MONTEA

SPACE FOR GROWTH

ANNUAL REPORT 2016

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

The company is a leading player in this market. Montea literally provides its clients with the space to grow, through flexible and innovative property solutions.

On 31 December 2016 the property portfolio represented a surface of 782,978 m² across 47 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 registration document that was approved by the FSMA.

The person who, pursuant to Article 61, § 1, of the prospectus act is responsible for the content of the annual financial report, is also responsible for the content of the versions of the annual financial report which are translations of the version approved by the FSMA.

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

A version of the annual financial report that was approved by the FSMA can be obtained at the address of the registered office and an online version is available at www.montea.com.

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

The tallying of figures in the tables and annexes mentioned in this annual 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).

This annual financial report is a registration document in the sense of article 28 of the Act of 16th June 2006 relative to the public offering of investment instruments and allowing investment instruments to be traded on a regulated market.

The Dutch version was approved by the FSMA, in accordance with article 23 of the aforementioned law, on 10 April 2017. This approval does not include an assessment of the situation of the Company.

1. Risk factors

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

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

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

1.1 Market risks

1.1.1 Risks associated with the economic climate

a) Description of the risks

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

b) Management of the risks

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

1.1.2 Risks associated with the property market

a) Description of the risks

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

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

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

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

b) Management of the risks

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

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

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

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

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

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

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

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

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

Montea also intends to continue expanding its assets, so that the relative importance of each building in its portfolio remains accordingly limited. We refer to the site Saint-Cyr-en-Val representing 14.9% of the total fair value of the portfolio as of 31/12/2010, while this site by 29/12/2016 only represents 6.8% of the total fair value of the portfolio[3]. This is the result of the increase in the fair value of the property portfolio-buildings. For more information, we refer to section 4.3.1 and 4.3.2 of this annual report).

1.1.3 Concentration risk

In view of the scope of the projects in which Montea invests, there is the risk that it might become too dependent on the continued existence of a particular property entity or a contractual relationship with one particular client.

For this reason, Montea ensures that the risk is spread as much as possible. Under the terms of the RREC Act, Montea is not allowed to conduct any transaction that would result in over 20% of its assets being invested in a single property entity, or where that percentage should increase further if it is already more than 20% for one or more property entities. If the obligations mentioned above are not complied with at the time a transaction is carried out, the Company would have to submit an application to the FMSA for dispensation of the 20% limit or would have to take the necessary measures to return the size of the position back below the threshold of 20%[4].

As of 31st December 2016, none of Montea's client/tenants alone represented 20% of the total rental income nor did any one unit of property represent more than 20% of the portfolio. The contracted rental income of the largest tenant (DHL Global Forwarding) represents 5.5% of the total annual contracted rental income. The value of the largest unit of property in the portfolio represents 5.1% of the total fair value of the portfolio (site Bakkersland in Aalsmeer, the Netherlands).

Also, as an RREC, Montea may invest a maximum 20% of its consolidated assets in "other property", as defined in article 2, 5° vi to x of the RREC Act. As of 31st December 2016, this threshold had not been exceeded by Montea.

1.1.4 Risk of inflation

a) Description of the risks

With fixed interest rates, Montea has only limited exposure to the risk of inflation, because the rental income is indexed annually. The impact of the index for 2016 was € 0.3 million. The impact of the index can be estimated at € 0.4 million[5] with a variation of 100 basis points.

In the event of an increase in the nominal interest rates, a low inflation results in a rise of the real interest rates. This constitutes a significant risk through the increase in financial costs, which can be seen more quickly than the indexation of income.

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[3] This site was sold in the meanwhile. For more information we refer to the press release of 10/01/2017 or www.montea.com.

[4] For more information regarding the 20% rule, please see article 30, § 1 to 5 of the Law dated 12th May 2014 in relation to regulated real estate companies.

[5] Calculated based on Montea's net rental result at 31/12/2016.

b) Management of the risks

Montea has taken the following measures to cover itself against risks of this nature:

Montea controls this risk by including a clause in its lease contracts whereby the current rent is indexed. This clause also sets out a lower limit as the basic rent. Reference in this regard is also made to point 1.2.1 of this annual report.

On the other hand, the risk of rises in real interest rates is limited by taking out IRS-type hedging contracts for the vast majority of the company's funding, with variable interest rates. By doing so, the variable interest rate is swapped for a fixed interest rate. For more information, see point 1.3.3 of this annual report.

1.2 Risks associated with Montea's property portfolio

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

1.2.1 Rental risks

a) Description of the risks

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

Montea is also exposed to the risk of losing rental income due to the departure of tenants when their lease expires. There is a particular risk of it taking longer to find (suitable) new tenants and that when one is found, the new tenant stipulates a lower rent. These factors may have a negative effect on Montea's results. Consequently, the length of its leases also determines Montea's risk profile. At December 31, 2016 the length of the leases is 7.7 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[6], 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.

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[6] ICC – indice de coût de construction.

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

Montea also positions itself, in the context of alliances with third parties (project developers, land-owners, etc.), as an active partner in property developments. In these cases, prior to commencing the construction of a new development, Montea will have already signed a lease agreement with the tenant in question. For more information about these tenants, we refer you to section 4.3.2 of this annual report. Montea does not intend to become involved in speculative development projects (known as “blank” projects for which there are no tenants in place in advance).

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

1.2.2 Management of the real estate portfolio

a) Description of the risks

The Montea team, potentially assisted by external consultants, is responsible for the daily management of the buildings, handles the technical management of the property portfolio[7] 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 2016, a total of € 920K was spent on costs that could not be invoiced on to tenants. In addition, an amount of € 5.9 million was invested in improvement and renovation works to the existing portfolio. This amount corresponds with 1.11% 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.

[7] 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 determine the maintenance and repair costs. Both are closely monitored and coordinated whereby the implementation of the work is sometimes outsourced;
- the level of vacancy and turnover of tenants:
  these determine, inter alia, the cost of unrented space, the cost of re-letting, the costs for renovation and discounts to new clients. The aim of active commercial portfolio management is to minimize these costs.

b) Management of the risks

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

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

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

1.2.4 Risk of destruction of the buildings

a) Description of the risks

An existing risk is the destruction of buildings in the Montea property portfolio as the result of fire, natural disaster, accidents, terrorism, etc.

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[8]), which were established based on the best possible market coverage.

On 31 December 2016, the insured value[9] of the property portfolio amounted to € 227.1 million in Belgium, € 77.7 million in France and € 130.8 million in the Netherlands. These insured values cover to a large extent the fair values of the buildings.

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[8] The average guarantee for loss of rent is approximately 2 years.

[9] This value represented the full new-build value, including non-recoverable VAT.

The following percentages per country are insured by Montea:

- Belgium: 85.4% of the fair value of the sites. This corresponds with a total fair value of € 229,.2 million.
- France: 78.1% of the fair value of the sites. This corresponds with a total fair value of € 73.8 million.
- The Netherlands: 100% of the fair value of the sites. This corresponds with a total fair value of € 169.3 million.

The other percentages are insured by the tenants.

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

a) Description of the risks

Montea 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.

1.2.6 Public domain and airport zones

a) Description of the risks

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

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

b) Management of the risks

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

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

1.2.7 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.

1.2.8 Risks linked to the (impossibililty of) dividend payment

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

a) Description of the risks

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

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

b) Management of the risks

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

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

a) Description of the risks

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

b) Management of the risks

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

1.2.10 Risk of ongoing legal proceedings

a) Description of the risks

This is the risk that Montea is summonsed in legal proceedings concerning financial transactions, real estate agreements and tenant affairs.

b) Management of the risks

Montea complies with the legislation and applies the recommendations contained in the Belgian Corporate Governance Code 2009 as reference code (www.corporategovernancecommittee.be). If litigation is initiated, Montea can call on external advisors to defend its interests.

1.3 Financial risks

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

1.3.1 Debt structure

a) Description of the risks

Under the law, Montea's consolidated or statutory debt ratio may not be more than 65%[10].

Montea has signed market-compliant covenants with its financial institutions, which ensure that its consolidated debt ratio (pursuant to the Royal Decree on regulated real estate companies (according to the RREC RD) may not exceed 60%.

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[10] Article 23 of the Royal Decree issued on 13th July 2014 relating to regulated real estate companies.

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

b) Management of the risks

If the consolidated debt ratio exceeds 50%, a financial plan must be drawn up, pursuant to the Royal Decree on RRECs, containing an execution schedule with a description of the measures that will be taken to prevent this ratio exceeding 65%[11].

At 31st December 2016, the debt ratio was 51.6%[12] (compared with 55.8% at 31st December 2015) at a consolidated level and 49.7% on a statutory level, requiring Montea to draw up a financial plan and execution schedule. The auditor has drafted a special report on the financial plan and the method of its drafting has been verified in accordance with article 24, paragraph 2 of the RREC RD. For more information about the financial plan, please see point 4.5.4 of this annual report.

Montea has a consolidated debt capacity of approximately € 226.0 million before the maximum statutory debt ratio of 65% is reached. This represents a possible growth in the property portfolio of 40.9% (additional growth in the fair value of the property portfolio of € 226.0 million compared with the current fair value of the property portfolio, including the fair value of the solar panels of € 10.0 million and the fair value of the developments of € 10.3 million) funded entirely by debt. Montea has agreed covenants with its banks under which the debt ratio may not exceed 60%.

This means that the consolidated debt capacity is € 124.0 million (additional growth in the fair value of the property portfolio of € 124.0 million compared with the current fair value of the property portfolio, including the fair value of the solar panels of € 10.0 million and the fair value of the developments of € 10.3 million). This represents a possible growth in the property portfolio of 22.5% funded entirely by debt.

Conversely, the current balance sheet structure, if all parameters remain constant, would be able to absorb a reduction in the value of the property portfolio of 22.1% or 15.0% respectively before a maximum debt ratio of 65% or 60% was 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.

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[11] Art. 24 of the Royal Decree relating to regulated real estate companies.

[12] The debt ratio is calculated pursuant to the Royal Decree issued on 13th July 2014 relating to regulated real estate companies.

- **Lines of credit**

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

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

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

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

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

Pursuant to article 5.6.3 of the general terms and conditions for these bond issues, Montea may be obliged to reimburse the bonds issued early if there is a change in the control of Montea. If this should be the case, each bondholder will have the right to require the buyback of his or her bonds by Montea for 100 per cent of their face value, plus any interest accrued but not yet paid, up to (but excluding) the date of early repayment. Pursuant to article 5.6.3 of the respective Terms and Conditions, a change in control over Montea may be deemed to have occurred in the event of a change in control over the Statutory Manager.

In other words, as a result of a change in control over the Statutory Manager, the early repayment of the bonds issued by Montea could be required by the bondholders. Montea Management NV was reappointed as statutory manager of Montea on 23rdst June 2016 for a period of ten years. If Montea Management NV is not reappointed as statutory manager in proper time, this would also be deemed as a change of control pursuant to article 5.6.3 of the respective *Terms and Conditions*.

A mass demand for repayment by the bondholders of the various bond loans may possibly result in Montea not being able to repay the bond loans on their respective maturity dates.

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

b) Management of the risks

As of 31st December 2016, Montea had a total of € 235.0 million in lines of credit, of which € 185.1 million was already drawn down. During 2017, € 10.0 million of these lines of credit fall due and will have to be repaid or refinanced. For more information regarding the financing structure of Montea, please see point 4.5 of this annual report.

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

The liquidity risk is restricted by:

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

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

1.3.3 Risks associated with changes in interest rates

a) Description of the risks

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

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

b) Management of the risks

To hedge the risk of increases in interest rates, Montea conducts a policy whereby part of its financial debt is covered by interest rate hedging instruments. This prudential policy prevents a rise in nominal interest rates without a simultaneous growth in inflation, resulting in an increase in real interest rates. Any rise in real interest rates cannot be offset by an increase in rental income through indexation. It is also a fact that there is always a time lapse between a rise in nominal interest rates and the indexation of rental income.

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

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

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

Montea's total debt position at 31/12/2016 was € 342.8 million. 70.9% of this debt concerns a financial debt with variable interest rates. Thus, 61.3% or € 210.1 million of the total debt position is exposed to variable interest rates. Taking the 3 bond loans with a fixed interest rate into account, outstanding leasing debts and the current hedging instruments make the hedging percentage 110.9%.

In 2016, Montea made profit of the low interest rates to close new hedging instruments for a total amount of € 87.5 million through Interest Rate Swaps with an average duration of 8.5 years at an average interest rate of 0.6%.

The overlap is a direct consequence of the fact that the new hedges have already entered into on December 30, 2016 at the time some of the debts were already redeemed following the sale of 2 French properties while the planned investments were realized only later in Q1 2017. This overdraft is only temporary. Investments of Q1 2017 should lower the hedge ratio below 100%. Montea expects the 2017 investment to reduce the hedge ratio to 85% by year-end if no new hedging instruments are closed.

In addition, during the year 2016, Montea has settled an IRS (interest Rate Swap) contract of a notional amount of € 25.0 million, to subsequently conclude a new hedging at current market conditions. This settlement will have a positive impact on the average funding cost[16] for the coming years, but has a one-time negative impact in 2016 on the financial result of € 2.1 million.

1.3.4 Risks linked to the use of financial derivatives

a) Description of the risks

Every change in the rate curve has an impact on the fair value of the hedging instruments and therefore also on the NAV published under IFRS. Furthermore, there is a counterparty risk against partners from whom derivative financial products have been contracted.

b) Management of risks

Montea books negative changes on the fair value of the interest rate hedging instruments if the interest rates are lower than the rates underlying the IRS. The opposite applies also. These negative or positive changes can impact the net result but have no impact on the EPRA earnings[17] since they concern a non-realised and non-cash item (if the products are held until the expiry date and are not settled early). Negative changes on the fair value of the interest rate hedging instruments were recorded this year.

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16 *Average funding costs: average funding cost over the entire year calculated based on the total financial result compared to the average of the start balance and the end balance of the financial debt charges for 2016 without taking into account the valuation of the hedges. See section 9.10.

17 See Section 9.9

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

Taking account of the financial debts at variable interest rates, the hedging instruments, the bond loans at a fixed interest rate and the fixed interest rates on the financial agreement, the average funding cost in 2016 amounted to 3.0% (including bank margins).[18]

On the basis of the existing debt position on 31 December 2016, and the prevailing short-term interest rates, an increase of 100 basis points in the short-term interest rate would have no impact on the total funding cost, since the entire financial debt position is hedged.

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

1.3.5 Credit risk

a) Description of the risks

The credit risk is the risk of financial loss to the company if a client or counterparty fails to meet its contractual obligations.

b) Management of the risks

The management has a credit policy and the exposure to credit risk is managed on a continuous basis. Each new tenant must be independently examined for creditworthiness before the company makes a lease offer, taking into account a rental guarantee (bank and/or parental guarantee) of 3 or 6 months.

1.3.6 Risks linked to the banking counterparties

a) Description of the risks

Concluding financing contracts or using hedging instruments with a financial institution gives rise to a counterparty risk if that institution remains in default.

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.

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[18] For more information on the financial policy, cf. point 4.5. For the calculation of the average financing cost, see section 9.10.

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%[19].

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. Montea considers this risk to be purely theoretical given that it complies with its obligations.

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 ‘Sociétés d’Investissements Immobiliers Cotées’ (referred to below as SIIC), as stated in article 208 C of the French Income Tax Code (Code général des impôts – CGI).

Non-compliance with or modifications to the rules required by the fiscally transparent system for the business in France may result in the loss of the favourable tax status and hence to the obligation to repay certain loans.

1.4.3 Legislative and fiscal context for FBI

For the purpose of conducting its property investments in the Netherlands, Montea lodged an application in September 2013 to have the ‘Fiscale Beleggingsinstelling’ (referred to below as FBI) tax investment system applied, as stated in article 28 of the Company Tax Act 1969. An FBI is in the Netherlands subject to corporation tax at a 0% rate. This application is being processed by the Dutch Ministry of Finance and the Dutch Tax Administration. In this context, consultations with the Dutch Ministry of Finance and the Dutch Tax Administration are conducted to the extent to which Montea as a shareholder of Montea Nederland NV has to meet the same requirements as the Dutch companies for the application of the FBI regime. Montea operates as a GVV within a regime that is objectively comparable to that of the FBI and believes that it meets the requirements.

Montea has structured its Dutch real estate investments in Dutch NVs. Together with Montea Nederland NV, these entities form a tax entity for the levying of corporate income tax.

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

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

Montea is fully aware that changes may be made to the regulations or that new obligations may be introduced.

Changes to the regulations or new obligations for the Company or its associate parties may have an effect on the yield and value of its assets.

The Company is also subject to the risk of future (unfavourable) changes to the PRREC system. For example, such changes might cause a reduction in the results or intrinsic value or increase the debt ratio (for example simply through the application of new accountancy rules). They might also lower the maximum debt ratio or affect the size of the mandatory payment of dividends made to Montea shareholders.

In addition, new national legislation and regulations might come into effect, or there might be possible changes to the existing legislation and regulations, such as to the existing practices in the tax authorities, as mentioned in Ci.RH.423/567.729 dated 23rd December 2004 issued by the Belgian Ministry of Finance in relation to the calculation of exit tax. Montea calculates the purchaser costs value, as dealt with in the circular, with the deduction of registration charges or VAT, as a result of which the purchaser costs value, as dealt with in the circular, differs from (and may also be lower than) the value of the property, as stated in the IFRS balance sheet of the PRREC.

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

These are risks that relate to the condition of buildings, the quality of the soil, the subsoil and groundwater.

b) Management of the risks

Before it purchases a building, Montea conducts a very thorough examination of all possible discrepancies and environmental risks. To avoid any risk of pollution, Montea also has tests carried out into the quality of the soil, subsoil and groundwater for buildings where activities involving the risk of pollution are or have been carried out. In the event of pollution being demonstrated, Montea does everything it can to control the potential associated risks in a responsible manner. Montea also conducts periodic checks at its facilities where there may be a risk of pollution for the soil.

2. General information

2.1 Responsibilities for the contents of the registration document

The Manager of Montea Management NV, having its registered office at 27 Industrielaan, 9320 Erembodegem, is responsible for the content of this annual financial report. The Manager took all necessary measures to verify this information. He declares that, to the best of its knowledge, the data in this annual financial report correspond to the actual situation, and no data or information have been left out which can have an impact on the content of this annual financial report.

2.2 Auditor

The auditor is appointed by the general meeting of shareholders from a list of auditors accredited by the FSMA. The auditor is Ernst & Young Bedrijfsrevisoren, having its registered office at 2 De Kleetlaan, 1831 Diegem, represented by Mr Joeri Klaykens. The auditor was reappointed at the annual general meeting of shareholders of 17 May 2016 for a 3-year term, i.e. until the annual general meeting of shareholders of 2019.

2.3 Property experts

In accordance with the applicable regulations on the RRECs, the property expert at the end of each financial year values all the buildings of the RREC and its subsidiaries. The property expert appointed by the Company is Jones Lang LaSalle BVBA, Marnixlaan 23, 1000 Brussel, for the assets in Belgium, The Netherlands and France. At the meeting of the Board of Directors on 22nd June 2015, the appointment of Jones Lang LaSalle BVBA, represented by Mr Rod Scrivener, was approved for a period of three years, beginning on 1/07/2015 and ending on 30/06/2018.

2.4 Third party, expert statement and declaration of interests

The statutory Manager, Montea Managmeent NV, certifies that the information provided by the property experts and the certified auditor 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[20].

[20] 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.

3. Alternative Performance Measures (APM)

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

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

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

The most important changes are:

- The EPRA earnings[21] correspond to the former "Net Current Result." The description "Net Current Result" was changed upon the entry into force of the same ESMA guidelines concerning Alternative Performance Measures to Net Result from the core activities, i.e. the EPRA earnings. The use of the term 'current' is no longer compliant, according to these provisions. The name was consequently changed to EPRA earnings as defined in the 'Best Practice Recommendations' of EPRA (European Public Real Estate Association).
- The EPRA earnings per share[22] concern the EPRA earnings on the basis of the weighted average number of shares, which does not correspond with the former heading "Nut Current Result per share" because Montea used shares entitled to dividends as a basis.

[21] See Section 9.9

[22] See Section 9.9

4. Letter to the shareholders

Dear Shareholders,

Montea has registered robust growth ever since it was founded. As a specialist in the logistics real estate sector, Montea has been screening the market for new investment opportunities since 2006. Shortly after it went public, Montea decided to diversify to France. At the end of 2013 it expanded into the Dutch market as well.

With a total investment volume of € 35.3 million (exclusive of the divestment of € 85.1 million in 2016) in Belgium, France and the Netherlands, Montea reaffirmed its growth performance in 2016. In Belgium, Montea was able to take its role of specialist in logistics real estate a step further by delivering the expansion project in Ghent (let to DSV), but also with the site in Willebroek (let to Federal Mogul) and by acquiring the land on which to develop a build-to-suit project in Bornem. Montea moreover pursued its growth on the Dutch market with the acquisition of the De Keten site in Eindhoven (let to Jan De Rijk), and the delivery of the build-to-suit project in Aalsmeer, now used by Bakkersland. In addition, Montea sold three properties in Herentals (let to Kemin), St-Cyr-en-Val (let to FM Logistics) and Tilloy-lez-Cambrai (let to C-Log), thereby confirming that it does not grow for the sake of growing.

In addition to growth, Montea focused also on the performance of the existing portfolio and managed to keep the occupancy rate above 95% throughout the year, to close the year at 98.1%. Furthermore, the company worked on the average term of the lease agreements, which grew further to 7.7 years by the year's end compared to 6.8 years per 31/12/2015.

A third significant achievement in 2016 was keeping the debt ratio under control in this growth story. Montea increased its equity by the contribution in kind for the financing of the project in Willebroek and the optional dividend in the first half of the year, while reducing the level of its borrowed capital through 3 divestments in the second half of the year, which had a lowering impact on the debt ratio. In refinancing and contracting new loans in 2016, due account was taken of the extension of the term (> 5 years), the harmonisation of the financing schemes (±€ 40 million per year that becomes payable) and keeping the average funding cost under control.

The real estate portfolio of 782,978 m², divided over 47 different sites, generates an average net return of 7.32% (contractual annual rental income, exclusive of concession payments compared to the fair value of the real estate portfolio).

The operating margin before the result on the real estate portfolio[23] amounts to 89.6% for the entire year 2016, an increase of 4.4% compared with 2015. The EPRA earnings amount to € 24.0 million, an increase of 13.7% compared with 2015.

The Board of Directors will propose to the general meeting of shareholders of 16 May 2017 to pay out a gross dividend of € 2.11 per share for the entire year 2016, compared with € 2.03 per share for financial year 2015 – an increase of 4%.

Finally, the Board of Directors wishes to thank the entire Montea team for their efforts day in and day out and for their performance in 2016.

Dirk De Pauw
Chairman of the board of directors

Jo De Wolf*
Chief Executive Officer
* Permanent representative of Jo De Wolf SPRL

[23] See section 9.10.

5. Key Figures

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA earnings and the distributable result.

MONTEA SPACE FOR GROWTH		31/12/2016 12 months	31/12/2015 12 maanden
Real estate portfolio			
Real estate portfolio - Buildings (1)			
Number of sites		**47**	**45**
Surface of the real estate portfolio			
Logistics and semi-industrial warehouses	sqm	715.310	682.503
Offices	sqm	67.668	66.506
Total surface	**sqm**	**782.978**	**749.009**
Development potential	sqm	230.344	119.569
Value of the real estate portfolio			
Fair value (2)	K€	532.063	480.721
Investment value (3)	K€	558.167	503.980
Occupancy Rate	**%**	**98,1%**	**96,0%**
Real estate portfolio - Solar panels			
Fair value	K€	9.978	10.369
Real estate portfolio - Projects under construction			
Fair value (2)	K€	10.281	25.640
Consolidated results			
Results			
Net rental result	K€	40.518	34.290
Operating result before the porfolio result	K€	36.304	29.437
Operating margin (5)*	%	89,6%	85,8%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	K€	-11.780	-8.016
EPRA result (7)*	**K€**	**24.018**	**21.097**
Weighted average number of shares		9.722.190	9.012.751
EPRA result per share (8)*	**€**	**2,47**	**2,34**
Result on the portfolio (9)	K€	11.079	2.475
Variations in fair value of the financial instruments (10)	K€	-616	438
Net result (IFRS)	**K€**	**34.481**	**24.010**
Net result per share	**€**	**3,55**	**2,66**
Consolidated balance sheet			
IFRS NAV (excl. minority participations) (11)	**K€**	**251.846**	**208.157**
EPRA NAV (12)*	**K€**	**276.651**	**232.345**
Debts and liabilities for calculation of debt ratio	K€	307.164	306.564
Balance sheet total	**K€**	**594.759**	**549.685**
Debt ratio (13)	**%**	**51,6%**	**55,8%**
IFRS NAV per share	**€**	**25,31**	**22,60**
EPRA NAV per share (14)*	**€**	**27,80**	**25,22**
EPRA NNAV per share (15)*	**€**	**25,31**	**22,60**
Share price (16)	**€**	**46,37**	**39,20**
Premium	**%**	**83,2%**	**73,5%**

(1) Inclusive of real estate intended for sale.
(2) Accounting value according to the IAS/IFRS rules, exclusive of real estate intended for own use.
(3) Value of the portfolio without deduction of the transactions costs.
(4) The occupancy rate is calculated based on m². For the calculation of this occupancy rate no account was taken, nor in the numerator, nor in the denominator, of the 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 9.10.
(6) *Financial result (exclusive of variations in the fair value of the financial instruments): this is the financial result in accordance with the Royal Decree of July 13, 2014 regarding regulated real estate companies excluding the variation in the fair value of the financial instruments, and reflects the actual funding cost of the company.
(7) *EPRA earnings: this concerns the underlying earnings from the core activities and indicates the degree to which the current dividend payments are supported by the profit. These earnings are calculated as the net result (IFRS) exclusive of the result on the portfolio and the variations in the fair value of financial instruments. Cf www.epra.comm and section 9.9.
(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 9.9.
(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 9.10.
(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 9.9.
(13) Debt ratio according to the Royal Decree of 13 July 2014 on regulated real estate companies.
(14) *EPRA NAV per share: The EPRA NAV per share concerns the EPRA NAV on the basis of the number of shares in circulation on the balance sheet date. Cf. www.epra.com and section 9.9.
(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 9.9.
(16) Share price at the end of the period.

6. Management report[24]

6.1 Montea's strategy " Space for Growth "

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

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

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

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

Montea operates according to these three core concepts:

- **Logistics property**

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

- **Pure player**

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

- **End investor**

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

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[24] Chapter 6 “Management report” is the annual report in the sense of articles 96 and 119 of the Company Code.

6.2 Property report[25]

6.2.1 The logistics property market in Belgium

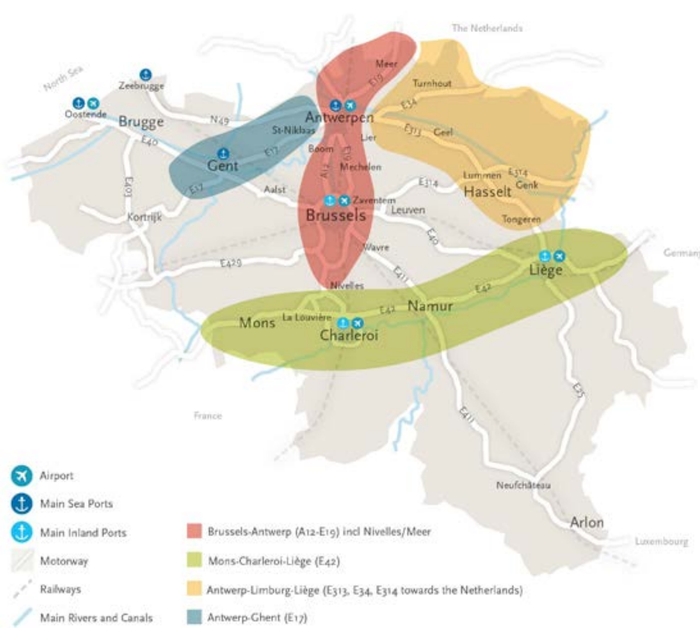
A. The Market

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.

B. Belgian logistics property market

Belgium benefits from its central location in Europe between the biggest European economies (Germany, UK and France). Its geographical position combined with good transport infrastructure, relatively low rental levels, and a well-qualified and multi-lingual workforce contribute to the competitiveness of the country. As at today, 77% of the GDP is concentrated in services, with industry accounting for approximately 22%, with agriculture accounting for the remaining 1%. Belgium has an open economy and one of the highest productivity levels in Europe. In addition, 60% of the buying power in the European Union is concentrated within a 500 kilometre radius centred in Belgium.

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



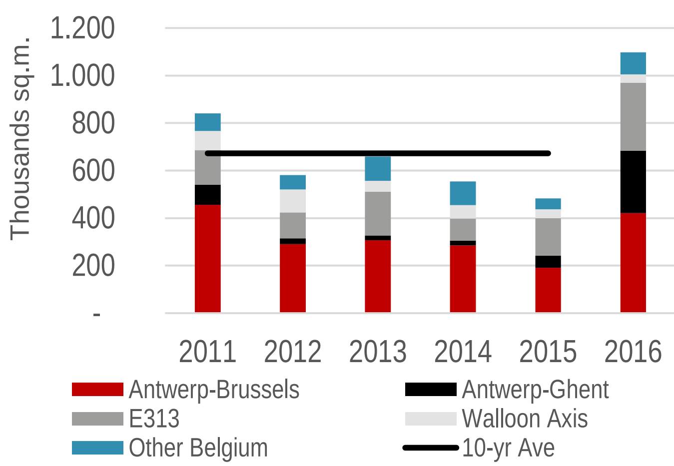
25 Source: Report established by Jones Lange Lasalle on 15/02/2017 This report was prepared at the request of the issuer of which the real estate experts have agreed to the inclusion of the full report in this registration document.

Take-up

In 2016, a record logistics take-up volume of 1,097,700 sq.m. was recorded by JLL. The volume rose 110% vs. 2015 and 63% vs. the annual average recorded in the 5-y period 2011-2015. The 2016 volume is the highest ever recorded by JLL in one single year, just above 2008 and 2007, two pre-crisis years.

Market activity is supported by strategic changes in supply chains, driven by cost efficiency and e-commerce. It is expected that these drivers will result in continued occupier market activity in 2017. In 2016, transactions were largely concentrated in Flanders, in or near the port of Antwerp and on the E313 and Antwerp-Brussels axes.
The annual take-up volume on the Antwerp-Brussels axis exceeded 400,000 sq.m., nearly the total annual volume across all axes registered in 2015 and the fourth best year of the decade.
All-time high volumes were recorded on the Antwerp-Ghent axis and on the E313, the Antwerp-Limburg-Liège axis. Activity on the Antwerp-Ghent axis was concentrated on the left bank of the port of Antwerp.
The Walloon axis performed 43% under its 5-year average in volume with only 3 transactions against an annual average of 6 in the 5-year period 2011-2015.

The total number of transactions in 2016 was 65, 63% up on 2015 and 30% up on the 5-year average. 20 transactions were recorded in the upper market segment above 20,000 sq.m. in 2016, double the annual average of the past 5 years.



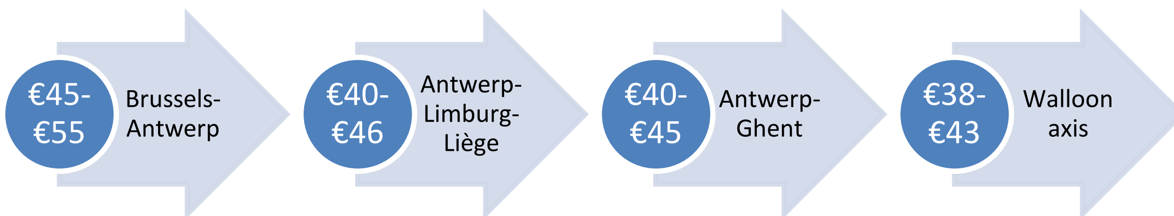
Development

In 2016, over 640,000 sq.m. of new logistics space was delivered in Belgium, in 27 projects, 99% non-speculative. The delivered volume represents a 438% rise year-on-year and is 102% above the 5-year annual average. At the beginning of 2017, another 650,000 sq.m. were under construction in 20 projects, all non-speculative, mainly on the Antwerp-Brussels axis and the E313.
New deliveries in 2016 involved international occupiers such as Mobis Parts, Ceva Logistics and Nike. In 2017, large projects will be delivered for Katoen Natie in the port of Antwerp, for H. Essers in Genk and for bpost in Brussels and for Nedcargo and Decathlon in Willebroek.

As a number of developers specialise in the segment and hold strategic land reserves rather than developing speculatively, turn-key projects can be developed within a limited timeframe. As occupier demand remains uncertain and often focuses on turn-key solutions, non-speculative development will remain the norm in the foreseeable future.

Prime rents

In 2016, variations in prime rents were limited to a 2% rise of the prime rent applicable to the E313 axis, which increased to € 46/sq.m. p.a. in the first half year, a result of the increased market activity, and remained stable since that time.
Prime rents have shown stability in the past five years. Current prime rents vary from € 43 to € 55/m²/year dependent upon the location, the highest prime rents applying to the Brussels-Antwerp axis. The lowest prime rents amount to € 43/m²/year and are valid for logistics property in Ghent and on the Walloon axis.



Top 5 occupier market transactions 2016

Axis	Address	m²	Type	Occupier
Antwerp-Ghent	Loghidden City, Port of Antwerp	100,000	OOC	Katoen Natie
Antwerp-Ghent	Cross-dock project, Kallo	57,000	Letting	Van Moer Group
E313	Antwerp East Port	51,500	Letting	Ceva Logistics
E313	IZ Genk South	50,000	Letting	Carglass
E313	Domuslaan, Olen	50,000	OOC	Domus Logistics
Antwerp-Brussels	MG De Hulst, Willebroek	44,600	Letting	Nedcargo

Investment

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

In 2016, the logistics market segment represented 13 transactions for a total of € 158.8 million, i.e. 71% of the invested volume vs. 29% semi-industrial properties. The largest logistics transactions were the acquisition for € 45 million by Logicor of two buildings occupied by DB Schenker in Willebroek, the acquisition by WDP of 35,000 sq.m. let to Distrilog in Londerzeel and the purchase for € 17.2 million of the site of Neovia Logistics in Puurs, a sale and partial lease-back, another investment by WDP. One logistics property was purchased for own occupation and one for redevelopment, all others were investment transactions, mainly core with an occasional value added and opportunistic transaction. Sellers were mainly corporates, fund managers and developers. REITs, fund managers and corporates dominated the buy-side, mainly Belgian and US investors.

After compressing 25 bps in the first half year, prime logistics yields stabilised at 6.25%, the lowest yield since the previous market peak in 2007 when it reached its record low of 6.15%. The outlook for prime yields is in our view stable.

