Annual financial report 2018

www.montea.com

MONTEA
SPACE FOR GROWTH

Montea Comm. VA is a public regulated real estate company (RREC) under Belgian law (SIR – SIIC), specialising in the development and the management of logistics property in Belgium, 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 2018 the property portfolio represented a surface of 1,220,099 m² across 63 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 financial statements have been approved for publication by the board of directors of the Statutory Manager and will be submitted to the annual general meeting of shareholders on May 21, 2019.

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).

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Letter to the shareholders

Dear shareholders,

In 2018, Montea reaped the fruits of its strong focus on qualitative growth to the tune of €193 million generated for the financial year over the three countries in which the company is active.

In Belgium, Montea reinforced its role as developer investing in harbours and airports with the construction of a new distribution centre at Brucargo for WFS and the signing of lease agreement at Flexport, the logistics hub of Liège Airport, with Easylog Solutions BVBA and ASFS BVBA. On the Dutch market, Montea acquired a 48-hectare plot of land in Tiel through a sale-and-rent-back formula. In addition, the development LogistiekPark A12 got under way in Waddinxveen, let to Isero IJzerwaren BV, as well as with an extension project at the existing site in Heerlen for DocMorris. Finally, Montea acquired a crossdock distribution centre in Lesquin, let to DHL.

Sustainable growth is possible only on the basis of a qualitative portfolio. Through a permanent focus on pruning and blooming, Montea today boasts portfolio fundamentals that make it stand out in the real estate market. For instance, the occupancy rate rose to 100% in Belgium in 2018 – the same level as the Dutch portfolio. On 31 December 2018, the average occupancy rate over the three countries amounted to 99.1% -- the highest level ever. Furthermore, work was also carried out on the average term of the lease agreements, which rose to an average of 8.5 years on the first expiry date. Montea stands out from its competitors in this respect as well.

A third major achievement in 2018 was keeping the debt ratio under control in this growth story. Montea consolidated its equity by carrying out three increases of capital: (i) on 5 April 2018 by means an indirect contribution of € 8,824,999.15 (Isero project in Hoodfddorp); (ii) on 7 June 2018 by means of an optional dividend of €8,726,304.78; and (iii) on 21 September 2018 by means of an indirect contribution in kind of €41,239,983.68 (Tiel project). The extension of the term of the loans, the same maturity of the loans (maximum €60 million per year that fall due in one year) and keeping the average financing cost under control were taken duly into account in the refinancing and taking out new loans in 2018.

The real estate portfolio of 1,220,099 m², spread over 63 different sites, yields an average net return of 7% (contractual annual rental income exclusive of concession payments with respect to the fair value of the real estate portfolio).

The operational margin before the result on the real estate portfolio amounted to 92.3% for the entire year 2018. The EPRA result amounted to €35.7 million – up 33% from 2017. The EPRA result per share amounts to €2.95 – up 14% from 2017.

The Board of Directors will propose to the general meeting of shareholders of 21 May 2019 that a gross dividend of €2.26 per share be paid out for the entire year 2018, compared with €2.17 per share for financial year 2017 (an increase of 4%).

Based on the aforementioned portfolio fundamentals, Montea is convinced of its strong performance and is looking ahead with confidence to further growth in the years to come.

Dirk De Pauw
Chairman of the Board of Directors

Jo De Wolf
Chief Executive Officer

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. The order in which the risk factors are presented, is in no way an indication of the degree of probability that they will materialize or of the importance of their consequences.

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] For more information about Montea's strategy, please see point 5.1 in this annual financial report. The policy implemented by Montea will be adjusted where necessary, to the identified risks.

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.

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 (99.1% per 31/12/2018).

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 7.4% higher in Belgium, 1.1% higher in France and 0.4% higher 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.

1.1.3 Concentration risks

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 assets 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'/RREC Act). This is applied geographically, per type of property and per category of tenant. Pursuant to the RREC Act (the 'GVV-Wet'), Montea may not conduct any transaction that would result in more than 20% of its consolidated assets being invested in a single unit of assets. Nor may that percentage, if one or more of its units of assets 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 consolidated debt ratio of the Company and its perimeter companies at the time of the acquisition/transaction in question is no more than 33% of the consolidated assets, under deduction of the authorized hedges (article 30, §4 GVV-Wet).

As of 31st December 2018, 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 5.4% of the total annual contracted rental income. The value of the largest unit of property represented 4.6% of the total fair value of the portfolio (the site in Willebroek, let to Decathlon and the site in Tiel, let to Recyclink Reko Tiel).

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[2] Montea will, in the interest of its shareholders, provide the necessary diversification in terms of its tenants.
[3] For more information with regard to the 20%-rule, we refer to article 30, §1 to 5 included of the RREC Act

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. Some user agreements limit the annual rate of indexation to a maximum. 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 2018 was € 0.7 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.

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 and (iii) the technical management of its 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.

4 Calculated on basis of the net rental result of Montea at 31/12/2018.

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 (in addition, it is not excluded that a tenant would like to end his lease with Montea before the contractual termination option). In some cases, the tenant reserves the right to terminate the lease in the event of specific circumstances that are beyond the control of Montea or the tenant (eg a change in regulations, a change in access options, etc.). 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, 2018 the length of the leases is 8.5 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.

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).

[5] ICC – indice de coût de construction.

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 2018, a total of € 0.7 million was spent on costs that could not be invoiced on to tenants. In addition, an amount of € 8.7 million was invested in improvement and renovation works to the existing portfolio. This amount corresponds with 1.01% 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 Risks 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.

On 31 December 2018, the insured value[8] of the property portfolio (including the buildings insured by the tenants) amounted to € 323.4 million in Belgium, € 120.3 million in France and € 158.5 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: 76% of the fair value of the sites. This corresponds with a total fair value of € 423.4 million.
- France: 90% of the fair value of the sites. This corresponds with a total fair value of € 139.0 million.
- The Netherlands: 51.5% of the fair value of the sites. This corresponds with a total fair value of € 307.9 million.

The other percentages are insured by the tenants.

1.2.5 Build and development risks

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

[7] The average guarantee for loss of rent is approximately 2 years.
[8] This value represented the full new-build value, including non-recoverable VAT.

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.

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.

Moreover, these zones are often subject to specific (safety) regulations. If these regulations were to change / strengthen, this could have an impact on the leasability of the real estate concerned or, in some cases, activate certain contractual termination options for the tenants.

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 Risks of expropriation

a) Description of the risks

In line with the applicable regulations, Montea's property may be expropriated, for reasons of public utility or based on contractually defined rights, 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 (impossibility 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 riske of a negative realuation 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 Risks 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. Such procedures can be long and expensive. At the date of this annual report, there are no ongoing legal proceedings, nor is Montea aware of imminent legal proceedings that could have a material impact on Montea's results.

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 stucture (Statutory Manager) of the Company

a) Description of the risks

The statutory business manager is controlled by the De Pauw Family, which at the Date of this Annual report is the Company's largest shareholder, with a holding of 13.11%. 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. 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.

If the Statutory Manager would no longer be a statutory manager of Montea, Montea could be obliged to early repay the issued Bonds. On January 1, 2020, a new Code of Companies and Associations will enter into force with regard to Montea. This code no longer provides for the partnership limited by shares, the current legal form of Montea, as a valid legal form. This is taken care of by opting for a limited liability company with a single director and thus modeling the limited liability company based on what currently applies in a partnership limited by shares. The moment that Montea has to amend its articles of association in accordance with this new code and it would take a form other than a partnership limited by shares with sole director, the stipulated clause regarding a change of control in the Bonds can be activated. On the Date of this Annual Report the board of directors of the Statutory Management Company has not yet taken a decision on the proposal to the extraordinary general meeting in this regard.

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 21 May 2019 the mandates of two independent directors, namely Mrs Ciska Servais and Mrs Sophie Maes expire.

1.2.15 Risks associated with reference shareholders

a) Description of the risks

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.

In particular, there is uncertainty as to whether shareholders, or the board of directors of the Statutory Manager, will propose to introduce a loyalty voting right in accordance with Article 7.53 CCP.

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 of the Statutory Manager.

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 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 'GVV RD') may not rise above 60%. At 31st December 2018, Montea had € 355 million in lines of credit, of which € 350 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].

On 31 December 2018, the consolidated debt ratio amounted to 51.3% (compared with 51.9% on 31 December 2017) and the simple debt ratio amounted to 51.6%, or ca. 53.5% (at the consolidated level) if the impact of IFRS 16 is taken into account. This means that Montea has drawn up a financial plan with an accompanying implementation schedule.

On the basis of the consolidated debt ratio of 53.5% on 1 January 2019, Montea has a consolidated debt capacity of approximately €328 million before the statutory maximum debt ratio of 65% is reached. This means that the property portfolio could be increased by 34.2% (additional growth of the fair value of the property portfolio of €328 million compared with the current fair value of the property portfolio on 1 January 2019 of €959 million, including the fair value of €28 million of developments and the fair value of €13 million of solar panels), financed in full by debt.

Montea has signed covenants with its banks whereby the debt ratio may not rise above 60%. As a result, calculated on the basis of the consolidated debt ratio of 53.5%, on 1 January 2019 the consolidated debt capacity amounted to €159 million (additional growth of the fair value of the property portfolio of €159 million compared with the current fair value of the property portfolio on 1 January 2019 of €959 million, including the fair value of the developments of €28 million and the fair value of the solar panels of €13 million). This means that the property portfolio could increase by 16.6%, financed in full by debt.

[10] Article 23 of the RREC RD.
[11] Article 24 of the RREC RD.

Conversely, the current balance sheet structure, if all other parameters remain constant, could absorb a reduction in the value of the property portfolio of 18.2% or 11.2% 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 2018 Montea has investment commitments for an amount of € 67.7 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 RREC RD) 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 2018, Montea had € 355 million in lines of credit, of which € 350 million is already drawn down.

Bond issues totalling € 110 million[12]

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.

12 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.

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;

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 2018, Montea had a total of € 355 million in lines of credit, of which € 350 million was already drawn down. During 2019, € 45 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 5.3.4 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 guarantees received (€ 1.4 million), consists for 76% of lines of credit drawn down, 23.8% of the bond loans and 0.2% of other financial debts;
- the diversification of the drawn down lines of credit with seven financial institutions (ING, Belfius, BNP Paribas Fortis, KBC, Bank Degroof Petercam, Banca Monte Paschi, Nagelmackers and Argenta; 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[13] and the bonds, 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. A rise in interest rates will make the financing with debt more expensive for the Company.

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 2018 was € 462.1 million. This means that 81.4% or € 375 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 90.8% at 31st December 2018. 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.

In the fourth quarter of 2018, Montea continued its restructuring program of the interest rate hedges. These restructurings will have an effect on the results of 2019, resulting in a further reduction in the expected average financing cost.

13 Montea has financial debt in relation to a current financial agreement of € 1.1 million (<1% of the total financial debt). This financial agreement for the acquisition of the shares of Orka Aalst NV, including the property of solar panels, located in Aalst, at the site leased to Barry Callebaut) expires in the first quarter of 2028. . At the time, the current lease agreement was entered into with a fixed quarterly payment (including the interest charge).

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[14] given that they concern a non-realised and non-cash item (if the products are held until maturity and not settled early). This year, positive 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 2018 amounted to 2.6% (including bank margins).[15]

On the basis of the existing debt position on 31 December 2018, and the prevailing short-term interest rates, an increase of 100 basis points in the short-term interest rate would have a limited impact (€ 0.3 million) 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.

14 See section 8.10
15 For more information on the financial policy, cf. point 5.3.4. For the calculation of the average financing cost, see section 8.11.

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.

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%[16]. 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 xi of the RREC RD. As at 31 December 2018 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.

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 listed property investment companies ("*Sociétés d'Investissements Immobiliers Cotées (SIIC), hereinafter referred to as* "SIIC"), pursuant to Article 208-C of the French Income Tax Code (*Code Général des Impôts* (CGI)). The most important advantage of that system is an exemption from French corporate tax for certain items of income derived from real estate, capital gains on real estate, income from real estate from subsidiaries, in large measure after the example of the system applied to regulated real estate companies in the Belgian corporate taxation.

A number of special conditions are attached to the system. For instance, the Company must be listed on a French or foreign regulated market and the corporate object of the Company must in essence consist of the acquisition or construction of immoveable properties with a view to letting or to acquiring a direct or indirect shareholding interest in companies with a similar object.

[16] 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%.

If the Company should lose its SICC status, e.g. because one or more conditions under French are no longer met, it is required to make a number of subsequent payments of French corporate tax. The Company estimates the annual financial impact in such a case at €0.05 per share[17] without taking into account other possible fiscally more favourable structures of the French subsidiaries and without growth assumptions of the current portfolio.

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[18]. Together with Montea Nederland BV, these entities constituted a fiscal entity for corporate tax till 31 December 2018 included. After that date, Montea Nederland NV and its subsidiaries are indepently subject to corporate taxes and each opt for the FBI. Status. Montea Tiel NV (founded on December 31, 2018) has never been included in the corporate tax entity. This company is independently liable to pay tax from its incorporation and also opts for the FBI status. 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.

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

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

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17 Calculation is based on the weighted average number of shares in 2018. The maximum annual impact in case of loss of the SIIC status is estimated at €0.7 million.
18 Except for Europand Eindhoven B.V.

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

Despite the fact that Montea has no approval from the Dutch tax authorities concerning the FBI status on the date of this annual report, it is keeping its accounts as if it already has said status. Accordingly, in its corporate income tax return for 2015 and 2016,[19] Montea Nederland NV assumed the position that it qualifies for FBI status, under which it is not liable for any corporate tax. The Dutch inspector however imposed a provisional assessment for 2015, 2016 and 2017, taking the regular corporate tax rate into account. In view of the applicable tax interest (8%), Montea opted to pay these provisional assessments (which amount to a total of €0.24 per share[20] for 2015, 2016 and 2017). The imposed provisional assessments amount to €0.03 per share in comparison with the financial maximum (pro forma) assessment (see further). Montea has entered the same amount under a claim in its accounts, however. If the FBI status is granted, this amount will be reimbursed in its entirety. If the FBI status is refused, however, the assessment has been duly paid and the claim can be written off, in which case it will have a materially negative impact on the Company’s profitability.

Montea Nederland NV has not filed its corporate tax return for financial year 2017 yet (the return has to be filed by 1 May 2019). Montea kept its accounts for 2017 and 2018 also as if it operates under the FBI system. In other words, it has not booked a provision for corporate tax in the Netherlands for those years.

This risk that Montea Nederland NV is not granted FBI status means that it is possible that Montea Nederland NV will be subject to the standard Dutch corporate tax at a rate of 25% (20% for the first €200,000 of taxable profit). As of 2019, the corporate rate will drop gradually to 20.5% in 2021 (15% for the first €200,000 of taxable profit). The Company estimates the financial impact in such a case (pro forma) to a maximum of €0.13 per share[21] for financial year 2018 (ca. 4% of the EPRA result over financial year 2018) without taking into account any other possibly more favourable tax structures of the Dutch subsidiaries. If FBI status is not granted by the Dutch tax authorities, the company estimates the financial impact at maximum €0.21 per share[22] for financial years 2015, 2016 and 2017 (cumulatively for all years together) or ca. 7% (total impact over 3 years) of the EPRA earnings for financial year 2018.[23]

[19] Corporate taks return 2017 not yet filed at the date of this Annual report, due 1 May 2019.
[20] Calculated based on the weighted average number of shares over 2018.
[21] Calculated based on the weighted average number of shares over 2018.
[22] Calculated based on the weighted average number of shares over 2018.
[23] For the past years (2015 to 2018 included) the potential cumulative impact thus amounts to €4.1 million or €0.34 per share (approximately 11% of the EPRA earnings over financial year 2018).

1.4.4 Potential changes to the legal and fiscal conext 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 Statutary 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.

On 21 February 2019[24] Montea announced the start of a public offering of 2,847,708 new shares for a maximum amount of €160,041,189.60. On 5 March 2019,[25] Montea announced an increase of capital in cash of €160,041,189.60 within the authorized capital. On 5 March 2019, the share capital of Montea amounted to €319,200,554.51 represented by 15,662,400 shares.

[24] For more information see press release of 21/02/2019.
[25] For more information see press release of 05/03/2019.

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 8.10 and 8.11 of this annual report.

4. Key Figures

		31/12/2018 12 months	31/12/2017 12 months
Real estate portfolio			
Real estate portfolio - Buildings (1)			
Number of sites		**63**	**54**
Surface of the real estate portfolio			
Logistics and semi-industrial warehouses	sqm	1.028.383	886.727
Offices	sqm	95.548	82.221
Land - rent	sqm	96.168	0
Total surface	**sqm**	**1.220.099**	**968.948**
Development potential (sqm) - portfolio	sqm	199.469	
Development potential (sqm) - in research	sqm	220.000	
Development potential (sqm) - in option	sqm	550.419	
Total surface - development potential (sqm)	**sqm**	**969.888**	**168.652**
Value of the real estate portfolio			
Fair value (2)	K€	870.423	657.518
Investment value (3)	K€	912.499	687.567
Occupancy Rate (4)	%	**99,1%**	**96,3%**
Real estate portfolio - Solar panels			
Fair value	K€	13.016	12.771
Real estate portfolio - Projects under construction			
Fair value (2)	K€	28.395	48.439
Consolidated results			
Results			
Net rental result	K€	49.883	40.793
Operating result before the porfolio result	K€	46.053	38.830
Operating margin (5)*	%	92,3%	95,2%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€	-10.239	-11.107
EPRA result (7)*	**K€**	**35.724**	**26.785**
Weighted average number of shares		**12.100.327**	**10.392.676**
EPRA result per share (8)*	**€**	**2,95**	**2,58**
Result on the portfolio (9)	K€	31.978	3.972
Variations in fair value of the financial instruments (10)	K€	-3.127	5.791
Net result (IFRS)	**K€**	**64.575**	**36.548**
Net result per share	**€**	**5,34**	**3,52**
Consolidated balance sheet			
IFRS NAV (excl. minority participations) (11)	**K€**	**433.550**	**332.911**
EPRA NAV (12)*	**K€**	**443.735**	**344.521**
Debts and liabilities for calculation of debt ratio	**K€**	**486.902**	388.148
Balance sheet total	**K€**	**949.477**	**748.426**
Debt ratio (13)	%	**51,3%**	**51,9%**
IFRS NAV per share	**€**	**33,83**	**28,67**
EPRA NAV per share (14)*	**€**	**34,63**	**29,67**
EPRA NNAV per share (15)*	**€**	**34,16**	**29,14**
Share price (16)	**€**	**59,80**	**42,95**
Premium	%	**76,8%**	**49,8%**

1) Inclusive of real estate intended for sale.
2) Accounting value according to the IAS/IFRS rules, exclusive of real estate intended for own use.
3) Value of the portfolio without deduction of the transactions costs.
4) The occupancy rate is calculated 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 RREC RD excluding the variation in the fair value of the financial instruments, and reflects the actual funding cost of the company.
7) *EPRA earnings: this concerns the underlying earnings from the core activities and indicates the degree to which the current dividend payments are supported by the profit. These earnings are calculated as the net result (IFRS) exclusive of the result on the portfolio and the variations in the fair value of financial instruments. Cf www.epra.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 RREC RD.
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[26]

5.1 Montea's strategy "Space for Growth"[27]

- ➔ 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.

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

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 Belron (Carglass) in Bilzen, DocMorris in Heerlen, Uneal in St. Laurent de Blangy and the collaboration with 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.

5.2 Property report[28]

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

Fundamentals

Logistics Market Belgium	2017	2018	Evolution	5-y annual average 2014-2018	Outlook
Take-up - Q4	187,000 sq.m.	**347,000 sq.m.**	86%	224,000 sq.m.	→
Take-up – annual	772,000 sq.m.	**808,000 sq.m.**	5%	743,000 sq.m.	↘
Completions – Q4	302,000 sq.m.	**138,000 sq.m.**	-54%	183,000 sq.m.	↘
Completions – annual (LTM)	611,000 sq.m.	**547,000 sq.m.**	-10%	444,000 sq.m.	↘
Prime rent (€/m²/year)	55	**55**	-	55	→
Investment volume - Industrial (Semi-industrial & Logistics) – annual	€ 548 million	**€ 424 million**	-23%	€ 369 million	→
Invested volume - Logistics – annual	€ 482 million	**€ 339 million**	-30%	€ 290 million	→
Prime yield - Logistics – Q4 (6/9 year leases)	5.75%	**5.25%**	-50 bps	6.30%	→

28 Source: Report established by Jones Lange Lasalle on 31/12/2018 This report was prepared at the request of Montea of which the real estate experts have agreed to the inclusion of the full report in this annual report.

Take-up

Volume

Transactional volumes in the occupier market in 2018 benefitted from a very strong second half year. An annual volume of 807,650 sq.m. was registered, 5% above the 772,000 sq.m. recorded in 2017 and 20% above the 10-year average for the period 2009-2018. The annual volume was strongly driven by the fourth quarter of 2018 when a quarterly take-up of 347,000 sq.m. was reached, the highest volume ever recorded in a fourth quarter. Lettings represent 59% of the take-up volume in 2018, slightly above the 10-year average of 58%. The proportion of build-to-suits in the volume, however, decreased to 42% in 2018 vs. a 5-year average of 58% and a 10-year average of 47%. The increased availability of existing buildings on the axis Antwerp-Brussels, often following the move of occupiers due to centralisation and optimisation of their property portfolios, was the major reason behind the increase in lettings of existing buildings in 2018. Since that time the vacancy rate on the Brussels-Antwerp axis decreased again and, therefore, in the near future the proportional volume of turn-key projects is expected to rise again.

Large owner-occupier transactions in 2018 include 50,000 sq.m. let by Barsan Logistics in Kersdonk Logistics Platform in Willebroek, a 45,000 sq.m. turn-key extension project of the Nike Logistics Campus in Ham on the E313 axis and 36,000 sq.m. pre-let by Soprema in Tongeren, also on the E313 axis.

After increasing temporarily to over 4% beginning 2018, the immediate vacancy on the prime logistics axis Antwerp-Brussels dropped again to 3.6% end 2018. The reason behind the decrease were 21 transactions in existing buildings on the axis, nearly half of which were transactions above 10,000 sq.m. As a comparison, the European aggregated average vacancy rate amounted to 4.5% at the end of Q3 2018.

Average size and numbers

With an annual total of 70 transactions, 2018 was a record year. The last time a comparable count of transactions was registered was in the period 2005-2008, before the financial crisis. In 2018 on a total of 70 transactions, 49 were lettings and 21 were acquisitions. Out of these 49 lettings, 35 transactions involved existing buildings vs. 14 turn-key projects. As mentioned above, lettings in existing buildings benefitted from an increased availability of second-hand buildings on the Antwerp-Brussels axis, hence the increased number of transactions in the segment. The final quarter attracted by far the highest number of transactions: 6 out of the 10 transactions above 20,000 sq.m. recorded in 2018 were registered in the final quarter.

All logistics axes performed above their 5-year average numbers except the E313 with 8 transactions vs. a 5-year average of 10. On the Antwerp-Brussels axis 27 transactions were registered vs. 22 in 2017. 21 transactions on the axis took place in existing buildings vs. 6 projects. On the Walloon axis, 15 transactions were recorded in 2018, followed by the Antwerp-Ghent axis where 11 transactions were recorded, with equal numbers in existing buildings and projects. The E313 axis did not join the same trend as the other axis, with transaction numbers slightly below the 5-year average and dominance of build-to-suits vs. existing.

The average transaction size in 2018 for the country was 11,500 sq.m., down 13% vs. the 5-year average 2014-2018. The average transaction size varied from 10,100 sq.m. on the Walloon axis to 18,900 sq.m. on the E313.

Geographical spread

The Antwerp-Brussels axis logistics market in 2018 was dominated by the Antwerp-Brussels axis, the Walloon axis and the E313. The Antwerp-Brussels axis, particularly the northern part in the province of Antwerp, attracted the largest volume and the highest number of transactions, compensating a dip in volumes in 2017. More than one third of the volume was concentrated on this axis. The Walloon axis represented 19% of the volume, in which the logistics zone around Liège represented 55% and the province of Hainaut 45%. The E313 takes third place in volume representing close to 19% with only 11% of the number of transactions.

In 2018 lettings represented 59% of the volume and acquisitions 41%, roughly in line with the 5-year average of respectively 57% and 43%. Lettings dominated on the Antwerp-Brussels axis and the Walloon axis, whilst the proportion was roughly equal on the Antwerp-Ghent axis. Acquisitions dominated on the E313 axis and in decentralised zones.

City	Logistics Axis	Address	Area (sq.m.)	Type	Operation	Occupier
Willebroek	Antwerp-Brussels	Kersdonk Logistics	50,000	Existing	Letting	Barsan Logistics
Ham	E313	Nike - NLC Wings 2	45,000	Project	Acquisition	Nike Logistics
Tongeren	E313	IZ Tongeren-Oost	36,000	Project	Acquisition	Soprema
Sint-Niklaas	Antwerp-Ghent	Grote Heimelinckstr	22,200	Existing	Letting	Eutraco
Neufchâteau	Other	Ardenne Logistics	20,360	Existing	Acquisition	Jost Logistics

Top 5 occupier market transactions 2018

Future supply

Speculative development is virtually nil due to the risk-adverse strategy of developers and the trend towards build-to-suit. As in previous years, the pipeline is dominated by non-speculative development, with over 250,000 sq.m. under construction with delivery spread over 2019 and 2020. In the five-year period 2014-2018 an average volume of 444,000 sq.m. was developed annually. Large projects delivered in 2018 include the distribution centre of Van Marcke in Menen (83,000 sq.m.), 50,000 sq.m. completed by Montea for Carglass in Bilzen and 40,000 sq.m. extension of the Nike Logistics Campus in Ham, where a further extension is already under construction. In the Walloon Region Weerts Supply Chain built a 35,000 sq.m. extension of the former Colgate site in Milmort (Liège) and WDP developed a turn-key project of 16,000 sq.m. for Trafic in Heppignies.

Prime rents

€55 per sq.m. p.a. remains the prime rent for logistics properties in Belgium. This level applies to the wider Brussels area, particularly the zone around Brussels Airport in the eastern periphery. In Antwerp the prime rent remained stable in 2018 at €48 per sq.m. p.a. On other logistics axes, the prime rent ranges from €43 to €46 per sq.m. p.a. The outlook for rents applicable to new state-of-art properties on prime locations is stable, with downward pressure for second-hand properties.

Investments

Volume

Nearly € 424 million were invested in industrial and logistics properties in Belgium in 2018, rising to € 444 million when including land sales. In this global figure for 2018 logistics represents a volume of € 339 million in 17 transactions, whilst semi-industrial properties represented € 85 million in 13 transactions. The volume invested in logistics properties was 17% above the 5-year average and was driven by large transactions in Flanders in the second half year, including the sale by Segro of two properties in Bornem and Rumst to Tritax Eurobox for €83 million and the sale of part of MG De Hulst logistics park in Willebroek, comprising two pre-let logistics properties and extension land, for € 70 million to CBRE Global Investors at a yield of 5.25%. Blackstone acquired the Belgian portfolio of Industrial Securities for € 25 million.

Belgian nationals represented 58% of the transaction volume on the buy-side, 20% was acquired by UK nationals and investors from the USA represented the remaining 22%. Belgian (59%) and EU investors (41%) were sellers. Buy-side were mainly fund managers (53% vs. 33% in the past five years) followed by REITs and corporates, whereas sell-side was dominated by developers (46%) and corporates (28%). As demand from national and international parties remains high, transaction volumes would be even higher if core product was available. Given the lack of speculative development demand will exceed supply for the foreseeable future.

Yields

The prime yield for logistics properties in Belgium compressed 50 bps in 2018, to 5.25%. In the current imbalance between supply and demand, prime logistics properties could be traded at ever sharper yields, provided product was available. Investors’ appetite for core product is forecast to remain high but the lack of product will persistently limit transaction volumes. Prime yields for logistics equally edged downward in 2018 in the surrounding countries, where yields are 75 to 115 bps lower, thus confirming the downward potential for the Belgian prime yield. In Germany the current prime yield is the lowest, 4.1%, and in France and The Netherlands it currently stands at 4.5%.

City	Address	Price (€ million)	Yield (%)	Seller	Buyer	Type
Various	Bornem & Rumst	83		Segro	Tritax Eurobox	Investment
Willebroek	MG De Hulst (part)	70	5.25	MG Real Estate	CBRE Global Investors	Investment
Various	Industrial Securities portfolio	25	-	Marcol	Blackstone	Investment
Brussels	Bruxelles X	25	-	Bpost	Citydev	Redevelopmen
Ghent	DSV Skaldenpark	23	5.9	DSV Logistics	Intervest O&W	Investment

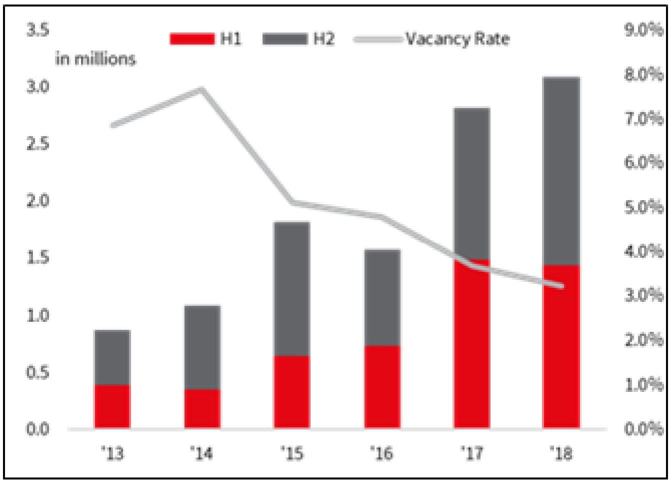
Top 5 logistics investment transactions 2018

5.2.2 The Netherlands

Fundamentals

Fundamentals	Forecast
Take-up '18 Q1-Q4	3.1 million sq m
Vacancy rate 2018 Q4	3.2%
Investment '18	€ 1.9 billion
Prime net initial yield	4.4%

Take-up
Demand for logistics remained strong from both investors and occupiers, especially for new built logistics. The majority of the demand over 2018 was focused on newly built logistic halls. It concerned both built-to-suit developments as numerous speculative developments.



