 17 and 35 of the Consolidated Accounts.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium including for the system of internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.
- We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Building a better working world

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, and to report any matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

- Key Figures p. 31-32
- Synthesis of the financial result p.64-73
- Alternative Performance Measures (APM) p. 30
- EPRA Performance Measures p.189-197
- Detail of the calculation of the APMs used by Montea p.198-200

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the Board of Directors' report and the other information included in the annual report.

Independence matters

Our auditor's office has not performed any services that are not compatible with the audit of the Consolidated Financial Statements and has remained independent of the Company during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 29 March 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
Represented by

Joeri Klaykens*
Partner
*Acting on behalf of a BVBA/SPRL

18JK0133

8.9 Statutory financial accounts in shortened form of Montea Comm. VA as of 31 December 2017

In accordance with the provisions in Article 105 of the Belgian Company Code, the financial statements of Montea Comm. VA are presented as follows in shortened format. The statutory annual accounts have not yet been deposited with the National Bank of Belgium. The statutory auditor has delivered an unqualified opinion regarding to the statutory annual accounts.

8.9.1 Statutory balance sheet as of 31 December 2017 (in thousands of EUR)

BALANCE SHEET EUR (x 1.000)	IFRS - 31/12/2017 12 months	IFRS - 31/12/2016 12 months	IFRS - 31/12/2015 12 months
ASSETS			
NON-CURRENT ASSETS	**530.006**	**435.415**	**403.124**
A. Goodwill	0	0	0
B. Intangible non-current assets	168	189	214
C. Investment properties	344.335	281.813	288.391
D. Other tangible non-current assets	10.748	10.093	10.500
E. Financial non-current assets	174.723	143.288	103.987
F. Finance lease receivables	0	0	0
G. Trade receivables and other non-current assets	33	32	32
H. Deferred taxes - Assets	0	0	0
CURRENT ASSETS	**200.656**	**150.881**	**135.716**
A. Assets held for sale	0	0	0
B. Current financial assets	0	0	0
C. Finance lease receivables	0	0	0
D. Trade receivables	7.727	6.191	4.640
E. Tax receivables and other current assets	189.822	104.684	110.286
F. Cash and cash equivalents	1.924	2.406	3.427
G. Deferred charges and accrued income	1.184	18.769	17.363
TOTAL ASSETS	**730.662**	**586.297**	**538.840**
LIABILITIES			
SHAREHOLDERS' EQUITY	**332.520**	**251.472**	**207.779**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**332.502**	**251.472**	**207.779**
A. Capital	232.938	200.292	185.289
B. Share premium	66.641	32.439	20.893
C. Reserves	-3.615	-17.232	-22.427
D. Net result of the financial year	36.538	35.971	24.024
LIABILITIES	**398.142**	**334.825**	**331.061**
NON-CURRENT LIABILITIES	**384.287**	**309.647**	**290.848**
A. Provisions	0	0	0
B. Non-current financial debts	372.579	284.843	266.660
C. Other non-current financial liabilities	11.707	24.804	24.188
D. Trade debts and other non-current debts	0	0	0
E. Other non-current liabilities	0	0	0
F. Deferred taxes - liabilities	0	0	0
CURRENT LIABILITIES	**13.856**	**25.178**	**40.213**
A. Provisions	0	0	0
B. Current financial debts	2.184	10.590	27.491
C. Other current financial liabilities	0	0	0
D. Trade debts and other current debts	2.738	6.618	5.013
E. Other current liabilities	416	127	14
F. Accrued charges and deferred income	8.517	7.844	7.695
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**730.662**	**586.297**	**538.840**

8.9.2 Statutory profit and loss account as of 31 December 2017 (in thousands of EUR)

PROFIT AND LOSS ACCOUNT EUR (x 1.000)	IFRS - 31/12/2017 12 months	IFRS - 31/12/2016 12 months
I. Rental income (+)	22.921	25.581
II. Write-back of lease payments sold and discounted (+)	0	0
III. Rental-related charges (+/-)	-1.489	-1.305
NET RENTAL RESULT	**21.432**	**24.277**
IV. Recovery of property charges (+)	0	0
V. Recovery of charges and taxes normally payable by tenants on let properties (+)	3.346	3.306
VI. Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease (-)	0	0
VII. Charges and taxes normally borne by tenants on let properties (-)	-3.845	-3.871
VIII. Other rental-related charges and income (+/-)	3.269	1.298
PROPERTY RESULT	**24.203**	**25.009**
IX. Technical costs (-)	-23	-55
X. Commercial costs (-)	-117	-82
XI. Charges and taxes of un-let properties (-)	0	-31
XII. Property management costs (-)	-684	-336
XIII. Other property charges (-)	-37	-41
PROPERTY CHARGES	**-861**	**-545**
PROPERTY OPERATING RESULT	**23.342**	**24.464**
XIV. General costs of the company (-)	-3.352	-3.434
XV. Other operating income and expenses (+/-)	206	713
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**20.196**	**21.743**
XVI. Result on sale of investment properties (+/-)	0	7.067
XVII. Result on sale of other non-financial assets (+/-)	0	0
XVIII. Changes in fair value of investment properties (+/-)	407	262
XIX. Other portfolio result (+/-)	0	0
OPERATING RESULT	**20.602**	**29.072**
XX. Financial income (+)	9.073	4.830
XXI. Net interest charges (-)	-11.962	-8.892
XXII. Other financial charges (-)	-73	-113
XXIII. Changes in fair value of financial assets and liabilities (+/-)	19.543	11.297
FINANCIAL RESULT	**16.581**	**7.123**
PRE-TAX RESULT	**37.183**	**36.195**
XXV. Corporate taxes (-)	-645	-223
XXVI. Exit tax (-)	0	0
TAXES	**-645**	**-223**
NET RESULT	**36.538**	**35.971**
Average Number of shares in the period	10.393	9.013
Number of shares in circulation entitled to the result on the period	11.611	9.212
NET RESULT (normal / diluted) PER SHARE in euro	**3,52**	**3,99**
NET RESULT PER SHARE in euro	**3,15**	**3,90**

8.9.3 Abbreviated statutory statement of comprehensive income before profit appropriation at 31 December 2017 (in thousands of EUR)

Abbreviated statutory statement of compr. income before profit appropriation (EUR x 1.00	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Net result	**36.538**	**35.971**	**24.024**
Other elements of the global result	**484**	**-720**	**-831**
Items taken in the result:	**0**	**0**	**-1.044**
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	0	0	-1.044
Variations in the effective part of the fair value of admitted hedging instruments in a cah flow hedge		0	0
	484		
Items not taken in the result:	484	**-720**	**213**
Impact of changes in faire value of solar panels		-720	213
Global result	**37.021**	**35.251**	**23.193**
Attributable to:			
Shareholders of the main company	37.021	35.251	23.193
Minorities	0	0	0