Investment in logistics 2016 – top 3

Year	Qtr	City	Address	Total sq.m.	Price € Mln.	Yield %	Seller	Buyer
2016	2	Willebroek	Schenker DB	65,000	45		Standard Life Investment	Logicor
2016	3	Londerzeel	Colfridis (Distrilog), Weversstraat 15-17-21-29-34	35,000	22	7.0	Colfridis/ Distrilog	WDP
2016	4	Puurs	Site Neovia Logistics	35,300	17.2		Neovia Logistics	WDP

6.2.2 Dutch logistics market

A. The Netherlands as a gateway to Europe

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

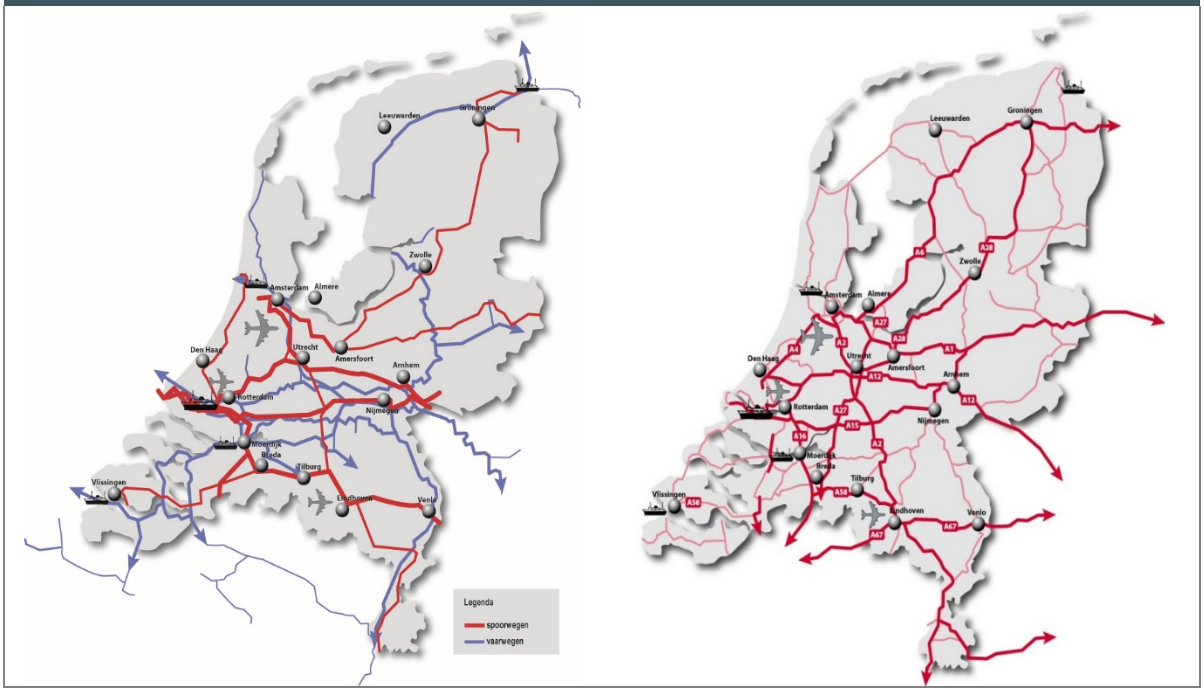
The Netherlands has very dense and modern infrastructure, facilitating transport with road, rail, air and water networks. In its Global Competitiveness Report for 2014-2015, the World Economic Forum ranked the Dutch transport infrastructure fourth in the world.

A few key figures about the Dutch infrastructure network:

- Roads: 139,295 km, of which 2,758 km is highways. Within Europe, the Netherlands has the seventh largest highway network behind countries such as the UK, Germany and France;
- Railways: 6,830 km, of which more than two-thirds is electrified;
- Waterways: 5,046 km, of which over 75% are canals. 6,215 km (navigable for ships of 50 tons);
- Pipelines: about 18,000 km. gas 3,816 km; oil 365 km; refined products 716 km (2008);
- Seaports: there are 15 seaports in the Netherlands with regular international connections. The most important are Rotterdam (387 million tons of transhipments), Amsterdam (87 million tons), Vlissingen/Terneuzen, Moerdijk, Delfzijl;
- Airports: four international airports including Amsterdam Airport Schiphol, Rotterdam Airport, Eindhoven Airport, and Maastricht Aachen Airport, and a network of smaller private airports (approximately 20).

Figure 1: Dutch infrastructure

Rail and Water ways	Motorways



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

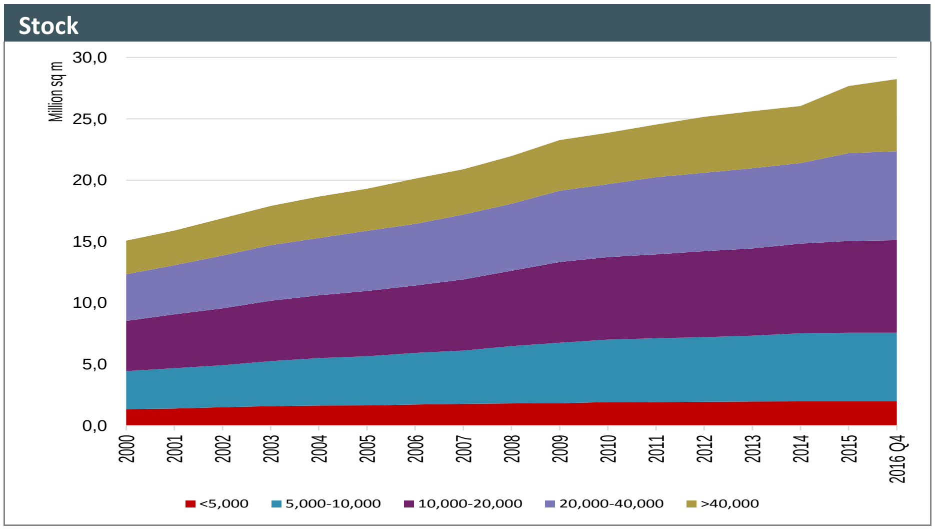
Due to its unique position, the Dutch distribution warehouse market is already, and has been for a long period of time, an institutionalised investment market. The light industrial / multi-let market has only just recently become more professional and is therefore following in the footsteps of the distribution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

Logistic stock in the Netherlands

Since 2000, logistic stock has grown exponentially. Logistics service providers have changed the way they operate as a result of the emergence of e-commerce and changing security requirements, which in turn has led to changing needs for logistics real estate. In addition, consolidation within the sector has led to a strong up scaling trend. Current logistics stock stands at nearly 28.3 million sq m and has increased by approximately 87% since 2000. The strong growth is visible in several size categories. Within the 20,000-40,000 sq m size bracket and the > 40,000 sq m segment, total stock rose by more than 100% in the last 15 years.

This growth is mainly driven by logistic service providers who have changed their way of work. The e-commerce and safety measures have expended rapidly in the Netherlands, which, in turn, have insured that there has been a changing demand for logistic space. Moreover, consolidation has created scaling within the logistic sector.

Figure 2: Logistic stock by surface category



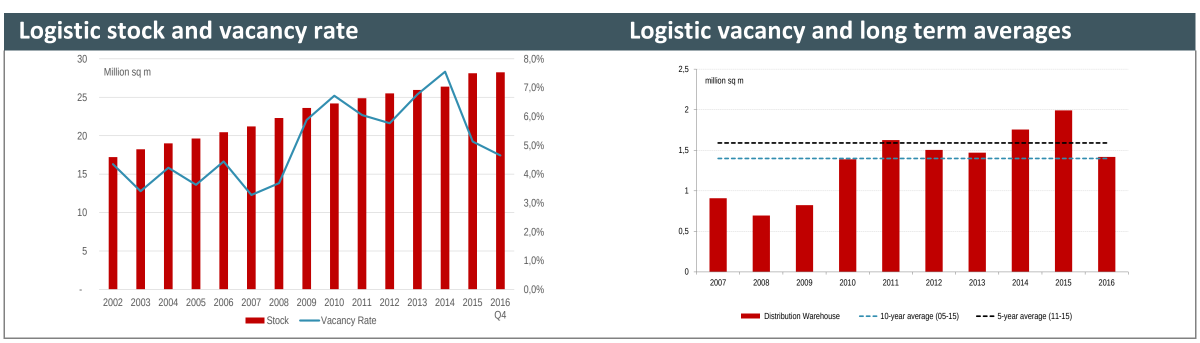
Source: JLL (2017)

Due to the strong growth of recent years, the share of modern distribution centers, as part of total stock, also increased considerably. This growth was largely driven by the scarcity of directly available, modern supply. As a result of tight supply, more occupiers began developing their own warehouse in collaboration with a contractor / developer (built-to-suit). Examples include the distribution center for Brand Loyalty in Venlo, the new building for Vos Logistics in Oss and the new building for Action in Echt. And most recent developments such as Heinz and Lidl in the Nijmegen area.

Scarcity in modern logistics real estate supply

Currently, a total of approximately 1.3 million sq m of industrial floor space is offered on the Dutch real estate market, representing a vacancy rate of 4.7%.
The majority of the current space on offer falls within the 10,000 - 20,000 sq m and 20,000 – 40,000 sq m size categories. A relatively small part of current logistics supply (28%) has been on the market, for sale or for rent, for less than a year and can still be considered marketable. Logistics space that has been on offer for more than three years (structural supply), which makes up approximately 34% of the current supply, often does not meet the occupiers' requirements anymore. This is partially the result of the growing e-commerce business, as occupiers have alternative demands for the lay-out of a warehouse such as multiple and larger mezzanine floors.

Figure 3: Logistic supply in the Netherlands



Source: JLL (2017)

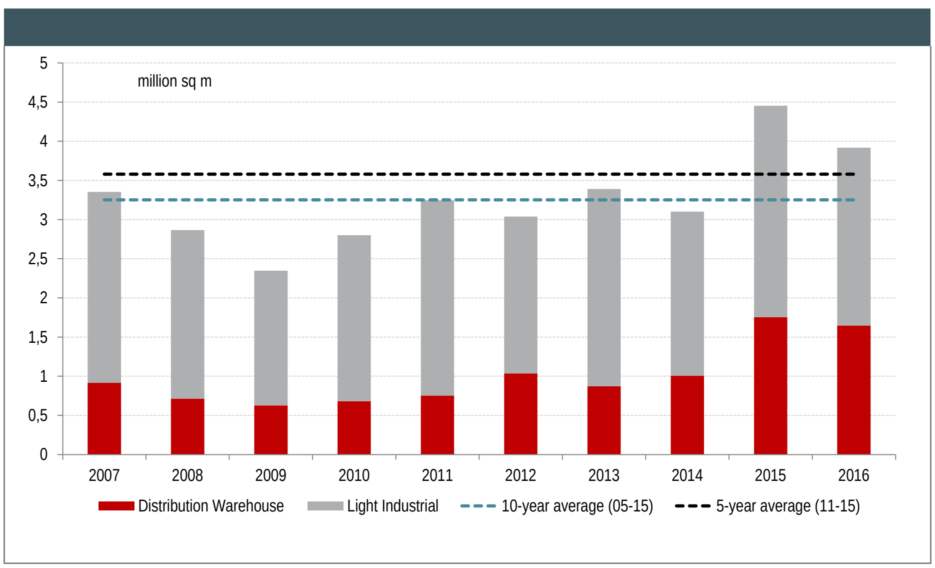
Take-up driven by new developments

The take-up of logistics real estate, at the back of a volatile world trade market, has shown to be volatile in the past 15 years. In 2009, take-up volumes of logistics real estate decreased to a level of approximately 600,000 sq m. The improvement in the economy and international trade conditions since the end of 2009 have had a positive effect on logistics take-up levels.

Simultaneously, the amount of large transactions increased significantly. Prior to the period 2008/2009, there were hardly any large transactions (>40,000 sq m). In the past five years (2011 – 2015), large transactions represented around 25% of annual transaction volume. In addition more than 50% related to transactions larger than 20,000 sq m.

The positive take-up trend continued in 2014 and 2015. Logistics take-up reached approximately 1 million sq m, which was an increase of 15% compared to 2013. In 2015 the market reached an absolute peak with a stake-up volume of 1,75 million sq m. This volume was predominantly driven by large built-to-suit developments due to the scarcity of high quality distribution warehouses. Largest transactions refer to the lease of approximately 100,000 sq m in Waalwijk for Bol.com, the lease of approximately 92,900 sq m for Michael Kors in Venlo, the lease of approximately 70,000 sq m in Roosendaal for Primark at logistic park Borchwerf and the lease of approximately 70,000 sq m in Eindhoven for XPO. Take-up volume in 2016 amounted to approximately 1.6 million sq m. Take-up in 2016 was predominantly driven bij XXL-warehouses. Largest transactions refer to the lease of 64,000 sq m at Park15 in Oosterhout for Lidl, the lease of approximately 61,700 sq m at Park15 in Oosterhout for Nabuurs Logistic, the lease of approximately 60,000 sq m in Venlo for XPO and the lease of approximately 48,000 sq m for Inter-Sprint at Moerdijk.

Figure 4: Take-up of logistic space



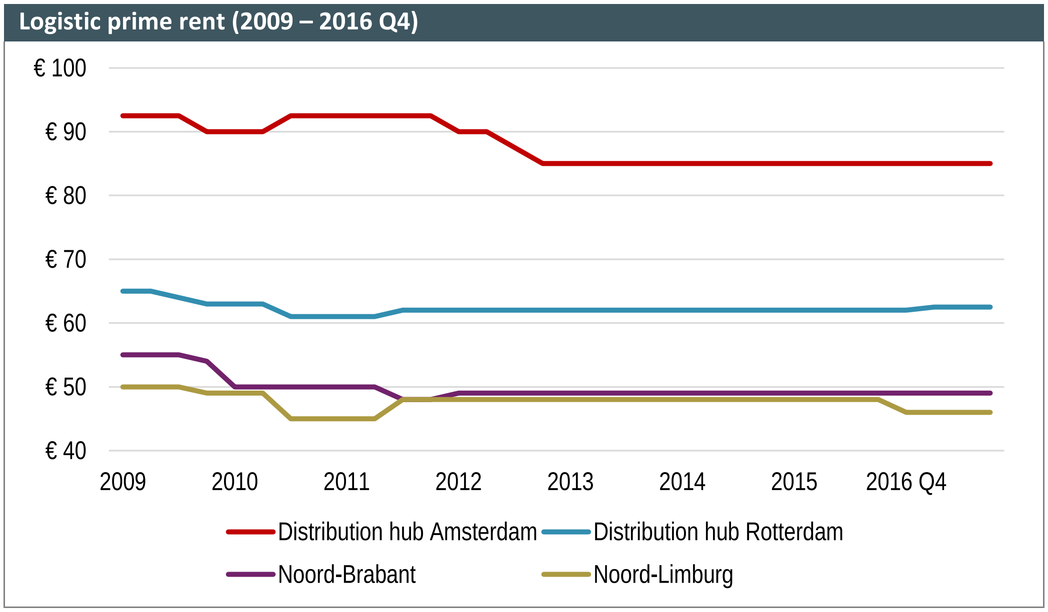
Source: JLL (2017)

Logistic rents

In the past years, the lack of availability in modern logistics real estate and the increased number of transactions triggered an increase in rental levels for many logistics hubs. Although within the current low yield environment in combination with current construction costs there is a down worth pressure on logistic rents for existing properties.

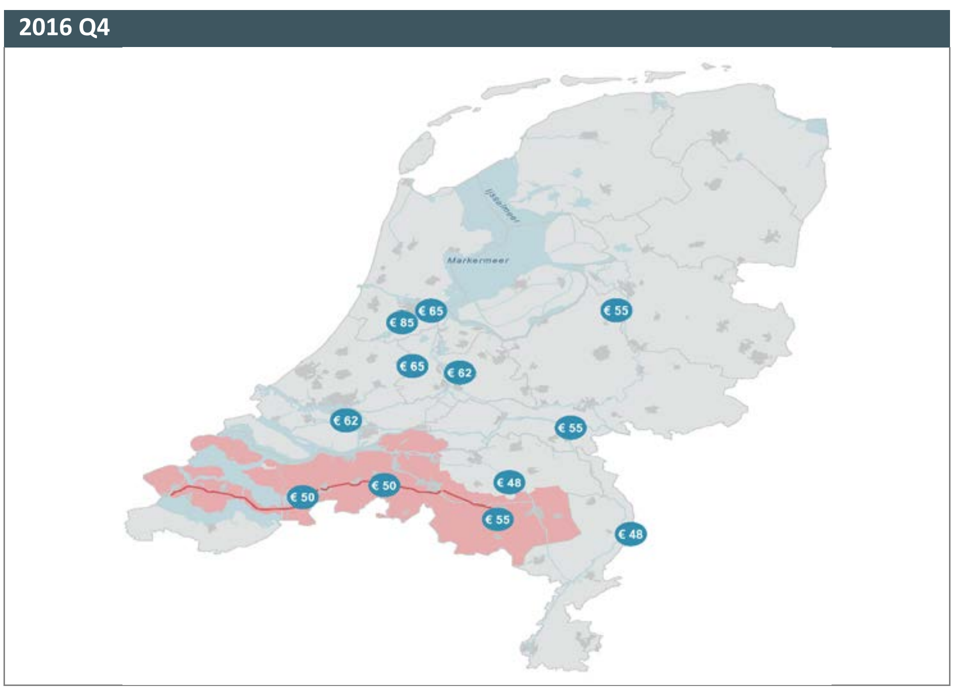
For new built properties, which are currently less expensive to develop, there has been a slight upward pressure on rents. It is foreseen that rents for existing properties and new built properties will come to a new market consensus.

Figure 5: Logistic prime rents



Source: JLL (2017)

Figure 6: Logistic prime rent the Netherlands



Source: JLL (2017)

Dutch investment market still in favour of investors

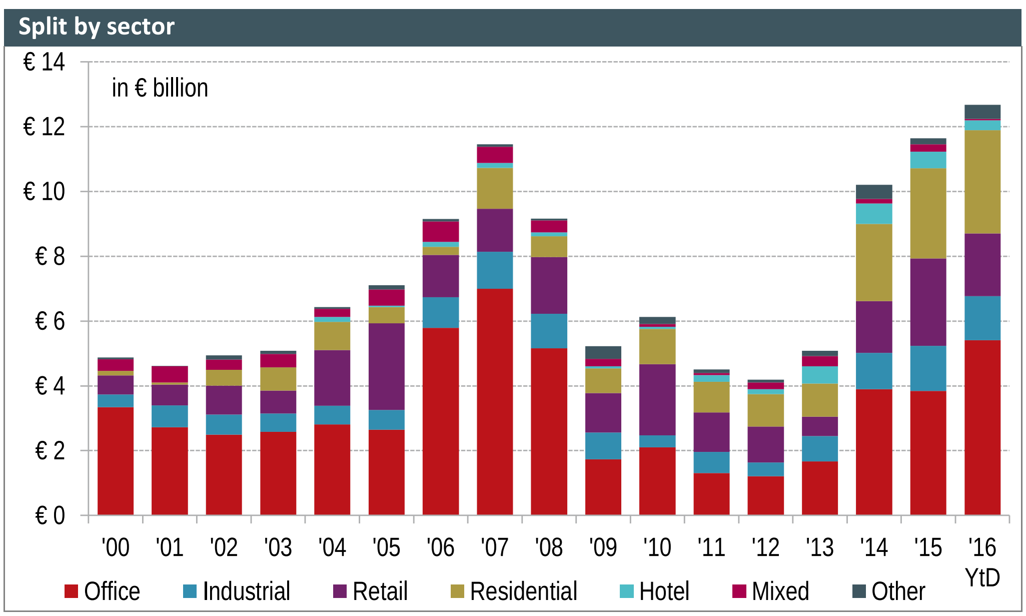
New sources of capital entered the Dutch real estate investment market in 2015. For example, Asian investors made their first direct investment in Dutch real estate. Supported by new sources of capital, but also Dutch institutional capital on the buy-side of the market, the total investment volume in the Netherlands amounted to approximately € 11.6 billion in 2015.

This made 2015 a record year in terms of transaction volumes (in € terms). Where 2014 was characterised by large portfolio deals, 2015 was defined by large single-asset deals. The largest transaction during this period was the retail portfolio purchase by Wereldhave (€ 730 million), bringing the retail market an all-time record volume.

The largest and most notable single asset transaction occurred during the fourth quarter, and refers to The Bank in Amsterdam centre.

In the first half of 2016 already € 4.8 billion was transacted, a 7% increase compared to the same period last year. First half year volume was predominantly driven by the office sector. Several large portfolio's in combination with a few large single-asset transactions were accountable for this large share of office transactions. Total investment volume in 2016 amounted to approximately € 12.8 billion, an increase of 10% compared to 2015.

Figure 7: Dutch investment volume



Source: JLL (2017)

Logistics continues to attract new investors

The logistics investment market in the Netherlands continues to attract strong demand from international capital, reflected in transaction volumes reaching a five-year-high of € 1.1 billion in 2014, a 39% increase on 2013. Single-asset transactions surged by almost 75% compared with the previous year, while the percentage of portfolio transactions remained stable. The significant increase in trading levels can be attributed to strong fundamentals in the occupational market and the availability of core assets.

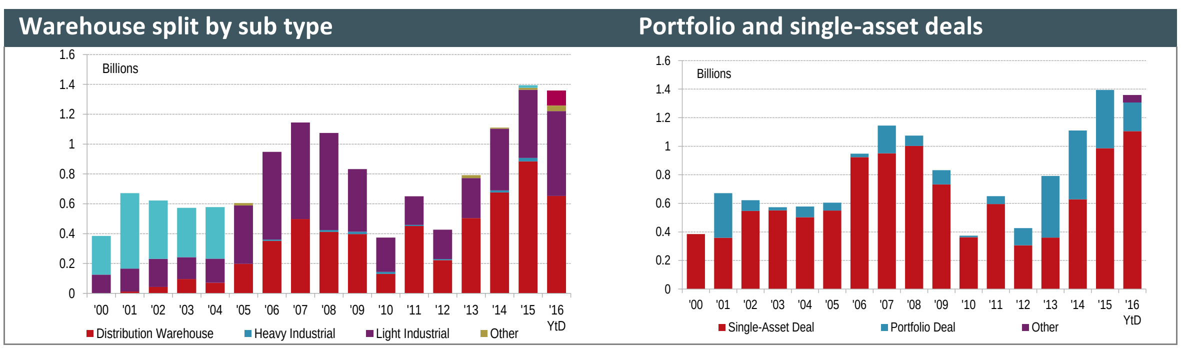
The historically most prominent buyers in the sector remained unchanged with ProLogis, Warehouses de Pauw (WDP), Delin Capital Asset Management, Logicor and Montea once again being the most active players. Furthermore, new players, such as Standard Life Investments and USAA RealCo, have also been active on the logistics market.

In 2015 the interest in industrial, and specifically logistics continued. The industrial market as a whole recorded an investment volume of approximately € 1.4 billion. Which is the highest investment volume for the sector on record. The industrial investment volume was mainly driven by the logistics sector. Logistics was accountable for 63% (€ 883 million) of the total industrial investment volume.

The total industrial investment volume in 2016 amounted to approximately € 1.4 billion, out of which approximately € 570 million was realized in the fourth quarter of 2016. Despite the high investment volume, there was a slight decrease (2.7%) compared to 2015. This was mainly driven by the investment volume in the last quarter of 2016, which was lower than a year earlier.

Investment volume in the fourth quarter was mainly driven by large logistic investment transactions. Distribution warehouse EDCO in Deurne was sold for € 95 million by EDCO to Savills IM. Other large-scale transactions in the fourth quarter include the purchase of a data center by AXA REIM in Schiphol-Rijk for € 34.75 million, the purchase of Leeghwaterlaan 2-8 in Bergen op Zoom by CBRE Global Investors for € 30.63 million and the purchase of Trade Park East by Urban Industrial for € 29.8 million.

Figure 8: Dutch warehouse investment volume



Source: JLL (2017)

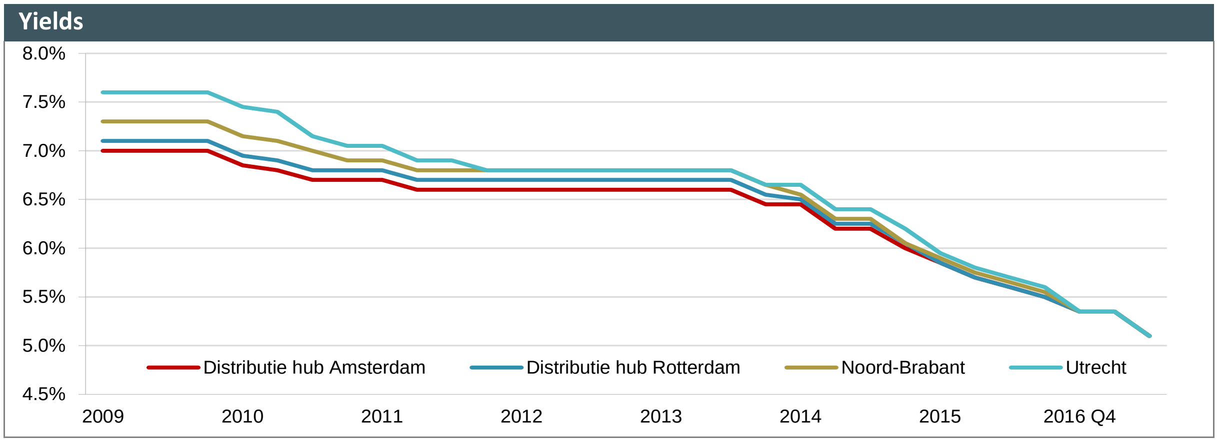
Yields remain under pressure

Over the last years most logistics transactions have been within the well-established logistics hubs such as Amsterdam/Schiphol, and the Southern hubs i.e. Roosendaal, Tilburg/Waalwijk and Venlo/Venray.
Within these hubs there was a considerable weight of capital looking to invest in the Dutch logistics market in 2015, with demand continuing to focus on portfolios and large-scale single-asset transactions. We expect investors who have been building pan-European platforms over recent years to increase their exposure in the Netherlands.

Due to relative low levels of development activity and continued demand from investors, yield compressions continued for core markets in 2015. By the end of 2015, in these locations, prime net initial yield is at a level of 5.60 to 6.10% and is applicable to the Schiphol region. During 2016 yield contraction continued. Current prime net initial yield is at a level of 5.10% which is a 50 basis point contraction compared to the end of 2015.

Due to the current low yield environment investors are becoming active on the development market. Developing for their own investment portfolio is relatively cheap and offers a higher return when compared to buying a standing investment.

Figure 9: Yields



Source: JLL (2017)

6.2.3 French logistics market

A. Occupier market Overview

In October, turnover in transport and storage is recovering strongly (+ 3.9%) after a decrease in September (-5,2%). The rebound is carried by water transport (+ 27.4% after -17.4%), storage and ancillary transport services (+ 4.1% after -5.7%) and land transport (+ 3.5% after -4.1%). On the other hand, the turnover shrinks again in air transport (-9.8%) and the post and Courier (-1.6%) activities.

Turnover in transport and storage increases over the last three months (+ 0.4%, Q/Q-1) and is almost stable over one year (-0.1%, Q/Q-4).

According to the construction company managers surveyed in December 2016, the business climate changes slightly. The indicator that summarises him loses one point and is located at 98, a little below its long term average (100).

Entrepreneurs are more likely to say their order books are little trimmed for the period. The corresponding balance is well below its long-term average. Given their numbers, entrepreneurs, however, believe that the controls provide 6.8 months of work, the same level as last month and above its long-term average (5.4 months).

After an excellent year in 2015, 2016 has closed with a 20% increase in activity on the logistics market and reached a record with more than 3 million square metres taken up across the country. The dynamism of the logistics warehouse market (> 10,000 sq m) has consequently been reconfirmed in 2016 as well as the fact that the reorganisation of major food retailers supply chains are not a rarity.

The North South Corridor has seen take-up strongly decline in one year, with more than 1.9 million square metres in 2015 to more than 1.6 million in 2016. This number, which still remains superior to the average of 1.2 million square metres generally recorded, is the result of the lack of high quality assets on offer across all sectors.

This situation has benefitted to the rest of the country which, thanks to a large amount of available land, has concentrated 54% of total take-up, a percentage not witnessed since 2011. Thus, more than 1.6 million square metres have been taken-up on so-called secondary markets. 13 transactions over 40,000 sq m (totalling more than 877,000 sq m) have been identified, however almost exclusively for the delivery of turnkey operations for major food retailers.

This has impacted the average transaction size which sits at 23,600 sq m on the dorsal axis and close to 30,000 sq m on secondary markets.

Leases remain stable across all geographical sectors.

More than 1.6 million square meters have been let across the North South Corridor throughout 2016, a decrease of 17% year-on-year, but an amount which remains in line with the average of 1.5 million square meters observed across previous years.

If outside the main markets, the market has performed thanks to XXL transactions (which represents 53% of total volume), it is the main markets the midsize projects mainly supported the activity: transactions between 10,000 and 40,000 sq m represented 60% of all take-ups, based on square meters.

	Nord Pas-de-Calais	Greater Paris Region	Greater Lyon Region	Greater Marseille Region
Stock	2,919,400 sq m	11,279,500 sq m	5,131,600 sq m	2,738,400 sq m
Take-up	351,100 sq m	826,600 sq m	310,100 sq m	111,000 sq m
Average deal	27,000 sq m	14,500 sq m	25,400 sq m	18,500 sq m
Supply within one year*	64,200 sq m	853,400 sq m	266,800 sq m	387,300 sq m
Prime rent (€/sq m/yr)	42 - 43	47 - 52	44 - 47	42 - 48
Effective rent (€/sq m/yr)	35 - 37	42 - 44	36 - 40	35 - 42

Supply remains on a downward trend, with close to 1.6 million square meters available over the next year. With the exception of the Lille region which is suffering from a lack of existing supply, the other hubs are benefitting from a large volume of availability, essentially composed of second-hand class A buildings. New builds and large surface areas however remain limited in the majority of hubs.

Even if several speculative developments have been identified, the speculative launch of new operations would permit sectors such as the Greater Paris Region and the Greater Lyon to attract new occupiers before they turn towards secondary locations, as evidenced by their record impetus since the beginning of the year.

Investment market

After a record year in 2015 in which the French logistics investment market reached €1.9bn, 2016 experienced an 18% decline in volume, ending at almost € 1.6 billion. Nevertheless, the pool of potential purchasers continues to grow with Anglo-Saxon funds mainly active on portfolios (BLACKSTONE, TRISTAN CAPITAL PARTNERS, ROCKSPRING…), and institutional investors, French and foreign, more concerned with single assets (AVIVA, CNP, AG REAL ESTATE...).

The volumes invested in logistics real estate thus represent 6% of the volumes committed to commercial real estate in France in 2016, a proportion slightly below the average observed between 2004 and 2015 (7%).

Of the 43 transactions recorded in 2016 (3 less than in 2015), 13 involved portfolio sales. In terms of volume, the portfolios count for nearly 60% of the volumes committed over 2016 as a whole.

Five transactions over € 100 million, mostly portfolio sales, have been recorded in 2016. The most significant is the portfolio acquired by BLACKSTONE (321,000 sq m) at the end of the year. The only transaction of this scope involving a single asset is the acquisition by CNP ASSURANCES of “Pantin Logistique”, sold by VEROTRADE which acquired this property in the summer of 2015 from FEL.
The “VEFA”s (forward funding sales) remain important with, notably, the sale by PRD to AG REAL ESTATE – for nearly € 40 million – of the “LogOne” building in Réau. This 60,000 sq m building, currently under construction, will be delivered in early 2017.

The continued influx of liquidity into the French market, coupled with a persistent scarcity of high-quality assets, continues to put pressure on yields which, at the end of December, were around 5.5% for prime logistics assets.

Purchaser	Vendor	Location	Address	Area	Price (€ M)
CNP ASSURANCES	VEROTRADE	Greater Paris Region	Pantin	150,000 sq m	137
TRISTAN CAPITAL PARTNERS	PROLOGIS	Portfolio « Gemini » - France		207,500 sq m	110
REDTREE CAPITAL	WP CAREY & CO	Portfolio « Ex Forlog » - France		262,500 sq m	105
ROCKSPRING	FONCIERE EUROPE LOGISTIQUE	Portfolio « Murrayfield » - France		212,500 sq m	101
STAM EUROPE	PROUDREED	Portfolio « Wolf » - France		378,300 sq m	96
TIKEHAU INVESTMENT MANAGEMENT	ARCHON	Greater Paris Region	Charenton-le-Pont	28,800 sq m	90
CBRE GLOBAL INVESTORS	AXA REIM	Greater Paris Region Portfolio		136,400 sq m	88
CBRE GLOBAL INVESTORS	ARGAN	French Portfolio		100,000 sq m	71
SAVILLS	STANDARD LIFE	Greater Paris Region	Brie-Comte-Robert	87,500 sq m	64

Main deals Q1 2016

Investment predictions

With € 1.6 billion exchanged, the logistics investment market in France slowed down in 2016, not due to a lack of investor appetite, but because of a scarcity of available products.

We are more optimistic for 2017 as the beginning of the year is very active. Driven by the healthy rental market, international investors’ interest for logistics assets remains unchanged, and capital ready to be deployed in France continues to flow from Europe, Asia and North America.

In this context, yields will continue to fall in 2017 and approach the 5% mark for the best products. However, logistics retains its attractiveness in view of the risk premium that it offers compared to other classes of real estate assets (offices, retail….) and to French government bonds.

Numerous purchasers and owners more inclined to sell a part of their portfolio allows us to envisage a record year for the logistics investment market in France in 2017.

It should also be noted that major maneuvers are continuing at regional level since, after the sale of POINT PARK PROPERTIES to the Singaporean sovereign fund GIC at the end of last year, BLACKSTONE recently announced the notice of sale – or IPO – of its LOGICOR European platform for a value approaching € 13 billion.

6.2.4 Montea's property portfolio on 31/12/2016

	Total 31/12/2016	Belgium	France	The Netherlands	Total 31/12/2015
Real estate portfolio - Buildings (0)					
Number of sites	**47**	23	14	10	**45**
Warehouse space (sqm)	**715.310**	394.625	132.452	188.233	**682.503**
Office space (sqm)	**67.668**	36.794	13.671	17.203	**66.506**
Total space (sqm)	**782.978**	431.419	146.123	205.436	**749.009**
Development potential (sqm)	**230.344**	136.385	75.904	18.055	**119.569**
Fair value (K EUR)	**532.063**	268.364	94.418	169.282	**480.721**
Investment value (K EUR)	**558.167**	275.857	101.180	181.131	**503.980**
Annual contractual rents (K EUR)	**38.929**	19.850	7.515	11.565	**36.448**
Gross yield (%)	**7,32%**	7,40%	7,96%	6,83%	**7,58%**
Gross yield on 100% occupancy (%)	**7,43%**	7,63%	7,96%	6,83%	**7,82%**
Un-let property (m²) (1)	**15.274**	15.274	0	0	**26.719**
Rental value of un-let property (K EUR) (2)	**619**	619	0	0	**1.150**
Occupancy rate	**98,1%**	96,6%	100,0%	100,0%	**96,0%**
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	**9.978**	9.978	0	0	**10.369**
Real estate portfolio - Developments (4)					
Fair value (K EUR)	**10.281**	0	3.045	7.235	**25.640**

(0) Including buildings held for sale
(1) Excluding the Willebroek site for which Montea has received a severance fee from Neovia Logistics in 2016
(2) Excluding the estimated rental value of projects under construction and / or renovation
(3) The fair value of the investment in solar panels is included in heading "D" of the non-current assets in the balance sheet.
(4) The fair value of project developments is included in heading "C" of the non-current assets in the balance sheet. The fair value of the developments is accounted for in Belgium, according to the legal entity in which the development takes place, even though they concern a Dutch project, Scotch & Soda.