Transactions and supply distribution warehouses

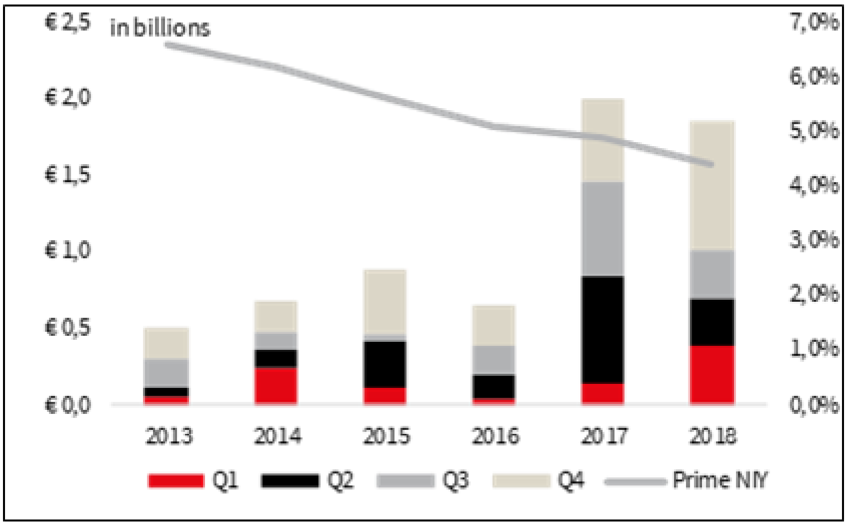
Future Supply

Despite the relatively large development pipeline, there hasn't been any negative affects on vacancy. On the contrary, by the end of 2018 vacancy rates have even decreased to 3.2%.

Prime rents

Investments

Current circumstances on the occupier market continues to attract investors towards Dutch logistics. Due to this strong interest prime yield for logistics showed a further contraction to 4.4% NIY. Current pricing for core logistics has pushed several investors towards 'value add' and 'opportunistic' logistics possibilities or even towards the niche of last mile hubs.



Investment market indicators

Outlook

The logistics market continued to be highly sought-after, nonetheless it's expected that supply will increase the coming period. Depending on the BREXIT vote by the end of March this could have a positive affect on logistics real estate. Both demand from customs and temporarily storage in the main hubs could be expected, especially when it turns out to be a hard BREXIT.

Given these developments it is expected that demand for logistics will remain strong in 2019. Within some locations we foresee a potential development risk. These locations are already characterized by relative high supply and numerous speculative developments.

Given these strong fundamentals on the occupier side we foresee that investors interest will remain strong, will spread more widely thought-out the country and will increasingly show interest outside of the core investment segment. Due the scarcity of existing investment opportunities this is resulting in newly built warehouses being sold in an early stage where the seller, often a developer, gives a rental guarantee for a short period of time.

Yield compression will be limited when compared to recent years. Capital value growth will much more be driven by the expected rental growth in the main logistic hubs.

5.2.3 France

Fundamentals

	Région lilloise	Région parisienne	Région lyonnaise	Région marseillaise
Parc	3 171 000 m²	11 981 000 m²	5 511 000 m²	2 835 000 m²
Demande placée	484 627 m²	1 009 014 m²	321 882 m²	268 879 m²
Transaction moyenne	37 279 m²	13 635 m²	16 094 m²	20 683 m²
Offre disponible à 1 an	288 688 m²	1 041 058 m²	298 374 m²	203 025 m²
Loyer prime €/m²/an HT	42 - 43	47 - 53,5	44 - 48	42 - 48
Loyer éco €/m²/an HT	35 - 37	42 - 44	36 - 40	35 - 42

Key figures regarding the logistics market in la Dorsale

Take-up

With 3,081,000 m² taken-up in 2018, the demand placed on the French logistics market of more than 10,000 m² is positioned above the threshold of 3 million m² for the third year in a row. Thus, although down 19% in comparison with the year 2017, during which 3.8 million m² had been taken-up, the market remains extremely dynamic.

The French warehousing stock is becoming increasingly old and less adapted to the renewal strategies, the market of the real estate logistics promotion gives itself a place of first rank to answer the new demands of the occupiers. Over the last 3 years, 54% of the sqm marketed in the French logistics market of more than 10,000 m² has involved new constructions. In 2018, the trend is downwards, pre-lets concerning 4 m² out of 10.

The split-up between the 'Dorsale' market and the secondary markets is more balanced. Nevertheless, La Dorsale still captures more of the marketed m² (58%). The Paris region remains the most attractive and accounts for a quarter of French demand. The Lille region, whose number of m² has doubled in one year, is in second place with 16% of take-up. The Lyon market, which has experienced a revival of dynamism in the end of the year, represents 9%. Finally, buoyed by the growth of the traffic of the port of Marseille Fos, the Marseillais market is also on a good dynamic. It captures close to 8% of sqm marketed on the French market.

As far as occupiers are concerned, service providers have been significantly more active than in the past and are involved in 1 out of 2 transactions, a sign that outsourcing strategies for logistics-related activities are popular with companies in France. Distribution accounts for nearly one third of take-up (31%), and manufacturers and e-commerce players account for 16% and 2% respectively.

Take-up La Dorsale

With a particularly dynamic second half of the year (1.3 million sq. M in S2), take-p in warehouses of more than 5,000 sq. M amounts to 2,084,000 sq. M. in La Dorsale for the whole of 2018. If the level is down by 22% compared to last year, the performance remains higher than those commonly seen since 2011 (around 1.7 million take-up annually).

The Ile-de-France remains the largest market of La Dorsale with 1,009,000 m² of take-up during the year, which is close to half of the volumes marketed in the main markets (48%). It is nevertheless important to note that activity is sharply down compared to the record year of 2017, when the 1,836,000 sq.m of take-up on the Ile-de-France segment had accounted for 69% of the activity recorded in La Dorsale.

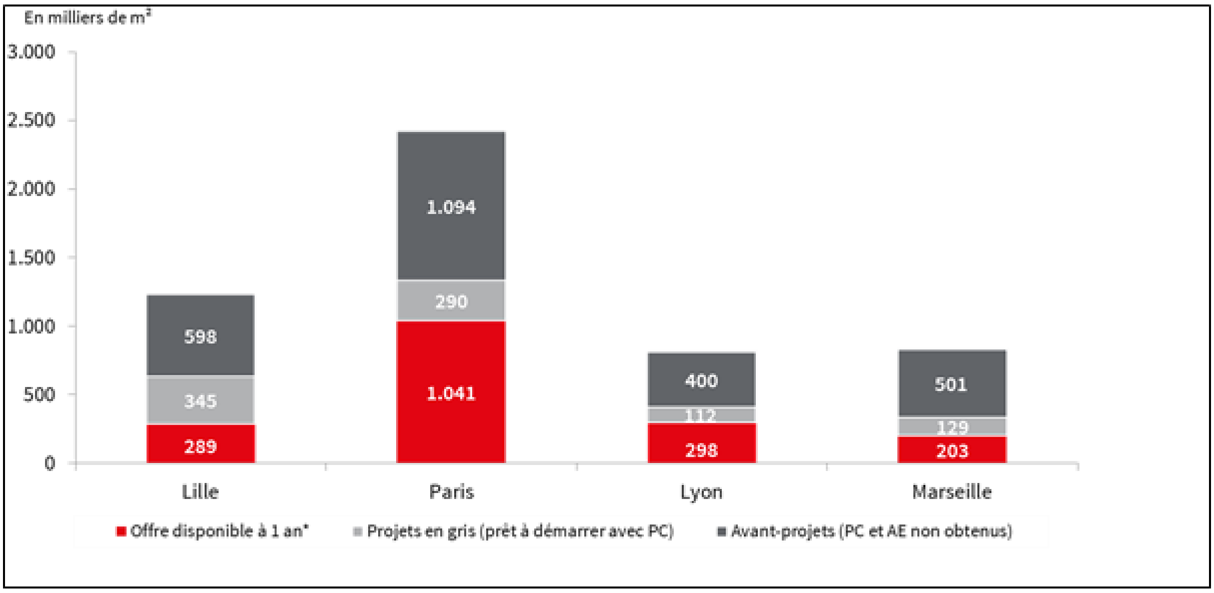
Driven by four XXL transactions (over 40,000 m²), the Lille market has a record year with 485,000 m² (+ 69% in one year). Real estate development is at the heart of the 2018 activity, as 3 of the biggest transactions of the year relate to projects: 73,000 m² for the Orchestra group in Saint Laurent Blangy, 45,000 m² for the logistician HOUTCH in Tilloy Lez Cambrai and 42 000 m² for the French industrialist ROQUETTE FRERES on the river port of Santes.

The Marseille and Lyon markets respectively account for 15% and 13% of the take-up on La Dorsale in 2018. The Marseille market, notably driven by the KATOEN NATIE transaction in St Martin de Crau (76,000 sq. M), totals 269,000 sq. M. 2018. The Lyon region, which saw the signing of an XXL transaction in the municipality of Saint-Quentin-Fallavier at the end of the year, posted a slight increase compared to 2017 with 322,000 sqm marketed.

The one-year supply is down slightly by 5% in one year, with 1.73 million square meters available on the dorsal. Although new projects will soon be available on the Lyon cluster, the future offer is still problematic to capture major projects of La Dorsale.

Offer

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

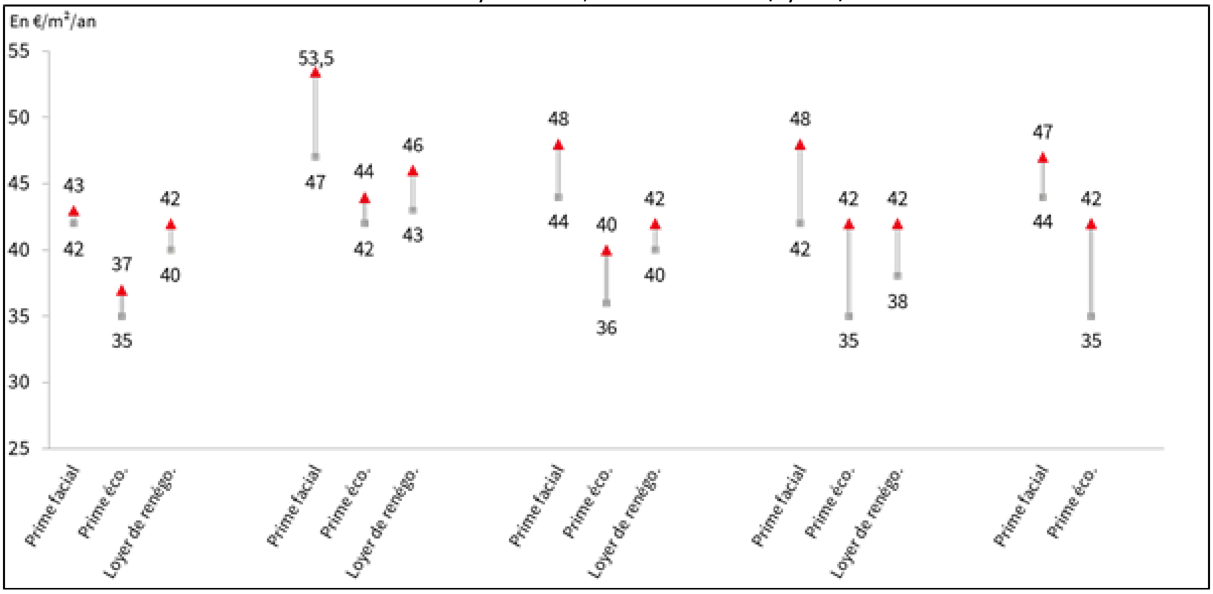


Future speculative development per geographical sector

Prime Rents

At the end of the year, the main markets show stable rental values. They reach up to 53.5 € / m² / year in the Paris region, 48 € / m² / year for the Lyon and Marseille regions and finally 43 € / m² / year in the Lille region.

Rental values rose in the second half of the year 2018, from 47 to 48 € / year / m².



Rental values per geographical sector

Investment market

After a very dynamic year 2017 with 1.9 billion euros invested, the logistics investment market outperformed in 2018. In total, nearly 2.7 billion euros were invested in France, a record. The share of logistics in volumes engaged in commercial real estate in France thus reaches its highest level (8.8%). These figures demonstrate the growing interest of investors for this asset class.

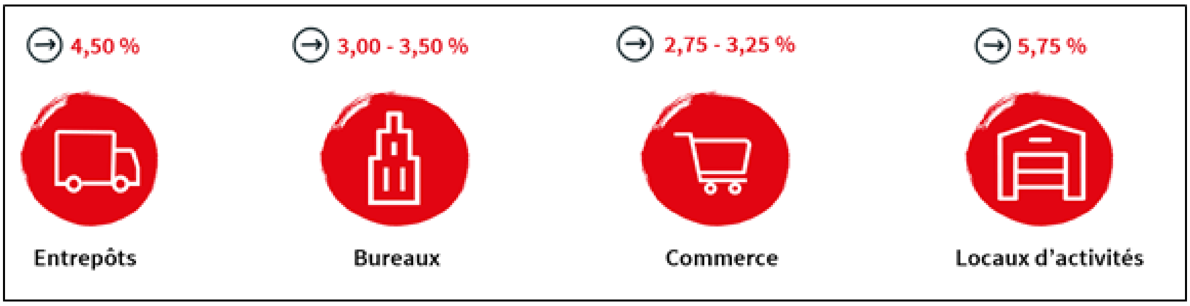
The 2018 market is mainly marked by the return of portfolio transactions exceeding 200 million euros. In fact, by acquiring the "Nautilus" portfolio from CBRE GLOBAL INVESTORS, the GREENOAK REAL ESTATE Group realizes one of the most important transactions of the decade. For its part, the BLACKSTONE group has acquired the "Azurite" portfolio. Participating in 61% of the volumes invested during the year, sales of portfolio assets still predominate in the French logistics investment market.

Sale and lease back operations also continue to attract businesses, generating opportunities in a context where supply is always weaker than demand. In total, 11 occupiers used this mechanism in 2018. This phenomenon has been steadily increasing for several years, in parallel with the increase in own-account operations in the French user market.

As proof of the investors' confidence in the logistics market, the share of transactions acquired in "white" or partially leased accounts for a quarter of investments.

The continued inflow of liquidity on the French market, coupled with a persistent scarcity of quality assets, is still keeping pressure on the rates of return on premium logistics assets from 4.75% to 4.50%. during the year.

	2013	2014	2015	2016	2017	2018	Evol. sur un an
Volumes investis (M€)	1 300	1 056	1 917	1 578	1 910	2 670	↗
Part des portefeuilles	51 %	66 %	73 %	59 %	52 %	61 %	↗
Volume moyen (M€)	27	30	46	43	57	63	↗
Taux de rendement prime	7,10 %	6,75 %	5,90 %	5,50 %	4,75 %	4,50 %	↘



Outlook

After a good year 2017 during which the investment market was particularly dynamic, no shortness of breath was observed in 2018 and the level of activity was even increased. Almost 2.7 billion euros were exchanged during the year.

This figure demonstrates the growing interest of investors for this asset class, against the backdrop of the explosion of e-commerce and massive reorganization of the logistics aspects of the leaders of large retailers.

Portfolios still dominate the market and account for nearly 61% of invested volumes, in line with the long-term average. Conversely, the shortage of Core unit assets is still present and resulted in a further decline in the prime yield currently estimated at 4.5%.
Significant unit transactions included the acquisition by TH REAL ESTATE of the 44,000 m² building developed by IDEC in Fos-sur-Mer for XPO LOGISTICS or the CONCERTO development project at Sea for LAPEYRE. acquired by DWS (73,000 m²).

Finally, this reassuring market environment, coupled with high price levels on pre-let transactions, will encourage investors to embrace speculative development projects.

5.2.4 Montea's property report 31/12/2018

Montea's property portfolio amounts to €911.8 million, consisting of the valuation of the real estate portfolio – buildings, including buildings held for sale (€870.4 million), the fair value of the current developments (€28.4 million) and the fair value of the solar panels (€13.0).

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

(0) Including the buildings held for sale.
(1) Surface area of the let plots of land is entered for 20% of the total surface area; the rental value of a plot of land amounts to ca. 20% of the rent value of a logistics property, for that matter.
(2) Excluding the estimated rental value of projects under construction and/or renovation.
(3) The fair value of the investment in solar panels is entered under heading "D" of the fixed assets in the balance sheet.

5.2.5 Conclusions of the real estate expert coordinator[29]

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

Dear Sirs,

Re : Valuation of the real-estate portfolio of Montea as at 31st December 2018.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on B-REITs, Montea has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2018. We have been mandated to value the entire portfolios in Belgium, The Netherlands and France. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

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

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

29 The property assessor's full report dated 31/12/2018 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 annual report.

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

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

Examples of this are:

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

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

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

Ultimately it is supply and demand in the investment market that determines the price.

For the financial accounting of a B-REIT and in accordance with the IAS/IFRS norms it is common practice to use the fair value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the fair value of the Belgian properties can be obtained by subtracting 2.5% transaction costs from properties with an investment value of more than € 2,500,000. For properties with an investment value under € 2,500,000 full registration duties should be subtracted, depending on the region where they are situated.

A/ Properties held as an investment

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

913,283,100 €
(Nine hundred and thirteen million two hundred eighty-three thousand and one hundred Euro);

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

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

871,187,200 €
(Eight hundred seventy-one million one hundred eighty-seven thousand and two hundred Euro);

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

On this basis, the initial yield of the portfolio is 6.70%.

B/ Properties under development

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

28,826,100 €
(Twenty-eight million eight hundred twenty-six thousand and one hundred Euro);

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

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

28,395,400 €
(Twenty-eight million three hundred and ninety-five thousand and four hundred Euro);

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

The property portfolio comprises:

31/12/2018

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

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

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

Yours sincerely,

Brussels, 22nd January 2019

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

5.3 Major achievements during the financial year

5.3.1 Lease activity in 2018

Occupancy rate of 99.1%

On 31 December 2018, the occupancy rate amounted to 99.1%, compared with 96.3% at the end of 2017, primarily thanks to the increase in the occupancy rate in Belgium to 100%, and the delivery of 100% leased development projects. Furthermore, 95% of the lease agreements which reached their first expiry date were extended in 2018.

The current vacancy is located mainly in France at the Bondoufle site, formerly let to Cybergun and at the Le Mesnil-Amélot site, formerly let to Autoclick and Facilit'Air. The property in Bondoufle will be sold in 2019. A promise of sale was already signed in 2018.

Rentals

13/03/2018

Facil Europe BVBA becomes new quality tenant at site in Ghent, Hulsdonk (BE)[30]

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

12/04/2018

Montea signs 2 new leases for Flexport City site at Liege Airport (BE)[31]

As already announced in the press release of 8/11/2017, Montea has commenced developing 20,000 m² of warehouse units and accompanying office space at Liege Airport. Approximately 12,200 m² was developed in phase 1 and 2, 5,200 m² of which were let to Sterima[32] (phase 1). The remaining floor space (phase 2) was let to (i) Easylog Solutions BVBA, under a 9-year lease for 3,728 m², and (ii) Liège Cargo Agency BVBA, under a 9-year lease for 3,914 m².

30 See press release of 13/03/2018 or www.montea.com for more information.
31 See press release of 12/04/2018 or www.montea.com for more information.
32 See press release of 08/11/2017 or www.montea.com for more information.

14/05/2018

Montea signs new lease with met XPO Logistics[33] for Camphin-en-Carembault (FR) - 100% occupancy rate

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

11/10/2018

Montea managed to optimize the occupancy rate in Belgium in the last quarter from 94.7% to 100%[34]

New lease with Decathlon for 16,700 m² in Willebroek

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

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

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

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

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

New lease with Sinotrans for 7,300 m² Liege Airport

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

[33] See press release of 30/05/2017 or www.montea.com for more information.
[34] See press release of 11/10/2018 or www.montea.com for more information.

New lease with WWL for 8,700 m² in Ghent, Hulsdonk.
In October 2016, it was announced that SAS AUTOMOTIVE BELGIUM NV, former supplier of Volvo, had to close its doors in Ghent. The company consequently terminated the lease early, i.e. on 31 January 2017. The building was divided into 2 units, one of which was let to Facil Europe BVBA. Montea and WWL (WALLENIUS WILHELMSEN Logistics Zeebrugge NV) concluded a lease for the premises concerned that can be terminated annually. The new tenant is specialized in the provision of innovative, sustainable worldwide shipping and logistics solutions for manufacturers of cars, trucks, heavy equipment and specialized freight.

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

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

Positive impact of the above transactions on the most important parameters of Montea

The above-mentioned lease agreements together represent € 3.2 million in additional rental income on an annual basis.

5.3.2 Investment activity in 2018

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

13/03/2018

Montea acquires a crossdock distribution centre of 4,240 m² in Lesquin (FR)[35]

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

29/03/2018

Montea acquires a logistics property in Hoofddorp (NL)[36]

Montea has acquired (through its Dutch subsidiary) a logistics property from Kenick Capital B.V. in Moerdijk of 6,290 m² with 108 parking places at "De President" industrial estate in Hoofddorp, Netherlands. The current tenant, Idexx Europe B.V., rents the building after the transfer under the current lease, with a fixed term until 30 June 2029. This acquisition was financed by a contribution in kind.[37]

12/04/2018

Roissy Charles de Gaulle Airport – Acquisition of 1,448 m² building in Le Mesnil-Amelot (FR)[38]

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

[35] See press release of 13/03/2018 or www.montea.com for more information.
[36] See press release of 29/03/2018 or www.montea.com for more information.
[37] See Chapter 1.2.8 or www.montea.com for more information.
[38] See press release of 12/04/2018 or www.montea.com for more information.

21/09/2018
Sale & rent back of a 47.9-hectare plot in Tiel (NL) – Strengthening of shareholders equity by €41,239,983.68[39]

In November 2017, Montea announced the signing of a letter of intent with De Kellen BV concerning the acquisition of a let 47.9-hectare plot on the De Kellen industrial estate in Tiel. The acquisition was carried out via a(n) (indirect) contribution in kind of a part of the debt claim for payment of the purchase price against the issue of new Montea shares.[40]

5.3.3 Divestment activity in 2018

26/11/2018
Divestment of a building in Feuqières-en-Vimeu (FR)

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

[39] See press release of 20/09/2018 or www.montea.com for more information.
[40] By contribution in kind in Montea of the debt claim in payment of the purchase price of De Kellen B.V. on Montea Nederland N.V., which arose from the sale of the plot of land in the Netherlands to Montea Nederland N.V.

5.3.4 Development activity in 2018

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

Start and delivery of different build to suit projects in 2018

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

5.3.5 Futher strengthening and diversification of the financing structure

Strengthening of equity

5/04/2018

Montea finalized the (indirect) contribution in kind of a logistics property in Hoofddorp (NL) and strengthened the equity with €8,824,999.15[41]

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

07/06/2018

Determination of the realization of the optional dividend[42]

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

21/09/2018

Montea finalized the (indirect) contribution in kind of the plot in Tiel (NL) and strengthened the equity by €41,239,983.68[43]

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

Further optimization of the debt structure

Montea concluded the following new credit agreements in 2018:

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

41 See press release of 5/04/2018 or www.montea.com for more information.
42 See press release of 7/06/2018 or www.montea.com for more information.
43 See press release of 21/09/2018 or www.montea.com for more information.

Furthermore, a loan of €10 million taken out from BNP Paribas was extended by an 8-year term.

5.3.6 Proposal to pay a gross dividend of €2.26 per share

On the basis of the EPRA earnings of €2.95, the board of directors of the Statutory Manager of Montea will propose paying out a gross dividend of € 2.26 per share (€ 1.58 net per share), based on a pay-out ratio[44] of 81% with regard to the EPRA earnings. This means an increase of the gross dividend per share of 4% compared with 2017 (€ 2.17 gross per share), in spite of the increase in the weighted average number of shares of 16% as a result of the contribution in kind of the leased site in Tiel (Netherlands) and the contribution in kind of a logistics property in Hoofddorp (Netherlands), let to Idexx Europe BV. In addition, on 7 June 2018, Montea offered existing shareholders the optional dividend, whereby 55% of the shareholders opted for the dividend to be paid out in shares instead of in cash.

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

(1) Calculation based on the weighted average number of shares.
(2) Calculation based on the number of shares in circulation on the balance sheet date.
(3) The payout ratio was calculated in absolute figures on the basis of the consolidated EPRA earnings. The actual dividend is paid out on the basis of the statutory earnings available for distribution of Montea Comm. VA.

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

5.3.7 Other evens in 2018

16/05/2018

Belgium gets first Airbnb for warehouses – Stockpots provides answer to increasing demand for innovation in the Belgian logistics sector [45]

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

15/01/2018

Signing of cooperation agreement with J|MO, represented by Julien Mongoin – More clout in France[46]

Montea's portfolio in France has registered strong growth since being listed on the stock exchange. With the signing of a partnership agreement with J|MO, Montea wants to bolster its presence in France further and to drive up the number of development projects in France. J|MO, represented by Julien Mongoin, has longstanding affinity with the logistics property market and the required experience to launch new developments for Montea in France.

24/09/2018

Montea repurchases 120,629 shares[47]

Montea announced that on Friday 21 September, at 6:30 PM, it proceeded to repurchasing 120,629 of its own shares at a price of €51.73 per share.

More specifically, Montea acquired these shares by means of a purchase agreement outside the stock exchange (OTC transaction).

The repurchase by Montea of its own shares is in line with a share acquisition plan for the benefit of its management.

45 See press release of 16/05/2018 or www.montea.com for more information.
46 See press release of 15/01/2018 or www.montea.com for more information.
47 See press release of 24/09/2018 or www.montea.com for more information.

17/10/2018

Montea launches a public tender procedure to appoint an auditor[48]

Pursuant to Article 132/1, §3 of the Companies Code, Montea decided to launch a public tender in accordance with Article 16, §2-§5 and Article 17, §4, a) of Regulation (EU) no. 537/2014 on specific requirements regarding statutory audit of financial statements of public interest entities.

5.3.8 Policy developments concerning 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 *Fiscale Beleggingsinstelling'* [Tax Investment Institution] (hereinafter referred to as FBI) pursuant to Article 28 of the Corporate Taxation Act of 1969. Montea has structured its property investments as public limited companies[49] under Dutch law. These entities and Montea Nederland BV constituted a fiscal unit for the levying of corporate tax until 31 December 2018. After this date, Montea Nederland NV and its subsidiaries are liable for taxation separately and each has opted for the FBI status. Montea Tiel NV (incorporated on 31 December 2018) is not included in the fiscal unit for corporate tax. This company is liable for taxation separately as from its date of incorporation and has opted for the FBI status. An FBI 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 FBI is also subject to various other obligations such as requirements regarding its shareholders, in this case the Company, and its shareholding structure, as well as to restrictions concerning debt financing.

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

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

48 See press release of 17/10/2018 or www.montea.com for more information.
49 With the exeption of Europand Eindhoven B.V.

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

Despite the fact that Montea has no approval yet from the Dutch tax authorities concerning the FBI status, it is keeping its accounts as if it already has said status. Accordingly, in its corporate income tax return for 2015 and 2016,[50] Montea Nederland NV assumed the position that it qualifies for FBI status, under which it is not liable for any corporate tax. The Dutch inspector however imposed a provisional assessment for 2015, 2016 and 2017, taking the regular corporate tax rate into account. In view of the applicable tax interest (8%), Montea opted to pay these provisional assessments (which amount to a total of €0.24 per share[51] for 2015, 2016 and 2017). The imposed provisional assessments amount to €0.03 per share in comparison with the financial maximum (pro forma) assessment (see further). Montea has entered the same amount under a claim in its accounts, however. If the FBI status is granted, this amount will be reimbursed in its entirety. If the FBI status is refused, however, the assessment has been duly paid and the claim can be written off, in which case it will have a materially negative impact on Montea's profitability.

Montea Nederland NV has not filed its corporate tax return for financial year 2017 yet (the return has to be filed by 1 May 2019). Montea kept its accounts for 2017 and 2018 also as if it operates under the FBI system. In other words, it has also not booked a provision for corporate tax in the Netherlands for those years.

This risk that Montea Nederland NV is not granted FBI status means that it is possible that Montea Nederland NV will be subject to the standard Dutch corporate tax at rate of 25% (20% for the first €200,000 of taxable profit). As of 2019, the corporate rate will drop gradually to 20.5% in 2021 (15% for the first €200,000 of taxable profit). Montea estimates the financial impact in such a case (pro forma) to a maximum of €0.13 per share[52]for financial year 2018 (ca. 4% of the EPRA result over financial year 2018) without taking into account any other possibly more favourable tax structures of the Dutch subsidiaries. If FBI status is not granted by the Dutch tax authorities, Montea estimates the financial impact at maximum €0.21 per share[53] for financial years 2015, 2016 and 2017 (cumulatively for all years together) or ca. 7% (total impact over 3 years) of the EPRA earnings for financial year 2018. [54]

50 Corporate income tax return for 2017 is not yet submitted, to be submitted before 1 May 2019.
51 Calculated on the basis of the weighted average number of shares over the year 2018.
52 Calculated on the basis of the weighted average number of shares over the year 2018.
53 Calculated on the basis of the weighted average number of shares over the year 2018.
54 For the previous years (2015 to 2018) the possible cumulative impact therefore amounted to €4.1 million or €0.34 per share (ca. 11% of the EPRA earnings over financial year 2018).