8.9.4 Proposal for appropriation as of 31 December 2017 (in thousands of EUR)

RESULT FOR APPROPRIATION EUR (x 1.000)		IFRS - 31/12/2017 12 months	IFRS - 31/12/2016 12 months
A.	**NET RESULT**	**36.538**	**35.971**
B.	**ADDITION TO / WITHDRAWAL FROM RESERVES (-/+)**	**-14.042**	**-15.982**
1.	**Addition to / withdrawal from reserves for the (positive or negative) net amount in the changes in fair value of investment properties (-/+)**	**-3.204**	**-670**
1a.	financial year	-3.204	-670
1b.	previous financial years	0	0
1c.	realisation of investment properties		
2.	**Addition to / withdrawal from reserves from the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-/+)**	**0**	**0**
3.	**Addition from the reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting according to IFRS (-)**	**0**	**0**
3a.	financial year	0	0
3b.	previous financial years	0	0
4.	**Addition from the reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting according to IFRS (-)**	**0**	**0**
4a.	financial year		
4b.	previous financial years	0	0
5.	**Addition to the reserve for the net amount of the changes in fair value of authorized hedges not qualifying for hedge accounting according to IFRS (-)**	**-5.791**	**0**
5a.	financial year	-5.791	0
5b.	previous financial years	0	0
6.	**Addition to the reserve for the net amount of the changes in fair value of authorized hedges not qualifying for hedge accounting according to IFRS (-)**	**0**	**616**
6a.	financial year	0	616
6b.	previous financial years	0	0
7.	**Addition to / withdrawal from reserves of the net amount of exchange rate differences on monetary assets and liabilities (-/+)**	**0**	**0**
8.	**Addition to / withdrawal from reserves of deferred taxes on investment properties located abroad (-/+)**	**0**	**0**
9.	**Addition to / withdrawal from reserves for the dividends received, used for the reimbursement of the financial debts (-/+)**	**0**	**0**
10.	**Addition to / withdrawal from other reserves (-/+)**	**-5.048**	**-15.928**
11.	**Addition to / withdrawal from results carried forward from previous financial years (-/+)**	**0**	**0**
C.	**REMUNERATION OF THE CAPITAL IN ACCORDANCE WITH ART. 13**	**13.499**	**14.033**
D.	**REMUNERATION OF THE CAPITAL, - OTHER THAN C**	**8.996**	**5.956**

8.9.5 Mandatory distribution as of 31 December 2017 (in thousands of EUR)

According to art. 13 of the RREC RD Montea must pay out, as remuneration of the capital, at least the positive difference between the following amounts and for the amount of the positive net result of the financial year and after auditing the transferred losses and the additives/extractions to/of the reserves as meant in point B. Additives/extractions reserves as defined in section 4 of part 1 of chapter 1 of the appendix C of the RREC RD:

80% of the amount stipulated in the schedule of chapter III of Appendix C; and the net decrease of the debt of the public RREC during the financial year.

ARTICLE 27 MANDATORY DISTRIBUTION EUR (x 1.000)	IFRS - 31/12/2017 12 months
Positive difference (1) - (2)	**13.499**
80% of the amount defined by the scheme in Annex C of Chapter III (1)	**13.499**
Corrected result (A) + net gains (B)	16.874
Corrected Result + net realized gains on property not exempt from the mandatory distribution (A)	16.874
Net result	36.538
+ Amortizations	205
+ Depreciations	90
- Write-back of depreciations	-9
- Write-back of lease payments sold and discounted	0
+/- Other non-monetary elements	-19.543
+/- Result on sale of property	0
+/- Changes in fair value of property	-407
Realised net gains on property assets not exempt from the mandatory distribution (B)	0
+/- realized net gains and losses of the financial year	0
- realized net gains on property assets during the year, exempt from mandatory distribution if reinvested within 4 years	0
+ realized net gains on property assets previously exempt from mandatory distribution, that were not reinvested within 4 years	0
Net decrease of the debt (2)	**0**
The changes in debt in function of the calculation of the debt ratio	75.741
Total Liabilities	63.317
Non-current liabilities - authorized hedges	-13.097
Non-current liabilities - provisions	0
Non-current liabilities - deferred taxes	0
Current liabilities - authorized hedges	0
Current liabilities - provisions	0
Current liabilities - transitory Accounts	673

According to this calculation Montea is obliged to pay a dividend of € 13,499 K.

8.9.6 Art. 617 Company Code

As a company, Montea is required to abide by art. 617 of the Companies' Code, whereby the net assets may not fall by way of dividend payment to below the amount of the capital and the unavailable reserves.

According to the table below, Montea still has a buffer of € 24,349K after paying the proposed dividend of € 2.17 per share.

ARTICLE 617 OF THE COMPANY CODE EUR (x 1.000)	IFRS - 31/12/2017 12 months	IFRS - 31/12/2016 12 months	IFRS - 31/12/2015 12 months
Paid-up capital or if larger, called-up capital (+)	232.938	200.292	185.289
Share premium account unavailable for distribution according to the articles of association (+)	66.641	32.439	20.893
Reserve for the positive net amount of the changes in fair value of investment properties (+) (*)	0	0	0
Reserve for the impact of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)	0	0	0
Reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting according to IFRS (+/-)	0	0	0
Reserve for the net amount of the changes in fair value of authorized hedges not qualified for hedge accounting according to IFRS (+/-)	-14.762	-24.188	-24.626
Reserve for the net amount of exchange rate differences on monetary assets and liabilities (+)	0	0	0
Reserve for the translation differences, coming from activities abroad (+/-)	0	0	0
Reserve for own actions	-2	-2	-251
Reserve for the net amount of the changes in fair value of financial assets held for sale (+/-)	0	0	0
Reserve for actuarial gains and losses on defined benefit pension plans (+)	0	0	0
Reserve for deferred taxes on investment properties located abroad (+)	0	0	0
Reserve for received dividends used for the reimbursement of financial debts (+)	0	0	0
Other reserves declared unavailable by the Annual General Meeting (+)	1	1	1
Legal reserve (+)	841	835	835
Non-distributable shareholders' equity in accordance with Article 617 of the company code	**285.657**	**209.377**	**182.140**
Net assets before distribution of dividends	332.502	251.472	207.779
Proposed dividend payments	22.495	20.998	18.700
Net assets after distribution of dividends	**310.006**	**230.473**	**189.079**
Remaining margin after dividend distribution	**24.349**	**47.038**	**16.443**

* This is the balance based on the fair value of the property, including variations in the fair value of the property in the subsidiaries, since the latter are also non-distributable reserve. Those are non-cash items. The other variations in the fair value of the subsidiary, or the net current result, are relevant and thus relate to a distributable reserve.

The remaining margin, after dividend payment, has risen at the end of 2017 to € 24,349 K because the net asset value of the RREC increased relatively more than the amount of non-distributable equity (both calculated in accordance with article 617 Company Code).