	Belgium	France	the Netherlands
Fair value buildings (0)	€ 268.4 million	€ 94.4 million	€ 169.3 million
Acquisition value	€ 228.4 million	€ 93.1 million	€ 162.7 million
Insured value	€ 227.1 million	€ 77.7 million	€ 130.8 million
Rental income (1)	€ 19.9 million	€ 7.5 million	€ 11.6 million

(0) Including buildings held for sale
(1) This rental income relates to the contractual rent (see also the following table).

78.1% of the fair value of the sites (insured fair value of € 73.8 million compared with total fair value of € 94.4 million) in France is insured by Montea. In Belgium, this percentage is 85.4% (insured fair value of € 229.2 million compared with a total fair value of € 268.4 million). In the Netherlands 100% of the sites are insured by Montea (insured fair value of € 169.3 million). The remaining percentages are insured by the tenants (see section 1.2.4). The insurance premium for the 3 countries on an annual basis amouts € 473 K.

The total surface of the property portfolio is 782,978 m², spread across 23 sites in Belgium, 10 sites in the Netherlands and 14 sites in France.

The total initial acquisition value of the portfolio in Belgium is € 228.4 million in Belgium, € 93.1 million in France and € 162.7 million in the Netherlands[26].

The hypotheses regarding the valuation of the real estate expert can be found in section 4.2.5 of this report.

➢ **Increase in the fair value of the property portfolio of buildings, solar panels and developments by € 51 million to € 552 million, mainly due to:**

- Belgium: Increase of € 43 million, consisting mainly of:
  - The delivery of built-to-suit projects in Vorst (let to CDS) and in Erembodegem (let to Movianto) and delivery of the extension project in Ghent (let to DSV)
  - The acquisition of the site in Willebroek – De Hulst (let to Federal Mogul)
  - The acquisition of 46,000 m² of land for the development of a build-to-suit project in Bornem
  - Divestment of the site in Herentals
- France: Drop of € 40 million mainly due to:
  - Divestment of the property in St-Cyr-en-Val and the property in Tilloy-lez-Cambrai
- The Netherlands: Increase of € 48 million consisting mainly of:
  - The acquisition of the site in Eindhoven, de Keten (let to Jan De Rijk)
  - The delivery of the development project in Aalsmeer (let to Bakkersland)

On the basis of a valuation by an independent property expert, the fair value of the real estate portfolio under constant composition (without taking into account the new investments described above) rose by € 8.7 million in 2016 (2.0% of the total fair value of the property portfolio at the beginning of the year) and is mainly the result of a decrease in the return on investment from some properties.

[26] The acquisition value of the part-portfolio in Belgium is defined on the one hand as the contribution value of the total portfolio at the time of the stock exchange listing in October 2006 and, on the other hand, as the total acquisition value, including all costs associated with the purchase of the site. The acquisition value of the part-portfolio in the Netherlands and in France is defined as the total acquisition value, including all costs associated with the purchase of the site.

1 site (of a total of 47 sites) represents more than 5% of the consolidated property portfolio:

	Fair value	Customer(s)
• Aalsmeer (NL)	€ 26.9 million	Bakkersland

This site accounts for 5.1% of the total fair value of the buildings (without taking the project developments into account). The net rental income from this site for 2016 comes to € 0.5 million or 1.2% of the net rental result of 2016).

The total development potential amounts to 230,344 m²: about 59.2% in Belgium, 7.8% in the Netherlands and 33.0% in France. This potential does not include a land bank for new sites to be developed but possible extensions on the existing sites. Montea is continuously in contact with its existing customers on these sites for any further development.

The gross property yield[27] on the total portfolio amounts to 7.63% in Belgium, 6.83% in the Netherlands and 7.96% in France, based on a fully rented portfolio and taking into account the estimated rent on vacancy (the gross property yield for Belgium, the Netherlands and France amounts to 7.40%, 6.83% and 7.96% respectively, if the estimated rent on vacancy is not taken into account).

The occupancy rate amounts to 98.1%.

The contractual annual rental income[28] (exclusive of rental guarantees) amounts to € 38.9 million, i.e. an increase of 6.4% compared with 31/12/2015, largely attributable to the additional investments in buildings.

The contracted rental income in Belgium amounts to € 19.9 million, 8.9%[29] higher than the estimated rental value[30] of the rented floor space. The contracted rental income amounts to € 11.6 million in the Netherlands, 0.8% lower than the estimated rental value of the rented floor space, and € 7.5 million in France, i.e. 4.7% higher than the estimated rental value of the rented floor space.

Montea strives for a property portfolio with a health mix of customers from both the industrial sector (e.g. Coca-Cola, Jan De Nul, Barry Callebaut, Unilever) and the logistics sector (e.g. FM Logistics, DHL and XPO). The industrial sector is characterised by longer terms for the leases but at times requires higher investments as well. The logistics sector is characterised by typical 3, 6, 9 contracts (short terms) since the logistics sector depends highly on the economic circumstances and the specific logistic wishes of their customers.

The average term until the first possible termination amounts to 7.7 years. Montea strives to keep this term as high as possible.

In the table below, the contracted rental income is subdivided on the basis of the first possible termination date. Based on this division, 7.0% of the leases can be terminated in 2017.

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27 The gross property yield is defined as follows: the contracted rental income, including the concession and building payments divided by the fair value of the property portfolio.

28 This is the contracted annual rental income as concluded in the lease with the tenant. It pertains only to rented properties.

29 The percentage is calculated as the current rent + estimated rental value of the non-rented parts on the total estimated rental value of the portfolio.

30 This is the estimated rental value/m², as determined by the property expert, taking account of the location, characteristics of the building, business activity, etc., multiplied by the number of m².

CONTRACTUAL RENTAL INCOME (EUR x 1.000)	31/12/2016 12 months	0 - 1 year	1 - 3 years	> 3 years
Belgium	**19.850**	**1.590**	**4.539**	**13.721**
AALST (ABDEFG), TRAGEL 48-58	600	0	0	600
AALST (CHIJ), TRAGEL 48-58	1.239	11	1.211	17
AALST (KLM), TRAGEL 48-58	278	0	278	0
BORNEM, INDUSTRIEWEG 4-24	599	102	50	447
GRIMBERGEN, EPPEGEMSESTWG 31-33	1.198	0	1.198	0
HOBOKEN SMALLANDLAAN 7	125	0	0	125
NIJVEL, RUE DE LA TECHNIQUE	386	386	0	0
PUURS, SCHOONMANSVELD 18	874	874	0	0
EREMBODEGEM, INDUSTRIELAAN 27	890	31	431	428
MECHELEN, ZANDVOORTSTRAAT 16	1.170	186	708	276
VORST, HUMANITEITSln 292, SITE LIPTON	351	0	0	351
VORST, HUMANITEITSln 292, SITE CM	364	0	0	364
VORST, HUMANITEITSln 292, SITE RESTAURANT (STATION)	0	0	0	0
VORST, HUMANITEITSln 292, SITE METRO	551	0	0	551
VORST, HUMANITEITSln 292, SITE CdS	501	0	0	501
MILMORT, AVENUE DU PARC INDUSTRIEL	566	0	0	566
HEPPIGNIES, RUE BRIGADE PIRON	811	0	0	811
ZAVENTEM, BRUCARGO 830	2.157	0	0	2.157
ZAVENTEM, BRUCARGO 763	274	0	0	274
ZAVENTEM, BRUCARGO 831	629	0	0	629
GENT, EVENSTUK	1.708	0	0	1.708
GENT, KORTE MATE	663	0	663	0
ZAVENTEM, BRUCARGO 738-1	482	0	0	482
WILLEBROEK, DE HULST SITE NEOVIA	0	0	0	0
WILLEBROEK, DE HULST SITE DACHSER	1.020	0	0	1.020
WILLEBROEK, DE HULST SITE FEDERAL MOGUL	1.416	0	0	1.416
EREMBODEGEM, WATERKERINGSTRAAT 1	997	0	0	997
France	**7.515**	**1.135**	**2.796**	**3.584**
SAVIGNY LE TEMPLE, RUE DU CHROME	622	0	0	622
FEUQUIERES, ZI DU MOULIN 80	358	0	358	0
ROISSY, RUE DE LA BELLE ETOILE 280	313	0	0	313
BONDOUFLE, RUE HENRI DUNANT 9-11	236	236	0	0
DECINES-CHARPIEU, RUE ARTHUR RIMBAUD 1	374	374	0	0
LE MESNIL AMELOT, RUE DU GUE 4	833	0	584	249
ALFORTVILLE, LE TECHNIPARC	220	0	220	0
ROISSY, RUE DE LA BELLE ETOILE 383	640	287	0	353
LE MESNIL AMELOT, RUE DU GUE 1-3	493	238	137	118
SAINT PRIEST, RUE NICEPHORE NIEPCE	600	0	0	600
MARENNES, LA DONNIERE	861	0	861	0
SAINT-LAURENT-BLANGY, ACTIPARK	636	0	636	0
SAINT-MARTIN-DE-CRAU	825	0	0	825
SAINT PRIEST, PARC DES LUMIERES	504	0	0	504
The Netherlands	**11.565**	**0**	**0**	**11.565**
ALMERE, STICHTSE KANT	1.195	0	0	1.195
WADDINXVEEN, EXPORTWEG	971	0	0	971
OSS, VOLLENHOVERMEER	1.044	0	0	1.044
HEERLEN, BUSINESS PARK AVENTIS	1.461	0	0	1.461
BEUNINGEN, ZILVERWERF	1.035	0	0	1.035
S HEERENBERG, DISTRIBUTIEWEG	1.385	0	0	1.385
APELDOORN, IJSELDIJK	554	0	0	554
TILBURG, GESWORENHOEKSEWEG	1.385	0	0	1.385
EINDHOVEN, DE KETEN	554	0	0	554
AALSMEER, JAPANLAAN	1.717	0	0	1.717
TOTAL	**38.929**	**2.725**	**7.335**	**28.869**

Montea has been investing also in solar panels since 2011. On 31/12/2016, the total fair value of the solar panels amounted to €10.0 million.

The fair value of the solar panels concerns eight solar panel projects: one in Brussels (Vorst), two in Wallonia (Heppignies and Milmort) and five in Flanders (Bornem, Herentals, Grimbergen, Puurs and Ghent).

The solar panels generate an additional annual net income of ca. € 0.9 million, primarily from the proceeds from green electricity certificates with an initial fixed term of 20 years in Flanders, 15 years in Wallonia and 10 years in the Brussels-Capital Region.

The table below provides an overview of the overall property portfolio which shows that the:

- Contractual rental income amounts to 100.6% of the estimated rental value;[31]
- The occupancy rate amounts to 98.1% on the basis of m²;

MONTEA SPACE FOR GROWTH	Construction year / Year most important renovations	Offices m²	Warehouses m²	Total m²	Contracted Rent Income	Estimated Rental Value (*)	Occupancy rate (as % of total m²)
Belgium							
AALST (ABDEFG), TRAGEL 48-58	1975 - 2002 - 2009	2.098	16.606	18.704	599.668	597.440	100,0%
AALST (CHIJ), TRAGEL 48-58	2002 - 2009	540	19.017	19.557	1.239.397	858.762	100,0%
AALST (KLM), TRAGEL 48-58	1985 - 2009	1.397	4.591	5.988	278.313	255.615	100,0%
BORNEM, INDUSTRIEWEG 4-24	1977 - 2016	1.437	13.163	14.600	598.915	573.855	100,0%
GRIMBERGEN, EPPEGEMSESTWG 31-33	1980 - 1995 - 1996 - 2003 -2014	2.033	31.136	33.169	1.198.311	1.392.784	98,4%
HOBOKEN SMALLANDLAAN 7	2001	402	3.836	4.238	125.000	85.980	100,0%
NIJVEL, RUE DE L'INDUSTRIE	2000	1.385	12.649	14.034	385.842	552.325	100,0%
PUURS, SCHOONMANSVELD 18	1998	1.334	11.907	13.241	874.327	583.000	100,0%
EREMBODEGEM, INDUSTRIELAAN 27	1973 - 2007	4.114	12.659	16.773	889.677	840.380	99,3%
MECHELEN, ZANDVOORTSTRAAT 16	1984 - 1990 - 1998 - 2013	1.979	27.246	29.225	1.169.534	941.030	100,0%
VORST, HUMANITEITSln 292, SITE LIPTON	1984 - 2007	778	4.819	5.597	351.226	254.220	100,0%
VORST, HUMANITEITSln 292, SITE CM	1966 - 2007 - 2014	0	7.150	7.150	363.938	286.000	100,0%
VORST, HUMANITEITSln 292, SITE RESTAURANT (STATION)	1971 - 1995	2.110	0	2.110	0	189.900	0,0%
VORST, HUMANITEITSln 292, SITE METRO	2015	0	3.850	3.850	551.296	269.500	100,0%
VORST, HUMANITEITSln 292, SITE CdS	2016	0	10.505	10.505	500.730	457.900	100,0%
MILMORT, AVENUE DU PARC INDUSTRIEL	2000	1.225	29.112	30.337	566.359	1.090.095	53,6%
HEPPIGNIES, RUE BRIGADE PIRON	2011	730	13.381	14.111	811.199	564.830	100,0%
ZAVENTEM, BRUCARGO 830	2012	4.328	23.951	28.279	2.156.811	1.999.390	100,0%
ZAVENTEM, BRUCARGO 831	2013	1.896	7.891	9.787	629.257	677.685	100,0%
GENT, EVENSTUK	2013 - 2016	755	48.154	48.909	1.707.748	1.862.778	100,0%
ZAVENTEM, BRUCARGO 763	1995 -1999 / 2007 / 2009	1.198	4.875	6.073	274.000	333.215	100,0%
GENT, KORTE MATE	2011	1.012	12.024	13.036	663.241	608.620	100,0%
ZAVENTEM, BRUCARGO 738-1	2014	1.574	4.471	6.045	482.142	488.775	100,0%
WILLEBROEK, DE HULST SITE NEOVIA	2014	512	21.500	22.012	0	953.940	100,0%
WILLEBROEK, DE HULST SITE DACHSER	2014	1.652	7.381	9.033	1.019.849	844.155	100,0%
WILLEBROEK, DE HULST SITE FEDERAL MOGUL	2016	789	28.328	29.117	1.416.422	1.334.490	100,0%
EREMBODEGEM, WATERKERINGSTRAAT 1	2016	1.516	14.423	15.939	996.573	951.851	100,0%
Total Belgium		**36.794**	**394.625**	**431.419**	**19.849.775**	**19.848.515**	**96,6%**
France							
SAVIGNY LE TEMPLE, RUE DU CHROME	1992 / 2007	646	15.650	16.296	621.861	602.952	100,0%
FEUQUIERES, ZI DU MOULIN 80	1995 - 1998 - 2000	763	8.230	8.993	358.000	247.308	100,0%
ROISSY, RUE DE LA BELLE ETOILE 280	1990 - 2001	737	3.285	4.022	312.885	281.540	100,0%
BONDOUFLE, RUE HENRI DUNANT 9-11	1990	1.307	2.678	3.985	236.353	239.100	100,0%
DECINES-CHARPIEU, RUE ARTHUR RIMBAUD 1	1996	1.108	2.713	3.821	374.396	293.080	100,0%
LE MESNIL AMELOT, RUE DU GUE 4	1992 - 2015	1.375	7.241	8.616	832.941	775.422	100,0%
ALFORTVILLE, LE TECHNIPARC	2001	0	1.995	1.995	220.490	219.450	100,0%
ROISSY, RUE DE LA BELLE ETOILE 383	2001	1.965	4.492	6.457	640.211	615.885	100,0%
LE MESNIL AMELOT, RUE DU GUE 1-3	1998	1.211	4.043	5.254	492.692	472.860	100,0%
SAINT PRIEST, RUE NICEPHORE NIEPCE	2008	1.000	15.803	16.803	600.000	662.544	100,0%
MARENNES, LA DONNIERE	1998 - 2000 / 2001	524	19.965	20.489	860.538	860.538	100,0%
SAINT-LAURENT-BLANGY, ACTIPARK	2006	747	18.828	19.575	635.558	604.856	100,0%
SAINT-MARTIN-DE-CRAU	2002	1.300	18.445	19.745	825.274	795.400	100,0%
SAINT PRIEST, PARC DES LUMIERES	2006	988	9.084	10.072	503.600	503.600	100,0%
Total France		**13.671**	**132.452**	**146.123**	**7.514.799**	**7.174.535**	**100,0%**
Netherlands							
ALMERE, STICHTSE KANT	2008	510	25.338	25.848	1.195.410	1.291.901	100,0%
WADDINXVEEN, EXPORTWEG	2009	2.069	17.380	19.449	970.990	1.033.745	100,0%
OSS, VOLLENHOVERMEER	2014	680	26.825	27.505	1.044.328	1.218.225	100,0%
BEUNINGEN, ZILVERWERF	2009	2.987	14.908	17.895	1.035.436	909.753	100,0%
S HEERENBERG, DISTRIBUTIEWEG	2009	2.376	20.593	22.969	1.384.815	1.391.685	100,0%
HEERLEN, BUSINESS PARK AVENTIS	2015	4.787	9.273	14.060	1.460.804	1.176.973	100,0%
APELDOORN, IJSELDIJK	2011	701	8.308	9.009	553.538	617.128	100,0%
TILBURG, GESWORENHOEKSEWEG	2004	1.546	19.150	20.696	1.001.874	1.078.210	100,0%
Aalsmeer, Japanlaan	2016	1.097	29.653	30.750	1.717.488	1.873.040	100,0%
Total Netherlands		**17.203**	**188.233**	**205.436**	**11.564.682**	**11.658.759**	**100,0%**
Total		**67.668**	**715.310**	**782.978**	**38.929.257**	**38.681.809**	**98,1%**

The estimated rental value/m², as determined by the property expert, takes account of the location of the site, the characteristics of the site, the technical characteristics of the building, the business activity, etc., multiplied by the number of m².

The estimated rental value / m² is the market rental value and pertains also to non rented, vacant properties. The contractual rent pertains only to the contractual fixed rent for the rented properties.

[31] The contractual rent of the Grimbergen site amounts to € 1,198,000. This amount represents 50% of the total contractual rent on this site, since this site is owned jointly with WDP Comm.VA (50%/50%).

The site at 85-89 Rijksweg concerns a vacant lot. All parameters for this lot come to zero, so this site was not included in the table above. The site in Vorst (Rrestaurant) is not included in the calculation of the occupancy rate since it is being redeveloped. Furthermore, a lease was signed with Stylelabs for this site. The site in Milmort is partially vacant and is thus included in the occupancy rate. For the De Hulst Neovia site in Willebroek, no contractual rents are mentioned because Montea received severance compensation for this site to the tune of € 2.3 million for the early termination of the lease with Neovia Logistics. As of 2017, once no more severance compensation is received, this site will be included in the calculation of the occupancy rate. The severance compensation received was taken into account also for the calculation of the EPRA vacancy rate.

The table below presents details ordered by initial year of construction of the year a major renovation took place. In the case a site is profoundly renovated, the site is recorded, after the renovation, in the year of renovation. 65.8% of the portfolio is no older than 10 years.

Construction year or year of most important events	Offices m²	Warehouse m²	Total m²	% of total
1977	1.437	13.163	**14.600**	*1,86%*
1984	-	4.847	**4.847**	*0,62%*
1990	1.307	2.678	**3.985**	*0,51%*
1992	1.213	6.706	**7.919**	*1,01%*
1996	1.108	2.713	**3.821**	*0,49%*
1998	3.322	31.908	**35.230**	*4,50%*
2000	3.373	49.991	**53.364**	*6,82%*
2001	3.628	33.573	**37.201**	*4,75%*
2002	1.840	37.462	**39.302**	*5,02%*
2004	1.546	19.150	**20.696**	*2,64%*
2006	2.185	44.717	**46.902**	*5,99%*
2007	5.538	33.128	**38.666**	*4,94%*
2008	1.510	41.141	**42.651**	*5,45%*
2009	12.125	78.953	**91.078**	*11,63%*
2011	2.443	33.713	**36.156**	*4,62%*
2012	4.328	23.951	**28.279**	*3,61%*
2013	3.853	38.101	**41.954**	*5,36%*
2014	6.451	98.463	**104.914**	*13,40%*
2015	4.949	13.658	**18.607**	*2,38%*
2016	5.512	107.294	**112.806**	*14,41%*
Total	**67.668**	**715.310**	**782.978**	**100,00%**

Montea analyses its property portfolio also on the basis of the activities of its tenants and the type of tenant.

The table below indicates the different percentages that are calculated on the basis of the annual contractual rental income. 36.9% of the rental income stems from purely logistics players.

	%
Sector	
Logistic	36,9%
Consumer goods	22,3%
Primary goods	20,7%
Services	3,5%
Industry	12,5%
Other	0,5%
Vacant (0)	3,7%
	100,0%
Type of Customer	
End user	52,0%
Logistic	44,2%
Vacant	3,7%
	100,0%

(0) Includes vacant sites and projects under construction.

6.3 Conclusions of the property assessor[32]

Conclusions of the real-estate expert coordinator

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

Dear Sirs,

Re : Valuation of the real-estate portfolio of Montea as at 31st December 2016.

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 2016. We have been mandated to value the entire portfolios in Belgium, The Netherlands and France. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

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

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

Opinion

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

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

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

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

credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

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

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

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

Ultimately it is supply and demand in the investment market that determines the price. For the financial accounting of a B-REIT and in accordance with the IAS/IFRS norms it is common practice to use the fair value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the fair value 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 registration duties of 10% or 12,5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Montea property portfolio as at 31st December 2016 amounts to a total of

558.167.400 €
(Five hundred and fifty eight million one hundred sixty seven thousand and four hundred Euros);

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

The most likely sale value corresponding to the fair value of the consolidated Montea property portfolio as at 31st December 2016 amounts to a total of

532.827.600 €
(Five hundred thirty two million eight hundred and twenty seven thousand and six hundred Euros);

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

On this basis, the initial yield of the portfolio is 7,01%.

The property portfolio comprises:

31/12/2016	Initial Yield	passing rent	Potential rent	ERV	Investment value	Fair value	Net value ('kosten koper')
Belgium	7,27%	20.051.934 €	21.690.586 €	19.914.215 €	275.856.500 €	269.128.400 €	251.623.500 €
The Netherlands	6,38%	11.565.044 €	11.658.760 €	11.658.760 €	181.131.200 €	169.281.600 €	169.281.600 €
France	7,43%	7.514.800 €	7.514.800 €	7.174.535 €	101.179.700 €	94.417.600 €	94.417.600 €
TOTAL	7,01%	39.131.778 €	40.864.146 €	38.747.509 €	558.167.400 €	532.827.600 €	515.322.700 €

Yours sincerely,

Brussels, 10th February 2017

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

6.4 Major achievements during the financial year

6.4.1 Investment activity during 2016

➢ **18 February 2016 – Acquisition of a 17,135 m² logistics building in Eindhoven (NL)**

Montea has completed the acquisition of a distribution centre on land of 36,200 m² at Eindhoven - Acht. The building comprises 16,700 m² of warehouse space and 435 m² of offices. Given its good location and the flexible layout of the building in 4 units, this distribution centre is extremely well suited for a/o tight-knit distribution and e-commerce purposes.

The building is leased with a triple net lease for a fixed term of 15 years. This transaction represents an investment of approximately € 18 million at a net initial yield of 6.6% and is in line with the valuation of the property assessor.

➢ **18 February 2016 - Acquisition of 46,000 m² of land for the development of a build-to-suit project in Bornem (BE)**

Montea has acquired approximately 4.6 hectares of land from Beherman Invest NV (part of the Beherman Group) in Bornem. The site is strategically located in the "golden triangle" of Brussels/Antwerp/Ghent, in the immediate vicinity of the A12/E17 motorways. The existing building will be demolished and the site will be totally redeveloped. Montea has already begun marketing the land for the development of a build-to-suit logistics building of +/- 26,000 m². The acquisition was financed with bank debt. This transaction represents an investment value of € 4.6 million.

Montea "Space for Growth" – Bornem site – Build-to-suit (BE)

➢ **18 February 2016 – Handover of build-to-suit building for Movianto in Erembodegem (BE)**[33]

In June 2015 Montea began the development of a distribution centre for Movianto at Industriezone Zuid IV in Erembodegem. The state-of-the-art logistics distribution centre of 15,900 m², featuring two GDP-compliant (2,900 m²) cross-docking spaces (+2+8°C and +15°C+25°C) and attached offices, was handed over on schedule in January 2016. The building is leased for a fixed term of 9 year, with the initial rent approximately € 1 million per year. This acquisition was financed with bank debt. The transaction represents an investment value of € 14 million.

Montea «Space for Growth» - Site Erembodegem, Waterkeringsstraat (BE)

[33] For more information, please see our press release of 03/04/2015 or visit www.montea.com.

➢ 18 February 2016 – Handover of build-to-suit building for CdS in Vorst (BE)[34]

As part of the redevelopment plan for the site in Vorst, Montea began the development of a second sustainable build-to-suit project for CdS in Vorst in April 2015. The 10,500 m² distribution centre is leased for a fixed term of 15 years, with the initial rent approximately € 0.5 million per year. This acquisition was financed with bank debt. The transaction represents an investment value of € 6.8 million.

Montea "Space for Growth" - Vorst site - CdS (BE)

➢ 23 March 2016 – Handover of build-to-suit building for Federal Mogul at MG Park De Hulst in Willebroek (BE)[35]

This logistics complex was developed by MG Real Estate on land of approximately 48,000 m². The building comprises 27,100 m² of warehouse space, 800 m² of office space and a mezzanine area of approximately 1,100 m². The building can be extended by 6,800 m² in a second phase. It is owned by the property companies Nyssa NV and Robinia One NV.

The parties have signed a long-term lease for a fixed term of 10 years. This acquisition was conducted through the contribution of 100% of the shares in the two companies mentioned above. The contribution in kind was for a mixed payment, namely in cash (14%) and new shares (86%). The transaction represents an investment value of € 20.4 million.

Montea "Space for Growth" - Federal Mogul site at Park De Hulst

[34] For more information, please see our press release of 03/04/2015 or visit www.montea.com.
[35] For more information, please see our press release of 23/03/2016 or visit www.montea.com.

- **28 June 2016 - Delivery of 21,000 m² for DSV Solutions in Ghent (BE) – Building floor space now totals 45,500 m² (BE)**[36]

In 2013 Montea acquired a new logistics platform for DSV Solutions, specialised in the handling and preparation of goods for specific customers for national, European and worldwide distribution. This site is strategically located along the Ghent-Terneuzen canal area, in the immediate vicinity of the R4, and provides a connection to important motorways (E34, E17 and E40).

The current 24,500 m² distribution centre has now been expanded by an additional 21,000 m² and comprises an investment value of approximately **€** 21 million.

"We are convinced of the growing importance of water-related logistics for our economy," said Jo De Wolf, Montea CEO. "We therefore believe that this expansion means absolute added value for our portfolio."

6.4.2 Development activity during 2016

- **18 february 2016 - Montea develops innovative logistics zone at Blue Gate, Antwerp**

The City of Antwerp, ParticipatieMaatschappij Vlaanderen (PMV) and Waterwegen en Zeekanaal (W&Z) have selected Blue O'pen as their partner for the decontamination and redevelopment of Petroleum Zuid in Antwerp (approx. 63 hectares). Blue O'pen is a consortium between DEME and Bopro. For the development of and investment in the logistics zone of approx. 6.5 hectares within Blue Gate, the consortium opted to work exclusively with Montea.

Peter Demuynck, CCO Montea: We are always looking for innovative solutions for the logistics sector. Starting in the second half of 2017 we will be developing this unique location on the edge of the city and by the water to create a CO_2-neutral logistics park, with particular focus on innovative logistics trends and urban distribution. When completed, the total development will represent an estimated investment value of € 26 million.

Montea "Space for Growth" – Artist's Impression Blue Gate, Antwerp

[36] For more information, please see our press release of 28/06/2016 or www.montea.com.

- **10 June 2016 - Montea develops a new sustainable logistics project for Carglass on multimodal site in Bilzen (BE)[37]**

Montea and Carglass Distribution have signed a partnership agreement for the development and the lease of a new sustainable logistics build-to-suit project of 50,000 m² in Bilzen.

Carglass Distribution, the division responsible for the distribution of all windscreens and accessories in Belgium and 8 Western-European countries, will centralize its activities, currently spread across 4 sites in Belgium, as of 2018 on a new site in Bilzen, just next to Mobility Center at the industrial site Genk-Zuid. The new site benefits from an ideal geographical localisation, at the centre of Europe.

Montea «Space for Growth» - Artist Impression site Carglass, Bilzen (BE)

For over 20 years Carglass Distribution is active in Belgium, the last couple of years at 4 different locations in Hasselt and Genk. Currently, 1.2 million windscreens and 1.7 million accessories are, on an annual basis, delivered from these locations to all Belgan Carglass Service Centers, but also to all subsidiaries in Germany, the Netherlands, Luxembourg, Denmark, Switzerland, Norway, Sweden and Greece.

This new multimodal site should enable more efficient activities, better and faster service to customers and a further activity development in the future for Carglass. Montea will develop and finance the entire project with a potential of over 50,000 m². Upon realization, the total development will represent an estimated investment value of € 25 million.

- **14 June 2016 – MONTEA and Built to Build Planontwikkeling (BTB) develop a new building for NSK EUROPEAN DISTRIBUTION CENTRE in Tilburg – Vossenberg (NL)[38]**

Montea and Built to Build signed a lease agreement with NSK European Distribution Centre. The partners will develop a new build-to-suit distribution centre comprising approximately 17,300 m² of warehousing, 1,900 m² of offices and mezzanine of 1,900 m² at the Vossenberg West logistics zone in Tilburg

[37] For more information, please see our press release of 10/06/2016 or www.montea.com.
[38] For more information, please see our press release of 14/06/2016 or www.montea.com.

Montea «Space for Growth» - Artist Impression site NSK European Distribution Centre, Tilburg (NL)

NSK is one of the world's leading producers of bearings**, linear bearings and guidance systems.** For the past 15 years NSK has been operating at the Kraaiven industrial zone in Tilburg. In view of the steady growth in the company's business, it was decided to search for a larger location within the logistics hotspot of Tilburg. The new EDC will be constructed in conjunction with Montea and Built to Build (BTB) at Industrieterrein Vossenberg. On handover, NSK will lease the building for a minimum period of 10 years.

BTB will again be working with Bouwbedrijf Van der Heijden on this project. On handover of the building, Montea will acquire the development, subject to the usual conditions precedent, for an estimated investment value of € 15.4 million, representing an initial yield of 6.50%.

Construction works began after obtaining the environmental permit and are funded by debt. The new build-to-suit project is expected to be operational by the third quarter of 2017.

- **28 June 2016 - Custom development of a ca. 12,400 m² logistics building for Edialux (Pelsis Group) in Bornem (BE)** [39]

Headquartered in the UK, the Pelsis Group is the leader in ecological solutions for crop protection and pest control in Europe. The group employs some 270 workers in 10 sites worldwide.

In Belgium, Pelsis operates under the name of Edialux, which is also a market leading brand in the Belgian retail sector. Pelsis was in search of a state-of-the-art distribution centre in order to provide even better logistical service to its customers at home and abroad. Montea will undertake a build-to-suit project for that purpose in exchange for a 15-year lease contract. The complex will comprise ca. 11,400 m² operational space and 960 m² offices and will employ ca. 70 people.

The construction works for this project are expected to commence in the course of 2018. The investment will amount to ca. € 11 million and represent a yield of 6.65%. Edialux was guided and supported by Ceusters Immobiliën in this transaction.

[39] For more information, please see our press release of 28/06/2016 or www.montea.com.

Montea «Space for Growth» - new logistics building for Edialux (Pelsis Group) in Bornem (BE)

- **28 June 2016 - Development of new state-of-the-art air cargo building (ca. 5,000 m²) for SACO Groupair at Brucargo (BE)** [40]

SACO Groupair, a well-known neutral forwarder headquartered in Hamburg and active for years at Brucargo (www.sacogroupair.com), has signed a cooperation agreement with Montea for the construction and rental of a new state-of-the-art air cargo building plus offices at Brucargo. This development will be implemented in cooperation with the Cordeel group.

The complex will consist of ca 4,200 m² storage space and ca. 800 m² office space. The site will employ some 35 people in all and enable the group to register accelerated growth.

SACO Groupair has signed a rental agreement for a fixed term of nine years. Montea will acquire this property in Q2 2017 on the basis of an initial yield of ca.7.8%, i.e. an investment value of € 3.6 million.

Montea «Space for Growth» - New air cargo building for SACO Groupair - Brucargo (BE)

[40] For more information, please see our press release of 28/06/2016 or www.montea.com.

➢ 07 July 2016 - The municipality Oss and Montea conclude an agreement for the future development of a logistics plot at Vorstengrafdonk (NL)[41]

The alderman Frank den Brok has concluded with Hylcke Okkinga, director of Montea Nederland, an agreement for a plot of 5 ha at Vorstengrafdonk. At this plot, Montea – after letting - will develop a tailor-made distribution center. Montea Nederland will develop this project together with construction company van der Maazen.

Montea «Space for Growth» - Artist impression distribution centre Vorstengrafdonk - Oss (NL)

Montea Nederland and construction company Van der Maazen develop a building plan at the parcel, they check the plan with the municipality as to the desired image quality and the possibility to obtain an environmental permit. The construction plan meets the latest requirements of the logistics sector and is ready for the end-user. The building can consequently be developed in a very short period of time.

Meanwhile, the commercialization process was started. Montea and van der Maazen are granted a purchase option on the plot, they will search for prospective tenants and will consequently develop a tailor-made distribution center.

➢ 15 September 2016 – Montea develops a new built-to-suit cross-dock centre of approximately 8,000 m² for Mainfreight in Genk (BE)

Mainfreight (Wim Bosman Group) and Montea have signed a collaborative agreement (subject to the usual conditions precedent) for the development of a new built-to-suit cross-dock centre consisting of approximately 8,000 m² of warehousing and approximately 800 m² of office space at Genk-Zuid. Mainfreight has signed a lease with a fixed term of 9 years.

The Wim Bosman Group (the European part of the worldwide Mainfreight network) is a 3PL+ service-provider with a strong network for customer-specific and preferably integrated warehousing, transport and distribution solutions with offices in the Netherlands, Belgium, France, Poland, Romania and Russia. Mainfreight is a worldwide logistics service-provider with locations in Australia, New Zealand, Asia, America and Europe (www.mainfreight.com).

Montea's investment in this built-to-suit project is approximately € 7.3 million and will generate an initial yield of 7.3% from Q2 2017. Around 150 people will be employed at this new location.

[41] For more information, please see our press release of 07/07/2016 or www.montea.com.

Montea "Space for Growth" – Artist's impression Mainfreight cross-dock centre - Genk (BE)

- **24th October 2016 – The municipality of Tholen and Montea signed a covenant for the future development of the "Welgelegen" business park (NL)**[42]

On 24th October 2016, alderman Frank Hommel and Hylcke Okkinga, director Montea Netherlands, signed a covenant for 100,000 m² of land at the "Welgelegen" business park in Tholen. Once it is leased, Montea will construct a built-to-suit distribution centre. Montea will implement this project with Sprangers Bouwbedrijf as main contractor.

The municipality, Montea, Rewin and Invest in Zeeland will together handle the marketing of the land. Montea has a purchase option on the land and will develop a construction plan on the land. After examining the required image quality and obtaining an environmental permit, Montea will seek a user for the distribution centre and be responsible for its development with Sprangers Bouwbedrijf.