5.3.9 EPRA earnings per share[55]* amounted to €2.95: growth of 14.3% compared with the same period in the previous year

The EPRA earnings[56] amounted to €35.7 million, an increase of 33% during 2018, compared with €26.8 million during the same period last year. The EPRA earnings per share[57] amounted to €2.95, compared with €2.58 per share last year, including 16% more weighted average number of outstanding shares as a result of the capital increases carried out in April, June and September 2018.

The increase in the EPRA earnings is chiefly attributable to the strong growth of the property portfolio in 2017 and 2018, where the operating and financial costs are closely monitored and managed as such.

- Operating result before the result on the property portfolio amounted to €46.1 million, an increase of 19% from 2017.

    - The net rental income amounted to €49.9 million, up 22% (or €9.1 million) compared with the same period in 2017. (€40.8 million). This increase is chiefly due to the recent acquisition of new properties and delivered projects, which generate additional rental income. In the case of an unchanged portfolio (and thus not including new acquisitions, sales and project developments between the comparative periods 2018 and 2017), the rental income rose by 4.1%, driven mainly by the indexing of the lease contracts (1.4%) and by the success of letting vacant units (2.6%).
    - The property result amounted to €52.1 million, and rose by €8.1 million (or 18%) compared with the same period the previous years, due primarily to the one-off compensation received in 2017 for the delivery of the property let to DHL Aviation NV (€0.9 million).
    - The property costs and overheads rose by €0.9 million in 2018 compared with 2017 as a result of the growth of the portfolio, which led to an increase in the operating property result before the result on the portfolio of €7.2 million or 19% compared with the same period the previous year (from €38.8 million in 2017 to €46.1 million in 2018).
    - The operating margin[58]* amounted to 92.3% for the entire year 2018, compared with 92.0% in 2017.[59]

- The financial result excluding changes in the fair value of the financial instruments amounted to €10.2 million, compared with €11.1 million in 2017.

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55 *The EPRA earnings per share concern the EPRA earnings on the basis of the weighted average number of shares. Pursuant to the guidelines of the European Securities and Markets Authority (ESMA), the Alternative Performance Measures (APMs) used by Montea are as of today indicated with an asterisk (*) and then defined in a footnote, so as to inform the reader that the definition concerns an APM. The performance measures which are defined by IFRS rules or by law, are together with the measures which are not based on the headings of the balance sheet or the income statement, not considered as APMs. The detailed calculation of the EPRA performance indicators and other APMs that are used by Montea is provided in Chapters 3 and 8.10 of this annual report.

56 *EPRA earnings: 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.

57 The EPRA earnings per share concern the EPRA earnings on the basis of the weighted average number of shares.

58 *Operating margin is the result of dividing the operating result before the portfolio result by the net rental result.

59 The operating margin excluding one-off compensation received from SAS Automotive and compensation for the delivery of the building let to DHL Aviation in 2017.

5.4 Synthesis of the financial results

5.4.1 Condensed consolidated overview of the results before result appropriation as at 31 December 2018 (in thousands of euro)

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

✓ **The net rental income amounted to € 49.9 million, up 22% compared with the same period last year – Operating result before the result on the property portfolio amounted to € 46.1 million, an increase of 19% compared with the same period last year**

- The net rental income amounted to €49.9 million, up 22% (or €9.1 million) compared with the same period in 2017 (€40.8 million). This increase is chiefly due to the recent acquisition of new properties and delivered projects, which generate additional rental income. In the case of an unchanged portfolio (and thus not including new acquisitions, sales and project developments between the comparative periods 2018 and 2017), the rental income rose by 4.1%, driven mainly by the indexing of the lease contracts (1.4%) and by the success of letting vacant units (2.6%).

- The **operating result before the result on the property portfolio** rose from €38.8 million in 2017 to €46.1 million in 2018. This growth of €7.3 million is chiefly the result of:
  - The increase in the net rental income by €9.1 million (see above);
  - The increase in the property result by €8.1 million (or 18%) compared with the same period of the previous year which is chiefly due to the one off compensation received in 2017 for the delivery of the property let to DHL Aviation NV (€0.9 million);
  - The increase of the property costs and overheads by €0.9 million in 2018 compared with 2017 as a result of the growth of the portfolio, which led to an increase in the operating property result before the result on the portfolio of €7.2 million or 19% compared with the same period the previous year (from €38.8 million in 2017 to €46.1 million in 2018).

- The **operating margin**[60]* amounted to 92.3% for the entire year 2018, compared with 92.0% for 2017.[61]

✓ **The financial result excluding changes in the fair value of the financial instruments amounted to €10.2 million compared with €11.1 million the previous year**

The net negative financial result on 31 December 2018 amounted to €10.2 million, down by €0.9 million compared with the same period the previous year, namely as a result of the settlement of the four Interest Rate Swaps for a total amount of €60 million by the end of 2017 and the conclusion of new hedging for the same nominal amount on terms in line with the market. A higher amount of outstanding financial debt in 2018 compared with 2017 entails extra financial costs, this effect being neutralized by more activated interest charges in 2018 in comparison with 2017 following a larger number of projects under development in 2018.

The average financing cost[62]* calculated on the average financial debt burden excluding the negative value of the hedge instruments amounted to 2.6% for financial year 2018 compared with 3.2% for financial year 2017.

In the fourth quarter of 2017, Montea continued its restructuring programme for the interest rate hedges. The restructuring operation will have an effect on the results of 2019, and lower the expected average financing cost further to 2.4%.

On 31 December 2018, Montea had a total bank debt (bilateral lines of credit) of €350 million with 7 financial institutions; the total financial debt (including bond loans and leasing debt) is hedged for 90.8% on 31 December 2018 with Interest Rate Swap and Interest Cap hedge contracts.

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

61 The operating margin excluding one-off compensation received from SAS Automotive and compensation for the delivery of the building let to DHL Aviation in 2017.

62 *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.

- **The result on the property portfolio[63] amounted to €32.0 million**

  The result on the property portfolio for financial year 2018 amounted to €32.0 million, or €2.64 per share.[64] The increase in value (3% of the current property portfolio) is due to a lowering in yield linked to the market value, the added value on project developments, and the signing of new rental contracts.

  In the valuation of solar panels, capital gains are entered under a separate equity component. Losses are also recorded under this component unless they ar realized or unless the fair value drops under the original investment cost.

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

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

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

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

- **The net result (IFRS) amounted to €64.6 million, i.e. an increase of €28.0 million compared to 2017**

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

  The net result (IFRS) per share[65] amounted to €5.34 (€3.52 in 2017).

- **EPRA earnings of €2.95 per share,[66] up 4% from 2017**

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

63 *Result on the property portfolio: this concerns the negative and/or positive changes in the fair value of the property portfolio, plus any losses or gains resulting from the realization of property.
64 Calculated as the result on the property portfolio on the basis of the weighted average number of shares.
65 Calculated on the basis of the weighted average of number of shares
66 See section 8.10

✓ **Proposal to distribute a gross divided of €2.26 per share, up 4% from 2017.**

Based on the result available for distribution, Montea will propose a gross dividend of €2.26 per share to the general meeting of shareholders. This represents a 4% increase in the gross dividend per share compared with 2017, despite the dilution resulting from the capital increases carried out in 2018.

5.4.2 Condensed consolidated balance sheet per 31 December 2018

		CONSOLIDATED BALANCE SHEET (EUR)	31/12/2018 Conso	31/12/2017 Conso
I.		**NON-CURRENT ASSETS**	**910.425.883**	**719.615.007**
II.		**CURRENT ASSETS**	**39.050.817**	**28.811.399**
		TOTAL ASSETS	**949.476.700**	**748.426.406**
		SHAREHOLDERS' EQUITY	**433.568.523**	**333.029.072**
I.		Shareholders' equity attributable to shareholders of the parent company	433.549.949	332.910.588
II.		Minority interests	18.574	118.483
		LIABILITIES	**515.908.177**	**415.397.334**
I.		Non-current liabilities	427.154.510	386.250.635
II.		Current liabilities	88.753.667	29.146.699
		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**949.476.700**	**748.426.406**

- On 31/12/2018, the total assets (€ 949.5 million) consist primarily of investment properties (92% of the total), solar panels (1% of the total), and developments (3% of the total). The remaining amount of the assets (4% of the total) consists of the other tangible and financial fixed assets, including assets intended for proprietary use, and current assets, including cash investments, trade and tax receivables.

- The total liabilities consist of the equity capital of € 433.6 million and a total debt of € 515.9 million.

  This total debt (€515.9 million) consists of
  - € 350.0 million in lines of credit at 7 financial institutions. Montea has € 355 million in lines of credit taken out on 31 December 2018 and an unused capacity of € 5.0 million;
  - € 109.5 million in bond loans that Montea concluded in 2013, 2014 and 2015;
  - An ongoing lease debt of € 1.1 million for the financing of the solar panels at our site in Aalst;
  - The negative value of the ongoing hedge instruments to the tune of € 10.2 million; and
  - Other debts and deferred charges[67] for an amount of € 45.1 million.

  The weighted average term of the financial debt (credit facilities, bond loans and lease obligations) amounted to 4.4 years on 31 December 2018.

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

The average financing cost of the debt amounted to 2.6% in 2018 (compared with 3.2% in 2017). The interest coverage ratio[68]* is equal to 4.5 x (3.5 x in 2017).

The hedge ratio, which represents the percentage of financial debt at a fixed or floating interest rate and subsequent coverage by interest rate hedging, amounted to 90.8% on 31 December 2018.

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

- The debt ratio[69] of Montea amounted to 51.3% at the end of 2018 (compared with 51.9% at the end of 2017).

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

  Montea met all debt ratio covenants it has concluded with its financial institutions pursuant to which Montea may not have a debt ratio that exceeds 60%.

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

  IFRS 16 shall be applicable to financial years that commence on or after 1 January 2019 and implies that leasing obligations (such as lease or concession agreements) have to be expressed on the balance sheet of the lessee, by entering a right of use as a property investment and related leasing obligations as a long-term liability.
  For Montea, as property owner and therefore lessor, there are no changes regarding the valuation of the property portfolio, and Montea will continue to value its property portfolio at the fair value pursuant to IAS 40.

  Despite the fact that Montea is primarily a lessor, it also acts as lessee for the concession agreements on lands for which Montea does not hold the bare ownership. For these concession agreements Montea shall, as lessee, enter a right of use as a property investment and a related leasing obligation as long-term debt in the balance sheet as of 1 January 2019, which explains the impact of ca. 2.2% on the debt ratio.

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

- The EPRA NAV[70]* on 31 December 2018 amounted to €34.63 per share (compared with €29.67 per share on 31 December 2017). The increase is the result of the generated EPRA earnings, partially offset by the payment of the dividend, the impact of capital increases and the revaluation of the portfolio. The EPRA NNNAV per share amounted to €34.16 on 31 December 2018 (€29.14 per share on 31 December 2017).

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68 *The interest coverage ratio is calculated by dividing the sum of the operating result before the result on the portfolio, together with the financial income.

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

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

5.4.3 Condensed form of the consolidated balance sheet on 31 December 2018

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 semi-annual financial reports. The annual and semi-annual 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 per 31/12/2018

Based on the figures at 31/12/2018, the consolidated debt ratio of the RREC was 51.3%. For more information about the abbreviated form of the consolidated balance sheet at 31/12/2018, 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.

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%.

The built-to-suit projects Movianto in Erembodegem, CdS in Vorst, and Bakkersland in Aalsmeer, were delivered in 2016. The development of these 3 projects were financed with debt. Moreover, the purchase of the project in Eindhoven (Jan de Rijk) and the purchase of the land in Bornem (Bornem Vastgoed) were also financed with debt. In order to keep the debt ratio under control, the project in Willebroek (Federal Mogul) was purchased in March 2016 through a contribution in kind and an optional dividend, successfully passed in June. The sale of St.-Cyr-En-Val and Cambrai was implemented in December 2016, which reduced the debt ratio to 51.65% per 31/12/2016.

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%[71] 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.

In the first half of 2018, Montea acquired the site at Hoofddorp in the Netherlands, let to Idexx Europe, via a contribution in kind. Furthermore, Montea proposed the optional dividend to its shareholders. 55% of the shareholders opted to receive the dividend in shares. Both impacts (contribution and optional dividend) have a downward effect on the debt ratio.

Furthermore, the sites in Mesnil-Amélot (let to GSF Aéro and BH Catering) and in Lesquin (let to DHL) were acquired in the first half of 2018 with borrowed capital. In addition, the current development projects in:

- Bilzen (let to Carglass)
- Liège (let to Malysse-Sterima, Sinotrans and Easylog)
- Brucargo (let to Worldwide Flight Services (WFS)
- Bornem (let to Edialux – Pelsis)
- Etten-Leur (let to BAS Logistics)
- Schiphol (let to Thomsen Select and Milestone)

71 Debt ratio calculated according to the to the Royal Decree on regulated real estate companies.

- and the renovation project in Milmort (let to EC Hub and Sinotrans) were financed with borrowed capital. These acquisitions/developments have an upward effect on the debt ratio.

In the second half of 2018, Montea proceeded to acquire the land in Tiel (Netherlands) from the lessor via a contribution in kind. The transaction was financed by the new issue of Montea shares to the selling party (De Kellen BV). In this way, the company's equity was reinforced with €41.2 million. A balance of €4.4 million was settled in cash.

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

5.4.3.4 Montea's investment potential in the future

Based on this current debt ratio (51.3% on 31 December 2018) the investment potential amounts to ca. €373 million[72] without exceeding the maximum debt ratio of 65% (see table below).

in euro	31/12/2018	Investment potential	Balance sheet after investment potential
Investment properties	911.833.835	373.000.000	1.284.833.835
Other assets	37.642.865		37.642.865
TOTAL ASSETS	**949.476.700**	**373.000.000**	**1.322.476.700**
Own capital	**433.568.523**	**-**	**433.568.523**
Liabilities	**515.908.177**	**373.000.000**	**888.908.177**
Non-current liabilities	**427.154.510**	**373.000.000**	**800.154.510**
Provisions	-		-
Other non-current financial liabilities	10.186.196		10.186.196
Deferred taxes - liabilities			-
Other non-current liabilities	416.968.314	373.000.000	789.968.314
Current liabilities	**88.753.667**	**-**	**88.753.667**
Provisions			-
Other current financial liabilities	-		-
Accruals	18.819.488		18.819.488
Other current liabilities	69.934.179		69.934.179
TOTAL LIABILITIES	**949.476.700**	**373.000.000**	**1.322.476.700**
Debt ratio	**51,3%**		**65,0%**

72 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.

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. € 206 million.

in euro	31/12/2018	Investment potential	Balance sheet after investment potential
Investment properties	911.833.835	206.000.000	1.117.833.835
Other assets	37.642.865	-	37.642.865
TOTAL ASSETS	**949.476.700**	**206.000.000**	**1.155.476.700**
	-	-	-
Own capital	**433.568.523**	**-**	**433.568.523**
	-	-	-
Liabilities	**515.908.177**	**206.000.000**	**721.908.177**
Non-current liabilities	**427.154.510**	**206.000.000**	**633.154.510**
Provisions	-	-	-
Other non-current financial liabilities	10.186.196	-	10.186.196
Deferred taxes - liabilities	-	-	-
Other non-current liabilities	416.968.314	206.000.000	622.968.314
Current liabilities	**88.753.667**	**-**	**88.753.667**
Provisions	-	-	-
Other current financial liabilities	-	-	-
Accruals	18.819.488	-	18.819.488
Other current liabilities	69.934.179	-	69.934.179
TOTAL LIABILITIES	**949.476.700**	**206.000.000**	**1.155.476.700**
Debt ratio	**51,3%**		**60,0%**

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 € 200 million. This corresponds to a drop of 22% in the existing portfolio.

in euro	31/12/2018	Investment potential	Balance sheet after investment potential
Investment properties	911.833.835	- 200.000.000	711.833.835
Other assets	37.642.865	-	37.642.865
TOTAL ASSETS	**949.476.700**	**- 200.000.000**	**749.476.700**
	-	-	-
Own capital	**433.568.523**	**- 200.000.000**	**233.568.523**
	-	-	-
Liabilities	**515.908.177**	**-**	**515.908.177**
Non-current liabilities	**427.154.510**	**-**	**427.154.510**
Provisions	-	-	-
Other non-current financial liabilities	10.186.196	-	10.186.196
Deferred taxes - liabilities	-	-	-
Other non-current liabilities	416.968.314	-	416.968.314
Current liabilities	**88.753.667**	**-**	**88.753.667**
Provisions	-	-	-
Other current financial liabilities	-	-	-
Accruals	18.819.488	-	18.819.488
Other current liabilities	69.934.179	-	69.934.179
TOTAL LIABILITIES	**949.476.700**	**- 200.000.000**	**749.476.700**
Debt ratio	**51,3%**		**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 51.3% provides a sufficient buffer to deal with possible further negative variations in the existing portfolio.

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 and annual financial reporting.

5.4.3.5 Movements in the debt ratio forecast in 2019

The table below shows the development of the debt ratio up to 31/12/2019.

In euro	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Investment properties + Assets	911.833.835	1.012.241.178	1.035.870.278	1.063.672.755	1.088.853.007
Other assets	37.642.865	37.642.865	37.642.865	37.642.865	37.642.865
TOTAL ASSETS	**949.476.700**	**1.049.884.043**	**1.073.513.143**	**11.041.315.620**	**1.126.495.872**
Equity	**433.568.523**	**600.656.450**	**593.717.274**	**602.422.274**	**611.127.274**
Liabilities	**515.908.177**	**449.227.593**	**479.795.869**	**498.893.346**	**515.368.598**
Non-current liabilities	**427.154.210**	**369.178.926**	**392.808.026**	**420.610.503**	**445.790.755**
Provisions		-	-	-	-
Other non-current financial liabilities	10.186.196	10.186.196	10.186.196	10.186.196	10.186.196
Deferred taxes - Liabilities		-	-	-	-
Other non-current financial liabilities	416.968.314	358.992.730	382.621.830	410.424.307	435.604.559
Current liabilities	**88.753.667**	**80.048.667**	**86.987.843**	**78.282.843**	**69.577.843**
Provisions		-	-	-	-
Other current financial liabilities		-	-	-	-
Accruals	18.819.488	18.819.488	18.819.488	18.819.488	18.819.488
Other current financial liabilities	69.934.179	61.229.179	68.168.355	59.463.355	50.758.355
TOTAL LIABILITIES	**949.476.700**	**1.049.884.043**	**1.073.513.143**	**1.101.315.620**	**1.126.495.872**
	486.902.493	420.221.909	450.790.185	469.887.662	486.362.914
Debt ratio	**51,3%**	**40,0%**	**42,0%**	**42,7%**	**43,2%**

This evolution of the debt ratio is based on:

- a debt ratio of 51.3% on 31/12/2018
- a debt ratio of 43.2% on 31 December 2019, taking into account the items below:
    - €158.4 million reinforcement of the shareholders' equity (capital increase)
    - Proposed dividend payout (where 65% of shareholders will opt for the optional dividend) will entail a drop in equity
    - Offset by the EPRA earnings budgeted in 2019 that will entail a rise in equity
    - €9.9 million chiefly relating to projects already delivered in Bornem (let to Edialux), Bilzen (let to Carglass), Liège (let to Malysse, Easylog, Sinotrans), Brucargo (let to WFS), Oss (let to Vos) financed with borrowed capital
    - €27.2 million for the further development of the projects in Waddinxveen (let to Isero) and the expansion project in Heerlen ((let to Doc Morris) financed with borrowed capital.
    - €8.0 million for the installation of solar panels on the existing Belgian portfolio financed with borrowed capital
    - €4.5 million for the installation of solar panels on the existing Dutch portfolio financed with borrowed capital
    - €1.6 million relating to the maintenance works on the existing property portfolio (France) financed with borrowed capital
    - €11.8 million for the development project in Saint-Laurent de Blangy (France) financed with borrowed capital
    - €3 million relating to the sale of the project in Bondoufle (France)
    - €30.0 million development project (ambition) (€15 million/quarter in Q3 and Q4 2019) financed with borrowed capital
    - €37.0 million for the purchase of the leased land plot in Born (Netherlands) financed by a bridge loan

  - €3.5 million for the purchase of the development area in Meyzieu (France) financed with borrowed capital
- €46.8 million IFRS 16 impact entered under long-term debts (borrowed capital).

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 2018

In financial terms, 2018 was characterised by generally good operating results for Montea:
- The EPRA earnings rose by 33% compared with the same period in the previous year;
- The EPRA earnings amount to € 2.95 per share compared with € 2.58 per share for the same period in the previous year.
- An operating margin[73] of 92.3% compared with 92.0% in 2017[74].

[73] See section 8.11.
[74] Operating margin without one-off payments from SAS Automotive and that regarding the completion of the leased building to DHL Aviation in 2017.

5.6 Appropriation of the result

On the basis of the results on 31 December 2018, the Board of Directors of Montea Management NV will propose to the General Meeting of Shareholders of 21 May 2019, to pay out a gross dividend of € 2.26 per share. This corresponds to a net dividend of € 1.58 per share.

5.7 Important post balance sheet date events

21/02/2019

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

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

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

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

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

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

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

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

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

21/02/2019

Montea launches capital increase of €160.00 million max. [75]

Montea announced a capital increase within the authorized capital with irreducible allocation right for an amount of €160,041,189.60.

01/03/2019

Final results of the public offering to subscribe to the capital increase[76]

Following the public offering to subscribe to 2,847,708 new shares under a capital increase in cash with irreducible allocation rights for € 160,041,189.60[1] maximum, the total capital of Montea amounted to €319,200,554.51 on 5 March 2019. The capital is henceforth represented by 15,662,400 shares which are listed on both Euronext Brussels and Euronext Paris.

5.8 Outlook for financial year 2019

5.8.1 General

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

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

In 2019, Montea will focus further on the growth of its portfolio (external growth), on improving the quality of the buildings (internal growth) and on the diversification of its income.

[75] See the press releae of 21/02/2019 for more information.
[76] See the press release of 01/03/2019 and 05/03/2019 for more information.

- External growth

Montea will capitalise on its expertise and experience in order to continue its external growth in 2019. 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), Noukies in Saintes (2017) and De Kellen B.V. in Tiel (2018).
- 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.
- 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 gowth 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 199,469 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

- Investment pipeline
  With the expansion of the teams in the three countries in 2018 and the set-up of different partnerships, Montea will stay on the strong growth course embarked on in recent years.
  This growth will be generated in the current geographic home markets in particular through:

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

Montea expects to grow its portfolio in 2019 by €177.5 million (83% or €147.5 million of which already identified) to €1.09 billion.

- Occupancy rate and term of the lease contracts

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

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

- Financing strategy

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

  Montea expects to reduce the average cost of the debts further in 2019 to 2.4%.

- EPRA earnings per share / dividend per share

  Montea expects to generate 5% growth in the EPRA earnings per share in 2019.

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

- Operating margin[77]

On 31 December 2018, the operating margin amounted to 92.3%. Based on the announced growth, Montea expects to be able to maintain an operating margin of 92%.

[77] See section 8.10.

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 2019 on the basis of figures as indicated in the annual report as at 31 December 2018, 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 2018 in accordance with IFRS as applied by the European Union and implemented by the RREC RD. Since January 1, 2019, IFRS16 applies to Montea.

The assumptions are rather conservative yet realistic.

The increase of capital was already taken into account in the outlook for 2019 for a net amount of €157 million, which has an impact on the weighted average number of shares, and consequently on the result per share. The following elements were also taken into account in the outlook for 2019 for determining the investment properties:

1. Investment projects totalling €49.2 million;
2. Realized investments in the period (2 months) prior to the presentation of this outlook for an amount of €51.5 million;
3. An additional total ambition of €30.0 million;
4. The impact of IFRS 16 of €46.8 million.

The table below provides an overview of the investments and expected timeframe as contained in the outlook of 2019.

	Overview investments included in the outlook for 2019	01/01/2019 -> 21/02/2019 Point 2.	22/02/2019 -> 31/12/2019 Point 1.	Ambition Point 3.	IFRS 16 impact Point 4.	Total 2019
BE+NL	Delivered projet in 2018 (1)	6,9	3,0	-	-	9,9
NL	Ongoing development projets	7,6	19,6	-	-	27,2
NL	Acquisition of land in Born	37,0	-	-	-	37,0
BE	Solar panels in Belgium	-	8,0	-	-	8,0
FR	Development in Saint Laurent de Blangy	-	11,8	-	-	11,8
FR	Maintenance works in existing portfolio	-	1,6	-	-	1,6
FR	Acquisition of land in Meyzieu	-	3,5	-	-	3,5
FR	Sale in Bondoufle	-	-3,0	-	-	-3,0
NL	Solar panels in the Netherlands	-	4,7	--	-	4,7
NL	Post payment acquisiton amount in Tiel (2)	-	-	-	-	0,0
	Extra ambition	-	-	30,0	-	30,0
	Impact IFRS 16 (4)	-	-	-	46,8	46,8
	Total identified investments	**51,5**	**49,2**	**30,0**	**46,8**	**177,5**

(1) Bornem (let to Edialux), Bilzen (let to Carglass), Liège (let to Malysse, Easylog & Sinotrans), Brucargo (let to WFS), Oss (let to Vos)
(2) Projects included in the appropriation of the income, though already included in the balance sheet as at 31 December 2018
(3) Additional ambition = unidentified projects
(4) No cash out for IFRS16 impact

The following investments were entered under point 1: Investment projects:

- €3.0 million of invoices receivable for the project already delivered in Liège (Belgium) with an impact on the operating result as of January 2019 (the project was delivered at the end of 2018);
- €19.6 million for the development projects in Waddinxveen and Heerlen (Nederland) with a positive impact on the operating result as of the expected delivery dates, i.e. October and June 2019;
- €8.0 million for the installation of solar panels on the existing Belgian portfolio with an impact on the operating results as of the expected delivery date;
- €11.8 million for the development project in Saint-Laurent de Blangy (France) without impact on the operating result, since delivery is expected in 2020;
- €1.6 million linked to the maintenance works on the existing property portfolio (France) without impact on the operating results;
- €3.5 million for the purchase of the development area in Meyzieu (France)
- - €3 million for the sale of the project in Bondoufle (France) with a negative impact on the operating results as of the expected date of the signing of the deed of sale;
- €4.7 million for the installation of solar panels on the existing Dutch portfolio without impact on the operating results, since delivery is expected in 2020.

The following investments are taken into account under Point 2: realized investments in 2019 prior to the presentation of the outlook:

- €6.9 million expenditures in January and February 2019 relating mainly to the projects already delivered in Bornem (let to Edialux), Bilzen (let to Carglass), Liège (let to Malysse, Easylog, Sinotrans), Brucargo (let to WFS), Oss (let to Vos);
- €7.6 million expenditures in January and February 2019 for the further development of the projects in Waddinxveen and Heerlen (Netherlands);
- €37.0 million for the purchase of the leased plot of land in Born, Netherlands.

The following elements (in addition to the projects from points 1 and 2) are taken into account under Point 3: Additional total ambition:

- €15.0 million development project (ambition) in the 3rd quarter of 2019 with limited impact on the operating result of 2019
- €15.0 million development project (ambition) in the 4th quarter of 2019 with limited impact on the operating result of 2019.

The revolving credit lines (which will be repaid after the increase of capital is carried out) will again be drawn on to finance this additional total ambition.

The (pro forma) impact of the application of IFRS 16 on the property investments of ca.46.8 million will be entered under Point4: Impact of IFRS 16.

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. Montea does not opt for any early application.

Montea operates almost exclusively as a lessor, although in limited cases it also operates as a lessee, namely in concession agreements on plots of lands. These concession agreements are classified as operational leases under IAS 17, but will be booked under IFRS 16 on Montea's balance sheet by booking a right of use and a related leasing obligation. This explains in large measure the impact of IFRS 16 on Montea's balance sheet.

In addition, Montea also has ongoing operational leasing obligations in the form of car rentals. These will also be booked via a right of use and related obligation in the consolidated annual financial statements. The impact of this last heading is immaterial however.

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 2019 (4.4% of the total portfolio), conservative re-leasing (extension or renewal) estimates are made on an individual basis.

The announced investments were taken into account in this result:

(i) All investments entered in 2019 that generate rent are committed investments. They contribute an amount of €3.1 million to the total net rental income.
(ii) There are no rents foreseen from investments in the due diligence phase, as these investments were not included in the outlook.
(iii) There are also no rents foreseen for investments under the additional ambition entered (€15 million per quarter as of Q3 2019) (as explained under 5.8.3.1 Assumptions).

The investments made in 2018 have only a limited impact on the net rental income of 2018, but contribute for a full year to the net rental income of 2019. Furthermore, they constitute the majority of the investments of Montea for build-to-suit developments which contribute to the net rental income only after the development period. In this way, the investments included in 2019 (as explained under (i) and (iii) above) account for only a limited portion in the net rental income of 2919. This explains the increase of the net rental income by 28% between 2018 and 2019.

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. As no rents are provided for the investments under the additional ambition, no other operating costs and revenues are included for these investments.

Furthermore, this section includes income from solar panels that are estimated conservatively for the existing portfolio, taking into account a loss of production owing to obsolescence and repair works on the roof at the Tragel site in Aalst. The investments in solar panels included in 2019 (as explained under point 1 in Section 7.2) generate:

(i) Revenues for Belgium as of the expected delivery date;
(ii) No revenues for the Netherlands, as the delivery date does not fall in 2019.

The property management fee that Montea charges its customers also falls under this section. Newly concluded contracts in 2019 relating to identified investments are taken into account here.

Property costs

These costs comprise primarily brokerage commissions, internal management fees and costs relating to vacant properties. These were estimated for 2019 on the basis of the current portfolio (according to the conservative extension or reletting assumptions, cf. net rental income). The identified investments are not expected to entail any additional property costs, as the occupancy rate of these investments is 100%.

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 payable for listing on Euronext Brussels and Euronext Paris, fee for the FSMA and the costs for the liquidity agreement;
- The internal operating expenses of Montea, i.e. the remuneration of the Statutory manager and labour costs, exclusive of internal management fees; and
- The annual depreciation charge on the investments excluding property investments (furniture, rolling stocks and intangible fixed assets).