8.9.7 Summary of the variations in the statutory equity capital and reserves at 31st December 2017

CHANGES IN SHAREHOLDERS' EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Shareholders' equity
ON 31/12/2015	**185.289**	**20.893**	**-22.428**	**24.024**	**0**	**207.779**
Elements directly recognized as equity						
Capital increase	15.004	11.546	0	0	0	26.550
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	343	0	0	343
Positive change in value of solar panels (IAS 16)	0	0	-720	0	0	-720
Own shares	0	0	249	0	0	249
Own shares held for employee option plan	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0
Corrections	0	0	0	0	0	0
Subtotal	**200.292**	**32.440**	**-22.556**	**24.024**	**0**	**234.201**
Dividends	0	0	-18.700	0	0	-18.700
Result carried forward	0	0	24.024	-24.024	0	0
Result for the financial year	0	0	0	35.971	0	35.971
	0	0	0	0	0	0
ON 31/12/2016	**200.292**	**32.440**	**-17.232**	**35.971**	**0**	**251.472**
Elements directly recognized as equity	**32.646**	**34.201**	**-1.356**	**0**	**0**	**65.491**
Capital increase	32.646	34.201	0	0	0	66.847
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	-1.840	0	0	-1.840
Positive change in value of solar panels (IAS 16)	0	0	484	0	0	484
Own shares	0	0	0	0	0	0
Own shares held for employee option plan	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0
Corrections	0	0	0	0	0	0
Subtotal	**232.938**	**66.641**	**-18.588**	**35.971**	**0**	**316.963**
Dividends	0	0	-20.999	0	0	-20.999
Result carried forward	0	0	35.971	-35.971	0	0
Result for the financial year	0	0	0	36.538	0	36.538
	0	0	0	0	0	0
ON 31/12/2017	**232.938**	**66.641**	**-3.615**	**36.538**	**0**	**332.502**

8.9.8 Statement of employed staff

STATEMENT EMPLOYED STAFF

EMPLOYEES REGISTERED IN THE STAFF REGISTER

During the FY and the previous FY	Codes	1. Full time *(FY)*	2. Part time *(FY)*	3. Total (T) of total in full time equivalents (FTE) *(FY)*	3. Total (T) of total in part time equivalents (PTE) *(previous FY)*
Average numer of employees	100	12,1	1,8	13,9	10,4 (PTE)
Number of actuel hours worked	101	20.426,50	2.455,00	22.881,50	18 017,3 (T)
Employee costs	102	931.040,00	87.421,00	1.018.461,00	928101 (T)
Benefits on top of wages	103	xxxxxxxxxxx	xxxxxxxxxxx	23412,0 (T)	18601,0 (T)

At the closing of the financial year	Codes	1. Full time	2. Part time	3. Total in full time equivalents
Number of employees in the staff register	105	13,0	2,0	14,7
Agreement for an indefinite period	110	12,0	2,0	13,7
Agreement for a definite period	111	1,0	0,0	1,0
Agreement for a definied job	112	0,0	0,0	0,0
Replacement agreement	113	0,0	0,0	0,0
According to gender and study level				
Men:	120	9,0	0,0	9,0
primary education	1200	2,0	0,0	2,0
secundary education	1201	0,0	0,0	0,0
higher non-university	1202	5,0	0,0	5,0
university	1203	2,0	0,0	2,0
Women:	121	4,0	2,0	5,7
primary education	1210	0,0	0,0	0,0
secundary education	1211	2,0	0,0	2,0
higher non-university	1212	1,0	1,0	1,8
university	1213	1,0	1,0	1,9
According to profession level				
Management	130	0,0	0,0	0,0
Non-management	134	13,0	2,0	14,7
Laborer	132	0,0	0,0	0,0
Other	133	0,0	0,0	0,0

8.10 EPRA performance measures[110]

EPRA (European Public Real Estate Association) is the voice of the European listed real estate sector with more than 250 members and more than € 450 billion real estate. The EPRA indices are a global benchmark and the most frequently used investment index for listed real estate. The indexes are composed of more than 100 companies. The criteria for inclusion in the indexes are published on the EPRA website (www.epra.com). Montea is not yet included in the European and the Belgian EPRA index.

Recommendations regarding the reporting and the definition of the most important financial performance criteria for listed real estate companies are also shown on the EPRA website (see EPRA Reporting: Best Practices Recommendations Guidelines). Montea makes the majority of the performance measures recommended by EPRA available to the investors with the aim of standardizing the reporting with a view to improving the quality and comparability of information.

[110] No EPRA measure was audited by the auditor, except for the EPRA result, EPRA NAV and EPRA NNNAV. The publication of the data is not mandatory according to the RREC legislation and is not subject to a review by the public authority.

A) Summary table of the EPRA Performance measures

		Definition	Purpose	31/12/2017	31/12/2016
B)	EPRA earnings	Recurring earnings from the core operational activities.	A key measure of a company's underlying operating results from its property rental business and an indicator of the extent to which current dividend payments are supported by earnings.	In € x 1000: **26.785** In € / share: **2,58**	**24.018** **2,47**
C)	EPRA NAV	NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystalise 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: **344.521** In € / share: **29,67**	**276.650** **27,80**
D)	EPRA NNNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debts and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all assets and liabilities within a real estate entity.	In € x 1000: **338.308** In € / share: **29,14**	**258.419** **25,97**
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.	**6,5%**	**6,6%**
	EPRA TOPPED-UP NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A detail is provided on the calculation of the measure and reconciliation between the EPRA NIY and EPRA TOPPED-UP NIY.	**6,5%**	**6,6%**
F)	EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant spaces, divided by ERV of the whole portfolio.	A pure (in %) measure of investment property space that is vacant, based on ERV.	**3,2%**	**1,1%**
G)	EPRA cost ratio (incl. vacancy charges)			**12,2%**	**13,3%**
	EPRA cost ratio (excl. vacancy charges)			**11,6%**	**13,2%**

B) EPRA result – EPRA result per share

EPRA earnings

	(in EUR X 1 000)	31/12/2017	31/12/2016 RESTATED (0)
	Net result (IFRS)	**36.548**	**32.204**
	Changes for calculation of the EPRA earnings		
	To exclude:		
(i)	Variations in fair value of the investment properties and properties for sale	-3.204	-670
(ii)	Result on sale of investment properties	-769	-8.131
(vi)	Variations in fair value of the financial assets and liabilities	-5.791	616
		-	-
	EPRA earnings	**26.785**	**24.018**
	Weighted average number of shares	10.392.676	9.722.190
	EPRA earnings per share (€/share)	**2,58**	**2,47**

C) EPRA NAV – EPRA NAV per share

EPRA NAV

	(in EUR X 1 000)	31/12/2017	31/12/2016
	IFRS NAV	**332.911**	**251.846**
	NAV per share (€/share)	**28,67**	**25,31**
	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	**332.911**	**251.846**
	To exclude		
(iv)	IV. Fair value of financial instruments	11.611	24.804
	EPRA NAV	**344.521**	**276.650**
	Number of shares in circulation per end period	11.610.531	9.951.884
	EPRA NAV per share (€/share)	**29,67**	**27,80**

D) EPRA NNNAV – EPRA NNNAV per share

EPRA NNNAV

	(in EUR X 1 000)	31/12/2017	31/12/2016
	EPRA NAV	**344.521**	**276.650**
	Number of shares in curculation at the end of the period	11.610.531	9.951.884
	EPRA NAV (€/share)	**29,67**	**27,80**
	To add:		
(i)	I. Fair value of financial instruments	-11.611	-24.804
(ii)	II. Revaluation of the fair value of financing at fixed interest rate	5.397	6.573
	EPRA NNNAV	**338.308**	**258.419**
	Nmber of shares in circultation at the end of the period	11.610.531	9.951.884
	EPRA NNNAV (€/share)	**29,14**	**25,97**