6.4.3 Divestment activity in 2016

- **18 July 2016 – Montea sells site in Herentals to Kemin Europe NV (BE)**

June 30 Kemin Europe NV exercised its purchase option for an amount of € 6.1 million compared to a fair value of € 6.4 million. The actual sale took place on July 13, 2016. The site comprises ca 20,253 m² of land, 11,068 m² of warehouses, 1,782 m² of offices and 1,800 m² of mezzanine.

- **29 December 2016 – Sale of 3 assets in France for € 60.4 million to Patrizia Logistik Invest Europa I**[43]

On 10/01/2017 Montea announced the sale of 3 assets from its existing portfolio in France. The total net selling value amounts to € 60,394,000.

[42] For more information, please see our press release of 24/10/2016 or www.montea.com.
[43] For more information, please see our press release of 10/01/2017 or www.montea.com.

It concerns the following buildings:

St-Cyr-en-Val (FR)

Logistics building
Total floor space of ca 75,000 m²
Let to FM Logistics

Tilloy-lez-Cambrai (FR)

Logistics building
Total floor space of ca 11,000 m²
Let to C-Log

Savigny-le-Temple (FR)

Logistics building
Total floor space of ca 16,000 m²
Let to Le Piston Français

The portfolio generates an annual rental income of € 4.4 million, and is sold at an average initial yield of 6.88%. The average term of the portfolio on the first due date amounts to 3.6 years.

The sale of the building in St Cyr en Val and the building in Tilloy-lez-Cambrai was closed on 29 December 2016. The sale of the building in Savigny-le-Temple will be closed at the latest on 31 March 2017, after a number of alteration works for the current tenant.

The net selling price of the 3 buildings amounts to € 60.4 million, compared with a fair value of € 51.1 million. "*The capital gains constitute proof, in our view, of the prudent and conservative valuation of Montea's property portfolio in view of the great interest in qualitative logistics real estate on the market",* says **Els Vervaecke, CFO Montea**. *"The revenues from the sale will be used in 2017 to acquire a number of new projects in the development phase and to finance a number of our own developments. The full selling value is expected to be reinvested by the end of the second quarter of 2017.*

This operation will therefore have a temporary impact on the results, but Montea still aspires to have the net current result grow by 5% a year. In addition, this sale improves the average term of the leases in the portfolio from 6.8 to 7.2 years and is expected to reduce the debt ratio to 50.5%".

6.4.4 Lease activity in 2016

2016 saw the following lease activity:

- **18 February 2016 – Signing of two new lease agreements (BE)**

The site in Bornem (Industrielaan 2-24), which has a total area of 14,343 m², is now fully leased. Montea and the Regie der Gebouwen have signed a lease agreement for a term of 9 years. The lease is for 8,760 m² of warehouse space, 590 m² of office space and 37 parking spaces. The Regie der Gebouwen will use the site as a warehouse facility for goods seized. This transaction was brokered by Ceusters NV.

Montea «Space for Growth» - Site Bornem (BE)

The remaining available space of 1,206 m² is leased to Beherman Motors NV (part of the Beherman Group) for a term of 9 years with a first break option after 3 years. Beherman Group (www.behermangroup.com) is the official importer of Mitsubishi for Belgium and Luxembourg and will use the site as workshop and storage space.

These two transactions together represent an annual rental income of approximately € 0.45 million.

- **04 March 2016 – Long-term lease agreement signed with Roltex Belgium in Erembodegem (BE)**

Montea and Roltex Belgium have signed a long-term lease agreement for a fixed term of 9 years at the site in Erembodegem. The lease includes 1,454 m² of warehouse space, 403 m² of office space and 201 m² of mezzanine**.**

Roltex Belgium already has a location in Erembodegem and was looking for additional space in the same region. Roltex is a producer of trays and other plastic catering/hospitality equipment for professional catering (www.roltex.be).

Montea "Space for Growth" - Erembodegem Site - Unit 8 (BE)

- **20 July 2016 – Signing of long-term lease agreement with Stylelabs in Vorst (BE)**

On 20th July, a lease was signed with Stylelabs for the redevelopment of the old station building at the site in Vorst. The project involves renovating a building of approximately 2,000 m². Stylelabs will lease the building from March 2017, based on a 9-year lease with an initial break option after year 6. The annual rent for the property is € 281,000.

➢ New tenant and 100% occupancy rate at the Erembodegem site (BE)

At the end of October 2016, Kris De Leeneer BVBA and Montea signed a new lease for 3,017 m² of warehousing, 70 m² of office space and a mezzanine area of 429 m². As a result of this transaction, the multi-tenant site is now fully leased. Kris De Leeneer BVBA will lease the unit from January 2017, based on a 9-year lease with an initial break option after year 3. The annual rent for the premises is € 128,826.

➢ 08 November 2016 - Montea leases approx. 14,000 m² to Scotch & Soda B.V. - 100% occupancy rate for the site Aalsmeer (NL)

Montea purchased 60,000 m² of land from Greenpark Aalsmeer (Schiphol Area Development Company). This new industrial development is aimed in particular at increasing the provision of logistics services in the vicinity of Amsterdam and Schiphol.

Since acquiring the site, Montea has already developed a large building of 40,000 m², of which 30,000 m² has been leased in advance to Bakkersland. The remaining 10,000 m² of high-quality logistics space has now been leased to Scotch & Soda, an internationally known fashion brand. The new lease has been signed for a term of 9 years (first break option after 5 years) and consists of 8,171 m² of warehousing, 487 m² of office space and a mezzanine area of 1,341 m². Montea will build an additional mezzanine of 4,143 m² at the request of Scotch & Soda.

Scotch & Soda will start operations at the complex during the first quarter of 2017. The site will be used to accommodate the company's logistics activities which have increased due to the worldwide expansion and success of the brand. This new lease means that Montea – exactly as planned – has now fully leased the entire complex of more than 40,000 m².

Industrial Real Estate Partners and DTZ Zadelhoff jointly advised Montea on the lease. The transaction was brokered by Van Gool ♦ Elburg Vastgoedspecialisten B.V on behalf of Scotch & Soda B.V.

➢ Occupancy rate of 98.1% – Average lease term of 7.7 years (until next break)

Om 31/12/2016 the occupancy rate was 98.1%.

Total vacancies were 15,500 m², mainly relating to half of the Milmort site (BE)

As a result of its new investments and leases with long terms, and the new rental contracts mentioned above, Montea reached its target in 2016 of achieving an average lease term of more than 7 years until the first break date. At the end of 2016, the average lease term until its first break was 7.7 years.

6.4.5 Further strengthening and diversification of the financing structure

- **23 March 2016 – Capital increase of € 9,114,605 by the issue of 447,231 new shares as compensation for contribution in kind**

In its press release of 17 September 2015, Montea announced a partnership agreement with MG Real Estate (De Paepe Group) to develop a logistics complex for an American multinational at MG Park De Hulst in Willebroek. This project is developed on ca. 48,000 m² of land, and consists of 27,100 m² of storage floor space, 800 m² of office floor space and a mezzanine of 1,100 m²[44]. It is the property of the real estate companies Nyssa NV and Robinia One NV.

Through the contribution in kind of all (100% of) the shares of these two aforementioned companies, Montea has acquired the aforementioned land and logistics building.

The contribution in kind was carried out against mixed compensation, namely compensation in cash, and compensation in new Montea shares.

The new Montea shares were issued as a result of an increase of capital in line with the authorised capital,[45] by a decision of the Statutory Manager of Montea on 23 March 2016. The transaction led to a reinforcement of the equity capital of € 16,212,123.75, of which an amount of € 9,114,605 was allocated to the capital and an amount of € 7,097,518.75 to issue premiums.

Issue price, listing and profit participation of new shares

The contributor was compensated with 447,231 new Montea shares for a total amount of € 16,212,123.75, and also with compensation in cash of € 2,600,000. The issue price of the new shares within the framework of this transaction amounts to € 36.25 per share. The 447,231 new Montea shares were ordinary shares, and have the same rights as the existing shares. They will share in the results of the complete financial year 2016.

[44] For more information, cf. the press release of 17 September 2015 or go to www.montea.com.
[45] Through the contribution of all (100% of) the shares of Nyssa NV and Robinia One NV in Montea.

➢ 10 June 2016 – Realisation of the optional dividend[46]

To support the further growth of Montea, the statutory manager has for the third time offered shareholders an optional dividend. 76.33% of coupon no. 15 (which represents the dividend for financial year 2015) was exchanged for new shares.

In this way, 292,952 new shares were issued on 10 June 2016, for a total issue sum of € 10,419,013.65 (€ 5,970,386.14 in capital and € 4,448,627.51 in issue premium) in line with the authorised capital.

As a result, as of 10 June 2016, the share capital of Montea is represented by 9,951,884 shares. The dividend rights that were not contributed, were paid out in cash. The net total paid out amount was € 3,231,860.

➢ Further optimisation of the debt structure

The sale of two buildings in France for € 51.2 million provides further financing of growth. The debt ratio fell from 55.8% at end 2015 to 51.6% on December 31, 2016.

In 2016, Montea has settled a contract for interest rate hedging of the IRS type (Interest Rate Swap) and closed subsequently a new hedge against current market conditions. This settlement will have a positive impact on the average funding cost for years to come.

Furthermore, Montea took advantage of the low interest rates during 2016 in order to conclude new hedging instruments for a total notional amount of € 87.5 million through interest rate swaps with an average maturity of 8.5 years at an average interest rate of 0.6%. Due to these additional hedges and the reduction in debt because of the sale of two buildings in France, the hedge ratio[47] amounted to 110.9% at 31 December 2016. This surplus cover is a direct consequence of the fact that the new hedges have been entered on December 30, 2016. At that time a part of the debt has already been repaid while the planned investments were to be realised later in Q1 2017. This surplus cover is only temporary, the investments in Q1 2017 will decrease the hedging ratio below 100%. Montea expects that the investments of 2017 will decrease the hedge ratio again to 85.0% by year end if no new hedging instruments are contracted.

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[46] For more information, cf. the press release of 10 June 2016 or go to www.montea.com.

[47] *Hedge ratio: percentage of debt at fixed and variable interest rates that is hedged against interest rate fluctuations, through financial derivatives. See section 9.10.

6.4.6 Proposal to pay a gross dividend of € 2.11 per share

On the basis of the EPRA earnings of € 24.01 million, the board of directors of the statutory manager of Montea will propose paying out a gross dividend of € 2.11 per share (€ 1.48 net per share), which entails a payout ratio[48] of 87.5% with regard to the EPRA earnings. This means an increase of the gross dividend per share of 4% compared with 2015 (€ 2.03 gross per share), in spite of the increase in the number of shares entitled to dividends (from 9,211,701 to 9,951,884 shares) as a result of the contribution in kind and the optional dividend in 2016.

KEY RATIO'S	31/12/2016	31/12/2015
Key ratio's (€)		
EPRA-profit per share (1)	2,47	2,34
Result on the portfolio per share (1)	1,33	0,27
Variations in the fair value of financial instruments per share (1)	-0,06	0,05
Net result (IFRS) per share (1)	3,74	2,66
EPRA-profit per share (2)	2,41	2,29
Proposed distribution		
Payment percentage (compared with EPRA earnings) (3)	87%	89%
Gross dividend per share	2,09	2,03
Net dividend per share	1,46	1,48
Weighted average number of shares	9.722.190	9.012.751
Number of shares outstanding at period end	9.951.884	9.211.701

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

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

48 The payout ratio of 87% was calculated on the basis of the EPRA earnings and not on the basis of the earnings available for payout.

6.4.7 Other events during the year 2016

➢ **01 March 2016 – Appointment of Els Vervaecke as Chief Financial Officer**

On 1 March 2016, Els Vervaecke was appointed as the new CFO. The change in the management board in no way alters the objectives and strategic course of Montea.

Els Vervaecke used to work at EY as senior auditor. In the beginning of 2010, she started at Pylos (property developer) as Finance Manager for the Pylos Group, and became CFO for Pylos Benelux in 2014.

6.4.8 EPRA earnings per share[49]* amount to € 2.47: growth of 5.6% on a recurrent basis compared with the same period in the previous year

The EPRA earnings[50] amount to € 24.0 million, an increase of 14% during 2016, compared with € 21.1 million during the same period in the previous year. The EPRA earnings amount to € 2.47 per share compared with € 2.34 per share the previous year.

This growth of € 2.9 million is due chiefly to:

- The increase in the operating result before the result on the property portfolio of € 6.9 million due to:
  - The increase in the net rental income of € 6.2 million from € 34.3 million at the end of December 2015 to € 40.5 million at the end of December 2016. This new rental income is a direct consequence of the investments made and the delivery of built-to-suit projects during the previous financial year and the new investments and delivery of new projects in 2016;
  - The recovery of the rental charges and "other rent-related income" has a positive impact of € 0.2 million, mainly as a result of a decrease of the EPRA vacancy rate;
  - A drop in the property charges and general expenses of the company of € 0.5 million owing to a drop in the marketing and communication, HR and legal costs.

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

[50] *EPRA earnings: This concerns the underlying result of the core activities and indicates the extent to which the current dividend payments are supported by the profit. This result is calculated as the net result (IFRS) exclusive of the result on the portfolio and the variations in the fair value of financial instruments. Cf. www.epra.com

- Partially offset by an increase in the negative financial result (exclusive of changes in the fair value of the financial instruments)[51]* of € 3.8 million, chiefly as a result of the settlement of an interest rate hedging contract in the form of an Interest Rate Swap (IRS) in 2016 for a total amount of € 2.1 million to conclude subsequently a new hedge at current market conditions which will have a positive impact on the average financing cost in the future. The rise is moreover the result of an increase in the hedge ratio[52]* in 2016 on the one hand, and an increase in the average financial debt burden of € 53.0 million for investments, particularly in Vorst (let to CDS), Erembodegem (let to Movianto) and Aalsmeer (let to Bakkersland) on the other hand. The acquisitions in Eindhoven (let to Jan De Rijk) and Bornem were financed with borrowed capital.

- The increase in taxation of € 0.2 million.

6.5 Synthesis of the financial results

6.5.1 Shortened consolidated summary of results before profit distribution as of 31 December 2016 (in thousands of euro)

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

51 *Financial result (exclusive of changes in the fair value of the financial instruments): financial result in accordance with the Royal Decree of 13 July 2014 concerning the regulated real estate companies exclusive of the changes in the fair value of the financial instruments; this result reflects the actual financing costs of the company.

52 *Hedge ratio: the percentage of debts at fixed and variable interest rates which are hedged against fluctuations in interest rate by derivative financial products. See section 9.10.

ABBREVIATED CONSOLIDATED PROFIT & LOSS ACCOUNT (K EUR) *Analytical*	31/12/2016 12 months	31/12/2015 12 months
CONSOLIDATED RESULTS		
NET RENTAL RESULT	**40.518**	**34.290**
PROPERTY RESULT	**41.258**	**34.864**
% compared to net rental result	101,8%	101,7%
TOTAL PROPERTY CHARGES	**-1.043**	**-1.332**
OPERATING PROPERTY RESULT	**40.215**	**33.532**
General corporate expenses	-3.769	-4.037
Other operating income and expenses	-142	-58
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	**36.304**	**29.437**
% compared to net rental result	89,6%	85,8%
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	**-11.780**	**-8.016**
EPRA RESULT FOR TAXES	**24.524**	**21.421**
Taxes	-506	-324
EPRA Earnings	**24.018**	**21.097**
per share	**2,47**	**2,34**
Result on disposals of investment properties	6.291	5
Result on disposals of other non-financial assets	0	0
Changes in fair value of investment properties	4.788	2.470
Other portfolio result	0	0
PORTFOLIO RESULT	**11.079**	**2.475**
Changes in fair value of financial assets and liabilities	-616	438
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	**-616**	**438**
NET RESULT	**34.481**	**24.010**
per share	**3,55**	**2,66**

✓ **Net rental income amounts to € 40.5 million, an increase of 18% compared with the previous year – Operating result before the result on the property portfolio amounts to € 36.3 million, an increase of 23%**

- The **net rental result** amounts to € 40.5 million, for an increase of 18% compared with the same period in 2015 (€ 34.3 million). This increase of € 6.2 million can be attributed entirely to the increase in rental income determined mainly by:
  - The full year impact of the rental income from investments in 2015:
    - Acquisition of project in 's Heerenberg (let to JCL Logistics) (NL)
    - Acquisition of project in Apeldoorn (let to HSL) (NL)
    - Acquisition of project in Tilburg (let to Groep Verstijen) (NL)
    - Acquisition of project in Lyon (let to Cofriset) (FR)
  - The rental income from the new investments during 2016:
    - Built-to-suit project in Vorst (let to CDS) (BE)
    - Built-to-suit project in Erembodegem (let to Movianto) (BE)
    - Delivery of extension project in Ghent (let to DSV) (BE)
    - Acquisition of project in Willebroek (let to Federal Mogul) (BE)
    - Acquisition of project in Eindhoven (let to Jan De Rijk) (NL)
    - Delivery of project in Aalsmeer (let to Bakkersland) (NL)

The once-off income of € 2.3 million from the termination of the lease with Neovia Logistics was received in Q1 2016 (€ 1 million of which is considered equal to the rental fee of 2016 as rental income on a recurrent basis).

The sale of the building in St-Cyr-en-Val (FR) and the building in Tilloy-lez-Cambrai (FR) took place on 29 December 2016, and as such it had no impact on the net rental result of 2016.

- The **operating result before the result on the property portfolio** rose from € 29.4 million in 2015 to € 36.3 million in 2016. This growth of € 6.9 million is mainly due to:
  - The increase of the net rental result of € 6.2 million (cf. supra);
  - The positive impact of € 0.2 million on the recovery of rental charges "and other rent-related income" as a result of more limited non-recharging of a number of costs (due to the lower average EPRA vacancy rate);
  - The drop in property charges and general expenses of the company of € 0.5 million due to a drop in the marketing and communication, HR and legal advice costs.
- The **operating margin**[53]* amounts to 89.6% for the entire year 2016, compared with 85.8% for 2015.

➢ **Financial result excluding changes in the fair value of the financial instruments amounts to € 11.8 million compared with € 8.0 million the previous year**

The **financial result** exclusive of changes in the fair value of the financial instruments[54] amounts to € 11.8 million, up by 47% from the same period the previous year. The average debt burden rose by € 63.6 million (24%). Conversely, there was a drop in the average financing cost to 3.0%[55]* for financial year 2016.

The rise of the financial result exclusive of changes in the fair value of the financial instruments is chiefly due to the settlement of an Interest Rate Swap (IRS) contract in 2016 for € 2.1 million and the concluding of a new swap at current market conditions which will have a positive impact on the average financing cost in the future. Furthermore, the increase is due to the increase in the average outstanding debts. The extra interest rate swaps for € 87.5 million were taken out on 30 December 2016 so they had no impact on the financial costs.

On 31/12/2016, Montea had a total bank debt (bilateral lines of credit) of € 185.1 million with 6 financial institutions. The financial debts at fixed and variable interest rate were hedged on 31 December 2016 for 111% by IRS contracts. This overhedging is a direct consequence of the fact that the new swaps were concluded already on 30 December 2016 at a time when a part of the debts had already been settled, while the planned investments were to be carried out only later in Q1 2017. This overhedging is only temporary. The investments in Q1 2017 are to bring the hedging percentage below 100%. Montea expects that the investments of 2017 will bring the hedge ratio to 85% again by the year's end if no new hedge instruments are concluded.

53* The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental result.
54 See section 9.10.
55* See section 9.10.

✓ **The result on the property portfolio[56] amounts to € 11.1 million**

The **result on the property portfolio** amounts to € 11.1 million[57] on 31/12/2016. This exceptional positive result is mainly due to the sale of the two buildings in France (St-Cyr-en-Val and Tilloy-lez-Cambrai) with a positive impact of € 6.3 million on the result from the sale of investment properties, proof of the very prudent and conservative valuation of the property portfolio of Montea with regard to the great interest in the property market for quality logistics real estate. Furthermore, the result is due to a net positive variation in the fair value of the property portfolio as a result of a drop in the return on investment.

In the valuation of the solar panels, the capital gains are entered under a separate component of the equity capital. Capital losses are also entered under this component, unless they are realised or unless the fair value drops below the original investment cost.

✓ **The negative changes in the fair value of the financial instruments amount to € 0.6 million**

The **negative changes in the fair value of financial instruments** arises out of the negative impact of the fair value of the existing interest hedging partially offset by the positive impact of the new IRS instruments taken out at the end of 2016 as a result of the renewed expectations of rising long-term interest rates.

➢ **Net result (IFRS) amounts to € 34.5 million[58], i.e. an increase of € 10.5 million from the previous year, strongly impacted by the positive result on the property portfolio**

The EPRA earnings together with the result on the portfolio and the changes in the fair value of financial instruments, led to a **net result (IFRS)** of € 34.5 million in 2016 compared with € 24.0 million in 2015. The net result (IFRS) per share amounts to € 3.55 per share compared to € 2.66 per share in 2015. The result on the property portfolio and changes in the fair value of financial instruments are not cash items and have no impact on the EPRA earnings.

➢ **EPRA earnings of € 2.47 per share[59]**

The **EPRA earnings** on 31/12/2016 amount to € 24.0 million, an increase of 14% with respect to the same period last year.

On the basis of the distributable result, Montea will propose a gross dividend of € 2.11 per share to the general meeting of shareholders. This means an increase of the gross dividend per share of 4% compared with 2015, in spite of the dilution owing to the optional dividend and the increase of capital (by contribution in kind) carried out in 2016.

[56] * Result on the property portfolio: this concerns the negative and/or positive changes in the fair value of the property portfolio plus any capital gains or losses from the sale of real estate.

[57] The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

[58] See footnote 57.

[59] See section 9.9.

6.5.2 Shortened consolidated balance sheet as of 31 December 2016

CONSOLIDATED BALANCE SHEET (EUR)	31/12/2016 Conso	31/12/2015 Conso
NON-CURRENT ASSETS	**545.461.627**	**517.685.997**
CURRENT ASSETS	**49.297.472**	**31.999.167**
TOTAL ASSETS	**594.759.099**	**549.685.164**
SHAREHOLDERS' EQUITY	**251.964.960**	**208.256.437**
Shareholders' equity attributable to shareholders of the parent company	251.846.477	208.156.528
Minority interests	118.483	99.909
LIABILITIES	**342.794.139**	**341.428.727**
Non-current liabilities	310.381.242	291.353.554
Current liabilities	32.412.897	50.075.173
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**594.759.099**	**549.685.164**

- On 31/12/2016, the **total assets** (€ 594.8 million) consist primarily of investment properties (88% of the total), assets intended for sale (1% of the total), solar panels (2% of the total), and developments (2% of the total). The remaining amount of the assets (7% of the total) consists of the other tangible and financial non-current assets, including assets intended for proprietary use and current assets, including cash investments, trade and tax receivables.

- The **total liabilities** consist of the equity capital of € 252 million and a total debt of € 342.8 million.

This total debt consists of:

- A total amount of € 185.1 million in drawn down lines of credit at 6 financial institutions. Montea has € 235 million in lines of credit taken out and an unused capacity of € 49.9 million as a result of the settlement at the end of 2016 in connection with the sale of the 2 buildings in France. The lines of credit to be refinanced in 2017 were partially extended in December 2016. There remains a line of credit of € 10 million to be refinanced in 2017
- A total amount of € 109.2 million with regard to the four bond loans that Montea concluded in 2013, 2014, and 2015 with maturities till respectively 2020, 2021, 2025 and 2027
- A total lease debt of € 0.8 million for the further financing of the site in Milmort
- The negative value of the ongoing hedging instruments to the tune of € 24.8 million
- Other debts and deferred charges for an amount of € 22.9 million. The deferred charges comprise in large measure the rent already invoiced in advance for the subsequent quarter.

Montea has currently contracted lines of credit with six financial institutions for a total of € 235 million, of which € 185.1 million drawn down (or 78.8%).

During 2015 2 additional bond loans of € 25 million each were issued, partially for refinancing existing credit lines coming to maturity. These 2 new bond loans consist of a bond loan with a variable interest rate EURIBOR 3 months +205 bps and a bond loan with a fixed interest rate of 3.42%. These have maturities till respectively 2025 and 2027.

During 2017 a total of € 10.0 millions of lines of credit come to maturity.

- The **debt ratio**[60] of Montea amounts to 51.65%. The drop in the debt ratio compared to 31/12/2015 (55.77%) and 30/06/2016 (56.22%) is a result of the sale of the French sites in St.-Cyr-En-Val and Cambrai. Enhanced impacts on the debt ratio are primarily the ongoing developments which are financed with bank debts.

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

- The **EPRA NAV**[61] on 31/12/2016 amounts to € 27.80 per share compared to € 25.22 per share on 31/12/2015. The EPRA NNNAV per share[62] amounts to € 25.31 per share on 31 December 2016 compared to € 22.60 per share on 31/12/2015.

6.6 Financial structure of the company

6.6.1 Overall financing policy

The financing cost is the largest expense item in the Montea result. Montea therefore proactively manages the cost of its financing. First of all, the company wants to guarantee that its various funds are available for the longest possible period of time. Additionally, the company aims to secure financing with a variable interest rate, the largest part of which is covered by hedging instruments such as IRSs (Interest Rate Swaps).

This policy is based on the fact that doing so provides protection against disruptive swings in the economic cycles.

During economic boom times, the financing cost may well rise. This is compensated in theory by higher operational incomes (such as higher occupancy and higher inflation). This compensation is rather limited. Therefore there was a transfer to a hedging policy, and one that hedges the greatest portion of the debt.

At 31/12/2016, the main characteristics of Montea's financial structure were:

- total financial debt of € 296.2 million, consisting of € 185.1 million in bilateral lines of credit and € 0.8 million of leasing debts, € 109.2 million in outstanding bond loans and € 1.1 million in other financial debts;
- a debt ratio of 51.6%;
- a weighted average term for the financial debt of 5.4 years;
- a policy of hedging against the possible interest rate risk that has the effect of limiting sudden major rises in short-term interest rates;
- an average financing cost on the total financial debt in 2016 (margin and hedging costs included) of 3.0%;
- an interest coverage ratio[63] of 3.00 (compared with 3.51 in 2015 and 3.08 in 2014).

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

61 See section 9.9.

62 See section 9.9.

63 The interest coverage ratio is calculated by adding the operating result before the result on the portfolio with the financial income, divided by the net interest costs. See section 9.10.

6.6.2 Debt structure

The company ensures that any funding required is in place in timely fashion. In doing so, the balance between the cost of funding, term and diversification of the sources of finance always comes first.

The total financial debt of Montea is € 296.2 million (€ 285.6 million long term and € 10.6 million short term) and consists of:

- total drawn-down lines of credit of € 185.1 million. As of 31/12/2016, Montea had total confirmed bilateral lines of credit of € 235.0 million with six financial institutions, of which 78.8% is drawn down. At 31/12/2016, the weighted average term of these lines of credit was 5.0 years.
  In 2017, a total of € 10 million will be refinanced. In 2018, a total of € 26.7 million will be refinanced.

- total leasing debts of € 0.8 million. This total corresponds with reimbursement of the financial debts for the site at Milmort in Luik.

  - a total amount of € 109.2 million relating to the outstanding bond loans. In 2016 Montea did not proceed to the issue of new bond loans. At 31/12/2016, the weighted average duration of the current bond loans is 6.5 years.

- a total of € 1.1 million in guarantees deposited and other financial debts.

The weighted average duration of all financial debts together is 5.4 years.

6.6.3 Coverage of the interest rate risk

As already stated, Montea has a funding policy whereby a large proportion of its bank debt is hedged. As of 31/12/2016, 110.9% of the financial debt with a variable interest was covered by IRS-type hedging instruments. Montea aims to hedge between 70% and 80% of its financial debts with variable interest rates for a term of 3 to 10 years.

At 31/12/2016 the hedge ratio[64] is exceptionally 110.9%. The overlap is a direct consequence of the fact that the new hedges started December 30, 2016 at the time that some of the debts were already redeemed due to the sale of 2 French properties while the planned investments were to be realized in Q1 2017. This overdraft is only temporary. Investments of Q1 2017 should lower the deposit rate below 100.0%. Montea expects investment in 2017 to lower the hedge ratio to 85.0% again by year-end if no new hedging instruments are closed.

At 31/12/2016, the Company had a total of € 242.5 million in IRS-type hedging contracts. There are no forward hedges concluded.

The weighted average duration of the hedges amounts to 7.8 years.

Note 17 provides an overview of the hedging instruments in place.

[64] See section 9.10.

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

6.6.4.1 General

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

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

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

6.6.4.2 Abbreviated form of the consolidated balance sheet at 31/12/2016

Based on the figures at 31/12/2016, the consolidated debt ratio of the RREC was 51.6%. For more information about the abbreviated form of the consolidated balance sheet at 31/12/2016, please see point 4.4.2 in this annual report.

6.6.4.3 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 build-to-suit projects Movianto in Erembodegem, CdS in Vorst, and Bakkersland in Aalsmeer were delivered in 2016. The works of these 3 projects were financed with debt. Furthermore, the acquisition of the project in Eindhoven (Jan de Rijk) and the acquisition of the land in Bornem (Bornem Vastgoed) were likewise financed with debt. To keep the debt ratio within limits, the project in Willebroek (Federal Mogul) was acquired in March 2016 by contribution in kind and an optional dividend was successfully paid out in June. In December 2016, the sale of St.-Cyr-En-Val and Cambrai went through, as a result of which the debt ratio was brought down again to 51.65% on 31/12/2016.

The debt ratio has at no time reached alarming levels, not even during the periods of financial crisis which erupted as of the end of 2008.

6.6.4.4 Montea's investment potential in the future

Currently Montea's debt ratio stands at 51.6%. On the basis of this current debt ratio, the investment potential would amount to ca. € 226 million[65] without exceeding the maximum debt ratio of 65% (see table below).

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	226.000.000	761.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**226.000.000**	**820.759.099**
Own capital	**251.964.960**	**-**	**251.964.960**
Liabilities	**342.794.139**	**226.000.000**	**568.794.139**
Non-current liabilities	**310.381.242**	**226.000.000**	**536.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988	226.000.000	511.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**226.000.000**	**820.759.099**
Debt ratio	**51,6%**		**65,0%**

65 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. € 124 million (see table below).

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	124.000.000	659.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**124.000.000**	**718.759.099**
Own capital	**251.964.960**	**-**	**251.964.960**
Liabilities	**342.794.139**	**124.000.000**	**466.794.139**
Non-current liabilities	**310.381.242**	**124.000.000**	**434.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988	124.000.000	409.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**124.000.000**	**718.759.099**
Debt ratio	**51,6%**		**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 more than € 122 million. This corresponds to a drop of 22% in the existing portfolio.

in euro	31/12/2016	Investment potential	Balance sheet after investment potential
Investment properties	535.136.085	- 122.000.000	413.136.085
Other assets	59.623.014		59.623.014
TOTAL ASSETS	**594.759.099**	**- 122.000.000**	**472.759.099**
Own capital	**251.964.960**	**- 122.000.000**	**129.964.960**
Liabilities	**342.794.139**		**342.794.139**
Non-current liabilities	**310.381.242**	**-**	**310.381.242**
Provisions	-		-
Other non-current financial liabilities	24.804.255		24.804.255
Deferred taxes - liabilities	-		-
Other non-current liabilities	285.576.988		285.576.988
Current liabilities	**32.412.897**	**-**	**32.412.897**
Provisions	-		-
Other current financial liabilities	-		-
Accruals	10.825.545		10.825.545
Other current liabilities	21.587.351		21.587.351
TOTAL LIABILITIES	**594.759.099**	**- 122.000.000**	**472.759.099**
Debt ratio	**51,6%**		**65,0%**

Since the establishment of Montea, Montea has recorded a total negative variation in the value of the property portfolio of € 32.5 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 51.6% provides a sufficient buffer to deal with possible further negative variations in the existing portfolio.

The debt ratio has at no time reached alarming levels, not even during the periods of financial crisis which erupted as of the end of 2008.

6.6.4.5 Movements in the debt ratio forecast in 2017

The table below shows the development of the debt ratio up to 31/12/2017.

In euro	31/12/2016	Q1 2017	Q2 2017	Q3 2017	31/12/2017
Vastgoedbeleggingen	535.136.085	589.744.752	625.296.418	647.263.085	667.563.085
Andere activa	59.623.014	51.901.814	51.901.814	51.901.814	51.901.814
TOTAAL ACTIVA	**594.759.099**	**641.646.565**	**677.198.232**	**699.164.899**	**719.464.899**
Eigen vermogen	**251.964.960**	**259.916.584**	**284.080.715**	**290.580.539**	**297.080.364**
Verplichtingen	**342.794.139**	**381.729.981**	**393.117.517**	**408.584.359**	**422.384.535**
Langlopende verplichtingen	**310.381.242**	**355.816.909**	**362.368.575**	**384.335.242**	**404.635.242**
Voorzieningen	-	-	-	-	-
Andere langlopende financiële verplichtinge	24.804.255	24.804.255	24.804.255	24.804.255	24.804.255
Uitgestelde belastingen - verplichtingen	-	-	-	-	-
Andere langlopende verplichtingen	285.576.988	331.012.654	337.564.321	359.530.988	379.830.988
Kortlopende verplichtingen	**32.412.897**	**25.913.072**	**30.748.942**	**24.249.117**	**17.749.293**
Voorzieningen	-	-	-	-	-
Andere kortlopende fianciële verplichtinger	-	-	-	-	-
Overlopende rekeningen	10.825.545	10.825.545	10.825.545	10.825.545	10.825.545
Andere kortlopende verplichtingen	21.587.351	15.087.527	19.923.396	13.423.572	6.923.748
TOTAAL PASSIVA	**594.759.099**	**641.646.565**	**677.198.232**	**699.164.899**	**719.464.899**
Schuldgraad	**51,65%**	**53,94%**	**52,79%**	**53,34%**	**53,76%**

This evolution of the debt ratio is based on:

- A debt ratio of 51.6% on 31/12/2016
- A debt ratio of 52.8% on 30/06/2017
    - The implementation of the current investment programme concerning 3 build-to-suit projects, yet to be delivered, financed fully with debt (± € 16.9 million).
    - The implementation of new investments concerning build-to-suit projects that will be started in 2017, financed fully with debt (± € 8.5 million)
    - The acquisition of 3 sites in the first half of 2017 (± € 35.7 million) with borrowed capital
    - The acquisition of 1 site in the first half of 2017 (± € 29 million) through a contribution in kind
    - The expected profit for the first half of 2017, taking into account any vacancy and additional income from the investment programme
    - Proposed dividend payment of € 2.11 per share, where 65% of the shareholders will choose the optional dividend (success ratio as in the previous year)
    - Further investments in the existing property portfolio in the first half of 2017 which will generate no direct added value in the fair value of the property portfolio.

- A debt ratio of 53.8% on 31/12/2017:
  - o The implementation of the current investment programme concerning 1 build-to-suit project, yet to be delivered, financed fully with debt (± € 1.7 million)
  - o The implementation of new investments concerning build-to-suit projects that will be started in 2017, financed fully with debt (± € 40.6 million)
  - o The expected profit for the second half of 2017, taking into account any vacancy and additional income from the investment programme
  - o Further investments in the existing property portfolio in the second half of 2017 which will generate no direct added value in the fair value of the property portfolio.

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

6.6.4.6 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.