Recurrent overheads are included in the budget on the basis of the actual estimates per cost category. For non-recurrent overheads, the actual costs for 2018 are included at a rate of 2% after indexing. Marketing and personnel costs are provided on the basis of the best approximate estimate.

Interest charges

The interest charges are estimated on the basis of changes in the average financial debt burden:

- The actual outstanding financial debt of €472.2 million on 31 December 2018, consisting of €350 million in outstanding credit facilities, €109.5 million in outstanding bonds, €1.1 million in leasing debts, €1.4 million in guarantees received in cash, and €10.2 million other financial debts;
- The expected changes in the financial debt during the year; the repayment of revolving credit facilities already taken up after the completion of the capital increase on 5 March 2019 for a net amount of €157 million on the one hand, and the draw dawn of the repaid revolving credit facilities in accordance with the current investment pipeline.

The Company was hedged at a rate of 90.8% via financial hedging instruments (IRS contracts and caps) on 31 December 2018. No new hedging contracts are included in the outlook for 2019.

The overall average financing cost for 2019 is calculated at 2.4% (compared with 2.6% for all of 2018), taking into account the following aspects:

- The average financial debt burden as set out above;
- The financial cost of the credit facilities taken up on the date of the annual report, taking into account a repayment of certain revolving credit facilities;
- The financial cost of the bond loans;
- The financial cost of the existing hedges (IRS and caps) without taking into account extra hedges, since the hedge ratio amounted to 90.8% on 31 December 2018.

The total financial cost is lowered with an estimated amount of capitalized interest calculated on the current project developments and the ambition in 2019 (expected to consist of build-to-suit projects). In this way, the calculated interim interest is neutralized in the financial cost accounting and included in the investment cost of the project on the asset side of the balance sheet until it is delivered and thus starts to generate rental income.

Taxes

This item comprises the annual corporate tax payable. The taxable base of Montea is almost nil, given the fiscal transparency that Montea enjoys. The taxable base of the regulated real estate company is for that matter limited to the so-called "rejected expenses," other than impairments and capital losses on shares, and the receivable 'exceptional and gratuitous advantages' (GVV (Belgium), SIIC (France), FBI (Netherlands). The relevant dividend tax is estimated in this section on an estimate of the taxable base of the fiscal entity Montea SCA (branch in France) and the fiscal entity Montea Nederland.

Furthermore, an estimate is made based on the estimated local results for the other companies, which are direct subsidiaries of Montea, but do not qualify as SIIC (France) or FBI (Netherlands).

5.8.3.3 Assumptions about factors that Montea cannot influence directly

An indexing level in 2019 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).

5.8.3.4 Forecast of EPRA earnings

On the basis of the foregoing assumptions and current forecasts for 2019, Montea expects an increase in EPRA earnings of 5% per share per year, from € 2.95 per share to € 3.11 per share.

(EUR x 1.000) POST-MONEY	31/12/2019 12 months	31/12/2018 12 months
Net Rental Result	63.944	49.883
Real Estate Result	65.850	52.068
Total Real Estate Costs	-1.876	-1.730
OPERATIONAL REAL ESTATE RESULT	**63.974**	**50.338**
General expenses of the company	-4.288	-4.224
Other operational revenues and expenses	-56	-61
OPERATIONAL RESULT BEFORE THE PORTFOLIO RESULT	**59.630**	**46.053**
Result sale other non-financial assets	0	0
Variations in the fair value of the real estate investments	0	31.975
OPERATIONAL RESULT	**59.630**	**78.031**
Financial result	-11.498	-13.366
RESULT BEFORE TAXES	**48.132**	**64.665**
Taxes	-470	-89
NET RESULT	**47.662**	**64.575**
EPRA RESULT (1)	**47.662**	**35.724**
Number of shares in circulation which participate in the results of the period	15.934.318	12.814.692
Weighted average number of shares of the period	15.306.154	12.100.327
NET RESULT PER SHARE (2)	**2,99**	**5,04**
EPRA RESULT PER SHARE (2)	**2,99**	**2,79**
EPRA RESULT PER SHARE (3)	**3,11**	**2,95**

(1) The EPRA Result is equal to the Net Result excluding the impact of the result of the portfolio (code XVI, code XVII and code XVIII of the profit and loss account) and the impact of the variation of the interest hedging instruments

(2) EPRA result and net result per share calculated on the basis of the number of shares in circulation which participate in the result of the period

(3) EPRA result per share calculated on the basis of the weighted avergae number of shares of the period

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. € 177.5 million and the further development of projects, as well as some direct property acquisitions.

For the development of the shareholders' equity, a stable debt ratio between 50 and 55% was taken into account. To keep the debt ratio level, the projected EPRA earnings for 2019 were included, and the result of the public offering and the application of IFRS 16 were taken into account, which led to a projected debt ratio of ca. 43.2% by the end of 2019.

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).

(EUR x 1.000) POST-MONEY	31/12/2019	31/12/2018
Fixed assets	1.087.445	910.426
Current assets	39.051	39.051
TOTAL ASSETS	**1.126.496**	**949.477**
TOTAL EQUITY	**611.127**	**433.569**
Eigen vermogen toewijsbaar aan de aandeelhouders van de moedervennootschap	**611.109**	**433.550**
Minderheidsbelangen	19	19
COMMITMENTS	**515.369**	**515.908**
Long term commitmens	445.791	427.155
Short term commitments	69.578	88.754
TOTAL LIABILITIES	**1.126.496**	**949.477**
DEBT RATIO	**43,2%**	**51,3%**

5.8.3.6 Dividend forecast

The payout policy is determined by the Board of Directors of Montea and proposed after the end of the financial year to the annual general meeting of shareholders. On the basis of the forecasted EPRA earnings of 2019 Montea expects a further rise of the dividend per share by 5 %, which will lead to a gross dividend per share of€ 2.37 per share and a payout ratio of nearly 80 %.

5.8.4 Auditors report on the forecasts 2019

EY
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.

Building a better working world

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 leglation 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 2018.

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 Statutory 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 Statutory 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 Statutory Manager. As managing body of the Statutory 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 Statutory 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 5.9.4.2, A (iii) (Board of Directors – Composition).

- in view of the limited size of the company, the Board of Directors of the company's Statutory 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 Statutory 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 director was convicted of fraud;
  - (ii) No director, in the capacity of member of the administrative, managerial or supervisory body, was involved in a bankruptcy, suspension or dissolution, with the exception of Insumat NV, which is one of the directors of Gindac NV, and is permanently represented by Mrs Sophie Maes. Gindac NV was as of 26 June 2013 one of the directors of Afinco NV, in which it held a stake, and was therefore represented by Mrs Sophie Maes as of that date. After proceedings of judicial reorganization by a transfer under court supervision, Afinco NV was declared bankrupt on 29 January 2015;
  - (iii) No director was indicted and/or the subject of an official public nominative sentence handed down by a legal or regulatory body; and
  - (iv) No director was 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 business of an issuer or in connection with the management and exercise of the activities of an issuing institution.

- 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 some directors providing for the payment of a fee[78].
- She is not aware of the fact that the directors or members of the executive management do or do not own Montea shares, with the exception of Dirk De Pauw, Jo De Wolf[79], PSN Management BVBA, permanently represented by Peter Snoeck, Elijarah BVBA, permanently represented by Els Vervaecke and GCA Consult BVBA, permanently represented by Griet Cappelle.
- the fact that up to now, with exeption of the executive directors and some members of the executive management[80],, no options for shares of Montea have been granted.

[78] See chapter "Executive Management and day-to-day management of the statutory manager"
[79] See chapter 5.9.6.4**Error! Reference source not found.** for more informaton.
[80] See chapter 5.9.6.4**Error! Reference source not found.** for more informaton.

5.9.3 Report on internal audit and risk management systems

5.9.3.1 General

The board of directors of the Statutory 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[81] to which the Company is exposed;
- analysing the extent to which the Company manages 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).

[81] We refer to chapter 1: Risk factors for the description of these risks.

- 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 Statutory Manager and at least one of the Statutory 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 semi-annual 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 2017) to an external contractor BDO Bedrijfsrevisoren CVBA, represented by Mr Koen Claessens. The final responsibility for the internal audit lies with the effective manager Dirk De Pauw.

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 Statutory Manager and the directors of the Statutory Manager.

In this regard, Montea has expanded the principles in the area of corporate governance to the directors of the Statutory 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 Statutory 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 Statutory 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 Statutory 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[82];
- Sophie Maes[83];
- Philippe Mathieu[84].

82 The mandate of Ciska Servais expires on 21 May 2019. She can be reappointed as an independent director.
83 The mandate of Sophie Maes expires on 21 May 2019. She can be reappointed as an independent director.
84 The mandate of Philippe Mathieu expires on 18 May 2021.

(iii) Composition

The Board of Directors is made up of eight members. The composition of the Board of Directors was as follows at 31st December 2018:

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	Non-executive director[85]	01/10/2006	18/05/2021
Philippe Mathieu	Independent, non-executive director	15/05/2018	18/05/2021
Jean-Marc Mayeur	Non-executive director	15/05/2012	18/05/2021
Ciska Servais	Independant, non-executive director	21/05/2013	21/05/2019
Sophie Maes	Independant, non-executive director	03/10/2013	21/05/2019
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.

A request will be made at the general meeting of shareholders of MonteaManagement NV on 21 May 2019 to extend the term of office of Ciska Servais by 2 years until the annual general meeting of 2021 and the term of office of Sophie Maes by 1 year until the annual general meeting of shareholders 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).

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.

[85] Till 30/06/2018 Peter Snoeck was an executive director.

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.
Since 22 February 2018, manager in name of DDP Management, represented by Dirk De Pauw, at Project Planning Degroote CVBA.
Dirk De Pauw is Chairman of the board of directors of the Statutory Manager of Montea and Chairman of the Investment committees of the Company and has been appointed as effective leader of Montea SCA, in accordance with article 14 of the RREC Act.

Jo De Wolf
Executive Director and CEO
Start of mandate: 30/09/2010 - Renomination till 17/05/2022[86]

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:
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
Non-executive director
Start of mandate: 1/10/2006 - Renomination till 18/05/2021

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:
From 2006 to 2018, Peter Snoeck was the executive director of the Statutory manager of Montea. He was appointed as non-executive director in 2018.

Philippe Mathieu
Independent, non-executive director
Start of mandate: 15 May 2018 – appointed until 18 May 2021

Philippe Mathieu was born in 1967. He earned a degree in Applied Economics (Catholic University of Leuven) and a Master's degree in Business Administration (MBA) in 1989.

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

a) Mandates that expired in the last five years:
   Econopolis Strategy Nv, Epi bvba, Kyra I Comm.VA, ECS Corporate NV, Arkafund NV ICPG BV, Sapim NV, Arco Information NV and Papillon d'Or NV.
b) Current mandates:
   Chairman of the Board of Directors of ECS Corporate NV (via Sobelder NV), Director at De Warande VZW, Managing Director at Sobelder NV, and since 2018, Director at Montea

Jean-Marc Mayeur
Non-executive Director
Start of mandate: 15/05/2012 – Renomination till 18/05/2021

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 2018: The Artist (joint-venture with Eaglestone Group), Senior Island NV (real estate subsidiary of Federale in Belgium), Rosenstein NV (real estate subsidiary of Federale in Luxembourg).
   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:
   CFE NV (construction company; listed on the stock exchange), Astrea BV CVBA (Law firm; not listed on the stock exchange) and Symbiosis (foundation of public utility; not listed on the stock exchange).

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 own name: Bestuurder Insumat NV, Promotion Leopold NV, Profin BVBA, Algemene Bouw Maes NV, P+eState CVBA, ACS Technics NV, Stocznia Cesarska Development SpZoo, Argolla Stocznia Cesarska Management SpZoo, Voka – Kamer van Koophandel Oost-Vlaanderen, VOKA Vlaams Economisch Verbond VZW, BVS-UPSI, BNP Paribas Fortis Bank (Advisory Board).
   - Of the company Insumat: Director at 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 NV, VINEA NV, Rinkkaai NV, NV,Gdansk Development Holding NV, Parkrand,Edegem NV, Prins Boudewijn NV, Piper NV, Spitfire NV, Alides Lux SPRL.

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 Statutory 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 Statutory 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 5 occasions and also on 3 occasions via teleconferencing in 2018.[87] In between, where necessary in the interest of the company, special ad hoc meetings of the board were held via teleconferencing. The directors attended in the way indicated in the table below:

Name	Function	Director, representative of	Start 1st mandate	End mandate	Presence 2018
Dirk De Pauw	Chairman and executive director	Family De Pauw	October 2006	May 2021	8/8
Jo De Wolf	Managing director	Managing director	September 2010	May 2022	8/8
Philippe Mathieu	Independant, non-executive director	Independant, non-executive director	May 2018	May 2021	4/4
Peter Snoeck	Non-executive director[88]	Family De Pauw	October 2006	May 2021	7/8
Jean-Marc Mayeur	Non-executive director	Federale Verzekering	May 2012	May 2021	7/8
Ciska Servais	Independant, non-executive director	Independant, non-executive director	May 2013	May 2019	7/8
Sophie Maes	Independant, non-executive director	Independant, non-executive director	October 2013	May 2019	8/8
Greta Afslag	Non-executive director	Belfius Insurance Belgium	May 2017	May 2020	8/8
André Bosmans	Independant, non-executive director	Independant, non-executive director	October 2006	May 2018	4/4

[87] Teleconferences were not remunerated in 2018.
[88] Till 30/06/2018 Peter Snoeck was an executive director.

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 a capital increase in connection with the optional dividend on 14 May;
- deliberation and decisions on capital increase by contribution in kind on 5 April and 21 September 2018.

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, ad hoc information is provided to the directors and each director may request information at all times 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;
- Jean-Marc Mayeur, non-executive director.

Ever since he was appointed as a director, Mr Philippe Mathieu has always been invited by the meeting of the audit committee and has been remunerated for his attendance. The Board of Directors has decided to replace Mrs Ciska Servais by Mr Philippe Mathieu as of 21 May 2019, and to appoint the latter also as chairman of the Audit Committee in the place of Mrs Sophie Maes.

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;
- 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.

The members of the audit committee have collective expertise in the field of Montea's activities.

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 2018 the audit committee was convened five times. The members' attendance was as shown in the table below:

Name	**Function**	**Presence 2018**
Sophie Maes	Independant, non-exective director, President	5/5
Ciska Servais	Independant, non-exective director	5/5
Jean-Marc Mayeur	Non-exective director	5/5
Phillippe Mathieu*	Independant, non-exective director	2/2

*appointed since may 2018 – first participation to the audit committee in August 2018

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;
- preparation of the tender for the auditor's mandate;
- 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;
- 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.

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 2018. The members' attendance was as shown in the table below:

Name	Function	Presence 2018
Ciska Servais	Independant, non-exective director, President	2/2
Sophie Maes	Independant, non-exective director	2/2
André Bosmans	Independant, non-exective director[89]	2/2

At these meetings the following issues were discussed:
- evaluation of the management for 2018 and discussion of the goals for 2019;
- discussion and evaluation of the overall staff policy;
- discussion and approval of stock purchase plan;
- discussion and preparation of the remuneration report 2018.

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.

[89] No longer a director since May 2018.

5.9.4.5 Investment commitees

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, 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, 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, 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).
- HOAM BV, represented by Hylke Okkinga, director Netherlands;
- Ad De Keijzer;
- 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 2018, the Investment Committee Belgium met four times. The members' attendance was as shown in the table below:

Name	Function	Presence 2018
DDP Management BVBA, represented by Dirk De Pauw	President	4/4
Jo De Wolf	Member	4/4
PSN Management BVBA, represented by Peter Snoeck	Member	4/4
Elijarah BVBA, v represented by Els Vervaecke	Member	4/4
PDM cv, represented by Peter Demuynck	Member	4/4
GCA Consult BVBA, v represented by Griet Cappelle	Member	4/4
Emor BVBA, represented by Francis Rome	Member	4/4
Insumat NV, v represented by Sophie Maes	Member	4/4
Brix & Co, represented by Patricia Laureys	Member	4/4

In 2018, the Investment Committee France met six times. The members' attendance was as shown in the table below:

Name	Function	Presence 2018
DDP Management BVBA, represented by Dirk De Pauw	President	6/6
Jo De Wolf	Member	6/6
Elijarah BVBA, v represented by Els Vervaecke	Member	6/6
Jean de Beaufort	Member	6/6
SAS Casamagna, represented by Laurent Horbette	Member	6/6

In 2018, the Investment Committee the Netherlands met five times. The members' attendance was as shown in the table below:

Name	Function	Presence 2018
DDP Management BVBA, represented by Dirk De Pauw	President	5/5
Jo De Wolf	Member	5/5
Elijarah BVBA, v represented by Els Vervaecke	Member	5/5
PDM cv, represented by Peter Demuynck	Member	5/5
GCA Consult BVBA, represented by Griet Cappelle	Member	5/5
HOAM BV, represented by Hylcke Okkinga	Member	5/5
Ard De Keijzer	Member	4/5
Rien van den Heuvel	Member	5/5

5.9.4.6 Executive management and daily management

A. Composition of the executive management and daily management

The Board of Directors has entrusted the executive and daily management of Montea to the executive management, existing at the time of this annual report of[90]:

Name	Function
Jo De Wolf	Chief Executive Officer (CEO)
Elijarah BVBA, represented by Els Vervaecke	Chief Financial Officer (CFO)
PDM cv, represented by Peter Demuynck	Chief Commercial Officer (CCO)
GCA Consult BVBA, represented by Griet Cappelle	Chief Operating Officer (COO)
Jean de Beaufort	Director France
HOAM BV, represented by Hylcke Okkinga	Director the Netherlands

Messrs Jo De Wolf and Dirk De Pauw also qualify as effective leaders with the meaning of Article 14 of the Regulated Real Estate Companies Act. [91]

[90] PSN Management BVBA, represented by Peter Snoeck, is nog langer part of executive management since 1 July 2018.

[91] The board of directors of March 26, 2018 has decided to appoint Mr. Dirk De Pauw as effective leader in place of PSN Management BVBA, represented by Peter Snoeck, with effect from July 1, 2018.

(i) Set-up

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, more than 1/3 of the directors (ie three of the eight 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.

The Board of Directors takes these principles of diversity particularly into account also for the composition of the executive management.

5.9.6 Remuneration report

5.9.6.1 The Statutory Manager

A. Remuneration policy

The articles of association of the Statutory 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 Statutory 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[92] 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 Statutory 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 2018

During the financial year ending on 31st December 2018, the remuneration of the Statutory Manager was € 667,000 excl. VAT. This amount includes the total remuneration cost on the part of the Board of Directors of the Statutory Manager, the remuneration for the managing director and the operating costs of Montea Management NV.

The final allocation of this remuneration to the Statutory Manager will be submitted for approval to the annual meeting on 21th May 2019.

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[93]. 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[94]. 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.

[92] 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.

[93] An additional fixed annual remuneration of € 4,000 (as of 2019) for independent directors for assisting to teleconferences or other tasks will be presented for approval to the annual meeting of Montea Management NV of 21 May 2019.

[94] An additional fixed annual remuneration of € 4,000 (as of 2019) for independent directors for assisting to teleconferences or other tasks will be presented for approval to the annual meeting of Montea Management NV of 21 May 2019.

B. Remuneration for the financial year 2018

After benchmarking, the attendance fee for for the financial year 2018 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.

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 2018 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 the financial year 2018, 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		€ 6.000		€ 2.000	**€ 8.000**
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**
Ciska Servais SPRL, représentée par Ciska Servais		Vice president	Independant and non-excecutive director					**€ 0**
Ciska Servais			Independant and non-executive director		€ 10.000	€ 10.000	€ 4.000	**€ 24.000**
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	€ 4.000	**€ 24.000**
Philippe Mathieu		Independant and non-executive director	Independant and non-executive director		€ 4.000	€ 4.000		**€ 8.000**
				€ 60.000	**€ 30.000**	**€ 24.000**	**€ 10.000**	**€ 124.000**

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 2019 and 2020 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
- but an additional fixed annual fee of €4,000 is provided for independent directors for attending ad hoc board meetings by teleconferencing or other obligations.[95]

5.9.6.3 The Investment Committees

A. Remuneration policy

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 policy for the financial year 2018

The members received the following remuneration for the financial year 2018:

[95] This additional remuneration will be presented for approval to the annual meeting of Montea Management NV of 21 May 2019.

Name	Function	Country	Presence 2018
DDP Management BVBA, represented by Dirk De Pauw	President	BE/FR/NL	30,000 €
Jo De Wolf, CEO	Member	BE/FR/NL	0
Elijarah BVBA, represented by Els Vervaecke	Member	BE/FR/NL	0
PDM cv, represented by Peter Demuynck	Member	BE/NL	0
GCA Consult BVBA, represented by Griet Cappelle	Member	BE/NL	0
PSN Management BVBA, represented by Peter Snoeck	Member	BE	0
Jean de Beaufort	Member	FR	0
HOAM BV, represented by Hylcke Okkinga	Member	NL	0
Emor BVBA, represented by Francis Rome	Member	BE	7,000 € (•)
Insumat NV, v represented by Sophie Maes	Member	BE	7,000 € (•)
Brix & Co, represented by Patricia Laureys	Member	BE	7,000 € (•)
SAS Casamagna, represented by Laurent Horbette	Member	FR	11,000 € (•)
ADK Invest B.V., represented by Ard De Keijzer	Member	NL	7,000 € (•)
Rien MTMA van den Heuvel, represented by Rien van den Heuvel	Member	NL	9,000 € (•)

(•) The investment committee Belgium/France/Netherlands held a two-day meeting which accounts for two meetings for which the members received total attendance fees of € 3,000 per member.

C. Remuneration policy for the next two financial years

The board of directors of the Statutory 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 2019 and 2020, 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[96].

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 2018

The variable remuneration of the CEO for the year 2018 was set at the beginning of FY 2018 by the Remuneration Committee, based on the following targets, which proportionally represent a possible variable remuneration:

Communication:
- Focus on corporate communication
- Optimization of website

Business Development BE/NL/FR:
- > 95% EPRA occupancy rate
- Portfolio growth of €100 million /year
- Expansion of Dutch team and integration of Julien Mongoin

Finance:
- Implementation of Client Relationship Management – Follow-up of clients/ ageing / invoicing: digital processing
- Optimization and digitization of the closing process
- Alignment of procedures and reporting between FIN and OPS
- Debt management: active asset-liability matching
- Implementation of reporting tool: Further setting and optimizing of Cognos

Operations:
- Project management, delivery of current projects in BE/FR/NL
- Alignment of procedures and reporting between FIN and OPS
- Implementation of circular construction

96 Article 35, §1, subparagraph 2 of the Law of 12 May 2014 on regulated real estate companies.

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.

For the FY 2018, all objectives were achieved for each of the members of the management. As a result, the members of the executive management received their "on target" bonus.

During the financial year ending December 31, 2018, the executive management received the following fixed and variable fees:

Name	Fixed remuneration	Variable remuneration	Pension compensation	Other remunerations and advantages (*)	Total
Jo De Wolf (*)	€ 491.337	€ 158.600	€ 0	€ 0	€ 649.937
Other members of the executive management	€ 1.871.354	€ 418.800	€ 0	€ 14.400	**€ 2.304.554**
	€ 2.362.691	**€ 577.400**	**€ 0**	**€ 14.400**	**€ 2.954.491**

(*) Mr Jo De Wolf (CEO) received compensation through the company LUPUS AM BVBA until the end of September, after which his compensation was paid directly as a natural person.

The remuneration of the other members of the executive management includes both the amounts invoiced by the management companies (PDM CVBA, 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.

B. 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 2019 and 2020 were discussed and recorded at the remuneration and appointments committee meeting of 12 February 2019:

Communication:

- Improvement of corporate identity through different initiatives

Business Development BE/NL/FR:

- > 95% EPRA occupancy rate
- Portfolio growth of €100 million / year
- Further commercial expansion over the 3 countries

Finance:

- Follow up of clients / aging / invoicing
- Alignment of procedures and reporting between FIN and OPS
- Debt management: active asset-liability matching
- Digitization of processes
- Implementation of reporting tool: Further setting and optimizing of Cognos

Operations:

- Project management, delivery of current projects in BE/FR/NL
- Alignment of procedures and reporting between FIN and OPS
- Further development of offer services

C. Share options purchasing programme

On 21 September 2018, the board of directors approved an option purchase plan for management.

Under this plan, on 26 September 2018 CEO Jo De Wolf acquired 100,000 shares at a unit price of €43.11 calculated as 83.33% of the average closing price of the Montea share ISIN-code BE0003853703) on Euronext Brussels for 30 (thirty) stock exchange days before 21 September 2018, i.e. €51.73. Pursuant to the plan, these shares are subject to a lock-up of 3.5 years.

D. Payments made on departure

The management agreement entered into between the CEO and Montea provides for a one-off equivalent payment of 12 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, CEO	12 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 (*)
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
(***) Since May 2018, PSN Management BVBA is no longer part of the Executive Management

MONTEA
SPACE FOR GROWTH

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 Statutory 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, 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.

The compliance officer reports to the effective director, 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 26 May 2017, 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. His duties include responsibility for drawing up, developing, monitoring, updating and implementing the risk management policy and risk management functions. He reports to the effective manager, namely 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.

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 2017), 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 Statutory 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 end responsibility for the internal audit is the effective leader Dirk De Pauw 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, acting on behalf of an SPRL. 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[97].

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.

[97] The auditor's current term of office is set to expire at the general meeting of 2019. In view of the fact that Ernst & Young Bedrijfsrevisoren CVBA has been auditor of Montea Comm.VA since 2010, the procedure for appointing a new auditor pursuant to Article 16 of Regulation (EU) no. 537/2014 on specific requirements regarding statutory audit of public-interest entities , and Article 132/1 132/1, §3, a) of the Companies Code was followed. On 17 October 2018, Montea initiated a public tendering procedure whereby candidates could tender their bid by 30 November 2018. The offers where reviewed thoroughly by the audit committee which, as the regulation requires, shortlisted two candidates and indicated a preference for one. The board of directors followed the audit committee's preference, namely the re-appointment of Ernst & Young Bedrijfsrevisoren CVBA, with Mr Joeri Klaykens as permanent representative, acting on behalf of a BVBA [private limited liability company]. The board of directors will ask the general meeting of shareholders of 21 May 2019 to reappoint the current auditor.

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 2018, the fixed emolument for the auditors, Ernst & Young Bedrijfsrevisoren, represented by Mr Joeri Klaykens, acting on behalf of an SPRL, for its examination and auditing of the individual and consolidated accounts for the Montea group was € 51,688.47 (excl. VAT). In addition to the remuneration stated, € 42,550 was also paid as remuneration for additional auditing work.

5.9.8.5 Real estate expert

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 of 20 February 2018, the appointment of Jones Lang LaSalle BVBA, represented by Mrs Greet Hex, was approved for a period of three years, beginning on 1/07/2018 and ending automatically on 30/06/2021.

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 2018, the total amount paid in fees in the context of these assignments was € 150,290 (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 € 28,778 (VAT excl.) in 2018. 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

5.9.9.1 Companies Code

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 2018 financial year, the Board of Directors had not to apply the procedure provided for in article 524 of the Companies' Code and did have to apply the procedure provided for in article 523 of the Companies' Code twice. On 20 August 2018 and on 21 September 2018, the Board of Directors, in accordance with Article 523 of the Companies Code, and after the relevant director had left the meeting, held deliberations and made decisions regarding (i) the purchase of own shares and (ii) the 2018 Share Purchase Plan.

Excerpt from the minutes of 20 August 2018

"*Preliminary statement*

Prior to deliberating on the agenda, Mr Jo De Wolf stated that he had a conflict of interest in his capacity of director that went counter to a decision that falls under the purview of the board of directors, because (i) the Share Purchase Plan, mentioned in item I on the agenda, will be applicable to Mr Jo De Wolf and that pursuant to the terms of that plan, he will be able to acquire Montea shares at a more favourable price than the current stock exchange price; (ii) the Share Purchase Plan cannot go through unless Montea proceeds with the repurchase of own shares; and (iii) Mr Jo De Wolf will receive remuneration for the services rendered according to the service agreement mentioned under agenda item III.2.

Article 523 of the Companies Code stipulates that:
"§1. If a director has a conflict of interest concerning equity which runs counter to a decision or a transaction that falls under the purview of the board of directors, he most inform the other directors before the meeting of the board of directors which will decide on the matter. His statement, as well as the reasons concerning the aforementioned conflict of interest must be entered in the minutes of the meeting of the board of directors which has to take the decision. If the company has appointed one or more auditors, the director concerned must also inform those auditors of the conflict of interest.
With a view to the publication thereof in the report as referred to in Article 95, or in the absence thereof in a document that has to be submitted together with the annual financial statements, the Board of Directors shall describe in the minutes the nature of the decision or transaction referred to in the first paragraph, and shall give reasons for the decisions taken. The consequences on the company's equity must also be mentioned in the minutes. The aforementioned minutes must be included in the report in extenso.
The auditors' report referred to in Article 143 must contain a separate description of the consequences of the board's decisions for the company's equity with respect to a conflict of interest as referred to in the first paragraph.

In the case of companies which make or have made a call on public savings, the director mentioned in the first paragraph may not take part in the deliberations of the board of directors on those transactions or decisions, nor vote in that connection.
§ 2. The company may demand the voidance of decisions or transactions that have taken place in violation of the rules laid down in this article and in Article 524ter), if the other party in these decisions or transactions was or should have been aware of that violation.
§ 3. Furthermore, § 1 and Article 524 ter shall not apply when the decisions or transactions that fall under the purview of the Board of Directors are related to decisions or transactions that came into being between companies where one held directly or indirectly 95% of the votes attached to all of the securities issued by the other, or between companies where at least 95% of the votes attached to all of the securities issued by each of them are held by another company. Furthermore, § 1 and Article 524 ter shall not apply when the decisions of the board of directors pertain to the usual transactions that take place under conditions and against sureties usually applicable on the market for such transactions."