E) EPRA NIY & EPRA 'topped-up' NIY

(in EUR x 1000)		31/12/2017				31/12/2016			
EPRA NIY and 'topped-up' NIY		**BE**	**FR**	**NL**	**TOTAL**	**BE**	**FR**	**NL**	**TOTAL**
Investment property – wholly owned		396.886	108.463	213.379	718.729	278.342	97.463	176.517	552.322
Investment property – share of JVs/Funds									
Trading property (including share of JVs)									
Less: developments		-25.966	-14.122	-8.352	-48.440		-3.045	-7.235	-10.281
Completed property portfolio		**370.920**	**94.341**	**205.027**	**670.288**	**278.342**	**94.418**	**169.282**	**542.041**
Allowance for estimated purchasers' costs		8.954	6.744	14.352	30.049	6.709	6.762	11.850	25.321
Gross up completed property portfolio valuation	**B**	**379.874**	**101.085**	**219.379**	**700.338**	**285.051**	**101.180**	**181.131**	**567.362**
Annualised cash passing rental income		27.386	7.397	13.443	48.226	20.633	7.515	11.565	39.712
Property outgoings (incl. ground rents)		-2.582	-26	-202	-2.810	-1.908	-119	-167	-2.194
Annualised net rents	**A**	**24.804**	**7.371**	**13.242**	**45.417**	**18.725**	**7.396**	**11.398**	**37.518**
Add: Rent free periods or other lease incentives		145		134	279				
Topped-up net annualised rent	**C**	**24.949**	**7.371**	**13.375**	**45.696**	**18.725**	**7.396**	**11.398**	**37.518**
EPRA NIY	**A/B**	**6,5%**	**7,3%**	**6,0%**	**6,5%**	**6,6%**	**7,3%**	**6,3%**	**6,6%**
EPRA "topped-up" NIY	**C/B**	**6,6%**	**7,3%**	**6,1%**	**6,5%**	**6,6%**	**7,3%**	**6,3%**	**6,6%**

F) EPRA vacancy rate

EPRA VACANCY RATE *(in EUR X 1 000)*	**(A)** **Estimated rental value (ERV) for vacancy**	**(B)** **Estimated rental value portfolio (ERV)**	**(A/B)** **ERPA Vacancy rate** *(in %)*	**(A)** **Estimated rental value (ERV) for vacancy**	**(B)** **Estimated rental value portfolio (ERV)**	**(A/B)** **ERPA Vacancy rate** *(in %)*
	31/12/2017	31/12/2017	31/12/2017	31/12/2016	31/12/2016	31/12/2016
Belgium	-	26.760	0,0%	429	19.914	2,2%
France	-	7.012	0,0%	-	7.175	0,0%
The Netherlands	-	13.974	0,0%	-	11.659	0,0%
Total	**-**	**47.745**	**0,0%**	**429**	**38.748**	**1,1%**

G) EPRA cost ratio

EPRA Cost Ratios		**31/12/2017**	**31/12/2016**
(i) Administrative/operating expense line per IFRS income statement		**5.541**	**5.492**
(iii) Management fees less actual/estimated profit element		-471	-290
EPRA Costs (including direct vacancy costs)	**A**	**5.071**	**5.203**
(ix) Direct vacancy costs		-277	-31
EPRA Costs (excluding direct vacancy costs)	**B**	**4.794**	**5.172**
(x) Gross Rental Income less ground rents – per IFRS		41.396	39.104
Gross Rental Income	**C**	**41.396**	**39.104**
EPRA Cost Ratio (including direct vacancy costs)	**A/C**	**12,2%**	**13,3%**
EPRA Cost Ratio (excluding direct vacancy costs)	**B/C**	**11,6%**	**13,2%**

H) Investment Assets

Overview of the most important operating indicators of the property portfolio, per land:

	BE	FR	NL	31/12/2017
Verhuurbare Oppervlakte	581 821 m²	134 318 m²	252 809 m²	**968 948 m²**
Gem. Huurgelden / m²	45,3 €/m²	55,1 €/m²	53,7 €/m²	**48,8 €/m²**
Geannuliseerde contractuele huurgelden	26 341 k€	7 397 k€	13 577 k€	**47 315 k€**
Geraamde huurwaarde (ERV)	26 760 k€	7 012 k€	13 974 k€	**47 745 k€**
Nettohuurgelden	19 407 k€	7 052 k€	12 361 k€	**38 820 k€**
Marktwaarde Vastgoedbeleggingen	358 149 k€	94 341 k€	205 027 k€	**657 518 k€**
Marktwaarde Zonnepanelen	12 771 k€	0 k€	0 k€	**12 771 k€**
EPRA Huurleegstand (gebaseerd op ERV)	5,8%	0,0%	0,0%	**3,2%**
Gem. Duur contracten (tot 1e opzeg)	7,2 y	2,6 y	10,9 y	**7,5 y**
Gem. Duur contracten (tot einde)	9,3 y	4,8 y	11,2 y	**9,2 y**

Overview of the rental income, per country and per activity of the lessee:

Huurder business sector (k€)	BE	FR	NL	31/12/2017
Industrie	5 659	1 412		7 071
Consumenten goederen	1 110	3 734	3 422	8 266
Primaire goederen	5 832		4 646	10 478
Logistiek	11 706	1 480	5 509	18 695
Diensten	746	771		1 517
Vacancy	1 288			1 288
TOTAL Current Rent	26 341	7 397	13 577	47 315

Huurder business sector (%)	BE	FR	NL	31/12/2017
Industrial	12,0%	3,0%		14,9%
Consumer goods	2,3%	7,9%	7,2%	17,5%
Primary goods	12,3%		9,8%	22,1%
Logistics	24,7%	3,1%	11,6%	39,5%
Services	1,6%	1,6%		3,2%
Vacancy	2,7%			2,7%
TOTAL Current Rent	55,7%	15,6%	28,7%	100,0%

Overview of the largest lessees in the portfolio, including the share of the total rental income:

	Huurder	Current Rent	%
1	DHL aviation	3 171	6,7%
2	DHL Global Forwarding	2 195	4,6%
3	Decathlon	2 160	4,6%
4	DSV Solutions	1 742	3,7%
5	Bakkersland	1 736	3,7%
6	Doc Morris	1 475	3,1%
7	Federal Mogul	1 445	3,1%
8	JCL Logistics	1 371	2,9%
9	Barry Callebaut	1 231	2,6%
10	Caterpillar	1 210	2,6%
11	Jan De Rijk	1 208	2,6%
12	Aware Food Group	1 196	2,5%
13	Metro / Makro Cash & Carry Belgium NV	1 178	2,5%
14	Depa Disposables	1 047	2,2%
15	Vos Logistics	1 045	2,2%
16	Dachser	1 037	2,2%
17	GVT	1 002	2,1%
18	NSK	1 000	2,1%
	Huurders > 1 mio€	**26 450**	**56%**
	Huurders < 1 mio€	**20 866**	**44%**
	TOTAAL	**47 315**	**100%**

Overview of the largest investments (in market value) in the investment portfolio:

Top tien assets op Marktwaarde

		Locatie	Huurders	Range Markt-waarde	Verhuurbare Oppervlakte (m²)	Type Gebouw	Type Gebouw	Eigendom	Vorm van eigendom	Jaar van Aankoop	Jaar van Oplevering / Herontwikkeling
1	NL	**Aalsmeer** Japanlaan & Thailandlaan	- Bakkersland - Scotch & Soda	**> 30 mio €**	44 892	Multi tenant	Logistics	100%	Full ownership	2016 - 2017	2016 - 2017
2	BE	**Zaventem** Brucargo	- DHL Aviation	**> 30 mio €**	66 543	Single tenant	Logistics	100%	Long Term superficies	2017	2017
3	BE	**Willebroek** De Hulst	- Decathlon	**> 30 mio €**	47 046	Single tenant	Logistics	100%	Full ownership	2017	2017
4	BE	**Vorst** Humaniteitslaan 292	- Unilever - Makro - CDS - Stylelabs	**25 < x < 30 mio €**	29 212	Multi tenant	Logistics & Light Industrial	100%	Full ownership	2009	1966 - 2014 - 2015 - 2016 - 2017
5	BE	**Zaventem** Brucargo 830	- DHL Gl. Forwarding	**20 < x < 25 mio €**	28 279	Single tenant	Logistics	100%	Long Term superficies	2012	2012
6	BE	**Aalst** Tragel 48-58	- Jan De Nul - Barry Callebaut - VDAB - R&D Interieur	**20 < x < 25 mio €**	44 249	Multi tenant	Logistics	100%	Full ownership	2006 (IPO)	1975 - 2002 - 2009
7	BE	**Gent** Evenstuk	- DSV	**20 < x < 25 mio €**	48 909	Single tenant	Logistics	100%	Long Term superficies	2013 - 2016	2013 - 2016
8	BE	**Willebroek** De Hulst	- Federal Mogul	**20 < x < 25 mio €**	29 117	Single tenant	Logistics	100%	Full ownership	2016	2016
9	NL	**s Heerenberg** Distributieweg	- JCL Logistics	**20 < x < 25 mio €**	22 969	Single tenant	Logistics	100%	Full ownership	2009	2009
10	NL	**Heerlen** Business Park Aventis	- DocMorris	**15 < x < 20 mio €**	14 060	Single tenant	Logistics	100%	Full ownership	2015	2015

I) Project developments

Overview of the most important operating indicators of the project developments, per country and per individual project:

Site & Locatie	Land	Development Costs tot 31/12/2017	Herwaardering	31/12/2017	Geschatte kosten tot oplevering	Waarde bij oplevering	Verwachte datum van oplevering	Status
Genk (Carglass)	**BE**	11 199	0	**11 199**	13 489	**24 688**	2018	Under construction
Bornem (Pelsis)	**BE**	5 000	-18	**4 982**	7 600	**12 582**	2018	Under construction
de Tyaslaan (land)	**BE**	9 910	-124	**9 785**	Unknown	**9 785**	2019	Commercialization
	BE	**26 109**	**-142**	**25 966**	**21 089**	**47 055**		
Camphin (Danone, DSM, GBS)	**FR**	14 216	-94	**14 122**	12 389	**26 511**	2018	Under construction
	FR	**14 216**	**-94**	**14 122**	**12 389**	**26 511**		
Schiphol SLP (Thomson Select)	**NL**	3 271	206	**3 477**	3 846	**7 323**	2018	Under construction
Etten-Leur (Bas Logistics)	**NL**	4 934	-59	**4 875**	4 647	**9 522**	2018	Under construction
	NL	**8 205**	**147**	**8 352**	**8 493**	**16 845**		
TOTAL		**48 529**	**-89**	**48 440**	**41 971**	**90 411**		

Site & Locatie	Land	Type gebouw	Type gebouw	% eigendom	Voor-verhuurd (%)	Office (m²)	Warehouse (m²)	Mezzanine (m²)	Andere (m²)	Totaal (m²)	Onbebouwde grond (m²)	ERV bij oplevering
Genk (Carglass)	**BE**	Logistics	Single tenant	100%	100%	3 040	43 775			**46 815**		1 890
Bornem (Pelsis)	**BE**	Light Industrial	Single tenant	100%	100%	960	11 355			**12 315**		730
de Tyaslaan (land)	**BE**	Unknown	Unknown	100%							**59 469**	Unknown
	BE					4 000	55 130			**59 130**	**59 469**	2 620
Camphin (Danone, DSM, GBS)	**FR**	Logistics	Multi tenant	100%	87%	1 352	40 972		605	**42 929**		1 720
	FR					1 352	40 972		605	**42 929**		1 720
Schiphol SLP (Thomson Select)	**NL**	Logistics	Multi tenant	100%	50% (*)	856	4 500			**5 356**		540
Etten-Leur (Bas Logistics)	**NL**	Logistics	Single tenant	100%	100%		10 485	904		**11 389**	**11 913**	420
	NL					856	14 985	904		**16 745**	**11 913**	960
TOTAL						**6 208**	**111 087**	**904**	**605**	**118 804**	**71 382**	**5 300**

(*) = Na jaareinde werd de resterende 50% verhuurd aan Milestone Warehousing BV

J) 'Like-for-Like' growth of the IFRS rental income

(in EUR x 1000)	HUUR 31/12/2016	LIKE FOR LIKE Nieuw contract	Einde contract	Heronderhandeling / Verlenging	Indexatie	Andere	NON COMPARABLE Nieuwe sites	Spreiding huurvrije periodes	Verkochte sites	HUUR 31/12/2017
België	16 181	1 249	-1 696	197	237	-6				16 163
Frankrijk	6 812	39		-86	40					6 805
Nederland	8 595	-7		-51	34					8 571
LIKE for LIKE	31 587	1 281	-1 696	60	311	-6				31 538
België	2 301						3 730	108	-163	5 977
Frankrijk	4 108						137	-3 972		273
Nederland	1 500						2 637	-19		4 119
NON COMPARABLE	7 910						6 504	-3 883	-163	10 368
TOTAAL	39 497	1 281	-1 696	60	311	-6	6 504	-3 883	-163	41 907

Like for Like variatie van het jaar -49

België	41,0%	3,2%	-4,3%	0,5%	0,6%	0,0%				40,9%
Frankrijk	17,2%	0,1%		-0,2%	0,1%					17,2%
Nederland	21,8%	0,0%		-0,1%	0,1%					21,7%
LIKE for LIKE	80,0%	3,2%	-4,3%	0,2%	0,8%	0,0%				79,8%
België	5,8%						9,4%	0,3%	-0,4%	15,1%
Frankrijk	10,4%						0,3%	-10,1%		0,7%
Nederland	3,8%						6,7%	0,0%		10,4%
NON COMPARABLE	20,0%						16,5%	-9,8%	-0,4%	26,3%
TOTAAL	100,0%	3,2%	-4,3%	0,2%	0,8%	0,0%	16,5%	-9,8%	-0,4%	106,1%

Like for Like variatie van het jaar -0,1%

Note:

- A building that has been in the investment portfolio during the last 2 full years (i.e. from 01/01/2016 to 31/12/2017) is considered a building that is full comparable between these two years. The collection of buildings that meet this standard is included in the 'Like-for-Like' analysis. All other buildings are not comparable ('non-comparable').
- The scope used is the same as for the Roll Forward of the Investment Assets (see next)