6.7 Conclusions for the financial year 2016

In financial terms, 2016 was characterised by generally good operating results for Montea:
- The EPRA earnings rose by 13.7% compared with the same period in the previous year;
- The EPRA earnings amount to € 2.47 per share compared with € 2.34 per share for the same period in the previous year.
- An operating margin[66] of 89.6% compared with 85.8% in 2015.

6.8 Appropriation of the result

On the basis of the results on 31 December 2016, the Board of Directors of Montea Management NV will propose to the General Meeting of Shareholders of 16 May 2017, to pay out a gross dividend of € 2.11 per share. This corresponds to a net dividend of € 1.48 per share.

66 See section 9.10.

6.9 Important post balance sheet date events

➢ **13/03/2017 - Wayland Real Estate and Montea sign agreement for the future development of "LogistiekPark A12" in Waddinxveen**[67]

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

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

The LogistiekPark A12 project is part of the Glasparel+ development. The plot of land is situated in Zuidplaspolder, in the Rotterdam, Gouda and Zoetermeer triangle and is connected directly tot the The Hague – Utrecht A12 motorway and indirectly to the A20.

LogistiekPark A12 is a modern logistics industrial estate where the sustainable possibilities of today are taken into account on a large scale.

Hylcke Okkinga, Manager Montea Nederland: "*LogistiekPark A12 provides outstanding opportunities for logistics companies. We are convinced that the superb location and spacious plot division will result in a unique master plan from this cooperation".*

Arnaud van der Eijk, Directeur Wayland Real Estate: "*We expect with this cooperation and development, a strong increase in logistics activities within the A12 Corridor*".


Picture: A. van der Eijk (left) and Hylcke Okkinga (right)

[67] For more information, please see our press release of 13/03/2017 or visit www.montea.com.

Nomination of Jan van der Geest as Development Manager for Montea Nederland

With the appointment of Jan van der Geest as Development Manager Montea wants to strengthen its presence in the Netherlands.

Jan will a/o be responsible for the future development of LogistiekPark A12 in Waddinxveen. Because of his long-standing affinity with the industrial market in the Netherlands, Jan van der Geest has the necessary experience to follow ip the new projects of Montea in the Netherlands.

Jan van der Geest worked since 2006 for Heembouw, a developing construction company, where he worked as a commercial manager since 2011.

6.10 Forecasts for the financial year 2017

6.10.1 General

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

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

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

In 2017, Montea will focus further on the growth of its portfolio (external growth), as well as on improving the quality of its buildings (internal growth) and the diversification of its income streams.

- **External growth**

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

- Sale & rent back projects, in which Montea acquires property from companies that wish to divest their property. Montea's initial experience in these projects came with the acquisition of the logistics property of Unilever in Vorst (2008), Office Depot in Saint-Martin-de-Crau (2013), Delta Wines in Waddinxveen (2014), Depa Disposables in Beuningen (2014), Groep Versteijnen in Tilburg (2015) and Jan De Rijck in Eindhoven (2016).
- 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 and Nippon Express Belgium at Brucargo in Zaventem (BE).

- Collaboration with other property players, such as developers, land-owners and industrial parties, in which Montea uses its knowledge and experience in the logistics market to become involved in the development process at an earlier stage and hence realise part of the development margin. For instance, Montea has a collaborative agreement with De Paepe Group for the development of the De Hulst logistics park in Willebroek.
- Prospection relating to the acquisition or purchase of portfolios or buildings that are not part of the core investments and priorities of various investment groups.

- **Internal growth and quality improvement**

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

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

6.10.2 Specific outlook for Montea

- EPRA vacancy rate and term of the leases

On 31/12/2016, the EPRA vacancy rate amounted to 1.1%, chiefly as a result of the current vacancy at the site in Milmort. Montea's goal is to keep the EPRA vacancy rate below 5%. The average term of leases until the first termination option is 7.7 years. On the basis of already announced growth, Montea expects to maintain the average term for its leases above 7 years by the end of the financial year.

In 2017, there is a total floor space of 43,347 m² (exclusive of the current vacancy rate and the building in Willebroek, i.e. De Hulst Neovia with 19,512 m²) that will be the subject of lease extensions and/or new leases (5.5% of the total floor space).

Montea is convinced that owing to the good location and good state of the sites, new tenants can be found or existing leases can be extended for the current vacancies or any new vacancies in 2017.
We strive to maintain a maximum EPRA vacancy rate of 5%.

- Investment pipeline

In the current climate of yield compression, and taking account of the sound investment policy pursued by Montea, it is more difficult to acquire quality Class A buildings on the basis of reasonable returns. As a result, build-to-suit projects are acquiring increasing importance in our investment portfolio. We expect that the property portfolio will grow to € 650 million in financial year 2017.

- Financing strategy

  Taking account of the 60% debt ratio restriction, Montea still has an investment capacity of € 124 million. Montea is striving for a diversified financing policy, where the aim is to bring the term of our loans (currently 5.4 years) in line with the term of our leases (currently 7.7 years on average). In December 2016, Montea analysed its debt position again, and, prior to the expiry dates of a number of lines of credit, refinanced debts at lower market conditions. We expect the hedge ratio to fall to 85.0% % by the end of 2017 as a result of growth in the portfolio and thus of debt charges.

- Operating margin[68]

  The operating margin amounted to 89.6% on 31/12/2016. On the basis of already announced growth, Montea expects to be able to maintain the operating margin over 89.0%.

- EPRA earnings

  On the basis of the EPRA earnings of € 24.0 million in 2016, the coming net income from the acquired projects and, taking account of an estimated extension of certain leases and the letting of currently vacant premises, Montea expects growth of 5% in EPRA earnings per share in 2017, in spite of the temporary impact in the beginning of 2017 of the sales in France at the end of 2016.

6.10.3 Assumptions about the forecast of EPRA earnings

In the outlook we describe the expected results concerning the consolidated EPRA earnings and the consolidated balance sheet for financial year 2017 on the basis of figures as indicated in the annual report as at 31 December 2016, 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.

6.10.3.1 Assumptions

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

The assumptions are rather conservative yet realistic.

[68] See section 9.10.

6.10.3.2 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 2017, conservative re-leasing (extension or renewal) estimates are made on an individual basis.

Furthermore, growth potential of € 100 million is assumed, of which € 70 million was already known at the time that the forecasts were made. The known investments contribute to the rental income in accordance with the timing and yield negotiated or under negotiations. The other investments (projection spread over Q3 and Q4 2017) will yield at a rate lower than the average yield of the current portfolio. The capital structure is hereby kept stable with the debt ratio between 50% and 55%.

Other rent-related operating revenues and expenditures

This section comprises the rental charges borne by the owner as well as the passing on of those rental charges to the tenants. For existing projects and known investments, these revenues and expenditures are recognised in accordance with the lease. For other investments (projection spread over Q3 and Q4 2017), we rely on triple net leases.

Furthermore, this section includes income from solar panels that are recognised in line with the generated income of 2016 without further extension in 2017 as well as the management fee for immovable property that Montea charges to the tenants.

Property costs

These costs comprise primarily brokerage commissions, internal management fees and costs and charges relating to vacant properties. They are estimated for 2017 on the basis of the current portfolio and expectations concerning new investments.

Company overheads

These costs comprise chiefly:

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

Overheads are included in the budget on the basis of the actual costs in 2016, plus indexing of 2%. Marketing and personnel costs are provided on the basis of a best approximate estimate.

Interest charges

The estimate of interest charges is based on changes in financial debts, starting with the financial debt as at 31 December 2016, plus additional investments (known and projected) through borrowed capital, taking into account a stable debt ratio between 50% and 55%.

The interest rate calculation is based on an overall average financing cost[69] of 3.1% for 2017 calculated on the basis of the increased degree of hedging at the start of 2017 (111% on 1 January 2017) to be gradually brought down to 85% by the end of 2017. A weighted average credit margin, as well as the reservation cost for existing credit facilities not used and the cost of the interest hedging instruments are taken into account in the calculation of the overall financing cost. The assumptions are made on the premise that no loans will be repaid early, and that ongoing IRS contracts will not be settled early either.

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

Taxes

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

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

6.10.3.3 Assumptions about factors that Montea cannot influence directly

An indexing level in 2017 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 -0.3%.

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, on page 5.

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69 Cf. section 9.10

6.10.3.4 Forecast of EPRA earnings

On the basis of the foregoing assumptions and current forecasts for 2017, Montea expects an increase in EPRA earnings of 5% per share per year, from € 2.47 per share to € 2.60 per share.

		2016	2017
		Actual	Budget
		(k EUR)	(k EUR)
EPRA RESULT		**24.018**	**27.395**
Weighted average number of shares		9.722.190	10.543.295
EPRA RESULT PER SHARE		**2,47**	**2,60**
OPERATIONAL MARGIN		**36.304**	**38.672**
NET RENTAL RESULT	A	**40.518**	**43.377**
Transactions		740	1.096
PROPERTY RESULTS		**41.258**	**44.473**
Property costs		-1.043	-1.322
OPERATIONAL PROPERTY RESULT		**40.215**	**43.151**
General costs / other costs and income		-3.911	-4.479
OPERATIONAL RESULT	B	**36.304**	**38.672**
OPERATIONAL MARGIN	B/A	**89,6%**	**89,2%**
FINANCIAL RESULT		**-12.396**	**-10.773**
TAXES		**-506**	**-504**

6.10.3.5 Forecast of consolidated balance sheet

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

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

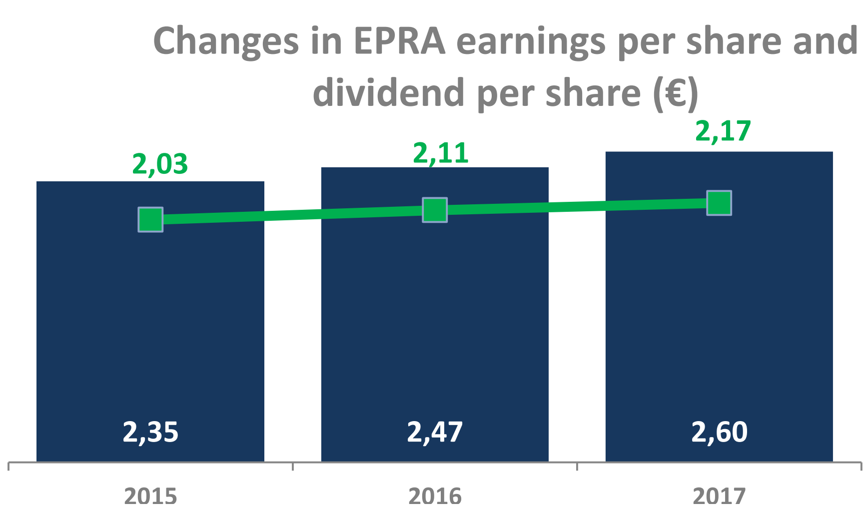
A stable debt ratio between 50% and 55% was taken into account for the changes in equity capital. To maintain the debt ratio, a dividend payment in 2016 was recognised in the form of an optional dividend (with an assumption of 65% recognition in shares) and the projected EPRA earnings for financial year 2017 were recognised, which should result in a debt ratio of ca. 54% by the end of 2017.

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).

MONTEA	2016	2017
	Actual	Budget
	(k EUR)	(k EUR)
TOTAL ACTIFS	**594.759**	**719.465**
Property investments	535.136	667.563
Other actifs	59.623	51.902
TOTAL LIABILITIES	**937.553**	**719.464.899**
Equity	**251.965**	**297.080**
Liabilities	**342.794**	**422.385**
LONG TERM LIABILITIES	**310.381**	**404.635**
Provisions	0	0
Other long term finacial liabilities	24.804	24.804
Diversed taxes - liabilities	0	0
Other long term liabilities	285.577	379.831
SHORT TERM LIABILITES	**32.413**	**17.749**
Provisions	0	0
Other short term finacial liabilities	0	0
Accrued accounts	10.826	10.826
Other short term liabilities	21.587	6.924
DEBT RATIO	**51,65%**	**53,76%**

6.10.3.6 Dividend forecast

The dividend policy is determined by the Board of Directors of Montea and presented after the end of the financial year at the annual general meeting of shareholders. Based on the projected EPRA earnings for 2017, Montea expects a further increase in dividend of 3% per share, which will lead to a gross dividend of € 2.17 per share, and a payout ratio of 86%.



6.11 Corporate Governance statement

6.11.1 Applicable legislation and reference code

This corporate governance statement contains the most important rules that Montea has adopted from the legislation and the recommendations on corporate governance and the way these have been applied in 2016.

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 of 12th May 2014 regarding regulated real estate companies (the **RREC Act**) and the Royal Decree of 13th July 2014 relative to regulated real estate companies (the **RREC RD**).

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

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

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

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

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

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

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

  For more information, please see the table in section 4.10.3.2, A (Board of Directors – Composition).

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

6.11.2 Statements on Directors

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

- during the previous five years (i) no single director was convicted of fraud, (ii) there was no director, in the capacity of member of the administrative, managerial or supervisory body, involved in a bankruptcy, suspension or dissolution, (iii) no director was accused and/or the subject of a public official nominative sentence pronounced by a statutory or regulatory body, and (iv) there was no director declared incompetent by a court to act as a member of the administrative, managerial or supervisory body of an issuer of financial instruments or to intervene in the management or administration of the affairs of an issuer or in connection with the management or the exercise of the activities of an issuing institution. By "directors" are also meant the permanent representatives of the directors-legal entities.
- no employment contract was concluded with the directors providing for the payment of compensation by the end of the contract. There is a management contract between the Montea Management NV and the directors providing for the payment of a fee[70].
- that it is aware of its directors owning shares of Montea or not.
- the fact that up to now, with exeption of the executive directors and some members of the executive management, no options for shares of Montea have been granted.

6.11.3 Report on internal audit and risk management systems

6.11.3.1 General

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

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

[70] See chapter "Executive Management and day-to-day management of the Manager"

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[71] 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.

6.11.3.2 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 in Belgium, France and the Netherlands) for accounting and tax matters, with only material support from these parties (this is in no way a delegation of management tasks).

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

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

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

6.11.3.3 Risk analysis and audits

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

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

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

6.11.3.4 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.

6.11.3.5 Supervision and assessment of internal auditing

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

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

6.11.4 Board of Directors and committees

6.11.4.1 General

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

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

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

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

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

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

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

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

6.11.4.2 Board of Directors

A. Composition Board of Directors

(i) Appointment

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

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

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

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

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

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

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

(ii) Qualification requirements

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

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

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

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

- Ciska Servais;
- Sophie Maes;
- André Bosmans;
- Michel Delbaere.

(iii) Composition

The Board of Directors is made up of nine members. The composition of the Board of Directors was as follows at 31st December 2016:

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

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

With effect from 17th May 2016, the directors' mandates of the following directors come to an end:

- Jo De Wolf BVBA, whose permanent representative is Jo De Wolf;
- EMOR BVBA, whose permanent representative is Francis Rome;
- Ciska Cervais BVBA, whose permanent representative is Ciska Cervais;
- Insumat NV, whose permanent representative is Sophie Maes.

With effect from 17th May 2016, the directors' mandates of the following directors begin:

- Mr Jo De Wolf for a term of six years (until the annual general meeting of 2022);
- Mr Michel Delbaere for a term of three years (until the annual general meeting of 2019);
- Mrs Sophie Maes for a term of three years (until the annual general meeting of 2019);
- Mrs Ciska Servais for a term of three years (until the annual general meeting of 2019).

At from 17th May 2016, the position changed of director Andre Bosmans from non-executive / non-independent director, to non-executive / independent director. This is the first mandate of Abdré Bosmans in the capacity of a non-executive / independent director.

The Board currently has two female members, which means that less than 1/3 of the directors have a different gender. Since Montea is a small company listed on a regulated market within the meaning of the transitional provisions of Article 518bis of the Company Code[72], only 1/3 of its directors must have a gender other than the other directors by 1 January 2019. Montea undertakes the necessary efforts to get this quota in time and will consider the candidacy of female members in replacement of existing mandates or for the appointment of new mandates. On May 17, 2016, two female directors (Ciska Servais and Sophie Maes) were appointed for a period of three years. In addition, the mandate of a third female director will be proposed to the Annual General Meeting of Shareholders once a specific candidate is known.

(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.

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

Jo De Wolf BVBA
Executive Director and CEO
Start of mandate: 30/09/2010 - Renomination till 17/05/2022[73]

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

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

[72] Montea namely complies with two of the three proposed criteria: its average number of employees amounts to less than 250 people and the company has an annual net turnover of below € 50,000,000.
[73] In previous annual reports, the end date of the mandate of Jo De Wolf BVBA was incorrectly stated.

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

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

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

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

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

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

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

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

a. The mandates that have lapsed in the past five years: Retail Estates
b. De current mandates:
Federale Management since 2012, Federale Invest since 2013, K building (Subsidiary of de Federale Verzekering investing in student housing) since 2012, Senior Housing Invest (Subsidiary of de Federale Verzekering investing in nursing homes) since 2012; Milsenhof NV since 2012, De Muze NV since 2013. Since May 2012 he has represented Federale Verzekering as Chief Investment Officer as a director of Montea.

Dirk Vanderschrick
Non-executive Director
Start of mandate: 15/05/2012 – Renomination till 15/05/2018

Dirk Vanderschrick, born in 1965, is a graduate in Commercial and Financial Sciences and a Master of Business Administration from K.U. Leuven.

a. Mandates that have expired in the past five years:
AAMC, Livingstone Building, Realex, Corona, DIB Invest, DELP Invest, DIS Finance SA, Dexia Re, Eurco RE, Eurco Ltd, IWI (International Wealth Insurer), Belfius Ireland, Quest for Growth, Capricorn Health-tech Fund, Auxipar, Promotion Leopold, Belfius Financing Company.
b. Current mandates:
Stock quoted company Belfius Bank, Belfius Insurance, VDK Spaarbank, ABB/BVB, Febelfin, Belfius Immo.
Since May 2012 he has represented Belfius Insurance Belgium NV 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:
Nautinvest Vlaanderen (PMV NV)
b. Current mandates:
Quoted CFE NV (construction company) and Astrea BV CVBA (law practice).

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

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

a. Mandates expiring in the past five years:
   - Mandates in her own name (+ as permanent representative of Bevalex NV) (ended 31/03/2011):
     Director of Saturno NV and Romano NV as permanent representative for Bevalex NV, VOKA-Kamer van Koophandel Oost-Vlaanderen VZW, Messiaen NV, Espace Belliard NV, Alides NV, Fonsny NV, R. Maes NV, MAPP SCI, Imco SCI, Alides Projects NV, Krekelendries NV, Immo Spa NV, Investate NV as permanent representative for Bevalex NV, Aedifica as permanent representative for Bevalex NV, ACS Technics NV, Building Hotel Maes NV
   - Mandates of the company Insumat: Aedifica, Aalterpaint NV, Alides Projects NV, Paestum (2015).
a. Current mandates:
   - In her own name: Director of Investissement Leopold NV, Profin BVBA, Algemene Bouw Maes NV, VOKA Vlaams Economisch Verbond VZW, Insumat NV, BVS- UPSI (chairman for Flanders), BNP Paribas Fortis Bank (Management commitee Advisory Board), Vlaams Overleg voor Ruimtelijke Ordening en Huisvesting VZW, Aedifica, Voka – Kamer van Koophandel Oost-Vlaanderen
- Current mandates of the company Insumat: Director of Alides Projects NV (merged with Orello 10/05/16), Orelio NV => name change to Alides REIM NV 01/07/16, Building Hotel Maes NV, Investera NV, Investpool NV, ACS Technics NV, Alides NV => name change to Alides Properties NV 01/07/16, Espace Belliard NV, Fonsny NV, Gindac NV, Immo Spa NV, Krekelendries NV, R. Maes NV, Ghent Industrial Investment NV, VIA, VINEA, Rinkkaai.

Michel Delbaere
Independant, non-executive director
Start of mandate: 17/05/2016

Michel Delbaere, born in 1953, has a degree in Licentiate in Law and Licentiate in Economic sciences at the KU Leuven.

a. Mandates expiring in the past five years:
   Director at De Warande, Spano Invest and Quick
b. Current mandates:
   Founder and deputy director or director of: Crop's N.V. (Belgium), Hesbayefrost S.A. (Belgium), Monliz S.A. (Portugal + Spain), MDC Foods ltd (UK), Crop's & Partners (Serbia), Messem (The Netherlands + Morocco). Management mandates of listed company BNP Paribas Fortis (Regional Board of Directors), FEVIA (Belg.Fed.Voedingsnijv.), VPK, VOKA, Bank Delen, listed company Sioen Industries, VBO, SD Worx, Exmar, Muziekkapel Koningin Elisabeth.

The Company confirms that the non-executive directors mentioned above (see 4.10.3.2) comply with requirement 4.5 of the Belgian Corporate Governance Code 2009 (see (iii) Composition), which states that non-executive directors may not exercise more than five mandates in companies listed on the stock exchange.

No member of the Board of Directors and its committees has been convicted of fraud in the past 5 years.

The NV Insumat is one of the directors of NV Gindac and is to that effect represented by Mrs Sophie Maes. The NV Gindac was as of 26 June 2013 one of the directors of NV Afinco – of which it held a participation – and was as from that same date represented by Mrs Sophie Maes. After a procedure of judicial reorganization by a transfer subject to judicial authority NV Afinco was declared bankrupt on 29 January 2015.

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

B. Duties of the Board of Directors

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

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

C. Activity Report of the Board of Directors

The Board of Directors met on six occasions in 2016. In between, where necessary in the interests of the company, there were ad hoc meetings of the Board of Directors via telephone conferencing. The directors attended in the way illustrated by the table below:

Name	Function	Director, represented by	Start date of mandate	End date of mandate	Attendance in 2016
Dirk De Pauw	Chairman and executive director	Family De Pauw	October 2006	May 2021	6/6
Jo De Wolf BVBA, represented by Jo De Wolf	Managing director	Managing director	September 2010	May 2016	3/3
Jo De Wolf	Managing director	Managing director	September 2010	May 2022	3/3
André Bosmans	Independent, non-executive director	Independent, non-executive director	October 2006	May 2018	6/6
Peter Snoeck	Executive Director	Family De Pauw	October 2006	May 2018	5/6
Jean-Marc Mayeur	Non-executive director	Federale Verzekering	May 2012	May 2018	6/6
Dirk Vanderschrick	Non-executive director	Belfius Insurance Belgium	May 2012	May 2018	0/6
Emor BVBA, represented by Francis Rome	Independent, non-executive director	Independent, non-executive director	May 2013	May 2016	3/3
Ciska Servais BVBA,represented by Ciska Servais	Independent, non-executive director	Independent, non-executive director	May 2013	May 2016	2/3
Ciska Servais	Independent, non-executive director	Independent, non-executive director	May 2013	May 2019	3/3
Insumat NV, represented by Sophie Maes	Independent, non-executive director	Independent, non-executive director	October 2013	May 2016	3/3
Sophie Maes	Independent, non-executive director	Independent, non-executive director	October 2013	May 2019	2/3
Michel Delbaere	Independent, non-executive director	Independent, non-executive director	May 2016	May 2019	3/3

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

- review and discussion of the reports from the remuneration and appointments committee;
- review and discussion of the reports from the audit committee;
- review and discussion of the reports from the investment committees;
- deliberation and decisions regarding investments and divestments on the advice of the investment committees;
- deliberation and decisions regarding the quarterly, half-yearly and annual consolidated and statutory financial statements and press releases;
- discussion and approval of the annual budget;
- evaluation and monitoring of the strategy set;
- deliberation and decisions regarding the increase in capital following a contribution in kind of 23 March 2016;
- allocation of the authorised capital on 16th May 2017 regarding the stock dividend.

D. Operation of the Board of Directors

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

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

The Board of Directors assesses the effectiveness of its committees.

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

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

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

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

E. Chairman of the Board of Directors

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

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

The Chairman has the special duty to:

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

F. Professional development of directors

Professional development of directors is guaranteed by:

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

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

G. Evaluation of directors

The evaluation of the directors is done at different levels:

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

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

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

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

6.11.4.3 Audit committee

A. Composition of the audit committee

(i) Set-up

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

(ii) Composition

The audit committee is made up of the following directors:

- Sophie Maes, chairman of the audit committee, non-executive and independent director;
- Ciska Servais, non-executive and independent director;
- Mr Dirk Vanderschrick, non-executive director.

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

Mrs Sophie Maes has relevant experience as CEO of the various companies in the Maes group.

Mr Dirk Vanderschrick has relevant experience given that he is responsible for retail and commercial banking at Belfius Bank.

Mrs Ciska Servais has relevant experience as a member of the audit committee at CFE NV.

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

B. Duties of audit committee

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

- assisting the Board of Directors in its supervisory responsibilities, particularly with regard to providing information to shareholders and third parties;
- monitoring of the financial reporting process, particularly of the quarterly, half-yearly and annual results;
- monitoring of the legal control of the annual statutory accounts and the consolidated financial statements;
- monitoring the effectiveness of the systems for internal control and risk management of the company;
- monitoring the internal audit and its effectiveness;

- assessing and monitoring the independence of the auditor, and approving the remuneration of this auditor, with particular reference to the provision of additional services to the company;
- analysing the observations made by the auditor, and, where necessary, making recommendations to the Board of Directors;
- ensuring that all legislation relating to any conflict of interest is strictly applied.

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

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

C. Audit Committee activity report

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

Name	Function	Attendance list in 2016
Sophie Maes	Independant, non-executive director and Chairman	5/5
Ciska Servais	Independant, non-executive director	5/5
Dirk Vanderschrick	Director	2/5

At these meetings the issues dealt with included the following:

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

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

D. Evaluation of the audit committee

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

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

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

6.11.4.4 Remuneration and Nomination Committee

A. Composition of Remuneration and Nomination Committee

(i) Set-up

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

(ii) Composition

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

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

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

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

B. Duties of the Remuneration and Nomination Committee

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

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

C. Activity report of the Remuneration and Nomination Committee

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

Name	Function	Attendance in 2016
Ciska Servais	Independent, non-executive director	2/2
André Bosmans	Independent, non-executive director	2/2
Sophie Maes	Independent, non-executive director	2/2

At these meetings the following issues were discussed:

- evaluation of the management for 2016 and discussion of the goals for 2017;
- discussion and evaluation of the overall staff policy;
- discussion and approval of stock option plan (see 4.10.7. D);
- discussion and preparation of the remuneration report 2016.

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.

6.11.4.5 Investment Committees

A. Composition of the investment committees

(i) Set-up

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

(ii) Composition

The Investment Committee Belgium consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- PSN Management BVBA, represented by Mr Peter Snoeck;
- Peter Verlinde (CFO) [74];
- 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.

[74] As from 1/3/2016 Peter Verlinde was replaced as CFO by Elijarah BVBA, represented by Els Vervaecke.

The Investment Committee France consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee, and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- Peter Verlinde (CFO) [75];
- Elijarah BVBA, represented by Els Vervaecke (CFO);
- Jean de Beaufort (General Manager of the subsidiary in France);
- Laurent Horbette

The Investment Committee the Netherlands consists of the following parties:

- DDP Management BVBA, represented by Mr Dirk De Pauw, Chairman of the Investment Committee, and responsible for business development in France;
- Jo De Wolf BVBA, represented by Mr Jo De Wolf, Chief Executive Officer (CEO);
- Peter Verlinde (CFO)[76];
- 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).
- Ad De Keijzer;
- Rien 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 2016, the Investment Committee Belgium met three times. The members' attendance was as shown in the table below:

Name	Function	Attendance list in 2016
DDP Management BVBA, represented by Dirk De Pauw	Chairman	3/3
Jo De Wolf BVBA, represented by Jo De Wolf	Member	3/3
PSN Management BVBA, represented by Peter Snoeck	Member	3/3
Elijarah BVBA, represented by Els Vervaecke	Member	3/3
PDM cv,represented by Peter Demuynck	Member	3/3
GCA Consult BVBA, represented by Griet Cappelle	Member	3/3
Emor BVBA, represented by Francis Rome	Member	3/3
Insumat NV, represented by Sophie Maes	Member	2/3
Brix & Co, represented by Patricia Laureys	Member	1/1

75 As from 1/3/2016 Peter Verlinde was replaced as CFO by Elijarah BVBA, represented by Els Vervaecke.

76 As from 1/3/2016 Peter Verlinde was replaced as CFO by Elijarah BVBA, represented by Els Vervaecke.

In 2016, the Investment Committee France met four times. The members' attendance was as shown in the table below:

Name	Function	Attendance list in 2016
DDP Management BVBA, represented by Dirk De Pauw	Chairman	4/4
Jo De Wolf BVBA, represented by Jo De Wolf	Member	4/4
Elijarah BVBA, represented by Els Vervaecke	Member	4/4
Jean de Beaufort	Member	4/4
Laurent Horbette	Member	4/4

In 2016, the Investment Committee the Netherlands met two times. The members' attendance was as shown in the table below:

Name	Function	Attendance list in 2016
DDP Management BVBA, represented by Dirk De Pauw	Chairman	2/2
Jo De Wolf BVBA, represented by Jo De Wolf	Member	2/2
Elijarah BVBA, represented by Els Vervaecke	Member	2/2
PDM cv,represented by Peter Demuynck	Member	2/2
GCA Consult BVBA, represented by Griet Cappelle	Member	2/2
HOAM BV, represented by Hylcke Okking	Member	2/2
Ad de Keijzer	Member	2/2
Rien Heuvel	Member	2/2

6.11.4.6 Executive management and daily management

A. Composition of the executive management and daily management

(i) Set-up

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

On 31 December 2016, the executive management consisted of[77]:

(i) Jo De Wolf BVBA, represented by Mr Jo De Wolf, in the position of CEO;
(ii) PSN Management BVBA, represented by Peter Snoeck, in the position of Key account manager;
(iii) Peter Verlinde, in the position of CFO78;
(iv) Elijarah BVBA, represented by Els Vervaecke (CFO);
(v) PDM cv, represented by Mr Peter Demuynck, in the position of CCO;
(vi) Jean de Beaufort, in the position of Director France;
(vii) GCA Consult BVBA, represented by Mrs Griet Cappelle, in the position of COO;
(viii) HOAM BV, represented by Hylcke Okkinga, in the position of Director Nederland.

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

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

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

[78] As from 1/3/2016 Peter Verlinde was replaced as CFO by Elijarah BVBA, represented by Els Vervaecke.

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.

6.11.5 Remuneration Report

6.11.5.1 The Manager

A. Remuneration policy

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

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

The variable statutory portion is equal to 0.25% of the amount equal to the sum of the adjusted results[79] and of the net gains on disposal of property not exempt from the mandatory payment. This remuneration meets the criteria of article 35, §1, 2nd subparagraph of the RREC Act. The Manager is entitled to reimbursement of the actual costs incurred, directly related to his/her mission and of which sufficient proof is provided.

B. Remuneration for the financial year 2016

During the financial year ending on 31st December 2016, the remuneration of the Manager was € 670,000 excl. VAT. This amount includes the total remuneration cost on the part of the Board of Directors of the Manager, the remuneration for the managing director and the operating costs of Montea Management NV.

The final allocation of this remuneration to the Business Manager will be submitted for approval to the annual meeting on 16th May 2017.

6.11.5.2 The Board of Directors and its committees

A. Remuneration policy

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

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

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

The amount for the attendance fees for non-executive directors is approved every year through the General Meeting on the proposal of the Board of Directors, prepared by the Remuneration and appointments Committee. All members of the Board are also covered by a civil liability insurance for directors, whose total premium of € 20,358.74 for all directors together is borne by Montea.

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

B. Remuneration for the financial year 2016

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

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

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

For directors, this means that for FY 2016, 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		Chairman Executive director	Family De Pauw	€ 60 000,00				**€ 60 000,00**
Jo De Wolf		CEO Montea Comm.VA	Managing director					**€ 0,00**
André Bosmans		Independent, non-executive director	Independent, non-executive director		€ 12 000,00		€ 4 000,00	**€ 16 000,00**
Peter Snoeck		Executive Director	Director					**€ 0,00**
Jean-Marc Mayeur		Non-independent, non-executive director	Federale Verzekering					**€ 0,00**
Dirk Vanderschrick		Non-independent, non-executive director	Belfius Insurance Belgium					**€ 0,00**
Emor BVBA, represented by Francis Rome		Independent, non-executive director	Independent, non-executive director		€ 6 000,00			**€ 6 000,00**
Ciska Servais BVBA, represented by Ciska Servais		Vice-president	Independent, non-executive director		€ 4 000,00	€ 6 000,00	€ 4 000,00	**€ 14 000,00**
Ciska Servais		Independent, non-executive director	Independent, non-executive director		€ 6 000,00	€ 4 000,00		**€ 10 000,00**
Insumat NV, represented by Sophie Maes		Independent, non-executive director	Independent, non-executive director		€ 6 000,00	€ 6 000,00	€ 4 000,00	**€ 16 000,00**
Sophie Maes		Independent, non-executive director	Independent, non-executive director		€ 4 000,00	€ 2 000,00		**€ 6 000,00**
Michel Delbaere		Independent, non-executive director	Independent, non-executive director		€ 6 000,00			**€ 6 000,00**
				€ 60 000,00	€ 44 000,00	€ 18 000,00	€ 12 000,00	**€ 104 000,00**

C. Remuneration policy for the next two financial years

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

For the financial years 2017 and 2018 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

6.11.5.3 The Investment Committees

A. Remuneration policy

Remuneration policy and remuneration for the financial year 2016

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 € 26,228 for the three investment committees.

B. Remuneration for the financial year 2016

The members received the following remuneration for the financial year 2016:

Name		**IC**
Dirk De Pauw	Chairman	€ 30.000,00
Jo De Wolf	Member	
Peter Snoeck	Member	
Emor BVBA, represented by Francis Rome	Member	€ 6 000,00
Insumat NV, represented by Sophie Maes	Member	€ 4 000,00
Bri x & Co, represented by Patricia Lauwereys	Member	€ 2 000,00
		€ 38 228,00

C. Remuneration policy for the next two financial years

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

For the financial years 2017 and 2018, no changes are made to the current remuneration for the members of the investment committee.

6.11.5.4 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[80].

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 2016

The variable remuneration of the CEO for the year 2016 was set at the beginning of FY 2016 by the Remuneration Committee, based on the following targets, which proportionally represent a possible variable remuneration:

- External growth of the portfolio through the implementation of the proposed investment plan;
- Internal growth of the portfolio by the design and implementation of the proposed investment plans on the existing portfolio to increase portfolio quality;
- Commercial and Asset Management:
  - Improve corporate identity (company film, website, brochure)
  - Improvement of Montea's accessibility and service level to existing customers
  - >95% occupancy rate in Belgium and France, 100% occupancy in the Netherlands
- Business development:
  - portfolio growth of € 140 million in Belgium and the Netherlands
  - Supporting the structuring of Dutch investments
  - start-up first development project in France
- Financial
  - - strengthening and further diversification of the financial structure in function of growth over 2016.
  - - drafting risk management program

[80] 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.

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

1. Commercial/Asset management:
   - retaining a >95% occupancy rate
   - internal aligning of procedures
   - finalising maintenance plans for sites

2. Business development:
   - >95% occupancy rate in Belgium and France
   - 100% occupancy rate in the Netherlands
   - Growth of the portfolio by € 140 million in Belgium and the Netherlands
   - Growth of the portfolio by 20 million in France
   - Start up of first development projet in France

3. Financial
   - Improved follow-up of payments
   - Improved analysis of investment projects (valorizations, reporting, etc.)
   - Optimization of Risk Management
   - Strengthening of the financial structure as a function of growth over 2016
   - Further diversification of indebtedness.