Pursuant to Article 523 of the Companies Code, the director concerned may take part in the decision, but the following must be mentioned in the minutes.

These mentions run as follows:

a. Nature of the transactions

The first transaction concerns the approval of the Share Purchase Plan 2018, whereby Montea offers the possibility to certain members of the executive management to buy a certain number of shares at a market compliant price, which includes a discount, taking into account a lock-up of 3.5 years. Mr Jo De Wolf is a beneficiary of this Stock Option Plan 2018.

The second transaction concerns the discussion and decision as to how own shares will be repurchased in order to go through with the Share Purchase Plan 2018. Without such repurchase, the plan cannot go through.

The third transaction concerns a service agreement concluded by and between the Company and Mr Jo De Wolf. The latter will receive a remuneration from the company as of 23 September 2018 pursuant to the service agreement under agenda item III.2.

b. Reasons for the decisions

In launching the Share Purchase Plan 2018, the board of directors acknowledges the need for an active and involved management that is responsible for the further expansion and integration of investments made. Based on previous experience and the current market practices and trends, the Board of Directors is moreover convinced that the commitment and involvement of management increases if it can participate in the capital of Montea Comm.VA. The Board of Directors is of the opinion that the terms of the Share Purchase Plan 2018 are market compliant.

The Share Purchase Plan 2018 and the service agreement with Mr Jo De Wolf are in line with continuing to ensure an efficient and professional management of the company.

The service agreement ensures the mutual rights and obligations of the Company and the CEO / effective leader, such as in particular the relationship between the CEO and the (board of directors of the) Company and the tasks and arrangements for their cooperation as set out in the service agreement.

c. Consequences of the transactions on the Company's equity

The company will offer Jo De Wolf (i) a certain number of Montea shares at a market compliant price, which contains a discount, taking into account a lock-up of 3.5 years, and (iii) pay him a remuneration for the services he will render to the Company.

The Company had a thorough analysis conducted to make the acquisition of its own shares possible with the least consequences on the Company's equity. The auditor agrees with how the repurchase of the company's own shares will be processed in a correct manner from the accounting point of view.

Mr Jo De Wolf has a direct interest of an equity nature here, because he (i) is a beneficiary of the Share Purchase Plan 2018, which cannot go through if Montea does not repurchase its own shares, and (ii) will be responsible for providing the service for which he will be remunerated by the Company. Jo de Wolf is of the opinion that both the Share Purchase Plan 2018, and the remuneration under the service agreement, are market compliant, which was also confirmed by the Board of Directors.

A. Decision

1. Share Purchase Plan 2018

a. Approval, on the advice of the remuneration and appointment committee, of the Share Purchase Plan 2018 for the executive management of Montea

The Board of Directors agrees with the remuneration and appointment committee which recognizes the need of having an active and involved management that is responsible for the further expansion and integration of the investments made. Based on previous experience and the current market practices and trends, the Board of Directors is moreover convinced that the commitment and involvement of management increases if it can participate in the capital of Montea Comm.VA.

On the advice of the remuneration and appointment committee, the Board of Directors decided unanimously to approve the Share Purchase Plan 2018, as appended in Annex 1.

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b. Approval, on the advice of the remuneration and appointment committee, of the number of shares which will be offered to the respective executive managers under the Share Purchase Plan 2018

The remuneration and appointment committee proposed to attribute shares under the Share Purchase Plan only to Mr JO De Wolf, CEO. It proposed that he be offered 100,000 shares under the terms set out in the Share Purchase Plan 2018. The number of shares for the other managers shall be determined under the remuneration exercise for 2019.

The board of directors agreed with the reasoning of the remuneration and appointment committee and decided unanimously to offer Mr Jo De Wolf 100,000 shares in accordance with the Share Purchase Plan as soon as it is available.

c. Power of attorney to Mr Dirk De Pauw to sign the purchase agreement with Mr Jo De Wolf

The Board of directors decided unanimously to grant special power of attorney to Mr Dirk De Pauw for the implementation of the foregoing decision and more specifically in order to sign the agreement of purchase with Mr Jo De Wolf in the name and on behalf of Montea.

2. <u>Acquisition of own shares</u>

a. Discussion of possibilities to acquire own shares and decision on how this transaction will take place

The Company's own shares can be acquired in the following ways through (i) the regulated market; or (ii) an OTC transaction. The Board of Directors discussed the possibility of a purchase through the regulated market and decided that a purchase through that procedure would take a long time given the number of shares that the Board of Director wishes to acquire and the daily limit imposed by the law. The Board of Directors decided that an OTC transaction would be simpler and cheaper.

The Board of Directors decided unanimously to work out further the purchase of own shares through an OTC transaction and to contact possible contracting parties. If no interested third party is found, the acquisition of own shares through the regulated market will be reconsidered.

The Board of Directors then decided unanimously that, pursuant to the FSMA_2011_07 circular of 11 October 2011, the price of the acquired share must be equivalent to the price at which Montea can sell shares on the regulated market at the same time. In concrete terms, this means that the price offered for the purchase transaction will be less than or equal to the highest current independent offer price in the central order book of the regulated market.

b. Power of attorney to Mr Dirk De Pauw to sign all transaction documentation concerning the purchase of own shares

The Board of Directors agreed unanimously that if a third party is interested in an OTC transaction with Montea concerning the acquisition of 100,000 shares, Mr Dirk De Pauw, the chairman of this board of directors, shall be authorized to sign the necessary transaction documentation and to carry out the transaction.

3. <u>Effective leader</u>

a. Appointment of Mr Jo De Wolf as effective leader on the recommendation of the remuneration and appointment committee

Whereas the term of office as effective leader of Jo De Wolf BVBA, having its registered office at 15 Assestraat, 1730 Asse, registered in the Crossroads Bank for Enterprises (central business register) under number 0478.720.239 (Brussels Legal Entities' Register, Dutch-speaking Section) is set to expire on 23 September, and as pursuant to the Regulated Real Estate Companies Act of 14 May 2014 it is no longer authorized to appoint a legal entity as effective leader, the remuneration and appointment committee decided to recommend Mr Jo De Wolf as effective leader.

The Board of Directors decided unanimously to appoint Jo De Wolf effective leader of the Company, under the condition precedent of approval by the FSMA.

b. Approval of the service agreement with Mr Jo De Wolf

The Board of Directors decided unanimously to approve the service agreement with Mr Jo De Wolf as appended in Annex 2.

c. Power of attorney to Mr Dirk De Pauw to sign the service agreement with Mr Jo De Wolf

The Board of Directors decided unanimously to give Mr Dirk De Pauw a special power of attorney to implement the foregoing decisions and more specifically to sign, in the name and on behalf of Montea (i) the service agreement with Mr Jo De Wolf and (ii) all documentation concerning the appointment of Mr Jo De Wolf as effective leader (in particular the FSMA questionnaires).

Excerpt from the minutes of 21 September 2018

"*Preliminary statement*

Prior to deliberating on the agenda, Mr Jo De Wolf stated that he had a conflict of interest that went counter to a decision that falls under the purview of the board of directors, because (i) the acquisition of own shares, mentioned in item I on the agenda, falls under the execution of the Share Purchase Plan in item II of the agenda; (ii) the Share Purchase Plan will apply to him as beneficiary; and (iii) under the terms of this plan, he will be able to acquire Montea shares at a price with a discount on the stock exchange price.

Pursuant to Article 523 of the Companies Code, Mr De Wolf left the meeting, whereupon the other directors deliberated and decided as follows:

For the purposes of Article 523 of the Companies Code, the following is recorded:

a. Nature of the transactions

The acquisition of own shares enables Montea to implement the Share Purchase Plan. The approval of the Share Purchase Plan 2018 offers Montea the possibility to have certain members of the executive management team acquire a certain number of shares at a market price, taking a lock-up of 3.5 years in to account. Mr Jo De Wolf is one of the beneficiaries of this Share Purchase Plan 2018.

b. Reasons for the decisions

The board of directors is of the opinion that the conditions for the acquisition of own shares is market compliant. Montea has the possibility of acquiring 120,629 of its own shares at the average closing price of the last thirty stock exchange days.

The acquisition of its own shares enables Montea to implement the Share Purchase Plan. With the Share Purchase Plan 2018 the Board of Directors acknowledges the need for an active and involved management that is responsible for the further expansion and integration of investments made. Based on previous experience and the current market practices and trends, the Board of Directors is moreover convinced that the commitment and involvement of management increases if it can participate in the capital of Montea Comm.VA. The Board of Directors is of the opinion that the terms of the Share Purchase Plan 2018 are market compliant.

c. Consequences of the transactions on the shareholders' equity

The Company had a thorough analysis conducted to make the acquisition of its own shares possible with the least consequences on the shareholders' equity. The acquisition was carried out at a price of €51.73 per share, i.e. a total of €6,240,138.17 for 120,629 shares.

The Company will offer Jo De Wolf 100,000 Montea shares at a market price, taking into account a lock-up of 3.5 years, namely at €43.11 per share.

d. Reporting to the auditor and entry in the annual report

This conflict of interest will be reported to the auditor and will be entered immediately in the Montea annual report for 2018.

A. Decisions

I. Acquisition of own shares

1. Decision to acquire own shares

The Board of Directors refers to the discussion of the possibilities to acquire the company's own shares of 20 August 2018. It then decided that an acquisition of own shares through an OTC transaction was the simplest and cheapest to carry out.

The Board of Directors agreed unanimously that there was a unique opportunity at this time to go through with such a transaction. De Kellen, a private limited liability company incorporated under Dutch law, having its registered office at 21 Panovenweg, 4004 JE Tiel, and registered in the Dutch Chamber of Commerce under number 56307233, has approached Montea about the sale of 120,629 shares.

The Board of Directors decided unanimously to acquire its own shares through an OTC transaction with De Kellen BV. The price to be paid per share is €51.73. This price ensures equal treatment of the shareholders pursuant to Article 208 of the Royal Decree on the Companies Act, and falls within the price bracket by virtue of the authorization to acquire the company's own shares granted by the general meeting of shareholders of Montea on 15 May 2018.

2. Power of attorney to Mr Jo De Wolf

The Board of Directors decided unanimously that Mr Jo De Wolf is authorized to sign the necessary transaction documentation for the implementation of this decision and shall do everything necessary to carry out the transaction.

II. Share Purchase Plan 2018

1. Final approval of the Share Purchase Plan 2018 for Montea's executive management

The Board of Directors agrees with the remuneration and appointment committee which recognizes the need of having an active and involved management that is responsible for the further expansion and integration of the investments made. Based on previous experience and the current market practices and trends, the Board of Directors is moreover convinced that the commitment and involvement of management increases if it can participate in the capital of Montea Comm.VA.

On the advice of the remuneration and appointment committee, the Board of Directors decided unanimously to approve the Share Purchase Plan 2018, as appended in Annex 1.

2. Confirmation of the number of shares that will be offered to the respective executive managers under the Share Purchase Plan 2018.

On the advice of the remuneration and appointment committee, at its meeting of 20 August 2018, the Board of Directors decided to sell to Mr Jo De Wolf 100,000 shares at the terms set out in the Share Purchase Plan 2018 as soon as they are available. The number of shares for the other managers shall be determined under the remuneration exercise for 2019.

The board of directors confirmed that (once Montea Comm.VA has completed the acquisition of its own shares), 100,000 shares will be sold to Mr Jo De Wolf in the period between 24 and 28 September, so as to provide sufficient time for the practical details of the offer and the subsequent acquisition of shares by Mr Jo De Wolf. The Board of Directors decided unanimously in this respect to depart from Article 4.2 of the Share Purchase Plan 2018 "Price per Share" for the sale of shares to Mr Jo De Wolf, and that the price at which the shares will be offered to Mr Jo De Wolf will be calculated according to the following formula: 83.33% of the average closing price of the Montea share (ISIN-code BE0003853703) on Euronext Brussels for 30 (thirty) stock exchange days before 21 September 2018. The result of the aforementioned formula leads to a selling price of €43.11 per share. The Board of Directors is of the opinion that this deviation (i.e. taking a thirty day stock exchange average instead of a twenty day stock exchange average as a benchmark for the formula) is justified in view of the recent 20% increase in the stock exchange price as a result of the announcement that the Montea share is to be included in the EPRA index, while it has not been established at this time whether this increase will be sustainable. Furthermore, this price (30-day stock exchange average) can be considered to be market compliant. Five different parties acquired the recently issued Montea shares (which Kellens BV had acquired after the contribution in kind) on 21 September 2018 at 6:00 PM, at the same reference price of €51.73 per share, for a total investment value of €35 million.

The Board of Directors is however bound to the minimum disposal price per share provided in the disposal authorization granted by the general meeting of shareholders, namely 75% of the closing price of Montea shares on the stock exchange before the signing of the agreement of purchase by and between Montea and Mr Jo De Wolf. If this minimum is higher per share as calculated on the basis of the aforementioned deviation from the Share Purchase Plan 2018, the 100,000 shares will be sold to Jo De Wolf at this minimum price.

If the sale and transfer of ownership of the 100,000 shares offered to Mr Jo De Wolf do not take place in the period between 24 and 28 September 2018, the Board of Directors decided unanimously not to deviate from Article 4.2 of the Share Purchase Plan 2018, "Price per share" and the price at which the shares will be offered to Mr Jo De Wolf will be calculated on the basis of the formula contained in Article 4.2 of the Share Purchase Plan 2018.

The Board of Directors refers to the note on the Share Purchase Plan which was distributed to the directors at the beginning of September. A second deviation from the Plan was proposed for Mr Jo De Wolf. If Mr Jo De Wolf would leave Montea voluntarily (i.e. a situation analogous to that described in the definition of Bad Leaver in the Share Purchase Plan 2018) within a period between 3.5 and 5 years after the transfer of ownership, and he has in the meantime disposed of (a part of) the shares, the capital gains (i.e. the difference between the value at which he disposed of the shares and the price for that number of shares) will have to be paid back to Montea, in proportion to the benefit, with 5 years as the denominator and the non-expired period since the acquisition of the shares and the 5 year period as the numerator. If Mr Jo De Wolf were to leave Montea in a situation analogous to that described in the definition of Good Leaver in the Share Purchase Plan 2018, then no prorated capital gains will have to be repaid. The Board of Directors decided unanimously to approve this aforementioned second deviation from the Share Purchase Plan 2018 regarding the sale and transfer of ownership of the 100,000 shares to Mr Jo De Wolf.

The Board of Directors decided unanimously that, pursuant to Article 5.1 of the Share Purchase Plan, it granted Mr Jo De Wolf the authorization to pledge the shares to the credit institution which would finance the purchase price thereof."

5.9.9.2 RREC Act

Pursuant to Article 37 of the RREC Act, the FSMA has to be informed when any benefit is gained in a transaction by certain parties referred to in this article. The Company must show the importance of the planned transaction, as well as the fact that the planned transaction falls within the normal course of its corporate strategy. These transactions must be carried out at market conditions and must be disclosed immediately. Pursuant to Article 4949, §2 of said Act, the fair value, as established by the property expert, will be the maximum price in a transaction with the parties referred to in Article 37, when the Company acquires real estate, or the minimum price when the company disposes of real estate. Furthermore, these transactions must be explained in the annual report.

The Company carried out the following transactions pursuant to Article 37 of the RREC Act in the course of the financial year:

1) Under a(n) (indirect) contribution in kind of a plot of land in Tiel (NL) on 18 September 2018, and the accompanying increase of capital, on 19 September 2018 Montea was informed of the signing of agreements of purchase by De Kellens BV, on the one part, and Ethias, NV, Federale Verzekering, Vereniging van Onderlinge Levensverzekeringen, Belfius Insurance NV, Constructiv Fonds voor Bestaanszekerheid and Patronale Life NV (all already known shareholders of Montea Comm. VA) respectively concerning new Montea shares.[98] Under the aforementioned increase of capital, there was a possible conflict of interest for the following entities because they acted as counterparties in these transaction or would (could) obtain some equity advantage from it:
    - Federale Verzekeringen;
    - Ethias SA; and
    - Belfius Insurance Belgium.

2) Under the Share Purchase Plan 2018, on 21 September 2018 Montea acquired 120,629 of its own shares at a price of €51.73 per share.[99] There was a possible conflict of interest for Mr Jo De Wolf in said acquisition, since he would act as a counterparty in the Share Purchase Plan 2018 or would (could) obtain some equity advantage from it.

There are no significant arrangements and/or agreements with important shareholders, customers, suppliers or other person on the basis of which persons were selected as a member of the administrative, executive or supervisory bodies, or as a member of the company management.

There are no potential conflicts of interest between the issuing institution and members of the administrative, executive or supervisory bodies and each member of the executive management.

There are no further details on possible restrictions with which the members of the administrative, executive or supervisory bodies and each member of the executive management have consented with regard to the disposal, within a certain period, of securities of the issuing institution in their possession.

5.9.10 Transparancy 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 thresholds100 of 5%, 10%, 15%, etc., each time at 5% points, are reached or fall below this threshold.

98 See press release of 19/09/2018 or www.montea.com for more information.
99 See press release of 24/09/2018 or www.montea.com for more information.
100 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)[101]

5.9.11.1 Capital structure (on 31 December 2018)

The capital, € 261,164,265.47 is represented by 12,814,692 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 Statutory 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 Statutory 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[102].

Montea Management NV, for the performance of the contract as Statutory 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 Statutory Manager may submit his/her resignation at any time.

The mandate of Statutory 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 Statutory Manager shall not vote. The Statutory Manager continues to exercise his duties until his resignation, following a court decision, which has the force of res judicata. The Statutory 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 Statutory Manager need to possess the professional reliability and the required experience as prescribed by the RREC Act.

[101] 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.

[102] See also Article 25 of the articles of association of Montea Comm. VA concerning the decision-making.

In the event of the loss on the part of the members of the management bodies or the Statutory 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 Statutory 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.

If one or more members of the bodies entrusted with the management or the executive management of the Statutory Manager no longer meet the above requirements, the Statutory 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 Statutory 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 Statutory Manager may increase the capital of Montea within the limits of the authorised capital.

5.9.11.3 Authorized capital

Since 5 June 2018, the authorized capital was used twice:

- On 21 September 2018: capital increase of €16,247,262.08[103] in the context of the (indirect) contribution in kind of the Tiel site in the Netherlands;
- On 5 March 2019: capital increase of €58,036,289.04[104] in the context of the public offering of new shares against a contribution in cash.

The balance of the authorized capital amounts to €166,479,219.54 on 31 March 2019.

The Statutory Manager has express permission to increase the share capital, on one or more occasions, up to a maximum amount of €240,762,770.66, and in accordance with the terms set by the Statutory Manager and in line with the rules of the Companies' Code and the RREC Act. The Statutory Manager was authorised to do so by the extraordinary general meeting held on 15 May 2018. Pursuant to Article 7 of the articles of association of Montea Comm. VA, this consent was granted for a period of 5 years (until 5 June 2023). These capital increases may be in cash, by contribution in kind or by the conversion of reserves.

The extraordinary general meeting held on 15 May 2018 also authorised the Statutory 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.

103 The total capital increase amounted to € 41,239,983.68 of which € 16,247,262.08 was allocated to share capital and € 24,992,721.60 to issue premium.

104 The total capital increase amounted to € 160,041,189.60, of which € 58,036,289.04 was allocated to share capital and € 102,004,900.56 to issue premium.

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 21 September 2018, Montea proceeded to acquire 120,629 of its own shares at a price of €51.73 per share by means of a purchase agreement outside the stock exchange (OTC transaction). This purchase was announced on 24 September 2018[105] and is in line with a Share Purchase Plan for its management.

A total of 120,629 of the Company's own shares were acquired for a total acquisition price of €6,240,138.17. According to the rules in force concerning IFRS, a separate reserve was entered in the consolidated accounts for this amount. On 31 December 2018, Montea still held 20,629 of its own shares.

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.

[105] See press release of 24 September 2018.

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 31/12/2018 (€ 59.80), Montea shares were 76.8% above the value of the net assets per share (IFRS NAV).

Taking account of the closing price on 31/12/2018, Montea shares increased by 39.23% compared to the closing price on 31/12/2017. An increase of 6.08% can also be recorded if the average price over 2018 and 2017 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 € 2.26 per share, which corresponds to € 1.58 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	31/12/2018	31/12/2017
Share price (€)		
At closing	59,80	42,95
Highest	62,40	50,22
Lowest	41,80	41,06
Average	48,61	45,82
Net asset value per share (€)		
IFRS NAV	33,83	28,67
EPRA NNNAV	34,16	29,14
EPRA NAV	34,63	29,67
Premium (%)	**76,8%**	**49,8%**
Dividend return (%)	**3,8%**	**5,1%**
Dividend (€)		
Gross	2,26	2,17
Net	1,58	1,52
Pay out ratio	0,81	84%
Volume (number of securities)		
Average daily volume	10.440	5.941
Volume of the period	2.662.282	1.514.920
Number of shares	**12.814.692**	**11.610.531**
Market capitalisation (K €)		
Market capitalisation at closing	766.319	498.672
Ratios (%)		
Velocity	21%	13%

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 at 31 Deember 2018

Shareholders	Number of shares at 31/12/2018[106]	% At 31/12/2018	Number of shares at 31/03/2019[107]	% at 31/03/2019
Family De Pauw : Dirk, Marie Christine, Bernadette, Dominika, Beatrijs, Indivision, Montea Management NV	1.875.064	14,63%	2.053.020	13,11%
Belfius Insurance Belgium - Galileelaan 5, 1210 Brussel	1.017.346	7,94%	1.017.346	6,50%
Federale Verzekeringen - Rue de l'Etuve 12, 1000 Brussel	894.265	6,98%	894.265	5,71%
Patronale Life – Belliardstraat 3, 1040 Brussel	964.235	7,53%	964.785	6,16%
Ethias NV	607.130	4,74%	607.130	3,88%
Public (free float)	7.456.102	58,18%	10.135.854	64,64%
TOTAL	**12.814.692**	**100,00%**	**15.662.400**	**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 Statutory 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.

[106] Based on the transparency notifications received by Montea.
[107] Based on the transparency notifications received by Montea.

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 owned 15.21% of the voting rights of Montea Comm. VA on 31 December 2018. On the date of this report, they owned 13.11% 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 and is an effective leader of Montea. Peter Snoeck is a non-executive director, as already mentioned in the annual report. Peter Snoeck is the husband of Dominika De Pauw.

6.4 Shareholders agenda

21/02/2019	Annual results 31/12/2018 (before opening of trading)
21/02/2019	Meeting of analysis concerning the annual results
21/05/2019	Interim statement – results on 31/03/2019 (before opening of trading)
21/05/2019	General meeting of shareholders
08/08/2019	Semi-annual financial report – results on 30/06/2019 (after opening of trading)
08/08/2019	Analysts' call concerning the semi-annual financial report (after closing of trading)
06/11/2019	Interim statement – results on 30/09/2019 (before opening of trading)

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:

- 270,000 m^2 of logistics space has been fitted with energy monitoring systems for the day-to-day evaluation of tenants' energy usage;
- All buildings were subjected to an extensive energy scan. 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 5.3 MWp of solar panels was installed on the rooftops of the portfolio in Belgium. This corresponds to a production of 5 MWh, comparable to the energy consumption of approximately 1,300 households;
- 386,000 m^2 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. 14 sites 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. 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.

7.3.3 Facility Management program

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

- by using the "work order" module in "My Montea", Montea is able to monitor and track its work orders and their due dates accurately and then generate reports for each site, project and, if required, each tenant.
- tenants can also use our "My Montea" web portal to register and monitor all messages/problems/queries themselves so that the service and communication relating to buildings management can run clearly and smoothly.
- the maintenance module is used for all sites so that maintenance order forms for these buildings are generated automatically and the maintenance can be monitored flawlessly.

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 2018

8.1 Consolidated balance sheet as of 31 December 2018[108]

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

108 No significant change in the financial or trading position of the group occurred after the end of the last reporting period for which controlled or interim financial information is published except those indicated under the section on Alternative Performance Measures (APMs).

8.2 Consolidated statement of comprehensive income before profit appropriation as of 31 December 2018[109]

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

109 The consolidated overview of the realized and non-realized results before profit appropriation on 31 December, taking into account 12,100,327 shares – the weighted average number of shares for 2018. The total number of shares in issue at the end of the financial year 2018 amounted to 12,814,692.
In the consolidated overview of the realized and non-realized results before profit appropriation on 31 December 2018, Montea reports the EPRA earnings per share and the net earnings per share, based on the weighted average number of shares.

8.3 Consolidated comprehensive income before the distribution of profit as of 31 December 2018[110]

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

[110] The consolidated overview of the realized and non-realized results before profit appropriation on 31 December, taking into account 12,100,327 shares – the weighted average number of shares for 2018. The total number of shares in issue at the end of the financial year 2018 amounted to 12,814,692.
In the consolidated overview of the realized and non-realized results before profit appropriation on 31 December 2018, Montea reports the EPRA earnings per share and the net earnings per share, based on the weighted average number of shares.

8.4 Consolidated cash flow summary as of 31 December 2018

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

8.5 Summary of the variation in the consolidated equity capital and reserves as of 31 December 2018

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
Notes	29	29	30	31	30	32	
ON 31/12/2016	**200.282**	**32.438**	**#REF!**	**32.204**	**0**	**118**	**251.964**
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**
Elements directly recognized as equity	**23.125**	**34.250**	**64**	**0**	**0**	**-99**	**57.340**
Capital increase	24.195	34.250	0	0	0	0	58.446
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	0	0	0	0	0
Positive change in value of solar panels (IAS 16)	0	0	10	0	0	0	10
Own shares	-1.070	0	0	0	0	0	-1.070
Own shares held for employee option plan	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	-99	-99
Corrections	0	0	54	0	0	0	54
Subtotal	**256.063**	**100.891**	**-3.153**	**36.548**	**0**	**19**	**390.368**
Dividends	0	0	-21.375	0	0	0	-21.375
Result carried forward	0	0	36.548	-36.548	0	0	0
Result for the financial year	0	0	0	64.575	0	0	64.575
ON 30/06/2018	**256.063**	**100.891**	**12.020**	**64.575**	**0**	**19**	**433.568**

For more information about the above table, we refer to notes 29, 30, 30.1, 30.2, 31 and 32.

8.6 Notes tot he consolidated financial statements as of 31 December 2018

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[111]

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").

[111] 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% till merger with Montea on 15 November 2018) (BE0567731793), Gleditsia NV (100% till merger with Montea on 15 November 2018) (BE0567816422), Sambucus NV (100% till merger with Montea on 15 November 2018) (BE0567731892), Vilpro NV (100% till merger with Montea on 15 November 2018) (BE0437858295), Castanea (100% till merger with Montea on 31 May 2018) (BE0861588147), Cercis Parc NV (100% till merger with Montea on 31 May 2018) (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) and Montea Tiel NV (100%) (KvK 73544884). 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 2018, 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.

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 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.

In 2018 the transaction rights and costs for the purchase were processed through the profit and loss account[112] (via the portfolio result). Only after processing will the results end up in the Reserves in the account “Reserve for the Balance of the changes in the fair value of 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” is no longer 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[113].

8.6.2.3 Project developments

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.

[112] The equity capital is not affected by this adjustment. Furthermore, this adjustment also has no impact on the EPRA result and the available result.
[113] Since 1 January 2019 IAS 17 was cancelled and replaced by IFRS 16.

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%

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, as a result of the application of the discounting method of future revenues, which leads to a higher market value than the original cost of the solar panels. 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 xas 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.

Since 2018 the transaction rights and costs for the purchase are processed through the profit and loss account [114] (via the portfolio result). Only after processing will the results end up in the Reserves in the account “Reserve for the Balance of the changes in the fair value of 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” is no longer used.

[114] The equity capital is not affected by this adjustment. Furthermore, this adjustment also has no impact on the EPRA result and the available result.

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.

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[115].

[115] 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%.

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 IFRS 9, 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.

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

Montea has certain standards and amendments for the first time. This will apply to the financial years beginning at or after 1 January 2018. 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 2018, they had no material impact on the consolidated financial statements / the condensed consolidated interim financial statements of the Group.

IFRS 9 Financial instruments, applicable as of 1 January 2018

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.

As regards the special impairments of financial assets stated at amortized cost, including of trade receivables, the initial application of the expected credit loss mode under IFRS 9 will result in an early recognition of credit losses by comparison with the loss model applied currently under IAS 39. Taking into account the relatively limited amount of outstanding trade receivables, combined with the low associated credit risk, the impact on Montea's consolidated annual financial statements is limited and amounts to €566.77.

IFRS 15 Revenues from contracts with customers, applicable as of 1 January 2018

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 has no 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 has no material impact here.

Annual improvements to 2014-2016 cycle

The purpose of the '2014-2016 cycle' with improvements of the standards and interpretations is to remove inconsistences 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.

- IFRS 16 Leases, applicable as of 1 January 2019
- IFRS 17 Insurance contracts[105], applicable as of 1 January 2021
- Amendments to IAS 28 Investments in associates and joint ventures – Long-term interests in associates and joint ventures, [105] applicable as of 1 January 2019
- IFRIC 23 Uncertainty over income tax treatments,[105] applicable as of 1 January 2019
- Annual improvements to 2015-2017 cycle, applicable as of 1 January 2019

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. Montea does not opt for any early application.

Montea operates almost exclusively as a lessor, although in limited cases it also operates as a lessee, namely in concession agreements on plots of lands. These concession agreements are classified as operational leases under IAS 17, but will be booked under IFRS 16 on Montea's balance sheet by booking a right of use and a related leasing obligation. This explains in large measure the impact of IFRS 16 on Montea's balance sheet as at 1 January 2019, which implies an increase of the rights of use and leasing obligations to the tune of €46.8 million.

In addition, Montea also has ongoing operational leasing obligations in the form of car rentals. These will also be booked via a right of use and related obligation in the consolidated annual financial statements. The impact of this last heading is immaterial however.