K) Roll Forward of the investment assets

(in EUR x 1000)	INVESTMENT ASSETS 31/12/2016	LIKE FOR LIKE		NON COMPARABLE					INVESTMENT ASSETS 31/12/2017
		CAPEX	Herwaardering	Aankopen	Verkopen	Transfer van / naar Project-ontwikkeling	CAPEX	Herwaardering	
België	230 151	6 182	-1 617						234 716
Frankrijk	76 389	11	2 209						78 610
Nederland	124 217	1 784	1 321						127 321
LIKE for LIKE	430 757	7 977	1 913						440 646
België	38 213			77 765		6 360	261	835	123 434
Frankrijk	10 307			5 373			167	-50	15 732
Nederland	45 065			6 673		22 936	25	3 007	77 706
NON COMPARABLE	93 585			89 811			453	3 792	216 872
TOTAAL	524 342	7 977	1 913	89 811			453	3 792	657 518
Like for Like variatie van het jaar		9 889							

België	43,9%	1,2%	-0,3%						44,8%
Frankrijk	14,6%	0,0%	0,4%						15,0%
Nederland	23,7%	0,3%	0,3%						24,3%
LIKE for LIKE	82,2%	1,5%	0,4%						84,0%
België	7,3%			14,8%		1,2%	0,0%	0,2%	23,5%
Frankrijk	2,0%			1,0%			0,0%	0,0%	3,0%
Nederland	8,6%			1,3%		4,4%	0,0%	0,6%	14,8%
NON COMPARABLE	17,8%			17,1%			0,1%	0,7%	41,4%
TOTAAL	100,0%	1,5%	0,4%	17,1%			0,1%	0,7%	125,4%
Like for Like variatie van het jaar		1,9%							

Note:

- A building that has been in the investment portfolio during the last 2 full years (i.e. from 01/01/2016 to 31/12/2017) is considered a building that is full comparable between these two years. The collection of buildings that meet this standard is included in the 'Like-for-Like' analysis. All other buildings are not comparable ('non-comparable').

L) Analyse remaining term till possible first break

	ANALYSE RESTERENDE DUURTIJD TOT 1e OPZEG	BE	FR	NL	TOTAAL
	Gemiddelde Duur tot 1e opzeg	7,2 y	2,6 y	10,9 y	7,5 y
ERV tot 1e opzeg	ERV die verloopt binnen het jaar	552	1 236		1 788
	ERV die verloopt in het 2e jaar	1 092	2 362		3 454
	ERV die verloopt tussen het 3e & 5e jaar	6 487	1 813	1 820	10 119
	ERV die verloopt na het 5e jaar	18 628	1 602	12 154	32 384
	TOTAAL	26 760	7 012	13 974	47 745
	ERV die verloopt binnen het jaar	1,2%	2,6%		3,7%
	ERV die verloopt in het 2e jaar	2,3%	4,9%		7,2%
	ERV die verloopt tussen het 3e & 5e jaar	13,6%	3,8%	3,8%	21,2%
	ERV die verloopt na het 5e jaar	39,0%	3,4%	25,5%	67,8%
	TOTAAL	56,0%	14,7%	29,3%	100,0%
Current Rent tot 1e opzeg	Current Rent die verloopt binnen het jaar	233	1 349		1 582
	Current Rent die verloopt in het 2e jaar	1 134	2 554		3 688
	Current Rent die verloopt tussen het 3e & 5e jaar	6 979	1 895	1 684	10 558
	Current Rent die verloopt na het 5e jaar	17 996	1 598	11 893	31 487
	TOTAAL	26 341	7 397	13 577	47 315
	Current Rent die verloopt binnen het jaar	0,5%	2,9%		3,3%
	Current Rent die verloopt in het 2e jaar	2,4%	5,4%		7,8%
	Current Rent die verloopt tussen het 3e & 5e jaar	14,7%	4,0%	3,6%	22,3%
	Current Rent die verloopt na het 5e jaar	38,0%	3,4%	25,1%	66,5%
	TOTAAL	55,7%	15,6%	28,7%	100,0%

M) Analysis remaining term until end of contract

ANALYSE RESTERENDE DUURTIJD TOT EINDE CONTRACT		BE	FR	NL	TOTAAL
	Gemiddelde Duur tot einde contract	**9,3 y**	**4,8 y**	**11,2 y**	**9,2 y**
ERV tot einde contract	ERV die verloopt binnen het jaar	527	954		**1 481**
	ERV die verloopt in het 2e jaar	677	784		**1 461**
	ERV die verloopt tussen het 3e & 5e jaar	3 421	1 467	1 820	**6 708**
	ERV die verloopt na het 5e jaar	22 135	3 806	12 154	**38 095**
	TOTAAL	**26 760**	**7 012**	**13 974**	**47 745**
	ERV die verloopt binnen het jaar	1,1%	2,0%		**3,1%**
	ERV die verloopt in het 2e jaar	1,4%	1,6%		**3,1%**
	ERV die verloopt tussen het 3e & 5e jaar	7,2%	3,1%	3,8%	**14,0%**
	ERV die verloopt na het 5e jaar	46,4%	8,0%	25,5%	**79,8%**
	TOTAAL	**56,0%**	**14,7%**	**29,3%**	**100,0%**
Current Rent tot einde contract	Current Rent die verloopt binnen het jaar	233	1 057		**1 290**
	Current Rent die verloopt in het 2e jaar	707	794		**1 501**
	Current Rent die verloopt tussen het 3e & 5e jaar	3 667	1 562	1 684	**6 914**
	Current Rent die verloopt na het 5e jaar	21 735	3 983	11 893	**37 610**
	TOTAAL	**26 341**	**7 397**	**13 577**	**47 315**
	Current Rent die verloopt binnen het jaar	0,5%	2,2%		**2,7%**
	Current Rent die verloopt in het 2e jaar	1,5%	1,7%		**3,2%**
	Current Rent die verloopt tussen het 3e & 5e jaar	7,8%	3,3%	3,6%	**14,6%**
	Current Rent die verloopt na het 5e jaar	45,9%	8,4%	25,1%	**79,5%**
	TOTAAL	**55,7%**	**15,6%**	**28,7%**	**100,0%**

8.11 Detail of the calculation of the APMs used by Montea[111]

Result on the portfolio

Definition: This concerns the negative and / or positive variations in the fair value of the property portfolio + the possible loss or loss resulting from the realization of property.

Objective: This APM reflects the negative and / or positive variations in the fair value of the property portfolio + the possible loss or loss resulting from realization of property.

Calculation: The detailed calculation of this APM:

RESULT ON PORTFOLIO (in EUR X 1000)	31/12/2017	31/12/2016 RESTATED (0)
Result on sale of property investments	769	8.131
Variations in the fair value of property investments	3.204	670
RESULT ON PORTFOLIO	**3.972**	**8.801**

Financial result excluding changes in fair value of financial instruments

Definition: This is the financial result according to the AR of 13 July 2014 regarding the regulated real estate companies excluding the variation in the fair value of the financial instruments.

Objective: This APM reflects the actual financing cost of the company.

Calculation: The detailed calculation of this APM:

FINANCIAL RESULT excl. variations in fair value of financial instruments (in EUR X 1000)	31/12/2017	31/12/2016
Financial result	-5.316	-12.396
To exclude:		
Variations in fair value of financial assets & liabilities	-5.791	616
FINANCIAL RESULT excl. variation in fair value of financial instruments	**-11.107**	**-11.780**

111 Excluding the EPRA indicators, some of which are considered as APM and are calculated under Chapter 9.9 EPRA Performance measures.