Each year, through an assessment interview with the CEO, taken by 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 presented by the CEO to the remuneration and nomination committee and then submitted to the next meeting of the board of directors.

During the financial year closed at 31 December 2016, the executive management[81] received the following fixed and variable remuneration:

Name	Fixed remuneration	Variable remuneration	Pension compensation	Other remunerations and advantages (*)	Total
BVBA Jo De Wolf	€ 400.000	€ 125.000	€ 0	€ 0	**€ 525.000**
Other members of the executive management (*)	€ 1.269.544	€ 185.338	€ 6.513	€ 12.335	**€ 1.473.730**
	€ 1.669.544	**€ 310.338**	**€ 6.513**	**€ 12.335**	**€ 1.998.729**

(*) Other components include the benefit of hospitalization insurance, company car and mobile phone

(*) This only applies for Jean de Beaufort.

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

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

81 The executive management consits of seven members (see section 4.10.4 A. (i)).

C. Remuneration policy for the next two years

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

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

The following objectives for the CEO and the executive management for 2017 and 2018 were discussed and recorded at the remuneration and appointments committee meeting on 2nd February 2017:

Communication:
- improvement of corporate identity through different initiatives

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

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

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

D. Share options and share buy-back programme

A share option plan was approved at the meeting of the board of directors held on 14 November 2011 for all members of executive management, including executive directors. The main features of the share option plan are as follows:

- option plan lasting 10 years (expiry date 31/12/2021);
- allocation of the number of options based on a one-third per year for the first three years;
- retention period of 3 years (until 31/12/2014) during which time the options cannot be exercised;
- option exercise price at € 24.06.

As part of the approved option plan, the Board of Directors decided on 5th November 2012 to allocate a further 1,046 additional options to Jo De Wolf BVBA, represented by Mr Jo De Wolf, on the advice of the remuneration and appointments committee. This option plan is not linked in any way to any targets that any member of executive management may have in exercising their tasks.

The table below provides a summary of the beneficiaries from the option plan, with the number of options allocated on 31/12/2015.

Name	Number of options
Jo De Wolf BVBA, represented by Jo De Wolf	6.446
PSN Management BVBA, represented by Peter Snoeck	3.900
PDM cv, represented by Peter Demuynck	3.900
Peter Verlinde	3.900
DDP Management BVBA, represented by Dirk De Pauw	1.300
Jean de Beaufort	3.900

To furnish this option plan, in 2013 Montea proceeded with the purchase of 23,346 of its own shares with a total par value of € 639K. This purchase of its own shares (valued at € 639K[82]) was included in Montea's equity capital.

From 2015, options can be exercised twice a year, specifically between 15th March to 30th March or between 15th September to 30th September.

During the period from 15th to 30th March 2016, the following options were exercised:
- Jo De Wolf BVBA: 1,046 options;
- Jean de Beaufort: 3,900 options.

During the period from 15th to 30th September 2016, PDM cv, represented by Peter Demuynck, exercised 2,300 options.

The table below provides a summary of the number of options that were received and exercised at 31/12/2016:

	Received options	Exercised options
Jo De Wolf BVBA, represented by Jo De Wolf	6,446	6,446
PSN Management BVBA, represented by Peter Snoeck	3,900	3,900
PDM CV, represented by Peter Demuynck	3,900	3,900
Peter Verlinde	3,900	3,900
DDP Management BVBA, represented by Dirk De Pauw	1,300	1,300
Jean de Beaufort	3900	3,900
	23,346	23,346

In 2016, there are no options expired.

E. Payments made on departure

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

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

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

82 The difference in the amount of € 636K (see 4.10.13.4) is related to € 3K costs resulting from the purchase of own shares.

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

6.11.6 Control - Internal control - Supervision of the executive management

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

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

6.11.7 Other persons involved

6.11.7.1 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 Charlotte Wellens, Finance Manager, who has been appointed as compliance officer (from 04/07/2016 till 04/07/2019. 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 BVBA, represented by Jo De Wolf.

6.11.7.2 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, Charlotte Wellens[83] is charged with the risk management function for a period of 3 years, with effect from 19 July 2016, tacitly renewable for periods of 1 year and which can be cancelled early at any time by a decision taken by the Board of Directors of the statutory manager. Her duties include responsibility for drawing up, developing, monitoring, updating and implementing the risk management policy and risk management functions. She reports to the effective manager, namely Jo De Wolf BVBA, represented by Jo De Wolf.

6.11.7.3 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.

[83] As of 1/3/2016 Peter Verlinde was succeeded as CFO by Elirajah BVBA. However, he remained available for handling all current affairs.

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:

a. the financial audit, designed to verify the dependability of the accounting records and annual financial statements based on them;

b. the compliance audit, aimed at checking compliance with legislation, regulations, policy lines and procedures;

c. 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;

d. the management audit, focused on assessing the quality of the management function in terms of the company's objectives.

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

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

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

6.11.7.4 Auditor

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

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

1. The Auditor exercises supervision over the financial statements and the consolidated financial statements and makes a detailed written report on these annually.

2. A special report by the auditor is furthermore required in the following cases:
    - for contribution in kind;
    - for quasi-contribution;
    - when issuing shares below the par value of the old shares;
    - in the event of reduction or waiver of the preferential right to a capital increase or the issuance of convertible bonds or warrants;
    - in the event of conflict of interest of a director (no separate report is necessary but the information should be included in the auditor's annual report);
    - in the event of a patrimonial benefit given to an influential shareholder of a listed company (no separate report is necessary but the information should be included in the auditor's annual report);
    - when changing the purpose of the company;
    - when converting the company into another company type (legal entity);
    - with mergers and demergers;
    - when proposing to dissolve the company and the conclusion of the liquidation.

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

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

The base for calculating the remuneration of the Auditor is a fixed annual emolument. For the financial year ending on 31st December 2016, the fixed emolument for the auditors, Ernst & Young Bedrijfsrevisoren, represented by Mr Joeri Klaykens, for its examination and auditing of the individual and consolidated accounts for the Montea group was € 49,600.00 (excl. VAT). In addition to the remuneration stated, € 27,750.00 was also paid as remuneration for additional auditing work.

6.11.7.5 Property expertise

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

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

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

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

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

For the financial year ending on 31st December 2016, the total amount paid in fees in the context of these assignments was € 108,803.05 (excl. VAT).

6.11.7.6 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 € 6,586.86 in 2016. This fee includes both a fixed fee per year and a variable fee per dividend paid out for non-registered shares.

6.11.8 Activities in the field of research and development

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

6.11.9 Conflicts of Interest

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

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

During the 2016 financial year, the Board of Directors had not to apply the procedure provided for in articles 523 and 524 of the Companies' Code.

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

During the financial year, the Company conducted the following transaction pursuant to article 37 of the Regulated Real Estate Companies Act of 12th May 2014: in the context of the optional dividend offered to Montea shareholders, on 10th June 2016, the implementation of a capital increase took place in the amount of € 10,419,013.65 through the issue of 292,952 shares[84]. In the context of the aforementioned optional dividend, there was a potential conflict of interest for the following persons because they acted as counterparties in this transaction or could derive any benefit from the assets:

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

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

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

The are no details of any restrictions to which members of the board, managerial or supervisory bodies and any member of executive management have agreed with, with regard to disposing of the securities from the issuing institution in their possession within a specific period.

6.11.10 Transparency Reporting

Any person who directly or indirectly acquires voting securities of the company, should declare to the FSMA, as well as to the company, the number of securities that he/she owns, when voting rights pertaining to the voting rights securities that he/she holds, actively or passively exceed the statutory threshold of 3% of the total voting rights pertaining to the securities of the company. The same notification is also required to transfer, directly or indirectly, voting rights securities, if as a result, the voting rights fall below this 3% threshold. The provisions of Articles 6 to 17 of the Act of 2 May 2007, on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, shall apply to the aforementioned quota.

[84] For more information we refer to the press release of 12/06/2015 or www.montea.com.

This provision is without prejudice to the obligation to notify in case the legal thresholds[85] of 5%, 10%, 15%, etc., each time at intervals of 5% points, are reached or fall below that threshold.

6.11.11 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)[86]

6.11.11.1 Capital structure (on 31 December 2016)

The capital, € 202,820,224.14 is represented by 9,951,884 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.

6.11.11.2 Decision-making bodies

Montea is headed by a Manager, Montea Management NV, in its capacity as managing partner. Montea Management NV was reappointed statutory as of 23 June 2016 for a period of 10 years. The main consequence of the fact that Montea is a general partnership is that the Manager, Montea Management NV, has, under the articles of association, extensive powers and even a veto right regarding important decisions and amendments of the articles of association[87].

Montea Management NV, for the performance of the contract as Manager for and on behalf of the company, is represented by a permanent representative, Mr Jo De Wolf, in accordance with Article 61 para 2 of the Company Code. The Manager may submit his/her resignation at any time.

The mandate of Manager can only be revoked by a court order after a claim by a General Meeting of Montea on the basis of reasonable grounds is established.

When the general meeting must decide on this issue, the Manager shall not vote. The Manager continues to exercise his duties until his resignation, following a court decision, which has the force of res judicata. The Manager must be organized in such a way that, in the framework of its Board of Directors, at least two individuals in a group are jointly responsible for monitoring the person(s) responsible for the executive management of operations in the interest of Montea.

The members of the supervisory bodies of the Manager need to possess the professional reliability and the required experience as prescribed by the RREC Act.

In the event of the loss on the part of the members of the management bodies or the Manager's day-to-day management body of the required professional reliability or required experience, as required by the RREC Act (fit and proper), the Manager or the auditor(s) must convene a general meeting of Montea Comm. VA, with the point on the agenda to deal with the recording of the loss of these requirements and the measures to be taken.

[85] Act of May 2, 2007 concerning the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market.

[86] 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.

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

If one or more members of the bodies entrusted with the management or the executive management of the Manager no longer meet the above requirements, the Manager must replace them within the month. When this period has expired, a General Meeting of Montea must be convened, as described above, without prejudice to the measures that can be taken by the FSMA in connection with the exercise of its powers.

The mission of the Manager consists, in particular, of taking all actions that are useful or necessary for achieving the civic objectives of Montea, with the exception of those that are reserved by law or under the articles of association for the General Meeting of Montea. The Manager may increase the capital of Montea within the limits of the authorised capital.

6.11.11.3 Authorised capital

Since 30/09/2014, the authorized capital was used four times:

- on 3 June 2015, capital increase amounting to € 4,363,580.10 in the context of the (indirect) contribution in kind by the Apeldoorn site in the Netherlands;
- on 12 June 2015, capital increase amounting to € 8,079,777.33 in the context of the stock dividend
- on March 23, 2016, amounting to € 9,114,605 in the context of the (indirect) contribution in kind of the property companies Nyssa NV and Robinia One NV
- on 10 June 2016, capital increase amounting to € 10,419,013.65 in the context of the stock dividend.

The balance of the authorized capital amounts to € 178,414,971.96 on 31/12/2016.

The Business Manager has express permission to increase the corporate capital, on one or more occasions, up to a maximum amount of € 178,414,971.96, and in accordance with the terms set by the Manager and in line with the rules of the Companies' Code and the RREC Act. The Manager was authorised to do so by the extraordinary general meeting held on 30th September 2014. Pursuant to article 7 of the articles of association of Montea Comm. VA, this consent was granted for a period of 5 years (until 21st October 2019). These capital increases may be in cash, by contribution in kind or by the conversion of reserves.

The extraordinary general meeting held on 30th September 2014 also authorised the Manager to proceed, for a period of three years, with one or more capital increases in the event of a public takeover bid, under the terms provided for in article 607 of the Companies' Code and subject to compliance, where appropriate, with the irreducible allocation right provided for in the RREC legislation.

6.11.11.4 Buyback of shares

Montea can repurchase its own shares or pledge these in accordance with a decision by the General Meeting, pursuant to the provisions of the Belgian Company Code. The same Meeting also sets the conditions for the disposal of these shares.

On 17th September 2012, Montea announced its decision[88] to implement a programme to buy back its own shares up to a maximum of € 0.75 million, based on the consent granted at the extraordinary general meeting of shareholders on 17th May 2011. This programme began on 18th September 2012 and ended on 31st December 2012. This buy-back programme was part of the approved option plan at Montea.

[88] See press release of 17 September 2012.

In total, 23,346 Montea shares were bought back for a total acquisition value of € 636,329. In line with IFRS rules, a separate reserve for this amount was established in the consolidated accounts. While on 1st January 2016 Montea still owned 7,246 of its own shares, by 31st December 2016 there were nil as the result of options being exercised by beneficiaries under the option plan in 2016.

6.11.11.5 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.

7. Montea on the stock exchange

7.1 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 31/12/2016 (€ 46.37), Montea shares were 83.2% above the value of the net assets per share (IFRS NAV).

Taking account of the closing price on 31/12/2016, Montea shares rose by 18.3% compared to the closing price on 31/12/2015 (15.3% if the average price over 2016 and 2015 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 € 2.11 per share, which corresponds to € 1.48 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	31/12/2016	31/12/2015
Share price (€)		
At closing	46,37	39,20
Highest	48,42	40,00
Lowest	35,10	33,08
Average	42,36	36,75
Net asset value per share (€)		
IFRS NAV	25,31	22,60
EPRA NNNAV	25,31	22,60
EPRA NAV	27,80	25,22
Premium (%)	**83,2%**	0,73
Dividend return (%)	**4,6%**	0,05
Dividend (€)		
Gross	2,11	2,03
Net	1,48	1,48
Pay out ratio	87%	89%
Volume (number of securities)		
Average daily volume	7.717	4.156
Volume of the period	1.983.235	1.059.158
Number of shares	**9.951.884**	**9.211.701**
Market capitalisation (K €)		
Market capitalisation at closing	461.469	361.099
Ratios (%)		
Velocity	19,9%	12,9%
Free Float	51,5%	50,0%

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.

7.2 Shareholder status of Montea per 31 December 2016

Number of issued shares	**9,951,884**	
Family De Pauw	1,893,189	18.92%
Belfius Insurance Belgium	999,837	10.05%
Federale Verzekeringen	917,807	9.22%
Patronale Life	732,855	7.36%
Family De Smet	295,329	2.97%
Public (Free float)	5,122,867	51.48%

All shareholders have the same voting rights. Each share gives the right to one vote. Major holdings about which Montea was briefed in application of the transparency legislation are posted on www.montea.com, based on the transparency disclosures that Montea has received.

As a manager Montea Management NV has, in accordance with Article 659 of the Belgian Company Code, a veto against decisions of the General Meeting representing the interests of the Company to third parties or which relate to amending the articles of association.

The silent partners are responsible for the debts and losses of Montea only up to the sum of their contribution, on condition that they do not carry out any act of management.

Typical of the limited partnership by shares is that the statutory Manager has a veto on all important decisions of the General Meeting.

7.3 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.

<u>A. Family De Pauw</u>

The Family De Pauw consists of:

- Dirk De Pauw, Marie Christine De Pauw, Bernadette De Pauw, Dominika De Pauw and Beatrijs De Pauw (brother and four sisters);
- the De Pauw joint ownership;
- The NV Montea Management, controlled by the five aforementioned De Pauw siblings.

They own 18.922% of the voting rights of Montea Comm. VA.

The family De Pauw acts in concert. This is also shown in the notifications made to the FSMA, in press releases and this information can also be found on the Montea website.

Dirk De Pauw is, as already mentioned in the annual report, director and chairman of the board of directors of the statutory manager Montea Management NV. Peter Snoeck is an executive director, as already mentioned in the annual report. Peter Snoeck is the husband of Dominika De Pauw.

B. Family De Smet

The Family De Smet consists of:

- the cousins Erik De Smet and Guy De Smet
- De Smet Investments NV (Erik and Guy De Smet control the De Smet Investments NV).

They own 2.969% of the voting rights of Montea Comm. VA.

The Family De Smet acts in concert as shown by the notification that was given to the FSMA and in the information that can be found on the Montea website.

7.4 Shareholders agenda

21/02/2017	Annual results 31/12/2016
16/05/2017	Annual General Meeting of shareholders
16/05/2017	Interim statement – results per 31/03/2017
19/05/2017	Ex date
22/05/2017	Record date
23/05/2017	Pay date (rights distribution)
08/08/2017	Half-yearly financial report – results per 30/06/2017
07/11/2017	Interim statement – results per 30/09/2017

8. 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.

8.1 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 CO2 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.

8.2 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 CO2 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 CO2 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:

- 156,000 m² of logistics space has been fitted with energy monitoring systems for the day-to-day evaluation of tenants' energy usage;
- A detailed energy scan has already been carried out in 80% of the existing buildings. As a result, sustainable investments have been made (increased insulation values, reduced ventilation losses, increased lighting output, more efficient HVAC systems, etc.);
- A total capacity of 4 MWp of solar panels was installed on the rooftops of the portfolio in Belgium. This corresponds to a production of 3,800MWh, comparable to approximately 1,100 households;
- 108,000 m² of buildings have been purchased or built in which the K-value is lower than K35 (legal maximum is K40);

8.3 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:

8.3.1 Energy management

Montea has developed a rational policy aimed at optimising the use of energy.

In 2012 the programme regarding energy scans was further optimised, along with the implementation of Life Cycle Analyses. On the basis of these detailed analyses and additional energy calculations a complete study was performed for the sites in Mechelen and Puurs.

This study enabled Montea to draw up a full investment programme with these items:
- investments with an immediate impact on energy;
- investments in consultation with the tenant based on its operations;
- refurbishment and replacement investment objectives;
- investments from a commercial point of view.

With this in-depth study Montea confirms its focus on optimising the sustainability and quality of its real estate portfolio.

The sites at Erembodegem, Mechelen, Milmort, Heppignies, Bornem, Herentals, Puurs Schoonmansveld 18 and Grimbergen are equipped with a monitoring system. This monitoring enables Montea to monitor its energy management closely and to make adjustments when there is extreme consumption.

8.3.2 Solar panels

Based on the monitoring described above, the total amount of energy produced by the PV installations meets expectations: MWh was generated by the solar panels, saving 1,100 tons of CO2 emissions.

Depending on their operational requirements, Montea's tenant use up to 90% of the solar energy produced. Each quarter, Montea informs its tenants about the solar energy produced, solar energy consumed locally and the financial benefit.

In 2016, approximately 40% of green power was used out of the total amount of electricity consumed for the Belgian property portfolio.

8.3.3 Facility Management programme

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

- by using the "work order" module in "My Montea", Montea is able to monitor and track its work orders and their due dates accurately and then generate reports for each site, project and, if required, each tenant.

- tenants can also use our "My Montea" web portal to register and monitor all messages/problems/queries themselves so that the service and communication relating to buildings management can run clearly and smoothly.

- for 4 sites the maintenance module can be used so that maintenance purchase orders relating to these buildings are generated automatically and the maintenance can be tracked in detail. In 2013, a maintenance plan was implemented for all sites.

Implementation of the Facility Management programme fits in perfectly with the "Blue Label" plan and the transparency that Montea wishes to give its tenants and partners.

8.3.4 Waste management

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

9. Consolidated and statutory financial statements as of 31 December 2016

9.1 Consolidated balance sheet as of 31 December 2015[89]

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

		CONSOLIDATED BALANCE SHEET (EUR x 1.000)	Note	31/12/2016	31/12/2015	31/12/2014
I.		**NON-CURRENT ASSETS**		**545.462**	**517.686**	**421.821**
	B.	Intangible assets	19	189	214	125
	C.	Investment properties	20	535.136	506.934	414.005
	D.	Other tangible assets	21	10.098	10.500	7.655
	G.	Trade receivables and other non-current assets	23	39	38	37
II.		**CURRENT ASSETS**		**49.297**	**31.999**	**32.046**
	A.	Assets held for sale	24	7.721	0	3.775
	D.	Trade receivables	25	10.499	7.691	12.453
	E.	Tax receivables and other current assets	26	6.607	4.069	1.586
	F.	Cash and cash equivalents	27	3.350	4.930	4.250
	G.	Deferred charges and accrued income	28	21.121	15.309	9.981
		TOTAL ASSETS		**594.759**	**549.685**	**453.867**
		TOTAL SHAREHOLDERS' EQUITY		**251.965**	**208.256**	**183.438**
I.		**Shareholders' equity attributable to shareholders of the parent company**		**251.846**	**208.157**	**183.338**
	A.	Share capital	29	200.282	185.288	176.061
	B.	Share premiums	29	32.439	20.893	14.650
	C.	Reserves	30	-15.356	-22.035	-13.480
	D.	Net result of the financial year	31	34.481	24.010	6.107
II.		**Minority interests**	**32**	**118**	**100**	**100**
		LIABILITIES		**342.794**	**341.429**	**270.429**
I.		**Non-current liabilities**		**310.381**	**291.354**	**202.019**
	B.	Non-current financial debts	34	285.577	267.165	177.393
		a. Credit institutions		175.132	156.333	156.333
		b. Financial leasings		184	774	774
		c. Other		110.261	110.058	20.285
	C.	Other non-current financial liabilities	35	24.804	24.188	24.627
	E.	Other non-current liabilities	36	0	0	0
II.		**Current liabilities**		**32.413**	**50.075**	**68.410**
	B.	Current financial debts	34	10.590	27.491	50.752
		a. Credit institutions		10.000	26.667	26.667
		b. Financial leasings		590	824	824
		c. Other		0	0	23.262
	C.	Other current financial liabilities		0	0	0
	D.	Trade debts and other current debts	37	10.848	7.915	7.540
		a. Exit taks		2.014	1.455	1.455
		b. Other		8.833	6.460	6.085
	E.	Other current liabilities	37	150	3.993	788
	F.	Accrued charges and deferred income	38	10.826	10.677	9.330
		TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**594.759**	**549.685**	**453.867**

[89] There has been no change of significance in the financial or trading position of the group since the end of the last reporting period for which either controlled financial information or interim financial information has been published, except those included under the section Alternative Performance Indicators (APMs).

9.2 Consolidated statement of comprehensive income before profit appropriation as of 31 December 2016[90]

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

	CONSOLIDATED PROFIT & LOSS ACCOUNT (EUR x 1.000)	Note	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
I.	Rental income	1	41.833	35.438	27.908
II.	Write-back of lease payments sold and discounted		0	0	0
III.	Rental-related expenses	2	-1.315	-1.148	-1.089
	NET RENTAL RESULT		**40.518**	**34.290**	**26.819**
IV.	Recovery of property charges		0	**0**	**0**
V.	Recovery of charges and taxes normally payable by tenants on let properties	3	4.942	4.832	4.322
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease		0	0	0
VII.	Charges and taxes normally payable by tenants on let properties	3	-5.863	-5.824	-5.041
VIII.	Other rental-related income and expenses	4	1.660	1.565	1.234
	PROPERTY RESULT		**41.258**	**34.864**	**27.334**
IX.	Technical costs	5	-122	-114	-83
X.	Commercial costs	6	-257	-233	-130
XI.	Charges and taxes of un-let properties	7	-31	-102	-297
XII.	Property management costs	8	-590	-839	-663
XIII.	Other property charges	9	-43	-43	-9
	PROPERTY CHARGES		**-1.043**	**-1.332**	**-1.183**
	PROPERTY OPERATING RESULT		**40.215**	**33.532**	**26.151**
XIV.	General corporate expenses	10	-3.769	-4.037	-3.339
XV.	Other operating income and expenses	11	-142	-58	9
	OPERATING RESULT BEFORE PORTFOLIO RESULT		**36.304**	**29.437**	**22.821**
XVI.	Result on disposal of investment properties	12	6.291	5	176
XVII.	Result on disposal of other non-financial assets		0	0	0
XVIII.	Changes in fair value of investment properties	13	4.788	2.470	1.457
XIX.	Other portfolio result		0	0	0
	OPERATING RESULT		**47.383**	**31.912**	**24.453**
XX.	Financial income	14	656	581	343
XXI.	Net interest charges	15	-12.308	-8.556	-7.521
XXII.	Other financial charges	16	-128	-41	-48
XXIII.	Change in fair value of financial assets & liabilities	17	-616	438	-10.796
	FINANCIAL RESULT		**-12.396**	**-7.578**	**-18.023**
XXIV.	Share in the result of associates and joint ventures		0	0	0
	PRE-TAX RESULT		**34.987**	**24.334**	**6.431**
XXV.	Corporation tax	18	-506	-324	-324
XXVI.	Exit tax		0	0	0
	TAXES		**-506**	**-324**	**-324**
	NET RESULT		**34.481**	**24.010**	**6.107**
	Attributable to:				
	Shareholders of the parent company		34.481	24.010	6.105
	Minority interests		0	0	2
	Number of shares in circulation at the end of the period		9.951.884	9.211.701	8.754.378
	Weighted average of number of shares of the period		9.722.190	9.012.751	7.821.644
	NET RESULT per share (EUR)		**3,55**	**2,66**	**0,78**

[90] The consolidated summary of the realised and non-realised results before the distribution of profit at 31st December takes account of 9,722,190 shares that are entitled to profit from the result of the 2015 financial year. The total number of shares was also 9,951,884 at the end of the 2016 financial year.
Montea reports in the consolidated summary of the realised and non-realised results before the distribution of profit at 31st December 2016 the net current result, the net current result excl. IAS 39 per share and the net result per share, based on the number of shares with profit-sharing entitlement in the result.

9.3 Consolidated comprehensive income before the distribution of profit as of 31 December 2016

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

ABBREVIATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Net result	**34.481**	**6.107**	**0**
Other items of the comprehensive income	**-2.790**	**-5.230**	**-8.267**
Items taken in the result	**-2070**	**-5443**	**-8204**
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	-2.070	-5.443	-8.204
Changes in the effective part of the fair value of authorized cash flow hedges	0	0	0
Items not taken in the result	**-720**	**213**	**-63**
Impact of changes in fair value of solar panels	-720	213	-63
Comprehensive income	**31.691**	**18.780**	**-2.160**
Attributable to:			
Shareholders of the parent company	31.691	18.780	-2.160
Minority interests	0	0	0

9.4 Consolidated cash flow summary as of 31 December 2016

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

CONSOLIDATED CASH FLOW STATEMENT (EUR x 1.000)	Notes	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR (A)		**4.930**	**4.250**	**4.092**
Net result		**34.481**	**24.010**	**6.107**
Financial cash elements (not dedectable of the net profit) to become the operating result		**11.780**	**8.016**	**7.226**
Received interests	14	-656	-581	-343
Payed interests on finances	15+16	12.436	8.597	7.569
Received dividends		0	0	0
Taxes (dedected from the net result) to become the operating result	18	**506**	**324**	**324**
Non-cash elements to be added to / deducted from the result		**-10.758**	**-2.774**	**9.299**
Depreciations and write-downs		**211**	**139**	**135**
Depreciations/write-downs (or write-back) on intangible and tangible assets (+/-)	10	200	196	127
Write-downs on current assets (+)	10	11	2	9
Write-back of write-downs on current assets (-)		0	-59	-1
Other non-cash elements		**-10.968**	**-2.913**	**9.164**
Changes in fair value of investment properties (+/-)	13	-4.788	-2.470	-1.457
IAS 39 impact (+/-)	17	616	-438	10.796
Other elements		0	0	0
Realized gain on disposal of investment properties	12	-6.291	-5	-176
Provisions		0	0	0
Taxes	18	-506	0	0
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS (B)		**36.009**	**29.576**	**22.955**
Change in working capital requirements (C)		**-11.920**	**1.880**	**-4.509**
Movements in asset items		**-11.159**	**-3.047**	**-8.664**
Trade receivables	23	-1	-1	0
Other long-term non-current assets	25	-2.808	4.762	-5.475
Other current assets	26+27	-2.538	-2.483	-948
Deferred charges and accrued income	28	-5.812	-5.327	-2.240
Movements in liability items		**-762**	**4.927**	**4.155**
Trade debts	37	2.865	-2.487	3.863
Taxes, social charges and salary debts	37	68	2.861	312
Other current liabilities	37	-3.843	3.205	-1.822
Accrued charges and deferred income	38	149	1.347	1.802
NET CASH FLOW FROM OPERATING ACTIVITIES (A)+(B)+(C) = (A1)		**29.018**	**31.456**	**18.446**
Investment activities		**-24.718**	**-85.177**	**-104.335**
Acquisition of intangible assets		-66	-180	-44
Investment properties and development projects		-80.929	-85.843	-112.086
Other tangible assets		-55	-93	-129
Solar panels		246	-2.841	0
Disposal of investment properties		56.086	3.780	7.924
Disposal of superficy		0	0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B1)		**-24.718**	**-85.177**	**-104.335**
FREE CASH FLOW (A1+B1)		**4.301**	**-53.721**	**-85.888**
Change in financial liabilities and financial debts		**2.721**	**66.073**	**55.298**
Increase (+)/Decrease (-) in financial debts		1.511	66.511	55.298
Increase (+)/Decrease (-) in other financial liabilities		-9	-438	0
Increase (+)/Decrease (-) in trade debts and other non-current liabilities		0	0	0
Change in other liabilities		**0**	**0**	**-452**
Increase (+)/Decrease (-) in other liabilities		0	0	-452
Increase (+)/Decrease (-) in other debts		0	0	0
Change in shareholders' equity		**8.108**	**595**	**38.426**
Increase (+)/Decrease (-) in share capital	29	14.994	9.227	38.525
Increase (+)/Decrease (-) in share premium	29	11.546	6.243	12.879
Increase (+)/Decrease (-) in consolidation differences		0	0	0
Increase (+)/Decrease (-) in minority interests	32	19	0	
Dividends paid		-18.700	-15.262	-12.978
Increase (+)/Decrease (-) in reserves	30	249	387	0
Increase (+)/Decrease (-) in changes in fair value of financial assets/liabilities		0	0	0
Disposal of treasury shares		0	0	0
Dividend paid (+ profit-sharing scheme)		**0**	**0**	**0**
Interim dividends paid (-)		0	0	0
Financial cash elements		**-11.780**	**-8.016**	**-7.226**
NET FINANCIAL CASH FLOW (C1)		**-951**	**58.651**	**86.046**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (A1+B1+C1)		**3.350**	**4.930**	**4.250**

9.5 Summary of the variation in the consolidated equity capital and reserves as of 31 December 2016

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

CHANGES IN SHAREHOLDERS' EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Minority interests	Shareholders' equity
ON 31/12/2014	**176.061**	**14.650**	**4.333**	**6.107**	**-17.813**	**100**	**183.438**
Elements directly recognized as equity	**9.227**	**6.243**	**6.044**	**0**	**-5.443**	**0**	**16.071**
Capital increase	9.227	6.243					15.470
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties			5.443		-5.443		0
Positive change in value of solar panels (IAS 16)			213				213
Own shares			388				388
Own shares held for employee option plan							0
Minority interests							0
Corrections							0
Subtotal	**185.288**	**20.893**	**10.377**	**6.107**	**-23.256**	**100**	**199.508**
Dividends			-15.262				-15.262
Result carried forward			6.107	-6.107			0
Result for the financial year				24.010			24.010
ON 31/12/2015	**185.288**	**20.893**	**1.222**	**24.010**	**-23.256**	**100**	**208.256**
Elements directly recognized as equity	**14.994**	**11.546**	**3.439**	**0**	**-2.070**	**18**	**27.927**
Capital increase	14.994	11.546	0	0	0	0	26.540
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	3.910	0	-2.070	0	1.840
Positive change in value of solar panels (IAS 16)	0	0	-720	0	0	0	-720
Own shares	0	0	249	0	0	0	249
Own shares held for employee option plan	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	18	18
Corrections	0	0	0	0	0	0	0
Subtotal	**200.282**	**32.440**	**4.661**	**24.010**	**-25.326**	**118**	**236.184**
Dividends	0	0	-18.700	0	0	0	-18.700
Result carried forward	0	0	24.010	-24.010	0	0	0
Result for the financial year	0	0	0	34.481	0	0	34.481
ON 31/12/2016	**200.282**	**32.439**	**9.971**	**34.481**	**-25.326**	**118**	**251.965**

(1) + (2) The total of the reserves shown in the balance sheet under "C. Reserves" consist of the "Reserves (1)" and the "Deduction Right of transfer taxes and charges (2)."

For more information about the table above, please see Notes 29, 30, 30.1, 30.2, 31 and 32.

9.6 Notes to the consolidated financial statements as of 31 December 2015

9.6.1 Background

9.6.1.1 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.

9.6.1.2 Consolidation principles

Subsidiaries[91]

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.

[91] The companies included in the consolidation and with their proper participation are: Montea Comm. VA, Montea SCA, SCI Montea France (100%), SCI 3R (95%),SCI Actipole Cambrai (100%), SCI Sagittaire (100%), SCI Saxo (100%), SCI Sévigné (100%), SCI Socrate (100%), Bornem-Vastgoed NV (99,6%), Nyssa NV (100%), Robinia NV (100%), SFG BV (100%), Montea Nederland NV (100%), Montea Almere NV (100%), Montea Rotterdam NV (100%), Montea Oss NV (100%), Montea Beuningen NV (100%), Montea ‘s Heerenberg NV (100%) and Europand Eindhoven BV (100%). The % of the companies held by Montea Comm.VA in 2014 are the same, with exception of: Bornem Vastgoed NV (99,6%), Nyssa NV (100%), Robinia NV (100%) en Europand Eindhoven BV (100%), due to the fact that these companies were not in bought yet. We also refer to section 8.1.7 of this annual report. With the exception of Montea Management NV, statutory manager of Montea Comm.VA, all companies listed under 8.1.7, are included in the consolidation.

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").

9.6.1.3 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 2015, 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.

9.6.2 Valuation rules

9.6.2.1 Investment property

Investment properties comprise all lands and buildings that can be leased and which (wholly or partly) generate rental income, including buildings where a limited portion is held for the firm's own use. In accordance with IAS 40, investment property is valued at fair value. An external, independent expert, Jones Lang LaSalle BVBA, Marnixlaan 23, 1000 Brussel makes a quarterly valuation of the property portfolio.

Any gain or loss, after the acquisition of a building, as a result of a change in fair value is booked in the income statement. The valuation is carried out in accordance with the capitalization method and the method of incorporation of rental income as set forth in the International Valuation Standards 2005, published by the International Valuation Standards Committee.

The fair value (as defined in IFRS 13) is the price that would be received on the sale of the asset or paid to transfer an obligation in a normal transaction between market parties on the evaluation date.
The fair value must also reflect current lease contracts, current cashflows and reasonable assumptions in relation to expected rental income and costs. The sale of a property investment is usually subject to the payment to the public authorities of registration fees or added value tax. Regarding the extent of these registration fees, the Belgian Association of Asset Managers (BEAMA) published on 8th February 2006 a notice in this regard. After analysing a large number of transactions, the conclusion was reached that the impact of the acquisition costs on major investment properties that exceed a value of € 2,500,000 is limited to 2.5%. The investment value 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. Items below the threshold of € 2,500,000 remain subject to the usual registration fee and their fair value therefore corresponds with the value exclusive of registration, notary and VAT, and taking into account the current leases. The impact on the fair value of the estimated transfer rights and costs on hypothetical transfer of the investment property is shown as a separate section of shareholders' equity (as part of the item I.C. Reserves). The net change in fair value of investment property is shown in the income statement under the section XVIII.

9.6.2.2 Concessions

The paid concessions are treated as operating leases in accordance with IAS 17.

9.6.2.3 Development projects

Property to be constructed or developed for future use as investment property is recorded under the heading “investment properties” and will be valued at fair value.

All costs directly related to the development are capitalized, and the directly attributable interest expenses are capitalized in accordance with the provisions of IAS 23-financial costs.