IFRS 17 Insurance contracts

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

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.

IFRIC 23 Uncertainty over income tax treatment

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.

The expected impact of IFRIC 23 is negliglbe for Montea.

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 dividend 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.

The expected income is negligible for Montea however.

8.7 Notes to the consolidated balance sheet and income statement of 31 December 2018

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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Rent	52.976	41.907	39.497
Guaranteed rental income	0	0	0
Rental discounts	-80	0	0
Rental incentives	0	0	0
Compensation for early breach rental contracts	0	1.327	2.336
Compensation financial leasing	0	0	0
TOTAL	**52.896**	**43.234**	**41.833**

In 2018, the rental income increased by 22.4% to €52.9 million. The fees for prematurely broken lease agreements decreased by €1.3 million compared to 2017, while the rental income increased by €11.0 million by comparison with 2017. This increase in rental income of €11.0 million is primarily due to:

- Volume effects: acquisition or delivery of new sites (€9.5 million), partially offset by sales (-€0.2 million).
- Indexing of lease agreements (€0.7 million)
- Letting activity or renegotiation of leases (€1.0 million) in the sites at Mimort (EC Hub, Sinotrans), De Hulst Triton (Decathlon), Ghent Hulsdonk (Facil Europe & WWL) and Puurs (Studio 100)

The rental income per site is itemized below:

RENTAL INCOME (EUR x 1.000)		31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Belgium		**28.182**	23.593	21.149
Aalst	Tragel 48-58	2.143	2.135	2.081
Bornem	Industrieweg 4-24	601	582	562
Grimbergen	Eppegemsestwg 31-33	1.222	1.100	1.080
Hoboken	Smallandlaan 7	131	128	125
Puurs	Rijksweg 85-89	208	0	0
Herentals	Toekomstlaan 33	0	0	163
Nivelles	Rue de la Technique 11	360	331	380
Puurs	Schoonmansveld 18	375	146	805
Erembodegem	Industrielaan 27	851	896	687
Mechelen	Zandvoortstraat 16	1.013	935	838
Vorst	Humaniteitslaan 292	2.092	2.003	1.673
Milmort	Avenue du Parc Industriel	725	494	507
Heppignies	Rue Brigade Piron	827	813	800
Zaventem	Brucargo 830	2.235	2.195	2.157
Zaventem	Brucargo 763	329	321	289
Zaventem	Brucargo 831	647	638	625
Gent	Evenstuk	1.747	1.716	1.437
Gent	Korte Mate	246	138	654
Zaventem	Brucargo 738-1	492	482	475
Willebroek	De Hulst Triton	386	86	0
Willebroek	De Hulst Dachser	1.037	1.024	1.005
Willebroek	De Hulst Federal Mogul	1.464	1.440	1.249
Erembodegem	Waterkeringstraat 1	940	940	890
Bornem	Industrieweg 3	38	0	0
Zaventem	Brucargo	3.267	2.326	0
Willebroek	De Hulst Metro	650	534	0
Willebroek	De Hulst Decathlon	1.998	327	0
Genk	Mainfreight	485	235	0
Zaventem	Brucargo - Saco	333	165	0
Bilzen	Kruisbosstraat 5	947	0	0
Zaventem	Brucargo 832	8	0	0
Liège	Rue Saint Exupéry	39	0	0
Saintes	Amtoys / Noukies	346	9	0
Aalsmeer	Japanlaan - Scotch & Soda	0	126	120
Indemnité de rupture		0	1.327	2.336
France		**8.782**	**7.078**	**10.920**
Savigny-le-Temple	Rue du Chrome 2	0	136	328
Feuqueires	Zoning Industriel du moulin	328	359	359
Cambrai	P.d. Activité Actipole	0	0	490
Roissy	Rue de la Belle Etoile 280+ 383	936	918	905
Bondoufle	Rue Henrie Dunant 9-11	40	238	236
Décines	Rue a Rimbaud 1	384	376	374
Le Mesnil Amelot	Rue du Gué 4, Rue de la Grande Borne	989	873	803
Alfortville	Le Techniparc	229	226	224
Le Mesnil Amelot	Rue du Gué 1-3	485	498	495
Saint-Priest	Chemin de la Fouilousse	623	615	611
St-Cyr en Val	Rue des Genêts 660	0	0	3.291
Marennes	La Donnière	769	757	753
Saint-Laurent-Blangy	Actipark	651	639	636
Saint-Martin-de-Crau	Ecopole	846	830	825
Saint-Priest	Parc des Lumières	511	504	590
Camphin	Rue des Blattiers	1.493	0	0
Lesquin	Rue des Saules	238	0	0
Le Mesnil Amelot	Rue de la Grande Borne	94	0	0
Alfortville	Rue Félix Mothiron 8	166	109	0
Indemnité de rupture		0	0	0
The Netherlands		**15.932**	**12.563**	**9.765**
Almere	Stichtse Kant	1.137	1.120	1.119
Waddinxveen	Exportweg	1.157	993	988
Oss	Vollenhovermeer	1.033	1.010	1.009
Beuningen	Zilverwerf	1.050	1.037	1.035
's Heerenberg	Distributieweg	1.397	1.379	1.433
Heerlen	Business Park Aventis	1.490	1.472	1.458
Apeldoorn	Ijseldijk	567	559	552
Tilburg	Gesworenhoekseweg	1.016	1.002	1.000
Aalsmeer	Japanlaan - Bakkersland	1.743	1.722	331
Aalsmeer	Japanlaan - Scotch & Soda	619	384	0
Eindhoven	De Keten - Jan De Rijk	1.223	1.206	1.050
Tilburg	Brakman - NSK	1.008	583	0
Etten-Leur	Parallelweg - BAS Logistics	711	96	0
Hoofddorp	Willem Brocadesdreef	480	0	0
Rozenburg	Hanedaweg 10	330	0	0
Tiel	Panovenweg	970	0	0
TOTAL		**52.896**	**43.234**	**41.834**

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 – a total of 38 sites), the rental income is as follows (see also the table):

- 2016: € 30,240,000
- 2017: € 30,213,000
- 2018: € 31,821,000 (+5.3%)

The increase of 9.3% of the rental income for Belgium in 2018 compared with 2017 is mainly due to the annual indexing and the extra rental in Milmort (EC Hub, Sinotrans), De Hulst Triton (Decathlon), Ghent Hulsdonk (Facil Europe & WWL) and Puurs (Studio 100).

The rental income for France dropped slightly by -0.2% in 2018 compared with 2017, mainly due to the annual indexing which was offset by vacancies in the sites at Bondoufle and Mesnil-Amelot.

In the Netherlands, rental income increased by 1.5% in 2018 compared with 2017, mainly as a result of the annual indexing.

Note 2: Rental-related expenses

RENTAL-RELATED EXPENSES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Rent to pay on leased assets	-2.866	-2.360	-1.305
Depreciations on trade receivables	-157	-90	-11
Write-back of write-downs on trade receivables	11	9	0
TOTAL	**-3.012**	**-2.441**	**-1.315**

The total rent payable on leased assets concerns the concession fees and rent payments on the following sites: Brucargo 830, Brucargo 763-765, Brucargo 831-832, Brucargo 738, Ghent Evenstuk, Ghent Hulsdonk, Grimbergen, Belron at Genk, DHL Hub at Machelen and Flexprt at Luik.

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 2018) and the date on which Montea has to pay this amount.

	2018	End date	
Brucargo 830	€529	2062	No building allowance is paid when the site is vacant
Brucargo 763	€89	2063	No building allowance is paid when the site is vacant
Ghent - Evenstuk	€253	2043	
Brucargo 831	€178	2063	No building allowance is paid when the site is vacant
Ghent - Hulsdonk	€80	2043	
Grimbergen	€127	2029	
Brucargo 738	€138	2064	No building allowance is paid when the site is vacant
Machelen – DHL Hub	€1 311	2065	No building allowance is paid when the site is vacant

Genk – Belron	€67	2042	
Brucargo – Saco	€85	2063	No building allowance is paid when the site is vacant
Flexport	€7		
Brucargo WFS	€2		
Total	**€2,866**		

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%	2.239	533	2.132	21.317
Brucargo - Geodis Calberson Belgium	28%	332	91	365	3.741
Gent - DSV Solutions		253	253	1.012	5.313
Brucargo - SJM Coördination Center	28%	649	178	714	7.317
Gent - SAS Automotive		80	80	320	1.680
Grimbergen - Caterpillar		127	127	508	889
Brucargo - Nippon Express	28%	491	138	550	5.778
Machelen - DHL Hub	40%	3.299	1.320	5.279	55.431
Genk - Belron		59	59	636	5.600
Brucargo - Saco	28%	330	93	370	3.885
Brucargo - WFS	28%	689	190	758	7.584
Flexport - Sterima	16%	272	44	174	1.916
Flexport - Subitrans, LCA & Easylog	20%	751	150	601	6.613
TOTAL			3.255	13.420	127.064

Montea applies IFRS 9. When Montea calls on external legal advice for the collection of rent and/or other receivables, a reduction in value is booked immediately. When the money owed is received, the impairment is reversed in the accounts. The method for determining the impairment was not amended.

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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Recovery of charges and taxes normally payable by tenants on let properties	**5.847**	**5.168**	**4.942**
Reinvoicing of rental charges borne by the tenant	3.054	2.714	1.983
Reinvoicing of taxes on let properties	2.792	2.454	2.959
Charges and taxes normally borne by the tenant on let properties	**-6.493**	**-5.895**	**-5.863**
Rental charges borne by the tenant	-3.337	-3.025	-2.325
Taxes on let properties	-3.155	-2.870	-3.537
TOTAL	**-646**	**-727**	**-920**

The drop of the net impact to € -646K 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 € 3,155K in 2018 (6% of the rental income, which amounted to € 52,976K on 31/12/2018).

Note 4: Other rental-related income and expenditures

OTHER RENTAL-RELATED INCOME AND EXPENDITURE (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Property management fee	330	471	290
Income from the solar panels	1.556	1.382	912
Other	945	2.044	459
TOTAL	**2.831**	**3.897**	**1.660**

The property management fee is contractually agreed. In most leases, it amounts to a percentage of the annual rent.

The income from the solar panels consists of the generated electricity which is charged to the tenants and the grid operator (16.4%), and of income from the green certificates (83.6%).

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 “Other” item consists mainly of re-invoicing of extra works at DHL Aviation. This heading also includes other income, such as the contribution of the insurer for claims covered by our insurance policy.

Note 5: Technical costs

TECHNICAL COSTS (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Recurring technical costs	**-6**	**-25**	**-122**
Repairs	-6	-12	-109
Compensation for overall guarantuees	0	0	0
Insurance premiums	0	-13	-13
Non-recurring technical costs	**0**	**-8**	**0**
Major repairs	0	0	0
Claims	0	-8	0
TOTAL	**-6**	**-33**	**-122**

The increase in the technical costs in 2018 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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Brokers' fees	-109	-91	-202
Publicity	0	0	0
Lawyer fees and legal expenses	-20	-30	-55
TOTAL	**-130**	**-122**	**-257**

The commercial costs comprise the broker’s fees payable after signing of new leases with EC HUB in Milmort, the lease to Wallenius Wilhelmsen Logistics Zeebrugge NV in Hulsdonk, Ghent and the lease to Techtronic Industries France and Sage Part in Mesnil-Amélot.

Note 7: Charges and taxes for un-let properties

CHARGES AND TAXES OF UN-LET PROPERTIES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Charges	0	0	-23
Property tax	0	0	0
Insurances	0	0	-9
TOTAL	**0**	**0**	**-31**

Note 8: Property management costs

PROPERTY MANAGEMENT COSTS (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Internal property management costs	-1.534	-1.047	-590
Exteral property management costs	0	0	0
TOTAL	**-1.534**	**-1.047**	**-590**

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.

Note 9: Other property costs

OTHER PROPERTY COSTS (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Other property charges	-60	-44	-43
TOTAL	**-60**	**-44**	**-43**

In 2018, “Other property costs” concerned mainly the maintenance of the solar panels.

Note 10: General overheads

GENERAL CORPORATE COSTS (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Office costs	-565	-363	-305
Representation costs	-172	-94	-114
Fees	-864	-825	-780
Real estate expert	-150	-125	-109
Auditor	-101	-84	-78
Legal advisors	-158	-107	-115
Accounting and financial advisors	-328	-373	-316
Other	-126	-135	-162
Listing fees	-445	-321	-256
Marketing and communication	-277	-301	-323
Personnel costs + fees business manager	-1.695	-1.705	-1.791
Amortizations	-205	-205	-200
TOTAL	**-4.224**	**-3.814**	**-3.769**

The company’s overheads comprise mainly costs relating to the daily management and expenses incurred for obligations of listed companies.

The overheads totalled € 7,041 K of these:

- € 1,283K (18.2%) were activated on existing sites and new ongoing projects. They concern project management expenses;
- € 1,534 K (21.8%) 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, 60% of these costs (€ 4,224 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, acting on behalf of an SPRL, relating to the remuneration for the legal assignment to audit and review the company and consolidated accounts, amounts to € 52K (the total amounts to € 101K, of which € 49K pertains to other auditing activities – cf. auditor).

Apart from the fees for the auditor, the property expert and the Statutory Manager, no other significant remuneration was payable in 2018.

The average workforce and breakdown of staff costs can be shown as follows:

	31/12/2018 12 months	31/12/2017 12 months
Average staff (in FTE)	**23**	**19**
a) Workers	0	0
b) Clerks	*24*	*19*
Administrative clerks	*12*	*10*
Technical clerks	*12*	*9*
Geografical location staff (in FTE)	***23***	***19***
West-Europe	*23*	*19*
Belgium	*15*	*14*
France	*4*	*3*
The Netherlands	*4*	*2*
Central- and Eastern-Europe	*0*	*0*
Staff costs (in EUR x 1000)	**2.177**	**2.027**
a) Remuneration and direct social benefits	*167*	*1.155*
b) Corporate contributions for social insurance	*439*	*412*
c) Corporate premiums for non-statutory insurance policies	*65*	*30*
d) Other staff costs	*56*	*430*

(•) FTE: full-tim equivalents

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 2018, 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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Other operating income	48	35	61
Other operating expenses	-109	-107	-203
TOTAL	**-61**	**-72**	**-142**

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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Net sale of real estate (sale price - transaction expenses)	1.000	17.360	57.938
Fair value of sold real estate	-997	16.591	-49.807
TOTAL	**3**	**33.951**	**8.131**

Note 13: Changes in the fair value of investment properties

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
TOTAL	**31.975**	**3.204**	**670**

When the balance of all positive and negative changes is considered as a whole, the result on the property portfolio amounts to €31,975,000 on 31 December 2018. Positive changes in the fair value of the investment properties are largely due to the drop of the return on investments for projects with long-term leases. Negative changes in the fair value of the investment properties are largely attributable to impairments as a result of leases that approached expiry or were discontinued, the initial transaction costs for the purchase or development of new properties booked in the result (see section 8.6.2.1) and debiting the result of the remaining rent-free periods via the result.

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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Interests and dividends received	0	1	1
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	91	240	655
TOTAL	**91**	**241**	**656**

The “Other” financial income has to do mainly with interest receivable for late payments by our lessees.

Note 15: Net interest charges

NET INTEREST CHARGES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Nominal interest charges on loans	-5.762	-6.115	-5.713
Reinstatement of the nominal amount for financial debts	0	1	0
Costs from authorized hedges	-4.450	-5.123	-6.578
Other interest charges	-26	-8	-17
TOTAL	**-10.237**	**-11.245**	**-12.308**

The net interest charges went down by €1,008 K or 9.0%.

The average debt burden rose by € 82.6 million (22.5%). Conversely, there was a drop in the average financing cost to 2.6%[116]* (including the cost of the authorized hedging instruments) for financial year 2018 as a result of which the nominal interest charges on loans decreased by € 353 K.

The impact of hedging instruments is 1.1%. This means that the average financial cost without hedging instruments would be 1.6%.

The costs for the hedging instruments decreased by € 673 K mainly due to the unwinding of an interest rate swap hedging contract in the form of an Interest Rate Swap (IRS) in 2018 for a total amount of € 60 million to conclude subsequently a new hedge in 2018 at current market conditions against a higher hedging rate in 2018 compared with 2017.

In the fourth quarter of 2018, Montea continued its restructuring programme for interest rate hedges. The restructuring operations will have their effect on the results of 2019 with a further lowering of the expected average financing cost to 2.4%.

On 31 December 2018, Montea had a total bank debt (bilateral lines of credit) of €350 million with 7 financial institutions; the total financial debt (including bond loans and leasing debt) is hedged with Interest Rate Swap and Interest Cap hedge contracts for 90.8%.

[116]* 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 2018, without taking the valuation of the hedging instruments into account.

Note 16: Other financial costs

OTHER FINANCIAL COSTS (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Bank charges and other commissions	-92	-102	-128
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	**-92**	**-102**	**-128**

The bank charges comprise mainly commission fees for the conclusion of new lines of credit.

Note 17: Changes in the fair value of financial assets and liabilities

The change in the fair value of the financial assets and liabilities amounted to -€3,127,000, consisting of:

- the negative change in the fair value of the financial assets and liabilities of €2,996,000;
- the negative change pursuant to IFRS 13, whereby the Debit Value Adjustments (DVA) fluctuates with €131,000 in financial year 2018 compared with the end of 2017.

VARIATIONS IN THE FAIR VALUE OF FINANCIAL ASSET AND LIABILITIES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Authorized hedges	-3.127	5.791	-616
Authorized hedges subject to hedge accounting as defined by IFRS	0	0	0
Authorized hedges no subject to hedge accounting as defined by IFRS	-3.127	5.791	-616
Other	0	0	0
TOTAL	**-3.127**	**5.791**	**-616**

The debt position of Montea under the hedging instruments amounts to € 10.5 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	0
IRS	1/07/2012	1/07/2024	0	0	2,50%	Euribor 3M	-	-	-	0
IRS	1/11/2011	1/10/2020	0	0	2,77%	Euribor 3M	-	-	-	0
IRS '	30/11/2015	30/05/2019	0	0	3,07%	Euribor 3M	-	-	-845	0
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	-768	-	-1.248	163
IRS '	2/01/2015	2/01/2019	25.000	25.000	2,25%	Euribor 3M	-166	-	-3.324	2.392
IRS '	1/04/2015	1/07/2022	0	0	2,52%	Euribor 3M	-	-932	-1.488	0
IRS '	1/04/2015	1/07/2023	0	0	2,74%	Euribor 3M	-	2.558	-4.550	0
IRS	3/10/2016	1/07/2024	25.000	25.000	1,71%	Euribor 3M	-2.238	-	-2.949	27
IRS '	1/04/2015	31/12/2018	0	0	2,74%	Euribor 3M	-	-	-5.900	4.943
IRS '	31/03/2015	30/06/2023	10.000	10.000	2,51%	Euribor 3M	-1.120	-2.265	-1.590	116
IRS	30/12/2016	31/12/2027	2.500	2.500	0,78%	Euribor 3M	-31	-4.943	-41	-34
IRS	30/12/2016	31/12/2024	10.000	10.000	0,45%	Euribor 3M	-106	-1.236	-120	-124
IRS	30/12/2016	31/12/2026	50.000	50.000	0,68%	Euribor 3M	-626	3	-763	-664
IRS	31/12/2016	31/12/2025	25.000	25.000	0,56%	Euribor 3M	-279	18	-330	-316
IRS	29/12/2017	29/12/2027	25.000	25.000	0,82%	Euribor 3M	-412	38	0	0
IRS	29/12/2017	29/12/2026	10.000	10.000	0,72%	Euribor 3M	-156	38	0	0
IRS	29/12/2017	29/12/2024	15.000	15.000	0,50%	Euribor 3M	-205	-104	0	0
IRS	29/12/2017	29/12/2025	10.000	10.000	0,61%	Euribor 3M	-148	-33	0	0
IRS ''	0/01/1900	0/01/1900	0	0	0,00%	0	1	-29	0	0
IRS ''	1/04/2018	1/04/2028	10.000	10.000	1,02%	Euribor 3M	-362	-26	0	0
IRS ''	31/12/2018	31/03/2028	25.000	25.000	1,07%	Euribor 3M	-1.023	0	0	0
IRS ''	3/04/2018	31/12/2027	25.000	25.000	0,72%	Euribor 3M	-178	0	0	0
IRS ''	31/12/2019	1/04/2028	10.000	10.000	1,04%	Euribor 3M	-373	0	0	0
FORWARD START IRS ''	31/12/2019	31/12/2025	0	0	1,83%	Euribor 3M	0	0	0	0
FORWARD START IRS ''	31/12/2019	31/12/2026	0	0	2,31%	Euribor 3M	0	0	0	0
FORWARD START IRS ''	31/12/2018	31/03/2025	0	0	2,03%	Euribor 3M	-2.282	0	0	0
CAP	31/12/2018	31/12/2019	25.000	25.000	0,00%	Euribor 3M	0	0	0	0
CAP	3/04/2018	31/12/2019	20.000	20.000	0,00%	Euribor 3M	0	0	0	0
TOTAL	**0/01/1900**	**0/01/1900**	**332.500**	**332.500**	**0**	**0**	**-10.473**	**-12.029**	**-26.131**	**6.502**

(*) value excl CVA/DVA   (') early terminated and replaced in 2017 and 2018   (ii) new contracted IRS's and replacement of early terminated contracts in 2018

It is shown schematically here when the existing IRS totalling € 332.5 million mature:

2021: € 10 million
2022: € 0 million
2023: € 10 million
2024: € 50 million
2025: € 70 million
2026: € 70 million
2027: € 78 million
2028: € 45 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 € 286.7 K over all the financial years (Debit Value Adjustment). As such, the net debt position of Montea under the hedging instruments amounts to €10 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 2018, Montea has hedging instruments for a nominal amount of €332.5 million. The average hedging cost decreased from 2.3% (average hedge cost excluding one-off unwinding costs in 2016 of € 2.1 million) to 2.1% (taking into account a constant perimeter) [117].

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	2.855	3.909	3.909	3.909	3.909	3.654	3.199	2.077	1.203	0	0

Note 18: Corporation tax

CORPORATE TAXES (EUR x 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
Withholding tax	-524	0	0
Actual corporate taxes (profit)	435	-938	-505
TOTAL	**-89**	**-938**	**-506**

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

[117] The average hedging cost is calculated by dividing the annual hedging cost through the average hedged amount.

Note 19: Intangible fixed assets

INTANGIBLE ASSETS	(x EUR 1.000)
ON 31/12/2016	**189**
Acquisitions	79
Depreciations	-100
ON 31/12/2017	**168**
Acquisitions	313
Depreciations	-106
ON 31/12/2018	**375**

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.

Note 20: Investment properties

The increase in property investments and developments in 2018 for an amount of € 190.4 million is mainly the result of:

PROPERTY INVESTMENTS & PROJECT DEVELOPMENT	(X EUR 1.000)	(X EUR 1.000)	(X EUR 1.000)
	Property investments	**Project developments**	**TOTAL**
Op 31/12/2014	**414.005**	**-**	**414.005**
On 31/12/2015	**497.590**	**9.345**	**506.935**
On 31/12/2016	**524.855**	**10.281**	**535.136**
On 31/12/2017	**657.991**	**48.440**	**706.431**
Investments	**180.530**		**180.530**
New acquisitions	84.515		84.515
- Lesquin (FR) - DHL	4.150		4.150
- Mesnil-Amelot (FR) - BH Catering/GSF Aéro	1.934		1.934
- Hoofddorp (NL) - Idexx Europe	9.276		
- Tiel (NL) - REKO Recycling	58.641		
- Oss (NL) - Vos Logistics parking	2.800		2.800
Acquisitions through share transaction	7.714		
Reception built-to-suit projects	*96.015*		96.015
Project developments		**-96.015**	**-96.015**
Brucargo - WFS		**76.034**	**76.034**
Bornem - Pelsis Edialux		4.966	4.966
Camphin-en-Carembault (FR) - Danone/DSM/GBS/XPO		8.076	8.076
Genk - Carglass		16.033	16.033
Etten-Leur (NL) - Bas Logistics		9.827	9.827
SLP - Thomsen Select/Milestone		4.167	4.167
Flexport Liège		4.626	4.626
Waddinxveen (NL) - isero		9.700	9.700
Heerlen - DocMorris		10.182	10.182
de Tyraslaan (BE)		8.004	8.004
Desinvestments		452	452
Sale Assets	*-1.000*		-1.000
Feuqières-en-Vimeu (FR)	-1.000		-1.000
Assets for sale	*-2.377*		-2.377
Bondoufle (FR)	-2.377		-2.377
Increase/(decrease) fair value	**33.333**	**-63**	33.271
On 31/12/2018	**868.478**	**48.440**	**896.873**

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 € 8.7 million
- a decrease (rise) of 0.25% of the discount rate means that the fair value of the portfolio will increase (decrease) by approximately € 35.8 million.

Note 21: Other tangible fixed assets

OTHER TANGIBLE NON-CURRENT ASSETS (x EUR 1.000)	Total	Own use	Other
ON 31/12/2017	**13.350**	**473**	**12.877**
Acquisition value 01/01/2017	**14.434**	**786**	**13.648**
Acquisitions	84	0	84
Solar panels	245	0	245
- acquisitions solar panels	*436*	*0*	*436*
- added value/less value of existing solar panels	*-190*	*0*	*-190*
Acquisition value 31/12/2017	**14.763**	**786**	**13.977**
Depreciations 01/01/2017	**-1.084**	**-313**	**-771**
Depreciations	-99	-41	-58
Depreciations 31/12/2017	**-1.183**	**-354**	**-829**
ON 31/12/2018	**13.581**	**432**	**13.149**

The movement in other tangible fixed assets includes mainly the capital gain on the solar panels at the sites in Bornem, Grimbergen, Erembodegem, Bilzen, Heppignies, Milmort, Vorst, Gent and Orka Aalst.

The capital gain 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 € 11,502 K. The solar panels are valued by an independent property assessor since 2018.

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 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 31/12/2016	**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**
Assets held for sale till maturity	**0**
Participations in associated companies or companies with a participating interest	0
Assets at fair value through result	**1**
Hedging instruments	1
ON 31/12/2018	**1**

The financial fixed assets relate solely to the positive valuation of the hedging instruments.
The negative valuation of the hedging instruments for 2018 is shown in Note 17.

Note 23: Trade receivables and other fixed assets

TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS	(x EUR 1.000)
ON 31/12/2016	**39**
Guarantees paid in cash	3
ON 31/12/2017	**42**
Guarantees paid in cash	-13
ON 31/12/2018	**29**

This amount concerns a guarantee paid in cash.

Note 24: Assets intended for sale

ASSETS HELD FOR SALE	(x EUR 1.000)
OP 31/12/2016	**7.721**
Accounting value of the investment properties held for sale	-7.721
Real Estate certificates	0
Other	0
OP 31/12/2017	**0**
Accounting value of the investment properties held for sale	2.377
Real Estate certificates	0
Other	0
OP 31/12/2018	**2.377**

Note 25: Short-term trade receivables

TRADE RECEIVABLES (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Trade receivables - gross	16.237	14.951	11.014
Provisions for doubtful receivables	-638	-587	-515
TOTAL	**15.599**	**14.364**	**10.499**

On 31 December 2018, the gross trade receivables amounted to € 15,599K, of which:

- € 15,077 K in trade receivables;
- € 637 K in doubtful receivables;
- € 523 K in other trade receivables
- - € 638 in losses in value for doubtful receivables.

The table below includes an age analysis of the trade receivables of € 15,077 K.

TABLE OF MATURITY DATES OF TRADE RECEIVABLES	(x EUR 1.000)
Trade receivables, not due	13.759
Trade receivables, due 1 -30 days	1.275
Trade receivables, due 31 - 60 days	-18
Trade receivables, due 61 - 90 days	-12
Trade receivables, due > 90 days	72
TOTAL	**15.077**

No losses in value were booked on the total amount of € 15,077 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 that our clients meet their obligations. Despite this demand Montea is convinced, based on historical data, that at the moment of exceeding 90 days, there is no risk of recoverability.

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 31/12/2018	**515**
Amount current financial year	220
Reversal amount current financial year	0
ON 31/12/2017	**735**
Amount current financial year	-98
Reversal amount current financial year	0
ON 31/12/2018	**637**

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	127
Invoices to bill	378
Creditnotes to receive	18
TOTAL	**523**

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	638
TOTAL	**638**

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: Tax receivables and other current assets

TAX RECEIVABLES AND OTHER CURRENT ASSETS (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
TAXES	**13.073**	**7.908**	**6.559**
Value added taxes (VAT)	7.969	6.739	6.292
Corporation tax	5.103	1.169	268
OTHER CURRENT ASSETS	**794**	**840**	**48**
TOTAL	**13.867**	**8.748**	**6.607**

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)	31/12/2018	31/12/2017	31/12/2016
Cash at banks	4.634	3.436	3.348
Term deposits	0	0	2
Cheques to be cashed	0	0	0
TOTAL	**4.634**	**3.436**	**3.350**

Note 28: Deferred charges and accrued income

DEFERRED CHARGES AND ACCRUED INCOME - ASSETS (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Accrued and not due rental income	401	454	424
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	1.755	-4.500	-3.758
- Autres	0	0	0
Prepaid interests and other financial charges	0	0	0
Other	418	976	412
TOTAL	**2.574**	**2.263**	**21.121**

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 31/12/2016	**202.820**	**-2.541**	**3**	**32.439**	**9.951.884**
Contribution in kind	33.803	-1.147	0	34.202	1.658.647
ON 31/12/2017	**236.623**	**-3.688**	**3**	**66.641**	**11.610.531**
Contribution in kind and stock dividend	24.541	-346	-1.070	34.250	1.204.161
ON 31/12/2018	**261.164**	**-4.034**	**-1.067**	**100.891**	**12.814.692**

Note 30: Reserves

(EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Reserves	**12.020**	**-3.216**	-13.079
Legal reserves	835	845	835
Reserve for the net amount of the changes in fair value of investment properties	-52.370	-55.573	-49.930
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	-4.206	-14.939	-24.188
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	0	-2	-2
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	67.761	66.454	60.207

A share purchase plan for management was approved at the Board meeting of 21 September 2018. Own shares are repurchased by applying the procedures established in the plan. On 21 September 2018, Montea acquired 120,629 shares, 100,000 of which were already sold on 24 September 2018.