Operating margin

Definition: This is the operating result before the result on the property portfolio divided by the net rental income.

Objective: This APM measures the company's operating profitability as a percentage of rental income.

Calculation: The detailed calculation of this APM:

OPERATING MARGIN (in EUR X 1000)	31/12/2017	31/12/2016
Net rental result	40.793	40.518
Operating result (before the result on the portfolio)	38.830	36.304
OPERATING MARGIN	**95,2%**	**89,6%**

Hedge ratio

Definition: This is the percentage of fixed and variable interest rates, hedged against fluctuations in interest rates through derivative financial products.

Objective: An important part of the company's financial liabilities are liabities at variable interest. This APM measures the risk of interest rate fluctuations and their potential impact on the results.

Calculation: The detailed calculation of this APM:

AVERAGE COST OF DEBT (in EUR X 1000)	31/12/2017	31/12/2016
Financial result	-5.316	-12.396
To exclude:		
Variations in fair value of financial assets and liabilities	-5.791	616
TOTAL FINANCIAL CHARGES (A)	-11.107	-11.780
AVERAGE FINANCIAL DEBTS (B)	366.615	324.766
AVERAGE COST OF DEBT (A/B) (*)	**3,0%**	**3,0%**

Interest coverage ratio

Definition: The interest coverage ratio is calculated by the sum of the operating result before the result on portfolio and the financial income, divided by the net interest expenses.

Objective: the company partly finances through debt. This APM indicates how many times the company deserves its interest rates.

Calculation: The detailed calculation of this APM:

INTEREST COVERAGE RATIO (in EUR X 1000)	31/12/2017	31/12/2016
Operational result, before result on portfolio	38.830	36.304
Financial income (+)	240	656
TOTAL (A)	**39.071**	**36.960**
Financial charges (-)	11.245	12.308
TOTAL (B)	**11.245**	**12.308**
INTEREST COVERAGE RATIO (A/B)	***3,47***	***3,00***

Average cost of debt

Definition: Average financial cost over the full year calculated on the basis of the total financial result relative to the average of the opening balance and final balance of financial debt for 2016 without taking into account the valuation of hedging instruments.

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

Calculation: The detailed calculation of this APM:

AVERAGE COST OF DEBT (in EUR X 1000)	31/12/2017	31/12/2016
Financial result	-5.316	-12.396
To exclude:		
Variations in fair value of financial assets and liabilities	-5.791	616
TOTAL FINANCIAL CHARGES (A)	-11.107	-11.780
AVERAGE FINANCIAL DEBTS (B)	366.615	324.766
AVERAGE COST OF DEBT (A/B) (*)	**3,0%**	**3,0%**

9. Permanent documents

9.1 Statements

9.1.1 Third party information

The statutory Manager, Montea Managmeent NV, certifies that the information provided by the property experts (Jones Lang LaSalle BVBA, represented by Rod Scrivener) and the certified auditor (Ernst & Young Bedrijfsrevisoren, represented by Joeri Klaykens) was faithfully reproduced. To the extent that the statutory manager is aware of and able to ensure this in the light of information published by third parties, no fact was omitted whereby the information shown could be wrong or misleading[112].

9.1.2 Forward-looking statements

This annual report includes forward-looking statements. Such statements are based on estimates and forecasts of the company and naturally contain unknown risks, uncertainties and other factors that could result in the results, financial situation, performance and current achievements being different from those expressed or implicitly indicated in these forward-looking statements. Given these uncertainties the forward-looking statements provide no guarantee.

9.1.3 Statements on financial accounts

This annual financial report includes information regarding previous years (2016 and 2015). We refer to the table below for an overview regarding this information:

	2017	2016	2015
	http://www.montea.com/investor-relations/financial-reports		
Key figures	✓ *Section 4 pag. 31*	✓ *Section 5 pag. 24*	✓ *Section 3 pag. 20*
Property portfolio	✓ *Section 5.2.2 pag. 45*	✓ *Section 6.2.4 pag. 40*	✓ *Section 4.2.4 pag. 37*
Key ratios	✓ *Section 5.4.1 pag. 64*	✓ *Section 6.4.5 pag. 63*	✓ *New in 2016*
Shortened consolidated result statement	✓ *Section 5.4.2 pag. 67*	✓ *Section 6.5.1 pag. 65*	✓ *Section 4.4.1 pag. 56*
Shortened consolidated statement	✓ *Section 6 pag. 115*	✓ *Section 6.5.2 pag. 68*	✓ *Section 4.4.2 pag. 59*
Stock performance	✓ *Section 6 pag. 115*	✓ *Section 7.1 pag. 121*	✓ *Section 5.1 pag. 106*
Consolidated financial statement	✓ *Section 8 pag. 121 -> 179*	✓ *Section 9 pag. 127 -> 189*	✓ *Section 7 pag. 112 -> 168*
Incl. report of the auditor	✓ *Section 8.8 pag. 177*	✓ *Section 9.7.2 pag. 175 -> 176*	✓ *Section 7.7.2 pag. 160 -> 161*

112 Montea hereby confirms that it has received permission from the property expert and the auditor for publishing their reports in the registration document and also as to the form or the context in which these reports are reproduced.

9.2 The regulated real estate company (RREC) in Belgium and the Société d'Investissements Immobiliers Cotée (SIIC) in France and the Fiscale beleggingsinstelling (FBI) in the Netherlands

9.2.1 The regulated real estate company in Belgium

The regulated real estate company (RREC) introduced by the Act of 12th May 2014 relative to regulated real estate companies, makes possible the establishment in Belgium of property investment companies that exist in many other countries: Real Estate Investments Trusts (REITs) in the United States, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissements Immobiliers Cotées (SIIC) in France and UK-REITs in the United Kingdom. This status was the subject of the Act of 12th May 2014 and the Royal Decree of 13th July 2014 relative to regulated real estate companies.

The main characteristics of regulated real estate companies are:

- they must be established in the form of a public limited company or joint stock company;
- they must be listed on the stock exchange, with at least 30% of the shares distributed in the market;
- they must come under the supervision of the Financial Services Markets Authority (FSMA);
- they are able to exercise all activities related to the establishment, refurbishment, renovation, development, acquisition, disposal, management and operation of real estate property;
- they cannot (directly or indirectly) act as a building developer;
- risk spread: no more than 20% of the consolidated assets of the Company may (i) be invested in property that constitutes a single unit of property only, or (ii) in "other property", as defined in article 2, 5°, vi to x of the RREC Act;
- the (individual and consolidated) debt ratio is limited to 65% of the (individual and consolidated) assets; the allocation of sureties and mortgages is limited to 50% of the total fair value of the property of the RREC and its subsidiaries, and up to 75% of the value of a specific property;
- very strict rules in relation to conflicts of interest;
- quarterly assessments of assets by an independent property expert;
- buildings recorded at their fair value; no depreciations;
- the results (rental income and capital gains on sales, minus operating costs and financial charges) are exempt from corporation tax with regard to the RREC (but not for its subsidiaries); or taxes on disallowed expenses and abnormal and benevolent benefits;
- at least 80% of the amount of the adjusted statutory result[113] and net capital gains on the sale of property that is not exempt from the benefit obligation must mandatorily be paid out;
- any fall in the debt ratio during the course of the financial year may also be deducted from the amount mandatorily required to be paid out;
- withholding tax of 27% (see footnote 20), giving relief for natural persons residing in Belgium;

[113] Calculated based on the schedule stated in Appendix C of the RREC RD.