9.6.2.4 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. 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.

9.6.2.5 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.

9.6.2.6 Cash and cash equivalents

Cash and cash equivalents include bank accounts, cash and short-term investments.

9.6.2.7 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.) The difference between the fair value of the property and the investment value of the property as determined by the external property experts, 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. 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.

9.6.2.8 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.

9.6.2.9 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.

9.6.2.10 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.

9.6.2.11 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.

9.6.2.12 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.

9.6.2.13 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[92].

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.

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[92] 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% + crisis tax.

9.6.2.14 Derivative financial instruments

Montea concludes loans with financial institutions with a variable interest rate. The company uses financial hedging instruments of the IRS type (Interest Rate Swaps) to hedge against the risk of increases to these variable interest rates. In so doing, the loans linked to variable interest rates are to a large extent swapped against a fixed interest rate. In accordance with its financial policy and in application of its regulations, Montea holds no derivative instruments nor would it issue any for speculative purposes.

The hedging instruments do not satisfy the conditions for the type of "hedging" as defined in IAS 39, whereby all movements in the real value of the instrument are entirely included in the income statement. The market-to-market balance sheet date is used to determine the fair value.

9.6.2.15 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.

9.6.2.16 New standards and interpretations

9.6.2.16.1 New and changed standards and interpretations applied by the Group

Montea has certain standards and amendments for the first time. This will apply to the financial years beginning at or after 1 January 2016. 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 2016, they had no material impact on the consolidated financial statements / the condensed consolidated interim financial statements of the Group. Below the nature and effect of the new and / or revised standards and interpretations are explained:

- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment funds: The application of the exception based on consolidation, applicable from January 1, 2016
- Amendments to IFRS 11 Joint Arrangements - Processing of acquired interests in joint operations, applicable from January 1, 2016
- Amendments to IAS 1 Presentation of Financial Statements - Initiative in the area of disclosure, applicable from January 1, 2016
- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation, applicable from January 1, 2016
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture - bearing plants, applicable from January 1, 2016
- Amendments to IAS 19 Employee benefits - Defined benefit plans: Employee contributions, applicable from February 1, 2015
- Amendments to IAS 27 Separate Financial Statements - Equity method in the separate financial statements, applicable from January 1, 2016
- Annual improvements to IFRS - cycle 2010-2012 (published in December 2013), applicable as of Sunday, February 1st, 2015
- Annual improvements to IFRS - cycle 2012-2014 (published September 2014), applicable from January 1, 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment funds: The application of the exception based on consolidation, applicable from January 1, 2016

Annual Improvements to IFRS 2010-2012 Cycle

The purpose of the '2010–2012 cyclus' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements apply to financial years that begin on or after 1 February 2015. It concerns the following improvements:
IFRS 2 Share-based payments: This amendment, which is prospectively applied, clarifies certain issues concerning the definitions for “performance condition” and “service condition” which were previously part of the definition of vesting conditions.

- IFRS 3 Business combinations: This improvement, which is applied prospectively, clarifies that for all arrangements concerning conditional remuneration which arise out of a business combination as a liability or an asset, subsequent valuation takes place at fair value with processing of the value changes in the income statement, irrespective of whether they fall under the scope of IAS 39 Financial instruments: Recognition and Measurement (or IFRS 9 financial instruments).
- IFRS 8 Operating Segments: The amendments, which are applied retrospectively, clarify that:
  - Disclosure on judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of the operating segments which are consolidated and the economic characteristics that serve as a basis to assess whether the segments are similar (such as for instance selling and gross margins); and
  - Indication of the connection of the segment assets to the total assets is requested if the connection is reported to the chief operating decision maker, as for the required information regarding segment liabilities.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets: This improvement is applied retrospectively and clarifies that the revaluation can be carried out by adjusting the gross carrying amount of the asset to bring it in line with the carrying amount, or by bringing the carrying amount in line with the market value and adjusting the gross carrying amount accordingly. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.
- IAS 24 Related party disclosures: This improvement, which is applied retrospectively, clarifies that a ‘management entity’ – an entity that provides management services – is identified as a related party on which the requirements on related party disclosures apply. An entity which uses such a management entity must henceforth report the costs incurred to that end.

Annual improvements to IFRS 2012-2014 cycle (published in September 2014)

The purpose of the '2012–2014 cycle' with improvements of the standards and interpretations is to remove inconsistencies and to clarify texts. The improvements apply to financial years that begin on or after 1 February 2015. It concerns the following improvements:

- IFRS 5 Non-current assets held for sale and discontinued operations. Assets (or groups of assets that are disposed of) are as a rule disposed of by sale or by payment to owners. The amendment clarifies that a switchover from one disposal method to the other is not considered as a new disposal plan, but as a continuation of the original plan. So there is no question of the application of the requirements of IFRS 5 being interrupted. The amendment is applied prospectively.

- IFRS 7 Financial instruments: Disclosures
- Servicing contracts: The amendment clarifies that a servicing contract where remuneration is included may entail continued involvement in a financial asset. An entity must assess the nature of the remuneration and the settlement on the basis of the guidelines in IFRS 7 for continued involvement in order to determine whether the requirements for disclosure apply. The assessment as to which servicing contracts entail continued involvement must be carried out retrospectively. The required information need not however be provided for periods that begin prior to the commencement of the financial year in which the entity applied the amendments for the first time. This amendment is applied retroactively.
- Applicability of the disclosure requirements for offsetting on the interim condensed financial statements: The amendment clarifies that the disclosure requirements for setting off do not apply to interim condensed financial statements, unless the information to be provided concerns a significant adaptation of the information which is included in the most recent annual report. This amendment is applied retrospectively.
- IAS 19 Employee benefits: The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds must be assessed at currency level). This amendment is applied retrospectively.
- IAS 34 Interim financial reporting: The amendment clarifies that the required interim information must either be mentioned in the interim financial statements, or provided via references from the interim financial statements to the component of the interim financial report in which the information is contained (e.g. the management notes or the risk report). The other information in the interim financial report must be available for users under the same conditions and at the same time as the financial statement. This amendment is applied retrospectively.

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 Montea financial statements, but were not yet in force, are explained below. Where applicable, Montea plans to apply these standards and interpretations as soon as they enter into force.

- Amendments in IFRS 2 Share-based payments – Classification and valuation of share-based payment transactions, applicable as of 1 January 2018
- Amendments to IFRS 4 Insurance contracts - Application of IFRS 9 financial instruments with IFRS 43, applicable as of 1 January 2018
- IFRS 9 Financial instruments, applicable as of 1 January 2018
- IFRS 15 Revenue from contracts with customers, including amendments in IFRS 15: Entry into force of IFRS 15 and Clarification of IFRS 15, applicable as of 1 January 2018
- IFRS 16 Leases 3, applicable as of 1 January 2019
- Amendments in IAS 7 Statement of cash flows– initiative in information disclosure 3, applicable as of 1 January 2017
- Amendments in IAS 12 Income taxes – Recognition of deferred tax assets for unrealised losses, applicable as of 1 January 2017
- Amendments in IAS 40 Investment property– Reclassification of investment property, applicable as of 1 January 2018
- IFRIC 22 Foreign currency transactions and advance consideration3, applicable as of 1 January 2018
- Annual improvements to IFRS 2014-2016 cycle (published in December 2016), applicable as of 1 January 2017 and 1 January 2018

9.7 Notes to the consolidated financial statements as of 31 December 2016

9.7.1 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)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Rent	39.497	33.939	27.349
Guaranteed rental income	0	0	0
Rental discounts	0	0	0
Rental incentives	0	0	0
Compensation for early breach rental contracts	2.336	1.499	560
Compensation financial leasing	0	0	0
TOTAL	**41.833**	**35.438**	**27.908**

The rental income increased by 18.0% in 2016 to €41,833K. This increase is chiefly the result of the rising rental income in Belgium (€21,149K in 2016 compared with €17,547K, or an increase of €3,602K, i.e. +20%) and new rental income in the Netherlands (€9,765K in 2016 compared with €7,136K in 2015 or an increase of €2,629K, i.e. +37%).

This increase in rental income of €6.4 million is mainly due to:

- The full year impact of the rental income from investments in 2015:
    - Acquisition of project in ’s Heerenberg (let to JCL Logistics) (NL)
    - Acquisition of project in Apeldoorn (let to HSL) (NL)
    - Acquisition of project in Tilburg (let to Groep Verstijen) (NL)
    - Acquisition of project in Lyon (let to Cofriset) (FR)
- The rental income from the new investments during 2016:
    - Built-to-suit project in Vorst (let to CDS) (BE)
    - Built-to-suit project in Erembodegem (let to Movianto) (BE)
    - Delivery of extension project in Ghent (let to DSV) (BE)
    - Acquisition of project in Willebroek (let to Federal Mogul) (BE)
    - Acquisition of project in Eindhoven (let to Jan De Rijk) (NL)
    - Delivery of project in Aalsmeer (let to Bakkersland) (NL)
- The income of €2.3 million from the termination of the lease with Neovia Logistics was received in Q1 2016 compared with €1.5 million received in 2015, for an increase of €0.8 million.

The sale of the building in St-Cyr-en-Val (FR) and the building in Tilloy-lez-Cambrai (FR) took place on 29 December 2016, and as such it had no impact on the net rental income of France in 2016. The rental income for the building in Herentals, sold on 13 July 2016, was € 163K (annual rent of € 360K). In 2015, the building did not generate any rent due to its vacancy.

Rental income increased by 27% in 2015 to €35,438K, largely due to the increase of the rental income in Belgium of €2,417K, and the new rental income in the Netherlands of €4,700K.

The net increase of rental income in Belgium in 2015 is chiefly due to the income of €1.5 million from the termination of the lease with Neovia Logistics (see “Compensation for early termination of rental leases”), the full annual income of the sites Brucargo 763 (Zaventem) and De Hulst “Neovia” and “Dachser”, and the loss of rental income due to the sale of the sites in Meer (2015) and Puurs (2014).

The increase in rental income in the Netherlands in 2015 is mainly due to the full annual income of new sites in Waddinxveen (Delta Wines), Oss (Vos Logistics) and Beuningen (Depa Disposables) which were purchased in 2014, the newly acquired sites in ’s Heerenberg (JCL), Apeldoorn (HSL) and Tilburg (GVT), and the rental income from the site in Heerlen, which was delivered in the first quarter of 2015 (let to Doc Morris).

The table below shows a detail of the rental income per site:

RENTAL INCOME (EUR x 1.000)		31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Belgium		**21.149**	**17.547**	**15.130**
Aalst	Tragel 48-58	2.081	2.013	1.997
Bornem	Industrieweg 4-24	562	103	413
Grimbergen	Eppegemsestwg 31-33	1.080	1.069	253
Hoboken	Smallandlaan 7	125	100	237
Meer	Europastraat 28	0	0	358
Herentals	Toekomstlaan 33	163	0	0
Nivelles	Rue de la Technique 11	380	373	106
Puurs	Schoonmansveld 18	805	773	769
Erembodegem	Industrielaan 27	687	828	986
Mechelen	Zandvoortstraat 16	838	754	804
Vorst	Humaniteitslaan 292	1.673	1.225	1.050
Milmort	Avenue du Parc Industriel	507	1.000	1.059
Heppignies	Rue Brigade Piron	800	832	757
Puurs	Schoonmansveld 28	0	0	519
Zaventem	Brucargo 830	2.157	2.118	2.090
Zaventem	Brucargo 763	289	283	282
Zaventem	Brucargo 831	625	462	77
Gent	Evenstuk	1.437	1.077	1.069
Gent	Korte Mate	654	650	636
Zaventem	Brucargo 738-1	475	609	603
Willebroek	De Hulst Neovia	0	790	303
Willebroek	De Hulst Dachser	1.005	989	201
Willebroek	De Hulst Federal Moguel	1.249	0	0
Erembodegem	Waterkeringstraat 1	890	0	0
Bornem	Industrieweg 3	0	0	0
Aalsmeer	Japanlaan	331	0	0
Damages for breach of contract		2.336	1.499	560
France		**10.920**	**10.755**	**10.342**
Savigny-le-Temple	Rue du Chrome 2	328	327	267
Feuqueires	Zoning Industriel du moulin	359	359	358
Cambrai	P.d. Activité Actipole	490	236	236
Roissy	Rue de la Belle Etoile 280+ 383	905	708	708
Bondoufle	Rue Henrie Dunant 9-11	236	475	553
Décines	Rue a Rimbaud 1	374	974	872
Le Mesnil Amelot	Rue du Gué 4, Rue de la Grande Borne	803	373	374
Alfortville	Le Techniparc	224	640	738
Le Mesnil Amelot	Rue du Gué 1-3	495	225	233
Saint-Priest	Chemin de la Fouilousse	611	492	460
St-Cyr en Val	Rue des Genêts 660	3.291	3.295	3.253
Marennes	La Donnière	753	744	829
Saint-Laurent-Blangy	Actipark	636	636	636
Saint-Martin-de-Crau	Ecopole	825	825	825
Saint-Priest	Parc des Lumières	590	446	0
Damages for breach of contract		0	0	0
The Netherlands	Stichtse Kant	**9.765**	**7.136**	**2.436**
Almere	Stichtse Kant	1.119	1.164	1.077
Waddinxveen	Exportweg	988	983	893
Oss	Vollenhovermeer	1.009	965	295
Beuningen	Zilverwerf	1.035	1.027	171
's Heerenberg	Distributieweg	1.433	1.404	0
Heerlen	Business Park Aventis	1.458	1.212	0
Apeldoorn	Ijseldijk	552	319	0
Tilburg	Gesworenhoekseweg	1.000	62	0
Aalsmeer	Japanlaan	120	0	0
Eindhoven	De Keten	1.050	0	0
TOTAL		**41.834**	**35.438**	**27.908**

(1) Site sold on 13/07/2016.
(2) Site sold on 29/12/2016.
(3) Deze site werd verkocht op 29/12/2016.

When we take account of all the properties that have been part of the property portfolio for the past 3 years (i.e. disregarding the acquisition of new sites or divestments - total of 27 sites), the rental income is as follows (also see table):

- 2014: € 24,608K
- 2015: € 25,742K (+4.6%)
- 2016: € 26,275K (+2.1%)

The increase of 2.1% of the rental income for Belgium in 2016 is mainly due to the new tenants at the sites of Bornem (Public Buildings Administration and Beherman) and Vorst (CdS). The vacancy created at the site in Milmort (Galler and Vincent Logistics) caused a limited drop in rental income.

The rental income for France and the Netherlands remains constant.

RENTAL INCOME (EUR x 1.000)		31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Belgium		**14.826**	**14.269**	**13.189**
Aalst	Tragel 48-58	2.081	2.013	1.997
Bornem	Industrieweg 4-24	562	103	413
Grimbergen	Eppegemsestwg 31-33	1.080	1.069	253
Hoboken	Smallandlaan 7	125	100	237
Nivelles	Rue de la Technique 11	380	373	106
Puurs	Schoonmansveld 18	805	773	769
Erembodegem	Industrielaan 27	687	828	986
Mechelen	Zandvoortstraat 16	838	754	804
Vorst	Humaniteitslaan 292	1.673	1.225	1.050
Milmort	Avenue du Parc Industriel	507	1.000	1.059
Heppignies	Rue Brigade Piron	800	832	757
Zaventem	Brucargo 830	2.157	2.118	2.090
Zaventem	Brucargo 763	289	283	282
Zaventem	Brucargo 831	625	462	77
Gent	Evenstuk - DSV Fase I	1.087	1.077	1.069
Gent	Korte Mate	654	650	636
Zaventem	Brucargo 738-1	475	609	603
France		**10.330**	**10.309**	**10.342**
Savigny-le-Temple	Rue du Chrome 2	328	327	267
Feuqueires	Zoning Industriel du moulin	359	359	358
Cambrai	P.d. Activité Actipole	490	236	236
Roissy	Rue de la Belle Etoile 280+ 383	905	708	708
Bondoufle	Rue Henrie Dunant 9-11	236	475	553
Décines	Rue a Rimbaud 1	374	974	872
Le Mesnil Amelot	Rue du Gué 4, Rue de la Grande Borne	803	373	374
Alfortville	Le Techniparc	224	640	738
Le Mesnil Amelot	Rue du Gué 1-3	495	225	233
Saint-Priest	Chemin de la Fouilousse	611	492	460
St-Cyr en Val	Rue des Genêts 660	3.291	3.295	3.253
Marennes	La Donnière	753	744	829
Saint-Laurent-Blangy	Actipark	636	636	636
Saint-Martin-de-Crau	Ecopole	825	825	825
The Netherlands		**1.119**	**1.164**	**1.077**
Almere	Stichtse Kant	1.119	1.164	1.077
TOTAL		**26.275**	**25.742**	**24.608**

32 of the 50 sites have been part of the portfolio for more than 3 years. 15 sites were added to the portfolio in the last three years through new leases or existing contracts, or new leases through the development or acquisition of new sites. Three sites were sold in the last 3 years.

Note 2: Rental-related expenses

RENTAL-RELATED EXPENSES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Rent to pay on leased assets	-1.305	-1.205	-1.082
Depreciations on trade receivables	-11	-2	-9
Write-back of write-downs on trade receivables	0	59	1
TOTAL	**-1.315**	**-1.148**	**-1.089**

The total rent payable on leased assets concerns the concession fees and rent payments on the following sites: Brucargo 830, Brucargo 763-765, Brucargo 831, Brucargo 738, Ghent Evenstuk, Ghent Hulsdonk and Grimbergen.

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 2016) and the date on which Montea has to pay this amount.

	Annual amount	**End date**	
Grimbergen:	€85,000	2029	
Brucargo 830	€513,000	2062	No rent is paid when the site is vacant
Brucargo 763	€82,000	2063	No rent is paid when the site is vacant
Brucargo 831	€172,000	2063	No rent is paid when the site is vacant
Ghent - Evenstuk	€243,000	2043	
Ghent - Hulsdonk	€77,000	2043	
Brucargo 738	€133,000	2064	No rent is paid when the site is vacant
Total	**€1,305,000**		

The table below shows the future non-discounted concession cash flows:

Non-discounted concession cash flows (EUR x 1000)					
Site	Rent ratio (if applicable)	Basis (annual contracutel rent or amount/m²)	< 1 year	1 year < x < 5 years	> 5 years
Brucargo - DHL Global Forwarding	24%	2.195	513	2.090	21.421
Brucargo - Geodis Calberson Belgium	28%	323	82	355	3.731
Gent - DSV Solutions	0%	240	243	972	5.348
Brucargo - SJM Coördination Center	28%	629	172	692	7.268
Gent - SAS Automotive	0%	77	77	308	1.695
Grimbergen - Caterpillar	0%	8	85	405	809
Brucargo - Nippon Express	28%	482	133	540	5.805
		-		-	-
TOTAL			1.305	5.362	46.077

Montea applies IAS39.59. When Montea calls on external legal advice for the collection of rent and/or other receivables, a provision for the doubtful receivables is immediately allocated. When the money owed is received, the impairment is reversed in the accounts.

The impairment in 2016 concerns the provision allocated for the tenant Cybergun at the site in Bondoufle.

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)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Recovery of charges and taxes normally payable by tenants on let properties	**4.942**	**4.832**	**4.322**
Reinvoicing of rental charges borne by the tenant	1.983		1.761
Reinvoicing of taxes on let properties	2.959	2.003	2.562
Charges and taxes normally borne by the tenant on let properties	**-5.863**	**2.829**	**-5.041**
Rental charges borne by the tenant	-2.325	-5.824	-2.228
Taxes on let properties	-3.537		-2.814
TOTAL	**-920**	**-2.363**	**-719**

The drop of the net impact to -€920K is largely due to the extra rental occupancy at the sites in Erembodegem and Herentals.

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 €3,537. in 2016 (8.96% of the rental income, which amounted to €39,497K on 31/12/2016).

Note 4: Other rental-related income and expenditures

OTHER RENTAL-RELATED INCOME AND EXPENDITURE (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Property management fee	290	262	240
Income from the solar panels	912	954	851
Other	459	349	143
TOTAL	**1.660**	**1.565**	**1.234**

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 (11.1%), and of income from the green certificates (88.9%).

The revenues are recognised when the income is received, in accordance with IAS18. There are no green certificates that are not sold at the end of the financial year. The green certificates are paid by the government and not by the energy suppliers.

The solar panels on the buildings of the sites in Bornem, Grimbergen, Herentals, Puurs Schoonmansveld 28, Vorst, Milmort, Heppignies and Ghent Hulsdonk generated a total income of €912K.

In 2016, the “Other” item consisted of the recovered advance levy on income derived from vacant sites in the previous financial years booked as cost, and of income from the racks at the Oss site. Montea invested in these racks at the tenant’s request and they were invoiced to the latter on a monthly basis. In 2016, the tenant acquired the racks.

Note 5: Technical costs

TECHNICAL COSTS (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Recurring technical costs	**-122**	**-113**	**-81**
Repairs	-109	-102	-66
Compensation for overall guarantuees	0	0	0
Insurance premiums	-13	-11	-16
Non-recurring technical costs	**0**	**-1**	**-2**
Major repairs	0	0	0
Claims	0	-1	-2
TOTAL	**-122**	**-114**	**-83**

The increase in the technical costs in 2016 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)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Brokers' fees	-202	-190	-82
Publicity	0	0	-9
Lawyer fees and legal expenses	-55	-43	-40
TOTAL	**-257**	**-233**	**-130**

The commercial costs comprise mainly the broker’s fees for negotiating new leases.

Note 7: Charges and taxes for un-let properties

CHARGES AND TAXES OF UN-LET PROPERTIES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Charges	-23	-47	-138
Property tax	0	-46	-150
Insurances	-9	-9	-10
TOTAL	**-31**	**-102**	**-297**

The drop in these costs in 2016 is explained primarily by the rental of the site in Herentals as of the 1st quarter of that year.

Note 8: Property management costs

PROPERTY MANAGEMENT COSTS (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Internal property management costs	-590	-822	-663
Exteral property management costs	0	-17	0
TOTAL	**-590**	**-839**	**-663**

These costs comprise expenses for the internal team that is responsible for the management and marketing of the real estate, and from costs attributable directly to management.

Note 9: Other property costs

OTHER PROPERTY COSTS (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Other property charges	-43	-43	-9
TOTAL	**-43**	**-43**	**-9**

In 2016, “Other property costs” concerned mainly the maintenance of the solar panels.

Note 10: General overheads

GENERALOVERHEADS (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Office costs	-305	-329	-227
Representation costs	-114	-117	-86
Fees	-780	-960	-936
Real estate expert	-109	*-137*	*-177*
Auditor	-78	*-74*	*-57*
Legal advisors	-115	*-124*	*-186*
Accounting and financial advisors	-316	*-369*	*-348*
Other	-162	*-257*	*-169*
Listing fees	-256	-234	-195
Marketing and communication	-323	-304	-163
Personnel costs + fees business manager	-1.791	-1.897	-1.604
Amortizations	-200	-196	-127
TOTAL	**-3.769**	**-4.037**	**-3.339**

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

The overheads totalled €5,241K. Of these:

- €881K (16.8%) were activated on existing sites and new ongoing projects. They concern project management expenses;
- €590K (11.3%) entered under property costs (in property management fees, under note 8). These are costs attributable directly to the sites concerning asset management.

As such, 71.9% of these costs (€3,769K) are reserved as overheads of the company. The drop in that figure is due to a drop in the marketing and communication, HR and consultancy costs.

The fee of the auditors, EY Bedrijfsrevisoren, represented by Joeri Klaykens, relating to the remuneration for the legal assignment to audit and review the company and consolidated accounts, amounts to €50,000 (the total amounts to €78£K, of which €28K pertains to other auditing activities – cf. auditor).

Apart from the fees for the auditor, the property expert and the manager, no other significant remuneration was payable in 2016.

Note 11: Other operating revenues and expenditures

OTHER OPERATING REVENUES AND EXPENDITURES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Other operating revenues	61	29	107
Other operating expenses	-203	-86	-98
TOTAL	**-142**	**-58**	**9**

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

EARNINGS FROM THE SALE OF INVESTMENT PROPERTIES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Net sale of real estate (sale price - transaction expenses)	56.098	3.780	7.924
Fair value of sold real estate	-49.807	-3.775	-7.748
TOTAL	**6.291**	**5**	**176**

The capital gains of €8,131K in 2016 result from the sale of the sites in Herentals, Cambrai and Saint-Cyr-En-Val.

The capital gains of €5K in 2015 result from the sale of the site in Meer.

The capital gains of €176K in 2014 result from the sale of the site in Puurs.

Note 13: Changes in the fair value of investment properties

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Positive changes in fair value of investment properties	8.553	14.535	7.199
Negative changes in fair value of investment properties	-3.766	-12.065	-5.742
TOTAL	**4.788**	**2.470**	**1.457**

The positive changes in the fair value of the investment properties consist of the balance of all positive changes in the fair value of the sites. The same applies for the negative changes.

When the balance of all positive and negative changes is considered as a whole, the result on the property portfolio amounts to €4,788,000 on 31 December 2016.

When we look at the balance of the positive and negative changes separately (+€8.6 million and -€3.8 million respectively) we can note the following:

a) The positive changes in the fair value of the investment properties are largely due to the drop of the return on investment for projects with long-term leases;
b) The negative changes in fair value of the investment properties are largely attributable to the severance compensation received for the site in Willebroek, De Hulst Neovia, at the time that it was actually received.

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. Real Estate Report, 6.2.4.

Note 14: Financial income

FINANCIAL INCOME (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Interests and dividends received	1	138	24
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	655	443	318
TOTAL	**656**	**581**	**343**

The financial income pertains to the interest accrued on the available funds and to the unavailability compensation to MG Real Estate concerning the option fee provided.

Note 15: Net interest charges

NET INTEREST CHARGES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Nominal interest charges on loans	-5.713	-5.364	-4.915
Reinstatement of the nominal amount for financial debts	0	6	8
Costs from authorized hedges	-6.578	-3.142	-2.607
Other interest charges	-17	-57	-7
TOTAL	**-12.308**	**-8.556**	**-7.521**

The net interest charges went up by €3,752K or 43.8%. The average debt burden rose by €63.6 million (24%). Conversely, there was a drop in the average financing cost to 3.0%[93*] including the cost of the hedging instruments) for financial year 2016. The impact of hedging instruments is 1.4%. This means that the average financial cost without hedging instruments would be 1.6%. The average financial cost in 2015 was 3.07% versus 3.8% in 2014. The impact of hedging instruments was 0.92% in 2015 and the average financial cost excluding hedging instruments was 2.15%.

The costs for the hedging instruments rose by €3,436K mainly due to the settlement of an interest rate hedging contract in the form of an Interest Rate Swap (IRS) in 2016 for a total amount of €2.1 million to conclude subsequently a new hedge at current market conditions which will have a positive impact on the average financing cost in the future. Furthermore, the increase is due to the hedging instruments concluded in 2015 which have a full year impact in 2016. The extra interest rate swaps for €87.5 were taken out on 30 December so they had no impact on the financial costs.

[93*] 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 2016, without taking the valuation of the hedging instruments into account.

Note 16: Other financial costs

OTHER FINANCIAL COSTS (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Bank charges and other commissions	-128	-41	-48
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	**-128**	**-41**	**-48**

The bank charges comprise mainly commission fees for the conclusion of new lines of credit. The sale of 2 French projects in 2016 entailed extra bank charges in 2016.

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

The change in the fair value of the financial assets and liabilities amounts to €0.6 million, consisting of:

- The negative change in the fair value of the financial assets and liabilities of €1,211K;
- The positive change pursuant to IFRS 13, whereby Montea books a Credit Value Adjustment (CVA) of €594K in 2016.

CHANGES IN THE FAIR VALUE OF FINANCIAL ASSET AND LIABILITIES (EUR x 1.000)	31/12/2014 12 months	31/12/2014 12 months	31/12/2014 12 months
Authorized hedges	-616	438	-10.796
Authorized hedges subject to hedge accounting as defined by IFRS	0	0	0
Authorized hedges no subject to hedge accounting as defined by IFRS	-616	438	-10.796
Other	0	0	0
TOTAL	**-616**	**438**	**-10.796**

The debt position of Montea under the hedging instruments amounts to €26.1 million.

FAIR VALUE OF THE HEDGES (EUR x 1.000)	Start date	Maturity date	Nominal amount	Amount taken 31/12/2016	Interest rate	Heged interest rate	Fair value 2016	Fair value 2015	Fair value 2014	Change in fair value
IRS	1/01/2016	1/09/2024	15.000	15.000	2,66%	Euribor 3M	-2.983	-1.098	-1.320	-1.885
IRS	1/07/2012	1/07/2024	0	0	2,50%	Euribor 3M	-	-	-14.413	0
IRS	1/10/2011	1/10/2020	0	0	2,77%	Euribor 3M	-	-	-1.516	0
IRS	30/11/2015	30/05/2019	10.000	10.000	3,07%	Euribor 3M	-845	-2.687	-2.706	1.842
IRS	1/10/2011	1/10/2020	0	0	2,77%	Euribor 3M	-	-	-1.518	0
IRS	31/12/2015	31/12/2021	10.000	10.000	2,38%	Euribor 3M	-1.248	-1.240	-1.174	-8
IRS	2/01/2015	1/07/2022	25.000	25.000	2,25%	Euribor 3M	-3.324	-3.177	-2.992	-147
IRS	1/04/2015	1/07/2022	10.000	10.000	2,52%	Euribor 3M	-1.488	-1.446	0	-42
IRS	1/04/2015	1/07/2023	25.000	25.000	2,74%	Euribor 3M	-4.550	-4.277	0	-273
IRS	3/10/2016	1/07/2024	25.000	25.000	1,71%	Euribor 3M	-2.949	-4.519	0	1.570
IRS	1/04/2015	1/07/2027	25.000	25.000	2,74%	Euribor 3M	-5.900	-4.997	0	-903
IRS	31/03/2015	30/06/2023	10.000	10.000	2,51%	Euribor 3M	-1.590	-1.479	0	-111
IRS	30/12/2016	31/12/2027	2.500	2.500	0,78%	Euribor 3M	-41	-	0	-41
IRS	30/12/2016	31/12/2024	10.000	10.000	0,45%	Euribor 3M	-120	-	0	-120
IRS	30/12/2016	31/12/2026	50.000	50.000	0,68%	Euribor 3M	-763	-	0	-763
IRS	31/12/2016	31/12/2025	25.000	25.000	0,56%	Euribor 3M	-330	-	0	-330
TOTAL			**242.500**	**242.500**			**-26.131**	**-24.920**	**-25.639**	**-1.211**

It is shown schematically here when the existing IRS totalling €242.5 million mature:

2019: €10 million
2020: €25 million
2021: €10 million
2022: €10 million
2023: €35 million
2024: €50 million
2025: €25 million
2026: €50 million
2027: €27.5 million

As a result of the adaptations according to IFRS 13, Montea has booked a positive change in the valuation of the hedging instruments of €1,327,000 over all the financial years (Credit Value Adjustment). As such, the net debt position of Montea under the hedging instruments amounts to €24.8 million, which are booked as long-term financial debts under the liabilities in the balance sheet.

At the end of 2016, Montea has hedging instruments for a nominal amount of €242.5 million.

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	7 years < x < 8 years	8 years < x < 9 years	9 years < x < 10 years	> 11 years
Cost of hedging	5.126	5.126	4.787	4.787	4.517	3.591	2.544	1.513	1.293	792	0

Note 18: Corporation tax

CORPORATE TAXES (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Withholding tax	0	-1	-1
Actual corporate taxes (profit)	-505	-323	-323
TOTAL	**-506**	**-324**	**-324**

The corporate tax booked consists of a provision for:

- The tax payable on the rejected expenses by Montea Comm. V.A.
- The corporate tax payable for companies that do not enjoy regulated real-estate company status
- The dividend tax payable by Montea SCA
- The dividend tax payable by Montea Netherlands

Note 19: Intangible fixed assets

INTANGIBLE ASSETS	(x EUR 1.000)
ON 31/12/2014	**125**
Acquisitions	180
Depreciations	-91
ON 31/12/2015	**214**
Acquisitions	66
Depreciations	-91
ON 31/12/2016	**189**

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

INVESTMENT PROPERTIES	(X EUR 1.000) Investment properties	(X EUR 1.000) Developments projectsd	(X EUR 1.000) TOTAL
On 31/12/2014	**164.700**	**9.345**	**174.045**
Investments	**81.115**		**81.115**
- new acquisitions	*62.673*		62.673
- acquisitions through share transactions	-		-
- redevelopments	18.442		18.442
Project developments		**9.345**	9.345
Divestments	**-**		-
- Sale assets	-		-
- Assets held for sale	-		-
Increase/(decrease) of the fair value	**2.470**		2.470
On 31/12/2015	**481.295**	**25.640**	**506.935**
Investments	**96.288**		96.228
- new acquisitions	55.296		55.296
- acquisitions through share transactions	40.962		40.992
- redevelopments	-		-
Project developments		**-15.359**	-15.229
Divestments	**-57.516**		-57.516
- Sale assets	-49.795		-49.795
- Assets held for sale	-7.721		-7.221
Increase/(decrease) of the fair value	**4.788**		4.788
On 31/12/2016	**524.855**	**10.281**	**535.136**

The increase in property investments in 2016 for an amount of € 28.2 million is mainly the result of:

- An increase of the new acquisitions (€ 55.3 million):
  - Delivery Movianto worth € 14.4 million
  - Delivery Bakkersland worth € 26.9 million
  - Expansion DSV Phase II worth € 9.2 million
  - Expansion CDs worth € 4.8 million

  These acquisitions (built-to-suit projects) were financed through debt.

- An increase in new property purchases through equity transactions (€ 41.0 million):
  - In Belgium: Bornem Real Estate, Nyssa and Robinia One, worth € 22.1 million
  - In the Netherlands: Europand Eindhoven worth € 18.9 million;

Bornem Vastgoed NV and Europand Eindhoven BV were financed through debt. For Nyssa and Robinia One (project leased to Federal Mogul), a contribution was made in kind, creating a total of 447,231 shares that are fully entitled to Montea's result 2016.

IFRS 3 does not apply because these transactions do not classify under the acquisition of a business combination. The acquired company is not considered as a separate business but rather as a building that generates rental income.

- A decrease in the project development project worth € 15.4 million:
  - Camphin development (+ € 3.0 million)
  - Development of Scotch & Soda (+ € 7.2 million)
  - Bakkersland from project developments to the investment property section - new acquisitions (- € 13.3 million)
  - Movianto from project developments to the investment property section - new acquisitions (- € 11.2 million)
  - Expansion of DSV from project developments to the investment property section - new acquisitions (- € 1.1 million);

  The difference between the decrease of the project development section for the completed projects Bakkersland (- € 13.3 million), Movianto (- € 11.2 million) and DSV (- € 1.1 million) and the increase in the investment property section - New acquisitions as described above (Bakkersland + € 26.9 million, Movianto + € 14.4 million and DSV + € 9.2 million) is mainly explained by the investment costs incurred during the 2016 financial year.

- Partly offset by the sale of the 2 French properties (St-Cyr-en-Val and Tilloy-lez-Cambrai) and the Herentals property (leased to Kemin) for a total impact of € 49.8 million.

- The property held for sale worth € 7.7 million concerns the third property that will be sold by Savigny-le-Temple at the end of March 2017. We refer to the press release of 29 December 2016 regarding the sale of 3 buildings in France.

- Changes in the fair value of our property portfolio, totaling € 4.8 million.