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 € 3,398K, largely as a result of the positive 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
Changes in fair value of investment properties 2016 (12 months)	-23.534
Changes in fair value of investment properties 2017 (12 months)	3.204
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
Revaluation gains solar panels 2017 (12 months)	484
ON 31/12/2018	**-52.370**

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
Unwinding SWAP 2017	9.865
changes in fair value of authorized hedges 2017 (12 months)	5.791
Unwinding SWAP 2018	4.943
ON 31/12/2018	**-4.205**

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 0 “Overview of the changes in the consolidated equity and reserves on 31/12/2018”.

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[118] (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. Furthermore, the diluted earnings per share are equal to the basic earnings per share, since the result of the minority interest (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)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
NET RESULT	**64.575**	**36.548**	**32.204**
Attributable to:			
Shareholders of the parent company	64.575	36.548	32.204
Minority interests	0	0	0
EPRA result (K€)	**35.724**	**26.785**	**24.018**
Number of weighted number average of shares before the period	12.100.327	10.392.676	9.722.190
Number of shares in circulation at the end of the period	12.814.692	11.610.531	9.951.884
NET (ordinary/diluted) RESULT PER SHARE / weighted number average of shares (€)	**5,34**	**3,52**	**3,31**
EPRA RESULT (ordinary/diluted) PER SHARE / weighted number average of shares (€)	**2,95**	**2,58**	**2,47**

118 See section 8.11.

DETAILED RECONCILIATION NET RESULT TO EPRA RESULT (EUR X 1.000)	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months
NET RESULT	**64.575**	**36.548**	**32.204**
- Result on sale of investment properties	-3	-769	-8.131
- Variations in fair value of the investment properties and properties for sale	-31.975	-3.204	-670
- Variations in fair value of the financial assets and liabilities	3.127	-5.791	616
EPRA RESULT (K€)	**35.724**	**26.784**	**24.018**

Note 32: Minority interests

MINORITY INTEREST	(x EUR 1.000)
ON 31/12/2016	**119**
5% of the result of SCI 3R on 31/12/2015	0
ON 31/12/2017	**119**
Minority intrests Bornem Vastgoed NV	-100
ON 31/12/2018	**19**

Note 33: Long term provisions

PROVISIONS (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Pensions	0	0	0
Other	0	0	0
TOTAL	**0**	**0**	**0**

Note 34: Financial debts

FINANCIAL DEBTS (EUR x 1.000)	31/12/2018	31/12/2018	31/12/2016
NON-CURRENT FINANCIAL DEBTS	**416.968**	**374.543**	**285.577**
Credit institutions	305.000	262.900	175.132
Bond	109.491	109.335	109.189
Securities and bank guarantees deposited	1.431	1.172	1.071
Financial leasing	1.047	1.136	184
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
CURRENT FINANCIAL DEBTS	**45.085**	**2.273**	**10.590**
Credit institutions	45.000	2.000	10.000
Financial leasing	85	273	590
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	**462.054**	**376.816**	**296.167**

The financial debts concern nominal amounts where interest is not included.

The financial debts consist chiefly of bilateral lines of credit at seven financial institutions. On 31/12/2018 Montea had a total of €355.0 million in contracted lines of credit, of which 99% (€ 350.0 million) has been drawn.

Next year, 12.9% (or € 45 million) of the total drawn debt of the credit lines (€ 350 million) or 12.7% (€ 45 million) of the contracted credit lines (€ 355 million) becomes due.

On 31/12/2018 Montea has a total bank debt (bilateral credit lines) of € 350 million at seven financial institutions. The total financial debt (including bond loans and lease debt) was hedged for 90.8% on 31 December 2018 by means of interest rate hedging contracts of the Interest Rate Swaps and Interest Caps type.

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 31/12/2018 and a stable euribor.

CREDIT INSTITUTIONS	Contracted credit lines	Withdrawn credit lines	Withdrawn credit lines + interest costs
Credit lines, with a maturity < 1 year	45.000 €	40.000 €	3.793
Credit lines, with a maturity 1 - 2 year	20.000 €	0 €	3.709
Credit lines, with a maturity 2 - 3 year	21.667 €	0 €	3.612
Credit lines, with a maturity > 3 year	268.333 €	310.000 €	6.458
TOTAL	**355.000 €**	**350.000 €**	**17.573**

HEDGINGS (x EUR 1000)	Notional amount	Interest cost hedgings
Hedgings, with a maturity of < 1 year	-	4.040
Hedgings, with a maturity of 1 - 2 years	35.000	4.040
Hedgings, with a maturity of 2 - 3 years	-	4.040
Hedgings, with a maturity of > 3 years	297.500	9.990
TOTAL	**332.500**	**22.110**

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:

Nominal amount	Start date	Expire date	Interest	Interest rate	Refund capital	Refund interest
30.000	28/06/2020	Fixe	4,11%	2020	Annuel	Annual
30.000	28/02/2021	Fixe	3,36%	2021	Anuel	Annual
25.000	30/06/2027	Variable	EURIBOR 3M + 205 bps	2027	Trimestriel	Quarterly
25.000	30/06/2025	Fixe	3,42%	2025	Annuel	Annual
110.000						

Montea has financial leasing debts at the site Milmort (BE) reimbursed on a quarterly basis. This lease expired 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	Datum	Open
Tragel - Orka Aalst NV	31/12/2018	1.132.361 €
	TOTAAL	**1.132.361 €**

Note 35: Other non-current financial liabilities

OTHER NON-CURRENT FINANCIAL LIABILITIES (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Authorized hedges	10.186	11.707	24.804
TOTAL	**10.186**	**11.707**	**24.804**

The other long-term financial liabilities only include the negative valuation of the interest hedging instruments on 31/12/2018. In note 22, under the financial fixed assets, the positive variations in the value of the interest hedging instruments are mentioned. The interest hedging instruments have a negative value of € 10.2 million on 31/12/2018. For a comparison of the fair values with the book values, we refer to note 17. The decrease in the negative value of the hedging instruments is the result of the settlement of four contracts for interest rate hedging of the IRS type with a notional amount of € 45 million and subsequently a to take out new hedging at current market conditions.

Note 36: Other non-current liabilities

OTHER NON-CURRENT LIABILITIES (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
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)	31/12/2018	31/12/2017	31/12/2016
Exit Taks	**1.445**	**4.346**	**2.014**
Other	**18.697**	**6.548**	**8.833**
Suppliers	14.822	4.664	5.512
Tenants	341	571	266
VAT, salaries and social security	3.533	1.313	3.056
TOTAL	**20.142**	**10.894**	**10.848**

OTHER CURRENT LIABILITIES (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Dividends	0	10	10
Intercompany liabilities	0	404	117
Other	4.707	23	23
TOTAL	**4.707**	**437**	**150**

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 item "Suppliers" has an outstanding balance of €14.8 million. This concerns mainly the invoices still not paid in the Netherlands, where €6.8 million of outstanding supplier debt concerns Kellen BV and the remaining amount is still due to third parties for ongoing developments in Belgium, France and the Netherlands.

The item “Taxes, salaries and social security charges” consists mainly of a provision set of for the provisional assessment from the Dutch tax authorities from which FBI status has been requested but not yet obtained. See Note 26 and section 1.4.3.

The item “Intercompany obligations - statutory manager” consists of an outstanding debt on the current account of Montea Management NV.

The item “Other short-term liabilities” consists mainly of an outstanding debt to Kellen BV of €4.7 million for the acquisition of the site in Tiel in Q3/2018, and concerns the on-going archaeological investigations.

Note 38: Accrued charges and deferred income

ACCRUED CHARGES AND DEFERRED INCOME - LIABILITES (EUR x 1.000)	31/12/2018	31/12/2017	31/12/2016
Property income received in advance	14.683	11.166	7.463
Interests and other charges accrued and not due	4.137	4.405	3.374
Other	0	-28	-11
TOTAL	**18.819**	**15.543**	**10.826**

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)	31/12/2018 Booking value	31/12/2018 Level 1 (1)	31/12/2018 Level 2 (2)	31/12/2018 Level 3 (3)
I.		**NON-CURRENT ASSETS**	**910.426**	**0**	**404**	**910.022**
	A.	Goodwill	0	0	0	0
	B.	Intangible assets	374	0	374	0
	C.	Investment properties	896.873	0	0	896.873
	D.	Other tangible assets	13.149	0	0	13.149
	E.	Non-current financial assets	1	0	1	0
	F.	Finance lease receivables	0	0	0	0
	G.	Trade receivables and other non-current assets	29	0	29	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**	**39.051**	**4.634**	**32.040**	**2.377**
	A.	Assets held for sale	2.377	0	0	2.377
	B.	Current financial assets	0	0	0	0
	C.	Finance lease receivables	0	0	0	0
	D.	Trade receivables	15.599	0	15.599	0
	E.	Tax receivables and other current assets	13.867	0	13.867	0
	F.	Cash and cash equivalents	4.634	4.634	0	0
	G.	Deferred charges and accrued income	2.574	0	2.574	0
		TOTAL ASSETS	**949.477**	**4.634**	**32.444**	**912.399**
		LIABILITIES	**515.908**	**0**	**520.057**	**0**
I.		**Non-current liabilities**	**427.155**	**0**	**431.303**	**0**
	A.	Provisions	0	0	0	0
	B.	Non-current financial debts	416.968	0	421.117	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	10.186	0	10.186	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**	**88.754**	**0**	**88.754**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	45.085	0	45.085	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	20.142	0	20.142	0
	E.	Other current liabilities	4.707	0	4.707	0
	F.	Accrued charges and deferred income	18.819	0	18.819	0
		TOTAL LIABILITIES	**515.908**	**0**	**520.057**	**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 2018 no transfers took place between the different levels of the 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**	**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**	**349.368**	**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
		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	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**	**32.414**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	10.590	0	10.590	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	10.848	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**	**349.368**	**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	40-125	15-130
Market rental value - Weighted Average (EURO /m²)	46,34	53,03	51,39
Equivalent Yield (Min - Max.) (%)	6,00%-7,75%	5,60%-7,50%	5,00%-7,27%
Equivalent Yield - Weighted Average (%)	6,68%	6,26%	5,89%
Gemiddelde inflatie (%)	2,20%	1,90%	1,83%
Actual rent huur compared to market rental value (%)	106,77%	93,75%	100,41%

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 2017:

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%

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 reimbursements for these certificates are time-dependent, ie as soon as the solar panels are operational, a request for a certificate is submitted. With a certain capital, you as the owner are then entitled to compensation. However, these fees decreased year after year (in 2011 it was € 330 per certificate, in 2018 it was € 65 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 31/12/2018, compared with the contracted hedging instruments. The fair value of the derivatives as of 31/12/2018 was € 10,473K. 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 31/12/2018, the average age of the outstanding swaps), Montea has calculated a "non-performance risk" of € 287 K, a decrease of € 131K with respect to 31/12/2017. 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 € 10,186 K in level II. The decrease in non-performance risk is largely due to the limited restructuring of derivative instruments during the past financial year.
The non-performance risk as at December 31, 2017 was € 418 K.

4. Financial obligations

Financial obligations consist of 4 bond loans issued, the drawn down lines of credit totalling € 350 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 31/12/2018, they are classified in level 2 (market value in the active market for an equivalent product). The fair value of the fixe rate bonds differs from the current book value given the evolution in the euribor interest rate, which makes the fair value of these bonds € 4.1 million higher than 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 2018

		(EUR x 1.000)	31/12/2018 BE	31/12/2018 FR	31/12/2018 NL	31/12/2018 Elim.	31/12/2018 Conso
I.		**NON-CURRENT ASSETS**	**601.067**	**136.717**	**308.049**	**-135.407**	**910.426**
	A.	Goodwill	0	0	0	0	0
	B.	Intangible assets	374	0	0	0	374
	C.	Investment properties	452.264	136.669	307.940	0	896.873
	D.	Other tangible assets	13.018	21	109	0	13.149
	E.	Non-current financial assets	135.408	0	0	-135.407	1
	F.	Finance lease receivables	0	0	0	0	0
	G.	Trade receivables and other non-current assets	2	26	0	0	29
	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**	**212.808**	**6.355**	**10.931**	**-191.044**	**39.051**
	A.	Assets held for sale	0	2.377	0	0	2.377
	B.	Current financial assets	0	0	0	0	0
	C.	Finance lease receivables	0	0	0	0	0
	D.	Trade receivables	9.334	2.766	3.499	0	15.599
	E.	Tax receivables and other current assets	198.481	11	6.419	-191.044	13.867
	F.	Cash and cash equivalents	3.258	464	912	0	4.634
	G.	Deffered charges and accrued income	1.735	737	101	0	2.574
		TOTAL ASSETS	**813.875**	**143.072**	**318.980**	**-326.451**	**949.477**
		TOTAL SHAREHOLDERS' EQUITY	**323.112**	**85.552**	**180.328**	**-155.424**	**433.569**
I.		**Shareholders' equity attributable to the shareholders of the parent company**	**323.094**	**85.552**	**180.328**	**-155.424**	**433.550**
	A.	Share capital	256.063	0	72.065	-72.065	256.063
	B.	Share premiums	100.891	0	0	0	100.891
	C.	Reserves	-57.709	70.268	82.820	-83.359	12.020
	D.	Net result of the financial year	23.848	15.284	25.443	0	64.575
II.		**Minority interests**	**19**	**0**	**0**	**0**	19
		LIABILITIES	**490.763**	**57.520**	**138.652**	**-171.027**	**515.908**
I.		**Non-current liabilities**	**426.011**	**1.143**	**0**	**0**	**427.155**
	A.	Provisions	0	0	0	0	0
	B.	Non-current financial debts	415.825	1.143	0	0	416.968
	C.	Other non-current financial liabilities	10.186	0	0	0	10.186
	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**	**64.752**	**56.377**	**138.652**	**-171.027**	**88.754**
	A.	Provisions	0	0	0	0	0
	B.	Current financial debts	45.085	0	0	0	45.085
	C.	Other current financial liabilities	0	0	0	0	0
	D.	Trade debts and other current debts	7.754	2.500	9.888	0	20.142
	E.	Other current liabilities	9	51.292	124.652	-171.245	4.707
	F.	Accrued charges and deferred income	11.903	2.585	4.112	219	18.819
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**813.875**	**143.072**	**318.980**	**-326.451**	**949.477**

The fair value of the property investments in Belgium amounted to €452.2 million for 2018, €59.1 million higher than the fair value of the property investments in Belgium in 2017. This increase is mainly due to the:

- the delivery of the site in Bilzen, let to Carglass, in Q2 2018;
- the delivery of the renovation works at the site in Milmort, let to EC Hub and Sinotrans in Q4 2018;
- the delivery of a customized development at Flexport, Liège Airport, let to Pollet Groep[22], LCA, Easylog & Sinotrans in Q4 2018;
- the delivery of a distribution centre in Bornem, let to Edialux (member of the Pelsis Group, where a production department is also established alongside the logistics activities) in Q4 2018;
- the delivery of a customized distribution centre in Brucargo, let to Worldwide Flight Services (WFS) in Q4 2018; and
- the increase of the fair value of the existing portfolio.

The fair value of property investments including assets for sale in France amounted to €136.7 million for 2018, €28.2 million over the fair value of property investments in France in 2017, mainly to due to:

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

The fair value of property investments in the Netherlands amounted to €307.9 million for 2018, €103.1 million over the fair value of the property investments. This increase is mainly due to:

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

Note 40.2: 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**

Note 40.3: Segmented profit-and-loss account for 2018

	(EUR x 1.000)	31/12/2018 BE	31/12/2018 FR	31/12/2018 NL	31/12/2018 Elim.	31/12/2018 12 maanden
I.	Rental income	28.182	8.782	15.932	0	52.896
II.	Write-back of lease payments sold and discounted	0	0	0	0	0
III.	Rental-related charges	-2.928	-85	0	0	-3.012
	NET RENTAL INCOME	**25.254**	**8.697**	**15.932**	**0**	**49.883**
IV.	Recovery of property charges	0	0	0	0	0
V.	Recovery of charges and taxes normally borne by tenants on let properties	3.458	1.915	473	0	5.847
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	-3.715	-2.121	-657	0	-6.493
VIII.	Other rental-related income and expenses	2.603	211	16	0	2.831
	PROPERTY RESULT	**27.600**	**8.704**	**15.764**	**0**	**52.068**
IX.	Technical costs	-3	-3	0	0	-6
X.	Commercial costs	-87	-43	0	0	-130
XI.	Charges and taxes of un-let properties	0	0	0	0	0
XII.	Property management costs	-1.025	-509	0	0	-1.534
XIII.	Other property charges	-39	-22	0	0	-60
	PROPERTY CHARGES	**-1.153**	**-577**	**0**	**0**	**-1.730**
	PROPERTY OPERATING RESULT	**26.447**	**8.127**	**15.764**	**0**	**50.338**
XIV.	General costs of the company	-3.333	-543	-348	0	-4.224
XV.	Other operating income and expenses	-6	-54	0	0	-61
	OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**23.108**	**7.529**	**15.416**	**0**	**46.053**
XVI.	Result on disposal of investment properties	0	3	0	0	3
XVII.	Result on disposal of other non-financial assets	0	0	0	0	0
XVIII.	Changes in fair value of investment properties	8.418	9.613	13.945	0	31.975
XIX.	Other portfolio result	0	0	0	0	0
	OPERATING RESULT	**31.525**	**17.145**	**29.361**	**0**	**78.031**
XX.	Financial income	5.661	2	10	-5.582	91
XXI.	Net interest charges	-10.586	-1.707	-3.526	5.582	-10.237
XXII.	Other financial charges	-55	-25	-13	0	-92
XXIII.	Changes in fair value of financial assets and liabilites	-3.127	0	0	0	-3.127
	FINANCIAL RESULT	**-8.107**	**-1.730**	**-3.529**	**0**	**-13.366**
XXIV.	Share in the result of associates and joint ventures	0	0	0	0	0
	PRE-TAX RESULT	**23.419**	**15.415**	**25.831**	**0**	**64.665**
XXV.	Corporate taxes	430	-131	-388	0	-89
XXVI.	Exit tax	0	0	0	0	0
	TAXES	**430**	**-131**	**-388**	**0**	**-89**
	NET RESULT	**23.848**	**15.284**	**25.443**	**0**	**64.575**
	EPRA RESULT	**18.558**	**5.668**	**11.499**	**0**	**35.724**
	Weighted average number of shares	12.100	12.100	12.100	0	12.100
	NET RESULT PER SHARE	**1,97**	**1,26**	**2,10**	**0,00**	**5,34**
	EPRA RESULT PER SHARE	**1,53**	**0,47**	**0,95**	**0,00**	**2,95**

The changes in the fair value of investment properties amounting to € 31.9 million are due to the positive variation in Belgium, France and the Netherlands.

The positive change in fair value in France and the Netherlands 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 and the Netherlands in 2018.

Note 40.4: 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 “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 31/12/2018, the interest rate risk on lines of credit with variable interest rates was 90.8% 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 2018, would have a limited impact of € 0.4 million on the total financial cost.

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[119] and by gearing receipts and payments as closely as possible to each other.

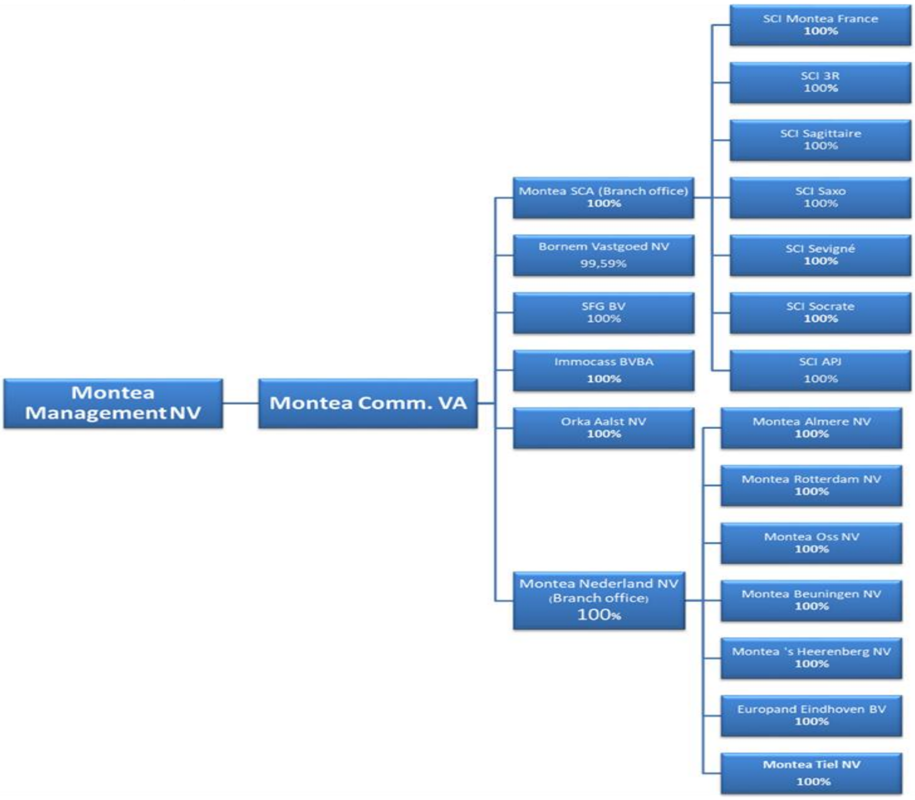
Note 42: Transactions between associate companies

The transactions between associate companies is limited to the management fee between the Statutory Manager Montea Management NV and Montea Comm. VA. Furhtermore, Montea confirms that there are no transactions between associate companies at conditions that do not comply with market standards.
At the end of the financial year 2018 the following items were included in the financial statements:

Operational result – Remunerations statutory manager:	€ 667 K
Debt – Current account Montea Management NV:	€ 0 K

[119] As of 31/12/2018, Montea had € 355.0 million in lines of credit, of which € 350.0 million was already drawn down. This means that Montea still has € 5.0 million available.

Below you will find the group structure in tabular form:



Note 43: Off-balance sheet liabilities

For the 2018 FY, there is one off-balance sheet obligation, a bank guarantee in the amount of 333,673.23, in favor of De Scheepvaart NV, in the context of the concession agreement in Bilzen that was concluded with De Scheepvaart NV. This bank guarantee is valid until 30/12/2042.

Note 44: Events after 31 December 2018

New financing

In the beginning of 2019, €25 million in short-term credit facilities were repaid prematurely. A new loan (with a term of 8 years) of €30 million was taken out in the same period. Furthermore, in February 2019, a bridge loan was taken out for a total amount of €40 million. The weighted average term[34] of the financial debt to date thus amounts to 4.9 years.

21/02/2019

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

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

Covering an area of 220,000 m², the land is let to Koopman Logistics Group for a period of 12.5 years. The location is excellent, on the A2 motorway and the Juliana Canal. It also offers direct access to the Born Barge & Rail terminal for the distribution of containers to Antwerp and Rotterdam harbours. This transaction represents a total investment value of ca. €37.0 million (in line with the investment value determined by the property experts), generates an immediate net initial return of ca. 5.4% and has a future development potential of 120,000 m² of first-rate logistics space at a top location.

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

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

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

Covering ca. 28,200 m², the plot of land is superbly situated to the east of Lyon and the A42 motorway. A logistics building of ca. 10,000 m² can be developed on it. This transaction represents a total investment value of €3.5 million. Talks with candidate lessees are in full swing. Montea expects to develop this plot of land within a period of 2 years.

Quadruplication of the total surface area of solar panels: 225,000 m² new solar panels in Belgium and 110,000 m² of new solar panels in the Netherlands for an investment of ca. €23.8 million

Montea is continuing its ambitious plans for the sustainability of its portfolio in 2019. In Belgium, ca. €14.2 million will be invested in new projects (under the usual conditions precedent). In addition, various solar projects will be launched for the first time for an investment value of ca. €9.6 million. With this new investment, the total surface of solar panels in portfolio will be more than quadrupled and energy will be generated for more than 10,000 households. The annual income from this investment will amount to ca. €3.2 million.

21/02/2019

Announced capital increase

Montea announced a capital increase for an amount of €160.0 million within the authorized capital with irreducible allocation right.

8.8 Statutory auditor's report to the general meeting of the company Montea Comm VA for the year ended 31 December 2018

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 2018

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 2018, the consolidated statement of comprehensive income before profit appropriation, the consolidated comprehensive income before the distribution of profit, the summary of the variation in the consolidated equity capital and reserves and the consolidated cash flow summary for the year ended 31 December 2018 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 9 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 2018, the consolidated statement of comprehensive income before profit appropriation, the consolidated comprehensive income before the distribution of profit, the summary of the variation in the consolidated equity capital and reserves and the consolidated cash flow summary for the year ended 31 December 2018 and the disclosures, which show a consolidated balance sheet total of € 949.477 thousand and of which the consolidated income statement shows a profit for the year of € 64.575 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 2018, 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.

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 IFRS 9 "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.

- 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 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.

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:

- Synthesis of the financial results p.68-79
- EPRA Performance Measures p.209-218
- Detail of the calculation of the APMs used by Montea p.219-221

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, 17 April 2019

Ernst & Young Bedrijfsrevisoren CVBA
Statutory auditor
Represented by

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

19JK0203

8.9 Statutory financial accounts in shortened form of Montea Comm. VA as of 31 December 2018

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 2018 (in thousands of EUR)

BALANCE SHEET EUR (x 1.000)	IFRS 12 months	IFRS 12 months	IFRS 12 months
ASSETS			
NON-CURRENT ASSETS	**720.107**	**530.006**	**435.415**
A. Goodwill	0	0	0
B. Intangible non-current assets	374	168	189
C. Investment properties	493.476	344.335	281.813
D. Other tangible non-current assets	11.141	10.748	10.093
E. Financial non-current assets	215.097	174.723	143.288
F. Finance lease receivables	0	0	0
G. Trade receivables and other non-current assets	19	33	32
H. Deferred taxes - Assets	0	0	0
CURRENT ASSETS	**200.259**	**200.656**	**150.881**
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	10.024	7.727	6.191
E. Tax receivables and other current assets	185.795	189.822	104.684
F. Cash and cash equivalents	2.779	1.924	2.406
G. Deferred charges and accrued income	1.661	1.184	18.769
TOTAL ASSETS	**920.366**	**730.662**	**586.297**

LIABILITIES			
SHAREHOLDERS' EQUITY	**433.098**	**332.520**	**251.472**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**433.079**	**332.502**	**251.472**
A. Capital	256.063	232.938	200.292
B. Share premium	100.891	66.641	32.439
C. Reserves	11.550	-3.615	-17.232
D. Net result of the financial year	64.575	36.538	35.971
LIABILITIES	**487.268**	**398.142**	**334.825**
NON-CURRENT LIABILITIES	**425.431**	**384.287**	**309.647**
A. Provisions	0	0	0
B. Non-current financial debts	415.244	372.579	284.843
C. Other non-current financial liabilities	10.186	11.707	24.804
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	**61.838**	**13.856**	**25.178**
A. Provisions	0	0	0
B. Current financial debts	45.000	2.184	10.590
C. Other current financial liabilities	0	0	0
D. Trade debts and other current debts	3.931	2.738	6.618
E. Other current liabilities	0	416	127
F. Accrued charges and deferred income	12.907	8.517	7.844
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**920.366**	**730.662**	**586.297**

8.9.2 Statutory profit and loss account as of 31 December 2018 (in thousands of EUR)

PROFIT AND LOSS ACCOUNT EUR (x 1.000)	IFRS 12 months	IFRS 12 months	IFRS 12 months
I. Rental income (+)	32.210	22.921	25.581
II. Write-back of lease payments sold and discounted (+)	0	0	0
III. Rental-related charges (+/-)	-2.928	-1.489	-1.305
NET RENTAL RESULT	**29.283**	**21.432**	**24.277**
IV. Recovery of property charges (+)	0	0	0
V. Recovery of charges and taxes normally payable by tenants on let properties (+)	4.393	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	0
VII. Charges and taxes normally borne by tenants on let properties (-)	-4.707	-3.845	-3.871
VIII. Other rental-related charges and income (+/-)	2.455	3.269	1.298
PROPERTY RESULT	**31.424**	**24.203**	**25.009**
IX. Technical costs (-)	-4	-23	-55
X. Commercial costs (-)	-87	-117	-82
XI. Charges and taxes of un-let properties (-)	0	0	-31
XII. Property management costs (-)	-1.114	-684	-336
XIII. Other property charges (-)	-43	-37	-41
PROPERTY CHARGES	**-1.248**	**-861**	**-545**
PROPERTY OPERATING RESULT	**30.176**	**23.342**	**24.464**
XIV. General costs of the company (-)	-3.564	-3.352	-3.434
XV. Other operating income and expenses (+/-)	2.237	206	713
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**28.850**	**20.196**	**21.743**
XVI. Result on sale of investment properties (+/-)	0	0	7.067
XVII. Result on sale of other non-financial assets (+/-)	0	0	0
XVIII. Changes in fair value of investment properties (+/-)	15.567	407	262
XIX. Other portfolio result (+/-)	0	0	0
OPERATING RESULT	**44.417**	**20.602**	**29.072**
XX. Financial income (+)	11.540	9.073	4.830
XXI. Net interest charges (-)	-12.204	-11.962	-8.892
XXII. Other financial charges (-)	-70	-73	-113
XXIII. Changes in fair value of financial assets and liabilities (+/-)	20.547	19.543	11.297
FINANCIAL RESULT	**19.813**	**16.581**	**7.123**
PRE-TAX RESULT	**64.230**	**37.183**	**36.195**
XXV. Corporate taxes (-)	345	-645	-223
XXVI. Exit tax (-)	0	0	0
TAXES	**345**	**-645**	**-223**
NET RESULT	**64.575**	**36.538**	**35.971**
Average Number of shares in the period	12.100	10.393	9.013
Number of shares in circulation entitled to the result on the period	12.815	11.611	9.212
NET RESULT (normal / diluted) PER SHARE in euro	**5,34**	**3,52**	**3,99**
NET RESULT PER SHARE in euro	**5,04**	**3,15**	**3,90**

8.9.3 Abbreviated statutory statement of comprehensive income before profit appropriation at 31 December 2018 (in thousands of EUR)

Abbreviated statutory statement of compr. income before profit appropriation (EUR x 1.000)	**31/12/2018** 12 months	**31/12/2017** 12 months	**31/12/2016** 12 months
Net result	**64.575**	**36.538**	**35.971**
Other elements of the global result	**10**	**484**	**-720**
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
Variations in the effective part of the fair value of admitted hedging instruments in a cah flow hedge			
	10	484	-720
Items not taken in the result:	10	**484**	**-720**
Impact of changes in faire value of solar panels			
	64.585	**37.021**	**35.251**
Global result			
Attributable to:			
Shareholders of the main company	64.585	**37.021**	35.251
Minorities	0	0	0

8.9.4 Proposal for appropriation as of 31 December 2018 (in thousands of EUR)

RESULT FOR APPROPRIATION EUR (x 1.000)		IFRS 12 months	IFRS 12 months	IFRS 12 months
A.	**NET RESULT**	**64.575**	**36.538**	**24.024**
B.	**ADDITION TO / WITHDRAWAL FROM RESERVES (-/+)**	**-36.768**	**-11.343**	**-5.325**
1.	**Addition to / withdrawal from reserves for the (positive or negative) net amount in the changes in fair value of investment properties (-/+)**	**-31.975**	**-3.204**	**-462**
1a.	financial year	-31.975	-3.204	-462
1b.	previous financial years	0	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**	**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**	**0**
3a.	financial year	0	0	0
3b.	previous financial years	0	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**	**0**
4a.	financial year			
4b.	previous financial years	0	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 (-)**	**3.127**	**0**	**-438**
5a.	financial year	3.127	0	-438
5b.	previous financial years	0	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**	**-5.791**	**0**
6a.	financial year	0	-5.791	0
6b.	previous financial years	0	0	0
7.	**Addition to / withdrawal from reserves of the net amount of exchange rate differences on monetary assets and liabilities (-/+)**	**0**	**0**	**0**
8.	**Addition to / withdrawal from reserves of deferred taxes on investment properties located abroad (-/+)**	**0**	**0**	**0**
9.	**Addition to / withdrawal from reserves for the dividends received, used for the reimbursement of the financial debts (-/+)**	**0**	**0**	**0**
10.	**Addition to / withdrawal from other reserves (-/+)**	**-7.919**	**-2.348**	**-4.425**
11.	**Addition to / withdrawal from results carried forward from previous financial years (-/+)**	**0**	**0**	**0**
C.	**REMUNERATION OF THE CAPITAL IN ACCORDANCE WITH ART. 13**	**22.981**	**13.499**	**9.910**
D.	**REMUNERATION OF THE CAPITAL, - OTHER THAN C**	**4.827**	**11.696**	**8.790**

8.9.5 Mandatory distribution as of 31 December 2018 (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 12 months
Positive difference (1) - (2)	**22.981**
80% of the amount defined by the scheme in Annex C of Chapter III (1)	**22.981**
Corrected result (A) + net gains (B)	28.726
Corrected Result + net realized gains on property not exempt from the mandatory distribution (A)	28.726
Net result	64.575
+ Amortizations	203
+ Depreciations	61
- Write-back of depreciations	0
- Write-back of lease payments sold and discounted	0
+/- Other non-monetary elements	-20.547
+/- Result on sale of property	0
+/- Changes in fair value of property	-15.567
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	86.257
Total Liabilities	89.126
Non-current liabilities - authorized hedges	-1.521
Non-current liabilities - provisions	0
Non-current liabilities - deferred taxes	0
Current liabilities - authorized hedges	0
Current liabilities - provisions	0
Current liabilities - transitory Accounts	4.390

According to this calculation Montea is obliged to pay a dividend of € 22,981 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 € 50,351K after paying the proposed dividend of € 2.26 per share.