Companies that obtain a licence as a regulated real estate company or which merge with a regulated real estate company are subject to a tax (exit tax), which is equivalent to a liquidation tax, on the net latent gain and on the exempted reserves of 16.5% (plus 3% supplementary crisis contribution, or 16.995% in total).

9.2.2 The Société d'Investissements Immobiliers Cotées (SIIC) in France

Montea is also a SIIC (Société d'Investissements Immobiliers Cotées) in France (branch office) and is also listed on the Second Market of Euronext Paris, the second listing after Euronext Brussels. In France, Montea opted for the SIIC status in 2007 to enjoy the benefits associated with the status of formerly sicafi (currently RREC) in this country as well. The tax characteristics of the RREC and SIIC are quite similar: for example, they are both exempt from corporation tax on annual income and realised capital gains. The profits from activities other than leasing or selling real estate (e.g. dividends) are subject to corporation tax however.

When the status of RREC or SIIC is obtained, the company is subject to a one-off relief tax, called an "exit tax". This tax is calculated based on the difference between the investment value of the portfolio and the fiscal book value of the property. The exit tax that applies to SIIC is 16.5%. Payment of the exit tax for SIIC is spread over four years, with the payment of a first tranche of 15% after year one. In Belgium, at least 80% of the operating result must be paid out. In France, this percentage is 85%, although after deduction of depreciations.

However, the terms relating to the payment of gains on the sale of property differ significantly. In Belgium, at least 80% must be paid out if the profit is not reinvested. For SIIC on the other hand, at least 60% must be paid out at the end of year two following realisation of the gains. Also applicable for SIIC is that the dividends from subsidiaries that are exempt from corporation tax must be paid out in full in the financial year following the financial year in which they were received. As for the shareholding structure, the "free float" of regulated real estate companies, i.e. the number of shares not held permanently, must be at least 30%. In France, that figure is 40%. There is no maximum debt ratio for SIIC. For regulated real estate companies, the maximum debt ratio is 65%.

9.2.3 The Fiscale beleggingsinstelling (FBI) (tax investment institution (TII)) in the Netherlands

Montea has structured its Dutch property investments in Dutch NVs (Public Limited Companies). These Dutch property investment NVs are attached to the Montea Nederland NV tax unit. Montea Nederland NV has lodged a request for the application of the tax system that applies to 'tax investment institutions' (TII). In the Netherlands, TIIs are subject to corporation tax at a 0% rate.

The main features (legal requirements) of the TII are:

- its legal form must be a BV, NV, a mutual fund, or comparable body established under the law of a member of the European Union;
- the purpose and actual operations of the company consist (exclusively) of investing assets;
- the company must comply with two financing limits:
  - property investments must be financed to a maximum of 60% of the fiscal book value with borrowed capital,
  - other investments may only be financed to 20% of the fiscal book value with borrowed capital;

- the company must meet an annual advance obligation. This means that the company must make its full operating profit available to shareholders within eight months from the end of the financial year;
- the profit made available by the company must be distributed evenly across all of the shares;
- for companies that are not listed on an equities exchange, or for companies that themselves or their managers do not have a licence under the Financial Supervision Act, or are not exempted from having a licence under the Financial Supervision Act, the following shareholder requirements apply:
    - 75% or more of the shares must be owned by natural persons or by bodies that are not subject to any form of tax levied on profit, or with investment institutions that by their nature and establishment are comparable to Dutch TIIs;
    - 5% or more of the shares may not be held (in)directly by natural persons;
- no more than 25% of holdings in the company may be held by bodies established in the Netherlands that have their holdings structured via foreign entities.

10. Glossary

Acquisition value:	total cost for acquiring property, including transaction costs.
Occupancy rate:	the occupancy rate is based on the number of m². When calculating the occupancy rate no account is taken, either in the denominator or in the numerator, of the non-lettable m², intended for redevelopment or held with the landbank.
Concentration risk:	concentration risk pursuant to article 30, §1 to 5 of the Regulated Real Estate Companies Act of 12th May 2014.
Covenants:	undertakings entered into by the company with its financial institutions.
Dividend yield:	gross dividend divided by the share price at the end of the period.
TII:	Tax Investment Institution, pursuant to article 28 of the Corporation Tax Act 1969.
FSMA:	Financial Services and Markets Authority.
Financial plan:	financial plan pursuant to article 24 of the Royal Decree of 13th July 2014.
Contracted annual rental income:	the contracted annual rental income, as agreed in the leases with the various tenants.
Estimated rental value:	estimated rental value per m², as established with the property assessor, taking account of the location, features of the building, type of business, etc., multiplied by the number of m².
Consolidated and single debt ratio:	debt ratio calculated pursuant to art. 23 of the Royal Decree of 13th July 2014 governing regulated property companies.
Average term of lease:	the weighted average of the term of the current leases until the first possible break date.
Average financial debt:	the average of all financial debts over a specific period, excluding the negative value of the hedging instruments.
RREC R.D.:	Regulated Real Estate Company, pursuant to the Royal Decree of 13th July 2014 governing regulated property companies.
RREC Act:	Regulated Real Estate Company, pursuant to the Regulated Real Estate Companies Act of 13th May 2014.
ICC :	construction cost index.
IFRS:	International Financial Reporting Standards.
Investment value:	value of the property portfolio, without deducting transaction costs.
IPO:	Initial public offering of Montea shares that expired on the admission of these shares on 17th October 2006 to Euronext Brussels.

IRS:	Interest Rate Swap.
Optional dividend:	a dividend where the shareholder has the option of receiving the dividend payment in cash or in shares.
EPRA result:	net result without the result on the property portfolio and without the variation in the valuation of the financial hedgings. We refer to the definition in section 9.9 EPRA Perfomance measures.
Net property yield:	the contracted rental income, including concession and building rights, divided by the fair value of the property portfolio.
Gross property yield::	the contracted rental income including concession and building rights, divided by the fair value of the property portfolio.
Net initial yield:	the contracted annual rental income, including concession and building rights, divided by the acquisition value of the property portfolio.
Operating result:	net result without taking account of the result on the property portfolio and without taking account of the variation in values of the hedging instruments.
Premium/discount:	difference in % between the share price and the net asset value per share.
Fair value:	book value according to IAS/IFRS rules. Value of the property portfolio, including deduction of the transaction costs relating to the property portfolio in France and the Netherlands. For the Belgian property portfolio, the transaction cost is 2.5%.
Result on the property portfolio:	negative and/or positive variations in the fair value of the property portfolio + and losses or profits resulting from the realisation of property.
Result on the financial instruments:	negative and/or positive variations in the fair value of the interest rate/hedging instruments, according to IAS39.
SIIC:	Sociétés d’Investissement Immobilières Cotées pursuant to article 208-C of the French Code Général des Impôts (CGI).
Insured value:	the total new-build value of the buildings, including non-reclaimable VAT.
Velocity:	volume over a well-defined period, divided by the number of shares.