ARTICLE 617 OF THE COMPANY CODE EUR (x 1.000)	IFRS 12 months	IFRS 12 months	IFRS 12 months
Paid-up capital or if larger, called-up capital (+)	256.063	232.938	200.292
Share premium account unavailable for distribution according to the articles of association (+)	100.891	66.641	32.439
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 (+/-)	-4.028	-14.762	-24.188
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	0	-2	-2
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 (+)	0	1	1
Legal reserve (+)	841	841	835
Non-distributable shareholders' equity in accordance with Article 617 of the company code	**353.767**	**285.657**	**209.377**
Net assets before distribution of dividends	433.079	332.502	251.472
Proposed dividend payments	28.961	22.495	20.998
Net assets after distribution of dividends	**404.118**	**310.006**	**230.473**
Remaining margin after dividend distribution	**50.351**	**24.349**	**47.038**

The remaining margin, after dividend payment, has risen at the end of 2018 to € 50,351 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 capita land reserves as of 31 December 2018

CHANGES IN SHAREHOLDER EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Shareholders' equity
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
ON 31/12/2017	**232.938**	**66.641**	**-3.615**	**36.538**	**0**	**332.502**
Elements directly recognized as equity	**23.125**	**34.250**	**2**	**0**	**0**	**57.377**
Capital increase	23.125	34.250	0	0	0	57.375
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	0	0	0	0
Positive change in value of solar panels (IAS 16)	0	0	0	0	0	0
Own shares	0	0	2	0	0	2
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	**256.063**	**100.891**	**-3.614**	**36.538**	**0**	**389.879**
Dividends	0	0	-21.375	0	0	-21.375
Result carried forward	0	0	36.538	-36.538	0	0
Result for the financial year	0	0	0	64.575	0	64.575
ON 31/12/2018	**256.063**	**100.891**	**11.549**	**64.575**	**0**	**433.079**

8.9.8 Statement of 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	14,8	2,5	17,3	16,6
Number of actuel hours worked	101	24.561,50	3.811,50	28.373,00	27.824,00
Employee costs	102	1.599.308,00	141.034,00	1.740.342,00	1.604.502,00
Benefits on top of wages	103	xxxxxxxxxxx	xxxxxxxxxxx	39370	37175

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	15,0	2,0	16,7
Agreement for an indefinite period	110	15,0	2,0	16,7
Agreement for a definite period	111	0,0	0,0	0,0
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	11,0	0,0	11,0
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	4,0	0,0	4,0
Women:	121	4,0	2,0	5,7
primary education	1210	0,0	0,0	0,0
secundary education	1211	1,0	1,0	1,9
higher non-university	1212	1,0	1,0	1,8
university	1213	2,0	0,0	2,0
According to profession level				
Management	130	0,0	0,0	0,0
Non-management	134	12,0	2,0	13,7
Laborer	132	0,0	0,0	0,0
Other	133	0,0	0,0	0,0

8.10 EPRA perform measures[120]

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.

[120] No EPRA performance indicator was audited by the auditor except for the EPRA earnings, EPRA NAV and EPRA NNNAV. The publication of these data is not mandatory according to the RREC regulation and is not subject to review by a public body.

A) Summary table of the EPRA performance measures

Definition	Purpose		31/12/2018	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.	K€	**35.724**	**26.785**	**24.018**
		€ / share	**2,95**	**2,58**	**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.	K€	**443.735**	**344.521**	**276.650**
		€ / share	**34,63**	**29,67**	**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.	K€	**437.699**	**338.308**	**258.419**
		€ / share	**34,16**	**29,14**	**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.		**6,4%**	**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.		**6,4%**	**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.		**1,5%**	**3,2%**	**1,1%**
G) EPRA COST RATIO (incl. vacancy charges)					
			11,7%	**12,2%**	**13,3%**
EPRA COST RATIO (excl. vacancy charges)					
			11,3%	**11,6%**	**13,2%**

B) EPRA result – EPRA result per share

EPRA earnings

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

C) EPRA NAV – EPRA NAV per share

EPRA NAV

	(in EUR X 1 000)	31/12/2018	31/12/2017
	IFRS NAV	**433.550**	**332.911**
	NAV per share (€/share)	**33,83**	**28,67**
	Effect of exercise of options, convertible debt and other equity instruments		
	Diluted net asset value after effect of exercise of options, convertible debt and other equity instruments	**433.550**	**332.911**
	To exclude		
(iv)	IV. Fair value of financial instruments	10.186	11.611
	EPRA NAV	**443.735**	**344.522**
	Number of shares in circulation per end period	12.814.692	11.610.531
	EPRA NAV per share (€/share)	**34,63**	**29,67**

- EPRA NNNAV – EPRA NNNAV per share

EPRA NNNAV

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

D) EPRA NIY & EPRA 'topped-up' NIY

(in EUR x 1000)		31/12/2018				31/12/2017			
		BE	FR	NL	TOTAL	BE	FR	NL	TOTAL
Investment property – wholly owned		447.653	139.034	326.550	913.236	396.886	108.463	213.379	718.729
Investment property – share of JVs/Funds									
Trading property (including share of JVs)									
Less: developments		-9.785		-18.610	-28.395	-25.966	-14.122	-8.352	-48.440
Completed property portfolio		**437.867**	**139.034**	**307.940**	**884.841**	**370.920**	**94.341**	**205.027**	**670.288**
Allowance for estimated purchasers' costs		9.177	9.844	21.556	40.576	8.954	6.744	14.352	30.049
Gross up completed property portfolio valuation	**B**	**447.044**	**148.877**	**329.496**	**925.417**	**379.874**	**101.085**	**219.379**	**700.338**
Annualised cash passing rental income		34.736	8.649	19.289	62.675	27.386	7.397	13.443	48.227
Property outgoings (incl. ground rents)		-3.527	-135	-184	-3.846	-2.582	-26	-202	-2.810
Annualised net rents	**A**	**31.209**	**8.514**	**19.105**	**58.828**	**24.804**	**7.371**	**13.242**	**45.417**
Add: Rent free periods or other lease incentives		80			80	145		134	279
Topped-up net annualised rent	**C**	**31.289**	**8.514**	**19.105**	**58.908**	**24.949**	**7.371**	**13.375**	**45.696**
EPRA NIY	**A/B**	**7,0%**	**5,7%**	**5,8%**	**6,4%**	**6,5%**	**7,3%**	**6,0%**	**6,5%**
EPRA "topped-up" NIY	**C/B**	**7,0%**	**5,7%**	**5,8%**	**6,4%**	**6,6%**	**7,3%**	**6,1%**	**6,5%**

E) EPRA vacancy rate

EPRA VACANCY RATE

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

- EPRA cost ratio

EPRA Cost Ratios		31/12/2018	31/12/2017	31/12/2016
(i) Administrative/operating expense line per IFRS income statement		**6.428**	**5.541**	**5.492**
(iii) Management fees less actual/estimated profit element		-330	-471	-290
EPRA Costs (including direct vacancy costs)	**A**	**6.098**	**5.071**	**5.203**
(ix) Direct vacancy costs		-234	-277	-31
EPRA Costs (excluding direct vacancy costs)	**B**	**5.864**	**4.794**	**5.172**
(x) Gross Rental Income less ground rents – per IFRS		52.120	41.396	39.104
Gross Rental Income	**C**	**52.120**	**41.396**	**39.104**
EPRA Cost Ratio (including direct vacancy costs)	**A/C**	**11,7%**	**12,2%**	**13,3%**
EPRA Cost Ratio (excluding direct vacancy costs)	**B/C**	**11,3%**	**11,6%**	**13,2%**

- Investment Assets

Overview of the most important operational indicators of the real estate portfolio, per country:

	BE	FR	NL	31/12/2018
Area	672.300 m²	173.982 m²	373.816 m²	**1.220.099 m²**
Avg. Rent / m²	49,5 €/m²	49,7 €/m²	51,6 €/m²	**50,2 €/m²**
Annualized contractual rent passing	33.267 k€	8.649 k€	19.289 k€	**61.205 k€**
ERV	31.157 k€	9.226 k€	19.210 k€	**59.593 k€**
Net Rental Income	25.059 k€	8.577 k€	15.748 k€	**49.383 k€**
Fair Market Value - Investment Assets	423.449 k€	139.034 k€	307.940 k€	**870.423 k€**
Fair Market Value - Solar Panels	12.918 k€	0 k€	98 k€	**13.016 k€**
EPRA Vacancy (based on ERV)	0,3%	7,3%	0,0%	**1,3%**
Lease Term till break	6,9 y	3,3 y	13,6 y	**8,5 y**
Lease Term till end	8,8 y	4,8 y	13,6 y	**9,8 y**

Overview of the rents, broken down by country and by activity of the tenant:

Tenant business sector (k€)	BE	FR	NL	31/12/2018
Industrial	7.645	1.562	3.498	**12.706**
Consumer goods	3.969	5.303	4.384	**13.655**
Primary goods	5.897		4.971	**10.869**
Logistics	14.087	1.405	6.436	**21.928**
Services	1.668	380		**2.047**
Vacancy				
TOTAL Current Rent	**33.267**	**8.649**	**19.289**	**61.205**

Tenant business sector (%)	BE	FR	NL	31/12/2018
Industrial	12%	3%	6%	**21%**
Consumer goods	6%	9%	7%	**22%**
Primary goods	10%		8%	**18%**
Logistics	23%	2%	11%	**36%**
Services	3%	1%		**3%**
Vacancy				
TOTAL Current Rent	**54%**	**14%**	**32%**	**100%**

Overview of the largest tenants in the portfolio, including the share in the total rent:

	Tenant	Current Rent	%
1	DHL aviation	3.299	5,4%
2	Decathlon	2.821	4,6%
3	Recycling REKO	2.805	4,6%
4	DHL Global Forwarding	2.239	3,7%
5	Carglass	1.894	3,1%
6	DSV Solutions	1.764	2,9%
7	Bakkersland	1.764	2,9%
8	Doc Morris	1.494	2,4%
9	Federal Mogul	1.468	2,4%
10	JCL Logistics	1.405	2,3%
11	Barry Callebaut	1.253	2,0%
12	Aware Food Group	1.236	2,0%
13	Delta Wines	1.230	2,0%
14	Jan De Rijk	1.226	2,0%
15	Caterpillar	1.222	2,0%
16	Metro / Makro Cash & Carry Belgium NV	1.200	2,0%
17	Vos Logistics	1.085	1,8%
18	Depa Disposables	1.047	1,7%
19	GVT	1.037	1,7%
20	Dachser	1.037	1,7%
21	NSK	1.011	1,7%
Tenants > 1mio€		**33.538**	**55%**
Tenants < 1mio€		**27.667**	**45%**
TOTAL		**61.205**	**100%**

Overview of the largest (in market value) investment properties within the investment portfolio:

		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	**Tiel** Panovenweg	- REKO Recycling - CRH Struyk	> 30 mio €	95 800	Land	Land	100%	Full ownership	2018	n.a.
2	NL	**Aalsmeer** Japanlaan & Thailandlaan	- Bakkersland - Scotch & Soda	> 30 mio €	46 492	Multi tenant	Logistics	100%	Full ownership	2017	2016 - 2017
3	FR	**Camphin** Chemin des Blatiers	- Danone - GBS - DSM - XPO	> 30 mio €	43 402	Multi tenant	Logistics	100%	Full ownership	2018	2018
4	BE	**Zaventem** Brucargo	- DHL Aviation	> 30 mio €	66 543	Single tenant	Logistics	100%	Long Term superficies	2017	2016
5	BE	**Willebroek** De Hulst	- Decathlon	> 30 mio €	47 046	Single tenant	Logistics	100%	Full ownership	2017	2017
6	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
7	BE	**Genk** Kruisbosstraat	- Carglass (Belron)	20 < x < 25 mio €	46 815	Single tenant	Logistics	100%	Long Term superficies	2018	2018
8	BE	**Zaventem** Brucargo 830	- DHL Gl. Forwarding	20 < x < 25 mio €	28 279	Single tenant	Logistics	100%	Long Term superficies	2012	2012
9	BE	**Gent** Evenstuk	- DSV	20 < x < 25 mio €	48 909	Single tenant	Logistics	100%	Long Term superficies	2013 - 2016	2013 - 2016
10	NL	**'s Heerenberg** Distributieweg	- JCL Logistics	20 < x < 25 mio €	23 031	Single tenant	Logistics	100%	Full ownership	2015	2009

❑ Projectontwikkelingen

Overzicht van de belangrijkste operationele indicatoren van de Projectontwikkelingen, per land en per individueel project:

Site & Location	Country	Development Costs to date	Revaluation	31/12/2017	Estimated costs to completion	At completion	Expected date of completion	Status
de Tyraslaan (land)	**BE**	10.361	-576	**9.785**	Unknown	**9.785**	2020	Commercialization
	BE	**10.361**	**-576**	**9.785**		**9.785**		
Waddinxveen (Isero)	**NL**	10.182	218	**10.400**	10.689	**21.089**	2019	Under construction
Heerlen (DocMorris)	**NL**	8.004	206	**8.210**	11.466	**19.676**	2019	Under construction
	NL	**18.186**	**424**	**18.610**	**22.155**	**40.765**		
TOTAL		**28.547**	**-152**	**28.395**	**22.155**	**50.551**		

Site & Location	Country	Type of Property	Type of Property	% of ownership	Pre-let (%)	Office (m²)	Warehouse (m²)	Mezzanine (m²)	Other (m²)	Total (m²)	Unbuilt Land (m²)	ERV at completion
de Tyraslaan (land)	**BE**	Unknown	Unknown	100%							**59.469**	Unknown
	BE										**59.469**	
Waddinxveen (Isero)	**NL**	Logistics	Multi tenant	100%	60%	2.568	17.985			**20.553**		1.320
Heerlen (DocMorris)	**NL**	Logistics	Single tenant	100%	100%	2.245	19.216	1.830		**23.291**		1.265
	NL					4.813	37.201	1.830		**43.844**		2.585
TOTAL						**4.813**	**37.201**	**1.830**		**43.844**	**59.469**	**2.585**

- ‘Like-for-Like’ growth of the IFRS rent

(in EUR x 1000)	RENT 31/12/2017	LIKE FOR LIKE					NON COMPARABLE			RENT 31/12/2018
		(Rental of) Vacancy	New contract (without vacancy)	Renegotiation	Indexation	Other	New Site	Indexation	Sold Site	
Belgium	18.577	1.114	3	111	267					20.072
France	6.445	-267			90					6.268
The Netherlands	10.506				150					10.657
LIKE for LIKE	35.528	848	3	111	507					36.996
Belgium	3.689						4.295	125	0	8.110
France	632						2.044	9	-171	2.514
The Netherlands	2.057						3.193	25	0	5.276
NON Comparable	6.379						9.532	160	-171	15.899
TOTAL	41.907	848	3	111	507		9.532	160	-171	52.896

Like for Like variation of the year **1.469**

Belgium	44,3%	2,7%	0,0%	0,3%	0,6%					47,9%
France	15,4%	-0,6%			0,2%					15,0%
The Netherlands	25,1%				0,4%					25,4%
LIKE for LIKE	84,8%	2,0%	0,0%	0,3%	1,2%					88,3%
Belgium	8,8%						10,2%	0,3%	0,0%	19,4%
France	1,5%						4,9%	0,0%	-0,4%	6,0%
The Netherlands	4,9%						7,6%	0,1%	0,0%	12,6%
NON Comparable	15,2%						22,7%	0,4%	-0,4%	37,9%
TOTAL	100,0%	2,0%	0,0%	0,3%	1,2%		22,7%	0,4%	-0,4%	126,2%

Like for Like variation of the year **3,5%**

Note:

A building that has been in the investment portfolio during the last 2 full years (i.e. from 01/01/2017 to 31/12/2018) is considered a building that is fully 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)

- Roll Forward of the investment assets

(in EUR x 1000)	INVESTMENT ASSETS 31/12/2017	LIKE FOR LIKE CAPEX	LIKE FOR LIKE Revaluation	NON COMPARABLE Acquisitions	NON COMPARABLE Sold Site	NON COMPARABLE Transfer from/to Development	NON COMPARABLE CAPEX	NON COMPARABLE Revaluation	INVESTMENT ASSETS 31/12/2018
Belgium	279.285	5.716	5.503						290.504
France	96.256	-4.148	8.352						100.460
The Netherlands	129.093	2.789	5.113						136.995
LIKE for LIKE	504.634	4.357	18.968						527.959
Belgium	79.050			0		48.769	-905	6.031	132.945
France	-1.915			6.084	-1.000	30.249	5.827	-672	38.573
The Netherlands	75.749			67.917		16.998	1.275	9.006	170.945
NON Comparable	152.884			74.001	-1.000	96.015	6.198	14.365	342.464
TOTAL	657.518	4.357	18.968	74.001	-1.000	96.015	6.198	14.365	870.423
Like-for-Like variation of the year		23.325							

Belgium	42,5%	0,9%	0,8%						44,2%
France	14,6%	-0,6%	1,3%						15,3%
The Netherlands	19,6%	0,4%	0,8%						20,8%
LIKE for LIKE	76,7%	0,7%	2,9%						80,3%
Belgium	12,0%			0,0%		7,4%	-0,1%	0,9%	20,2%
France	-0,3%			0,9%	-0,2%	4,6%	0,9%	-0,1%	5,9%
The Netherlands	11,5%			10,3%		2,6%	0,2%	1,4%	26,0%
NON Comparable	23,3%			11,3%	-0,2%	14,6%	0,9%	2,2%	52,1%
TOTAL	100,0%	0,7%	2,9%	11,3%	-0,2%	14,6%	0,9%	2,2%	132,4%
Like-for-Like variation of the year		3,5%							

Note:

A building that has been in the investment portfolio during the last 2 full years (i.e. from 01/01/2017 to 31/12/2018) is considered a building that is fully 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').

Analysis remaining duration till first break

ANALYSIS REMAINING DURATION TILL 1st BREAK		BE	FR	NL	TOTAL
	Average remaining duration till 1st break	**6,9 y**	**3,3 y**	**13,6 y**	**8,5 y**
ERV till 1st break	ERV which expires within 1st year	1.355	1.768		**3.123**
	ERV which expires within the 2nd year	1.701	1.166		**2.867**
	ERV which expires between 3rd & 5th year	10.171	3.794	2.128	**16.092**
	ERV which expires after the 5th year	17.930	2.497	17.082	**37.510**
	TOTAL	**31.157**	**9.226**	**19.210**	**59.593**
	ERV which expires within 1st year	2,3%	3,0%		**5,2%**
	ERV which expires within the 2nd year	2,9%	2,0%		**4,8%**
	ERV which expires between 3rd & 5th year	17,1%	6,4%	3,6%	**27,0%**
	ERV which expires after the 5th year	30,1%	4,2%	28,7%	**62,9%**
	TOTAL	**52,3%**	**15,5%**	**32,2%**	**100,0%**
Current Rent till 1st break	Current Rent which expires within 1st year	1.178	1.269		**2.447**
	Current Rent which expires within the 2nd year	1.856	1.245		**3.101**
	Current Rent which expires between 3rd & 5th year	11.349	3.886	2.007	**17.242**
	Current Rent which expires after the 5th year	18.883	2.250	17.282	**38.415**
	TOTAL	**33.267**	**8.649**	**19.289**	**61.205**
	Current Rent which expires within 1st year	1,9%	2,1%		**4,0%**
	Current Rent which expires within the 2nd year	3,0%	2,0%		**5,1%**
	Current Rent which expires between 3rd & 5th year	18,5%	6,3%	3,3%	**28,2%**
	Current Rent which expires after the 5th year	30,9%	3,7%	28,2%	**62,8%**
	TOTAL	**54,4%**	**14,1%**	**31,5%**	**100,0%**

Analysis remaining duration till end contract

ANALYSIS REMAINING DURATION TILL END		BE	FR	NL	TOTAL
	Average remaining duration till end of contract	**8,8 y**	**4,8 y**	**13,6 y**	**9,8 y**
ERV till end of contract	ERV which expires within 1st year	1.355	1.768		**3.123**
	ERV which expires within the 2nd year	1.701	1.166		**2.867**
	ERV which expires between 3rd & 5th year	10.171	3.794	2.128	**16.092**
	ERV which expires after the 5th year	17.930	2.497	17.082	**37.510**
	TOTAL	**31.157**	**9.226**	**19.210**	**59.593**
	ERV which expires within 1st year	2,3%	3,0%		**5,2%**
	ERV which expires within the 2nd year	2,9%	2,0%		**4,8%**
	ERV which expires between 3rd & 5th year	17,1%	6,4%	3,6%	**27,0%**
	ERV which expires after the 5th year	30,1%	4,2%	28,7%	**62,9%**
	TOTAL	**52,3%**	**15,5%**	**32,2%**	**100,0%**
Current Rent till end of contract	Current Rent which expires within 1st year	1.178	1.269		**2.447**
	Current Rent which expires within the 2nd year	1.856	1.245		**3.101**
	Current Rent which expires between 3rd & 5th year	11.349	3.886	2.007	**17.242**
	Current Rent which expires after the 5th year	18.883	2.250	17.282	**38.415**
	TOTAL	**33.267**	**8.649**	**19.289**	**61.205**
	Current Rent which expires within 1st year	1,9%	2,1%		**4,0%**
	Current Rent which expires within the 2nd year	3,0%	2,0%		**5,1%**
	Current Rent which expires between 3rd & 5th year	18,5%	6,3%	3,3%	**28,2%**
	Current Rent which expires after the 5th year	30,9%	3,7%	28,2%	**62,8%**
	TOTAL	**54,4%**	**14,1%**	**31,5%**	**100,0%**

8.11 Detail of the calculation of APMs used by Montea APM's[121]

Result on the portfolio

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

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

Calculation:

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

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

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

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

Calculation:

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

[121] No EPRA benchmark was audited by the auditor except the EPRA result, EPRA NAV and EPRA NNNAV. The publication of the data is not mandatory according to the RREC regulations and is not subject to review by public authorities

Operating margin

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

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

Calculation:

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

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

Average cost of debt

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

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

Calculation:

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

Interest coverage ratio

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

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

Calculation:

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

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 Mrs Greet Hex) and the certified auditor (Ernst & Young Bedrijfsrevisoren, represented by Joeri Klaykens, acting on behalf of an SPRL) 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[122].

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 (2017 and 2016). We refer to the table below for an overview regarding this information:

[122] 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.

	2018	2017	2016
	http://www.montea.com/investor-relations/financial-reports		
Key figures	✓ *Section 4 pag. 28*	✓ *Section 4 pag. 31*	✓ *Section 5 pag. 24*
Property portfolio	✓ *Section 5.2 pag. 31*	✓ *Section 5.2.2 pag. 45*	✓ *Section 6.2.4 pag. 40*
Key ratios	✓ *Section 5.3.6 pag. 52*	✓ *Section 5.4.1 pag. 64*	✓ *Section 6.4.5 pag. 63*
Shortened consolidated result statement	✓ *Section 5.4.1 pag. 56*	✓ *Section 5.4.2 pag. 67*	✓ *Section 6.5.1 pag. 65*
Shortened consolidated statement	✓ *Section 5.4.2 pag. 59*	✓ *Section 6 pag. 115*	✓ *Section 6.5.2 pag. 68*
Stock performance	✓ *Section 6.1 pag. 115*	✓ *Section 6 pag. 115*	✓ *Section 7.1 pag. 121*
Consolidated financial statement	✓ *Section 8 pag. 121->169*	✓ *Section 8 pag. 121 -> 179*	✓ *Section 9 pag. 127 -> 189*
Incl. report of the auditor	✓ *Section 8 pag. 169*	✓ *Section 8.8 pag. 177*	✓ *Section 9.7.2 pag. 175 -> 176*

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[123] 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 30%, giving relief for natural persons residing in Belgium. Withholding tax on dividends from regulated real estate companies, implemented by adjusting art. 269 of the Income Tax Code 1992 pursuant to Article 94 of the Program Law of 25 December 2016 (B.S. 29/12/2016). This change applies to income that is allocated or payable from 1/1/2017. Previously, the withholding tax on dividends was 27%.

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 12.5% (plus 2% supplementary crisis contribution, or 12.75% in total).

9.2.2 The “Société d’investissements immobiliers Cotée” (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.

[123] Calculated based on the schedule stated in Appendix C of the RREC RD.

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

For its property investments in the Netherlands, in September 2013 Montea filed an application for the tax status of a 'Fiscale Beleggingsinstelling' [Tax investment Institution] (hereinafter referred to as FBI) pursuant to Article 28 of the Corporate Tax Act of 1969. Montea has structured its Dutch property investments in Dutch NVs (public limited companies). These entities and Montea Nederland BV constituted a fiscal unit for the levying of corporate tax until 31 December 2018. After this date, Montea Nederland NV and its subsidiaries are liable for taxation separately and each has opted for the FBI status. Montea Tiel NV (incorporated on 31 December 2018) is not included in the fiscal unit for corporate tax. This company is liable for taxation separately as from its date of incorporation and has opted for the FBI status. An FBI is subject to a 0% tax rate in the Netherlands.

The main features (legal requirements) of the FBI are:

- its legal form must be a BV, NV, a mutual fund, or comparable body established under the law of a member state 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 FBIs;
- 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

Acquistion 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 riks	concentration risk pursuant to article 30, §1 to 5 of the Regulated Real Estate Companies Act of 12th May 2014.
Convenants	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.
EPRA result	This concerns the underlying result of the core activities and indicates to what extent 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 real variations of financial instruments. See also www.epra.com..
FBI (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.
Geconsolidated 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	Indice de coût de construction.
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 margin	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 volgens artikel 208-C van de Franse 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.