The balance sheet of Bornem Vastgoed NV, which was acquired through an equity transaction, contains the following elements:
- the land
- an intra-group receivable amounting to € 0.6 million
- a capitalized capital of € 1.1 million
- Trade debt and other debts of € 0.1 million

The intragroup claim was redeemed at the date of purchase by the selling company, Beherman Invest NV.

The balances of Nyssa NV (64% ownership of the site and building) and Robinia One NV (36% ownership of the site and building) contain the following elements:
- The land with building leased to Federal Mogul
- outstanding trade receivables of € 0.2 million
- equity of € 17.3 million, largely consisting of capital
- Trade debt and other debts of € 0.2 million
- an intragroup debt amounting to € 0.6 million

The intragoup debt was repaid at the date of purchase by the acquiring company, in this case Montea Comm. V.A.

The balance sheet of Europand Eindhoven BV, which was acquired through an equity transaction, contains the following elements:
- The land with building rented to Jan De Rijk
- Other receivables and overdue assets amounting to € 0.1 million
- a built-in equity of € 3.7 million
- financial liabilities amounting to € 7.5 million
- Other liabilities and creditors amounting to € 0.4 million

Financial liabilities were repaid at the date of purchase by the acquiring company, in this case Montea Nederland NV.

The table below shows an overview of the analyses regarding the project developments:

Project developments	(X EUR 1.000)
On 31/12/2014	**16.295**
Project developments	
- Heerlen	-16.295
- Bakkersland	13.306
- Movianto	11.244
- ExtensionDSV	1.090
On 31/12/2015	**25.640**
Project developments	
- Heerlen	3.045
- Scotch & Soda	7.240
- Bakkersland	-13.300
- Movianto	-11.200
- ExtensionDSV	-1.144
On 31/12/2016	**10.281**

Note 21: Other tangible fixed assets

OTHER TANGIBLE NON-CURRENT ASSETS (x EUR 1.000)	Total	Own use	Other
ON 31/12/2014	**7.655**	**571**	**7.083**
Acquisition value 01/01/2015	**8.206**	**757**	**7.449**
Acquisitions	93	0	93
Solar panels	2.841	0	2.841
- acquisitions solar panels	*2.628*	*0*	*2.628*
- added value/less value of existing solar panels	*213*	*0*	*213*
Acquisition value 31/12/2015	**11.140**	**757**	**10.383**
	0	0	0
Depreciations 01/01/2015	**-551**	148	**-699**
Depreciations	-89	38	-126
Depreciations 31/12/2015	**-640**	**186**	**-826**
ON 31/12/2015	**10.500**	**571**	**9.929**
Acquisition value 01/01/2016	**11.140**	**757**	**10.383**
Acquisitions	55	0	55
Solar panels	-391	0	-391
- acquisitions solar panels	*330*	*0*	*330*
- added value/less value of existing solar panels	*-720*	*0*	*-720*
Acquisition value 31/12/2016	**10.804**	**757**	**10.047**
	0	0	0
Depreciations 01/01/2016	**-640**	**148**	**-788**
Depreciations	-67	38	-105
Depreciations 31/12/2016	**-707**	**186**	**-893**
ON 31/12/2016	**10.098**	**571**	**9.526**

The movement in other tangible fixed assets includes mainly, in addition to the reduction in value on the solar panels at the sites in Bornem, Grimbergen, Herentals, Puurs Schoonmansveld and Heppignies, the investment in new solar panels in Vorst and Milmort, as well as the purchase of the existing solar panels at the site in Ghent Hulsdonk. The reduction in value was taken directly from equity capital (also see valuation rules 7.6.2.3.).

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 € 9,301K. The solar panels are not valued by an independent property assessor.

The fair value is determined on the basis of the discounting method of future revenues.

In the case of the valuation of the solar panels, the net gains (€ 720K for 2016) 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 31/12/2013	**0**
Assets held for sale till maturity	**0**
Participations in associated companies or companies with a participating interest	0
Assets at fair value through result	**0**
Hedging instruments	0
ON 31/12/2014	**0**
Assets held for sale till maturity	**0**
Participations in associated companies or companies with a participating interest	0
Assets at fair value through result	**0**
Hedging instruments	0
ON 31/12/2015	**0**

The financial fixed assets relate solely to the positive valuation of the hedging instruments.

The negative valuation of the hedging instruments for 2016 are shown in Note 17.

Note 23: Trade receivables and other fixed assets

TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS	(x EUR 1.000)
ON 31/12/2014	37
Guarantees paid in cash	1
ON 31/12/2015	38
Guarantees paid in cash	1
ON 31/12/2016	39

This amount concerns a guarantee paid in cash.

Note 24: Assets intended for sale

ASSETS HELD FOR SALE	(x EUR 1.000)
OP 31/12/2014	3.775
Accounting value of the investment properties held for sale	-3.775
Real Estate certificates	0
Other	0
OP 31/12/2015	0
Accounting value of the investment properties held for sale	7.721
Real Estate certificates	0
Other	0
OP 31/12/2016	7.721

On 1 October 2014, an agreement was concluded on a temporary purchase and sale option of the property in Meer, whereby the buyer can exercise a call option to acquire the property up to 31 December 2014, and Montea can exercise a put option to sell the property up to 31 January 2015. The buyer informed Montea by registered letter to exercise the call option. The property was sold in April 2015.

The sale of the property in Savigny-le-Temple – after a number of alteration works by the current tenant –will take place on 31 March 2017 at the latest.

Note 25: Short-term trade receivables

TRADE RECEIVABLES (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Trade receivables - gross	11.014	8.195	13.015
Provisions for doubtful receivables	-515	-504	-562
TOTAL	10.499	7.691	12.453

On 31 December 2016, the gross trade receivables amounted to €10,499K, of which:

- €9,870K in trade receivables;
- €515K in doubtful receivables;
- €628K in other trade receivables
- €515K in losses in value for doubtful receivables.

TABLE OF MATURITY DATES OF TRADE RECEIVABLES	(x EUR 1.000)
Trade receivables, not due	8.437
Trade receivables, due 1 -30 days	611
Trade receivables, due 31 - 60 days	276
Trade receivables, due 61 - 90 days	358
Trade receivables, due > 90 days	188
TOTAL	9.870

No losses in value were booked on the total amount of €9,870K because for the claims on expiry of 90 days, an individual analysis per file is made, showing that we are not at risk of the claims being lost and we have sufficient comfort dat our clients meet their obligations.

To minimise the impact of the overdue receivables on the result, Montea manages its customer base in an efficient manner. Montea subjects its customers to a credit analysis on a regular basis. It will also subject potential customers to a prior credit analysis before proceeding to conclude new leases. The table below provides an overview of the doubtful receivables:

DOUBTFUL RECEIVABLES	(x EUR 1.000)
ON 31/12/2014	**573**
Amount current financial year	0
Reversal amount current financial year	-69
ON 31/12/2015	**504**
Amount current financial year	11
Reversal amount current financial year	0
ON 31/12/2016	**515**

WRITE-DOWNS ON DOUBTFUL RECEIVABLES ACCOUNTED FOR	(x EUR 1.000)
ON 31/12/2014	**562**
Provisions current financial year	0
Reversal losses doubtful receivables	-58
ON 31/12/2015	**504**
Provisions current financial year	11
Reversal losses doubtful receivables	0
ON 31/12/2016	**515**

The table below provides an overview of the trade receivables of €628K.

TABLE OF OTHER RECEIVABLES	(x EUR 1.000)
Trade receivables - debit balance	105
Trade payables - debit balance	146
Invoices to bill	354
Creditnotes to receive	23
TOTAL	**628**

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	515
TOTAL	**515**

An amount of €515,000 was earmarked for the doubtful receivables.

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.

TAX RECEIVABLES AND OTHER CURRENT ASSETS (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
TAXES	**6.559**	**4.254**	**1.390**
Value added taxes (VAT)	6.292	3.983	1.121
Corporation tax	268	271	269
OTHER CURRENT ASSETS	**48**	**-185**	**196**
TOTAL	**6.607**	**4.069**	**1.586**

The substantial VAT amount to be recovered is due to a number of large invoices that were booked at the end of the year concerning the ongoing developments in the Netherlands.

Note 27: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Cash at banks	3.348	4.929	4.248
Term deposits	2	2	2
Cheques to be cashed	0	0	0
TOTAL	**3.350**	**4.930**	**4.250**

The term deposits concerns cash deposits on term deposit accounts with credit institutions.

Note 28: Deferred charges and accrued income

DEFERRED CHARGES AND ACCRUED INCOME - ASSETS (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Accrued and not due rental income	424	367	2.662
Rental discounts and rental incentives to be allocated	0	0	0
Prepaid property charges			
- Prepaid allowance Group De Paepe	4.500	4.500	4.500
- Costs for future projects / Provisions construction costs	15.785	7.765	1.926
- Autres	0	0	0
Prepaid interests and other financial charges	0	0	0
Other	412	578	894
TOTAL	**21.121**	**13.209**	**9.981**

The up-front fees paid (De Paepe concerning the advances on the basic value), will be reimbursed if the projects do not go through within a period of 4 years after the payment thereof. These fees, which Montea has paid, are unavailable because the time of closing of the future project is not known and this amount is therefore not available for Montea during a certain time.

The heading “costs for future projects / advances on construction costs” comprises advances on construction costs/share prices for future projects for which no contract of sale has been signed but a confirmation agreement exists. All the conditions precedent of the confirmation agreement must be met before a contract of sale is signed. Possible conditions precedent include e.g. environmental permits, approval of contribution in kind by the FSMA, etc. In view of said conditions precedent, there is no sufficient certainty yet to enter these projects as investment properties. It is stipulated expressly in the confirmation/partnership agreement that full reimbursement will take place if the project does not go through. For this reason, these costs will provisionally be entered under deferred charges and accrued income.

Since this contract of sale had not yet been signed at the end of the reporting period, these costs were entered under deferred charges and accrued income, and not yet under “Investment properties.”

Once the agreement of purchase is final, these costs and/or advances are moved to “Investment properties.”

The increase in prepaid property costs can be explained primarily by the increase in start-up costs or advances on the construction cost for possible new projects.

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 31/12/2014	**178.416**	**-2.357**	**3**	**14.650**	**8.754.378**
Contribution in kind HSL and stock dividend	9.319	-93	0	6.244	457.323
ON 31/12/2015	**187.735**	**-2.450**	**3**	**20.893**	**9.211.701**
Contribution in kind HSL and stock dividend	15.085	-91	0	11.546	740.183
ON 31/12/2016	**202.820**	**-2.541**	**3**	**32.439**	**9.951.884**

On 23 March 2016, Montea proceeded to a(n) (indirect) contribution in kind of the site in Willebroek (let to Federal Mogul) whereby a total of 447,231 new shares were created which are fully entitled to the profit of Montea.

On 10 June 2016, Montea increased its equity by €10.4 million (capital + issue premium) because 76.3% of the existing shareholders chose the optional dividend. 292,952 new shares were accordingly created.

For more information, cf. the press release of 23/03/2016 (contribution in kind: Federal Mogul) or www.montea.com and the press release of 10/06/2016 or www.montea.com.

Note 30: Reserves

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

(EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Reserves	**-15.356**	**-22.035**	**-13.480**
Legal reserves	835	835	835
Reserve for the net amount of the changes in fair value of investment properties	-32.524	-31.804	-34.487
Reserves for the impact on the fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties	-25.326	-23.256	-17.813
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	-24.188	-24.188	-24.627
Reserve for the net amount of exchange rate differences on monetary assets and liabilities	0	0	0
Reserve for the translation differences coming from the conversion of activities abroad	0	0	0
Reserve for treasury shares	-2	-251	-639
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	65.850	56.630	63.250

At the Board meeting held on 14th November 2011, an option plan was approved for all members of the executive management, including the executive directors. Montea's own shares have been purchased to cover these options. The amount of € 251K ("Reserve for own shares") relates to 7,246 of Montea's own shares, with a total par value of € 251K (including charges). These 7,246 shares are the remaining shares of the 23,346 shares bought in to finance the current option plan. During the 2015 financial year, options were exercised totalling 16,100 shares.

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 -€720K, largely as a result of the negative value development of the property expert. 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 instrument comprise the most important components which have a major negative impact on the reserves.

When determining the fair value of the real estate in Belgium, due account is taken of 2.5% of the total sales costs on significant investment real estate (i.e. > 2,500K) following an analysis of a large number of transactions by a workgroup of experts who intervene for public real estate institutions.

This means that to obtain the fair value for all sites in Belgium worth less than €2,500,000, the investment value must be divided by 1.025. On all other sites, 10% or 12% registration fees are applied to the fair value.

The total amount of the purchase costs was estimated to value the sites in France and the Netherlands: 6.3% in France and 6.6% in the Netherlands.

Note 30.1: Reserve for the balance of the changes in the fair value of property

RESERVE FOR THE BALANCE OF THE CHANGES IN FAIR VALUE OF PROPERTY	(x EUR 1.000)
Changes in fair value of investment properties 2007 (15 months)	5.629
Changes in fair value of investment properties 2008 (12 months)	-10.046
Changes in fair value of investment properties 2009 (12 months)	-16.034
Changes in fair value of investment properties 2010 (12 months)	-1.906
Changes in fair value of investment properties 2011 (12 months)	-4.420
Changes in fair value of investment properties 2012 (12 months)	-6.692
Changes in fair value of investment properties 2013 (12 months)	-3.658
Changes in fair value of investment properties 2014 (12 months)	1.457
Changes in fair value of investment properties 2015 (12 months)	2.470
Revaluation gains solar panels 2011 (12 months)	1.566
Revaluation gains solar panels 2012 (12 months)	-128
Revaluation gains solar panels 2013 (12 months)	-192
Revaluation gains solar panels 2014 (12 months)	-63
Revaluation gains solar panels 2015 (12 months)	213
Revaluation gains solar panels 2016 (12 months)	-720
ON 31/12/2016	**-32.524**

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)	-10.796
changes in fair value of authorized hedges 2016 (12 months)	438
ON 31/12/2016	**-24.188**

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 7.5 “Overview of the changes in the consolidated equity and reserves on 31/12/2016”.

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[94] (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).

94 See section 9.10.

The net result, which amounted to € 34.5 million at 31 December 2016, decreased by € 1.8 million compared to the published annual press release of the statutory manager on 21 February 2017 (€ 36.3 million) due to a correction in the Result on the portfolio. The initial transaction cost (at the time of divestment) should run through the income statement and then be reallocated to equity. In the figures included in the press release, these transaction costs were incorrectly processed through equity and not through the income statement. Therefore, equity is not affected. Furthermore, this adjustment also has no impact on the EPRA result and the distributable result.

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 (5% of SCI 3R and 0.4% of Bornem Vastgoed NV) is negligible. Moreover, Montea has no guarantees and/or convertible bonds.

DETAIL RESULTS PER SHARE (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
NET RESULT	**34.481**	**24.010**	**6.107**
Attributable to:			
Shareholders of the parent company	34.481	24.010	6.105
Minority interests	0	0	2
EPRA result (K€)	**24.018**	**21.097**	**15.271**
Number of weighted number average of shares before the period	9.722.190	9.000.882	7.781.658
Number of shares in circulation at the end of the period	9.951.884	9.211.701	8.754.378
NET (ordinary/diluted) RESULT PER SHARE / weighted number average of shares (€)	**3,55**	**2,67**	**0,78**
EPRA RESULT (ordinary/diluted) PER SHARE / weighted number average of shares (€)	**2,47**	**2,34**	**1,96**

DETAILED RECONCILIATION NET RESULT TO EPRA RESULT (EUR X 1.000)	31/12/2016 12 maanden	31/12/2015 12 maanden	31/12/2014 12 maanden
NET RESULT	**34.481**	**24.010**	**6.107**
- Result on sale of investment properties	-6.291	-5	-176
- Variations in fair value of the investment properties and properties for sale	-4.788	-2.470	-1.457
- Variations in fair value of the financial assets and liabilities	616	-438	10.796
EPRA RESULT (K€)	**24.018**	**21.097**	**15.271**

Note 32: Minority interests

MINORITY INTEREST	(x EUR 1.000)
ON 31/12/2014	**100**
5% of the result of SCI 3R on 31/12/2015	0
ON 31/12/2015	**100**
Minority intrests Bornem Vastgoed NV	19
ON 31/12/2016	**119**

Note 33: Long term provisions

PROVISIONS (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Pensions	0	0	0
Other	0	0	0
TOTAL	**0**	**0**	**0**

Note 34: Financial debts

FINANCIAL DEBTS (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
NON-CURRENT FINANCIAL DEBTS	**285.577**	**314.182**	**177.393**
Credit institutions	175.132	203.500	116.000
Bond	109.189	109.224	59.085
Securities and bank guarantees deposited	1.071	1.060	840
Financial leasing	184	335	0
Others	0	63	1.468
- 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	11	0	45
CURRENT FINANCIAL DEBTS	**10.590**	**20.581**	**50.752**
Credit institutions	10.000	20.000	49.000
Financial leasing	590	581	0
Others	0	0	1.752
- 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	45
TOTAL	**296.167**	**334.763**	**228.145**

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

The financial debts consist chiefly of bilateral lines of credit at six financial institutions. On 31/12/2016 Montea had a total of €235.0 million in contracted lines of credit, of which 78.8% (€185.1 million) has been drawn.

Next year, 5.4% (or €10.0 million) of the drawn debt becomes due.

The total financial debts to "credit institutions" are at variable interest, and are hedged for 111% by financial IRS instruments at fixed interest rate. This overhedging is a direct consequence of the fact that the new swaps were concluded already on 30 December 2016 at a time when a part of the debts had already been settled, while the planned investments will be carried out only later in Q1 2017. This overhedging is only temporary. The investments in Q1 2017 are to bring the hedging percentage below 100%. Montea expects that the investments of 2017 will bring the hedge ratio to 85% again by the year's end if no new hedge instruments are concluded.

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 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 31/12/2016 and a stable euribor.

CREDIT INSTITUTIONS (x EUR 1000)	Contracted credits	Credits taken	Interest charges credits
Credit lines, to expire within the year	10.000	10.000	2.489
Credit lines, to expire within 1 - 2 years	26.667	16.667	2.325
Credit lines, to expire within 2 - 3 years	30.000	0	2.115
Credit lines, to expire within >3 years	168.333	158.465	5.930
TOTAL	**235.000**	**185.132**	**12.859**

HEDINGS (x EUR 1000)	Notional amount	Inerest charges hedgings
Hedgings, to expire whithin the year	-	3.553
Hedgings, to expire within 1 - 2 yaers	-	3.553
Hedgings, to expire within 2 - 3 years	10.000	3.553
Hedgings, to expire within > 3 years	232.500	16.963
TOTAL	**242.500**	**27.622**

BONDS (x EUR 1000)	Contracted bonds	Bonds taken	Interest charges bonds
Bond, to expire within one year	0	0	3.606
Bonds, to expire within 1 - 2 years	0	0	3.606
Bonds, to expire within 2 - 3 years	0	0	3.606
Bonds, to expire within > 3 years	110.000	110.000	10.563
TOTAL	**110.000**	**110.000**	**21.382**

Montea has financial leasing debts at the site Milmort (BE) reimbursed on a quarterly basis. This leasing debt ends in 2017.

Below is a schematic overview of the outstanding remaining leasing debts:

	2016	**2017**
Milmort:	€ 555K	€ 774K
Total	**€ 824K**	**€ 774K**

The following table provides an overview of the current bonds:

BONDS						
Nominal amount	**Start date**	**Expire date**	**Interest**	**Interest rate**	**Repaid capital**	**Repaid interest**
30.000	28/06/2013	28/06/2020	Vast	4,11%	2020	Annual
30.000	28/05/2014	28/02/2021	Vast	3,36%	2021	Annual
25.000	30/06/2015	30/06/2027	Variabel	EURIBOR 3M + 205 bps	2027	Quarterly
25.000	30/06/2015	30/06/2025	Vast	3,42%	2025	Annual
110.000						

Note 35: Other non-current financial liabilities

OTHER NON-CURRENT FINANCIAL LIABILITIES (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Authorized hedges	24.804	30.283	24.627
TOTAL	**24.804**	**30.283**	**24.627**

The other non-current financial liabilities relate only to the negative valuation of the interest rate hedging instruments at 31/12/2016. In Note 22, under financial fixed assets, are the positive variations in the value of the interest rate hedging instruments. As of 31/12/2016, the interest rate hedging instruments had a negative value of € 24.2 million. For the comparison of the fair values with the book values, please see Note 17.

Note 36: Other non-current liabilities

OTHER NON-CURRENT LIABILITIES (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
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)	31/12/2016	31/12/2015	31/12/2014
Exit Taks	**2.014**	**1.455**	**1.455**
Other	**8.833**	**6.460**	**6.102**
Suppliers	5.512	2.640	5.399
Tenants	266	273	17
VAT, salaries and social security	3.056	3.547	686
TOTAL	**10.848**	**7.915**	**7.557**

OTHER CURRENT LIABILITIES (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Dividends	10	14	58
Intercompany liabilities	117	0	730
Other	23	3.979	0
TOTAL	**150**	**3.993**	**788**

The "Suppliers" item has an outstanding balance of € 5.5 million. This refers to unpaid invoices at year-end.

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

Note 38: Accrued charges and deferred income

ACCRUED CHARGES AND DEFERRED INCOME - LIABILITES (EUR x 1.000)	31/12/2016	31/12/2015	31/12/2014
Property income received in advance	7.463	7.613	6.942
Interests and other charges accrued and not due	3.374	3.071	2.452
Other	-11	-8	-64
TOTAL	**10.826**	**10.677**	**9.330**

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 40: Fair value hierarchy

		Fair value hierarchy (EUR x 1.000)	31/12/2016 Booking value	31/12/2016 Level 1 (1)	31/12/2016 Level 2 (2)	31/12/2016 Level 3 (3)
I.		**NON-CURRENT ASSETS**	**545.462**	**0**	**228**	**545.234**
	A.	Goodwill	0	0	0	0
	B.	Intangible assets	189	0	189	0
	C.	Investment properties	535.136	0	0	535.136
	D.	Other tangible assets	10.098	0	0	10.098
	E.	Non-current financial assets	0	0	0	0
	F.	Finance lease receivables	0	0	0	0
	G.	Trade receivables and other non-current assets	39	0	39	0
	H.	Deferred taxes (assets)	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity	0	0	0	0
II.		**CURRENT ASSETS**	**49.297**	**3.350**	**38.227**	**7.721**
	A.	Assets held for sale	7.721	0	0	7.721
	B.	Current financial assets	0	0	0	0
	C.	Finance lease receivables	0	0	0	0
	D.	Trade receivables	10.499	0	10.499	0
	E.	Tax receivables and other current assets	6.607	0	6.607	0
	F.	Cash and cash equivalents	3.350	3.350	0	0
	G.	Deferred charges and accrued income	21.121	0	21.121	0
		TOTAL ASSETS	**594.759**	**3.350**	**38.455**	**552.955**
		LIABILITIES	**342.794**	**0**	**349.367**	**0**
I.		**Non-current liabilities**	**310.381**	**0**	**316.954**	**0**
	A.	Provisions	0	0	0	0
	B.	Non-current financial debts	285.577	0	292.150	0
	C.	Other non-current financial liabilities	24.804	0	24.804	0
	D.	Trade debts and other non-current debts	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0
II.		**Current liabilities**	**32.413**	**0**	**32.413**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	10.590	0	10.590	0
	C.	Other current financial liabilities	0	0	0	0
	D.	Trade debts and other current debts	10.848	0	10.848	0
	E.	Other current liabilities	150	0	150	0
	F.	Accrued charges and deferred income	10.826	0	10.826	0
		TOTAL LIABILITIES	**342.794**	**0**	**349.367**	**0**

- Level 1: valuations of the fair value are determined by the (unadjusted) quoted market prices in active markets for identical assets and liabilities;
- Level 2: valuations of the fair value are determined based on data other than quoted prices specified in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);
- Level 3: valuations of the fair values are determined using valuation techniques that data for the asset or liability cover that are not based on observable market data (unobservable data).

During the financial year 2016 no transfers took place between the different levels of the fair value hierarchy.

		Fair value hierarchy (EUR x 1.000)	31/12/2015 Booking value	31/12/2015 Level 1 (1)	31/12/2015 Level 2 (2)	31/12/2015 Level 3 (3)
I.		**NON-CURRENT ASSETS**	**517.686**	**0**	**252**	**517.434**
	A.	Goodwill	0	0	0	0
	B.	Intangible assets	214	0	214	0
	C.	Investment properties	506.934	0	0	506.934
	D.	Other tangible assets	10.500	0	0	10.500
	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	38	0	38	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**	**31.999**	**4.930**	**27.069**	**0**
	A.	Assets held for sale	0	0	0	0
	B.	Current financial assets	0	0	0	0
	C.	Finance lease receivables	0	0	0	0
	D.	Trade receivables	7.691	0	7.691	0
	E.	Tax receivables and other current assets	4.069	0	4.069	0
	F.	Cash and cash equivalents	4.930	4.930	0	0
	G.	Deferred charges and accrued income	15.309	0	15.309	0
		TOTAL ASSETS	**549.685**	**4.930**	**27.321**	**517.434**
		LIABILITIES	**341.429**	**0**	**317.241**	**24.188**
I.		**Non-current liabilities**	**291.354**	**0**	**267.165**	**24.188**
	A.	Provisions	0	0	0	0
	B.	Non-current financial debts	267.165	0	267.165	0
	C.	Other non-current financial liabilities	24.188	0	0	24.188
	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**	**50.075**	**0**	**50.075**	**0**
	A.	Provisions	0	0	0	0
	B.	Current financial debts	27.491	0	27.491	0
	C.	Other current financial liabilities	0	0	0	0
	D.	Trade debts and other current debts	7.915	0	7.915	0
	E.	Other current liabilities	3.993	0	3.993	0
	F.	Accrued charges and deferred income	10.677	0	10.677	0
		TOTAL LIABILITIES	**341.429**	**0**	**317.241**	**24.188**

IFRS 13 deals with the practical application of determining the fair value when this is required or permitted by a different standard. This was also applied with regard to the valuation of the property investment, solar panels and financial instruments.

1. Property investments

The practical application of determining the fair value when valuing the property investments was carried out based on the external estimator, based mainly on the capitalisation method.

The practical application of determining the fair value when valuing the property investments, based on the capitalisation method, was carried out on the basis of the external valuer who determined the market rent values and market yields at all of the individual sites. Some adjustments have been added to these market rent values and market yields, depending on the specific situation (e.g. the difference between the actual rent and the market rental value, the actual value of the future investments, as well as the estimate of future vacancies).

As stated above, the fair value of the property investments is determined mainly using the market rental value (€ per m²), equivalent yield (net yield based on an equivalent product at this location). The table below shows a summary of these two parameters per geographical region, with a minimum, maximum and weighted average. The fair value of the property investments is also determined by the difference between the actual rent and the market rental value.

Valuation Fair Value of Investment properties	BE	FR	NL
Rental Capitalization Method			
Market rental value (Min - Max.) (EURO /m²)	10-130	28-125	20-130
Market rental value - Weighted Average (EURO /m²)	47,29	45,84	56,75
Equivalent Yield (Min - Max.) (%)	6,00%-8,00%	6,10%-10,30%	5,87%-7,26%
Equivalent Yield - Weighted Average (%)	7,11%	7,16%	6,51%
Actual rent huur compared to market rental value (%)	100,69%	107,82%	99,20%

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.

In 2014 and 2013 the fair value was made additionally based on the "discounted cash flow method". 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 2015:

Hypotheses Valuation Fair Value of Investment properties	BE	FR	NL
Rental Capitalization Method			
Market rental value (Min - Max.) (EURO /m²)	27,58-107,63	37,50-110,00	44,29-68,50
Market rental value - Weighted Average (EURO /m²)	47,49	45,91	55,14
Equivalent Yield (Min - Max.) (%)	6,51%-8,50%	6,90%-10,65%	6,64%-7,36%
Equivalent Yield - Weighted Average (%)	7,27%	7,32%	6,96%
Actual rent huur compared to market rental value (%)	109,27%	109,57%	102,21%

2. Solar panels

The practical application of determining the fair value when valuing the solar panels is based on a calculation of the actual net value over the remaining term of the green power certificates.

Solar panels are valued based on the revaluation model in accordance with IAS 16 – Tangible fixed assets. After the initial take-up, an asset for which the fair value can be reliably established needs to be entered in the accounts at the revalued value, i.e. the fair value at the time of revaluation, minus any depreciations accumulated later and any extraordinary reductions in value accumulated later. The fair value is determined based on the discounting method of future returns.

In determining the discounting method the following items are taken into account:

- The service life of the solar panels is estimated, in line with revenue from green power certificates, at 20 years in Flanders, 10 years in Brussels and 15 years in Wallonia;
- The renewable energy certificates amount to between € 65 and € 330 per certificate;
- The sales income of electricity to customers based on existing contracts;
- The income on surplus electricity sold back to the energy suppliers on the basis of existing contracts;
- Considering the cost of insurance and maintenance for the solar panels.
- Considering a discount rate determined by project between 7.0% and 8.0%;
- Considering a fall in yields during the 20-year period as a result of wear of approximately 0.2% to 0.6% per year;
- The residual value is zero at the end of the period related to the renewable energy certificates.

The solar panels are evaluated on a quarterly basis.

The capital gain at the start of a new site with regard to solar panels is recorded in a separate component of equity. Losses are recorded in this same component, unless they are realized or the fair value drops below the initial cost. In these latter cases they are recorded in the income statement.

3. Derivatives

When determining the fair value of the derivatives, account was taken on the one hand of the fair value made available to Montea by the financial institutions, based on the swap-rate of comparable products at 31/12/2016, compared with the contracted hedging instruments. The fair value of the derivatives as of 31/12/2016 was € 26,130K. 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 31/12/2016, the average age of the outstanding swaps), Montea has calculated a "non-performance risk" of € 1,326K, an increase of € 594K with respect to 31/12/2015. 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 € 24,804K in level III. The decrease in non-performance risk is largely due to the limited restructuring of derivative instruments during the year.

The non-performance risk as at December 31, 2015 was € 732.

4. Financial obligations

Financial obligations consist of 4 bond loans issued, the drawn down lines of credit totalling € 185.1 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 31/12/2016, they are classified in level 2 (market value in the active market for an equivalent product). The fair value of these bond loans equals the book value. All lines of credit at Montea have been entered into at variable interest rates (bilateral lines of credit at EURIBOR 3 months + margin). In this way, the fair value of the outstanding lines of credit is virtually equivalent to the book value of the lines of credit. Hence they are classified in level 2, which is justified, as the market value in an active market for comparable products is available.

5. Current assets and current (non-financial) liabilities

The valuation technique and the input when valued at fair value used for the current assets and current liabilities are due to the fact that the current assets and current liabilities are valued at their nominal value, given that these are short-term receivables and debts and hence the credit risk is limited.

Note 41: 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 41.1: Segmented balance sheet for 2016

		(EUR x 1.000)	31/12/2016 BE	31/12/2016 FR	31/12/2016 NL	31/12/2016 Elim.	31/12/2016 Conso
I.		**NON-CURRENT ASSETS**	**363.283**	**89.815**	**155.838**	**-63.475**	**545.462**
	A.	Goodwill	0	0	0	0	0
	B.	Intangible assets	189	0	0	0	189
	C.	Investment properties	276.095	89.760	169.282	0	535.136
	D.	Other tangible assets	10.075	18	5	0	10.098
	E.	Non-current financial assets	76.923	0	-13.448	-63.475	0
	F.	Finance lease receivables	0	0	0	0	0
	G.	Trade receivables and other non-current assets	2	37	0	0	39
	H.	Deffered taxes (assets)	0	0	0	0	0
	I.	Participations in associates and joint ventures according to the equity method	0	0	0	0	0
II.		**CURRENT ASSETS**	**200.479**	**75.971**	**-1.840**	**-225.313**	**49.297**
	A.	Assets held for sale	0	7.721	0	0	7.721
	B.	Current financial assets	0	0	0	0	0
	C.	Finance lease receivables	0	0	0	0	0
	D.	Trade receivables	7.009	2.054	1.943	-507	10.499
	E.	Tax receivables and other current assets	157.766	62.045	-7.516	-205.688	6.607
	F.	Cash and cash equivalents	2.445	528	377	0	3.350
	G.	Deffered charges and accrued income	33.259	3.623	3.356	-19.117	21.121
		TOTAL ASSETS	**563.762**	**165.786**	**153.998**	**-288.788**	**594.759**
		TOTAL SHAREHOLDERS' EQUITY	**191.451**	**65.150**	**78.889**	**-83.525**	**251.965**
I.		**Shareholders' equity attributable to the shareholders of the parent company**	**191.432**	**65.050**	**78.889**	**-83.525**	**251.846**
	A.	Share capital	200.282	0	45	-45	200.282
	B.	Share premiums	32.439	0	0	0	32.439
	C.	Reserves	-50.864	49.805	69.184	-83.480	-15.356
	D.	Net result of the financial year	9.575	15.245	9.661	0	34.481
II.		**Minority interests**	**19**	**100**	**0**	**0**	**118**
		LIABILITIES	**372.312**	**100.636**	**75.109**	**-205.262**	**342.794**
I.		**Non-current liabilities**	**309.310**	**1.071**	**0**	**0**	**310.381**
	A.	Provisions	0	0	0	0	0
	B.	Non-current financial debts	284.506	1.071	0	0	285.577
	C.	Other non-current financial liabilities	24.804	0	0	0	24.804
	D.	Trade debts and other non-current debts	0	0	0	0	0
	E.	Other non-current liabilities	0	0	0	0	0
	F.	Deferred taxes - liabilities	0	0	0	0	0
II.		**Current liabilities**	**63.002**	**99.565**	**75.109**	**-205.262**	**32.413**
	A.	Provisions	0	0	0	0	0
	B.	Current financial debts	10.590	0	0	0	10.590
	C.	Other current financial liabilities	0	0	0	0	0
	D.	Trade debts and other current debts	3.847	4.920	2.587	-507	10.848
	E.	Other current liabilities	41.354	92.597	70.450	-204.250	150
	F.	Accrued charges and deferred income	7.211	2.048	2.072	-505	10.826
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**563.762**	**165.786**	**153.998**	**-288.788**	**594.759**

The fair value of the property investments in Belgium was € 276.1 million for 2016, € 24.5 million higher than the fair value of the property investments in Belgium in 2015. This increase is mainly due to the completion of the project in Erembodegem, leased to Movianto, the extension of the project in Ghent to DSV, as well as the extension of the project in Vorst, rented to CdS. In addition, a land was bought in Bornem. In Willebroek the project was rented to Federal Mogul. On the other hand, the Company has sold a property in Herentals to Kemin.

The fair value of property investments including assets for sale in France was € 97.5 million for 2016, € 37.2 million below the fair value of property investments in France in 2015, mainly due to the sale of the 2 French properties at the end of 2016.

The fair value of property investments in the Netherlands was € 169.3 million for 2016, € 48.7 million higher than the fair value of property investments. This increase is mainly due to the completion of the project at Aalsmeer rented to Bakkersland, the purchase of the project in Eindhoven, rented to Jan De Rijk and the start of the development of the project in Aalsmeer, rented to Scotch & Soda.

Note 41.2: Segmented balance sheet for 2015

		(EUR x 1.000)	31/12/2015 BE	31/12/2015 FR	31/12/2015 NL	31/12/2015 Elim.	31/12/2015 Conso
I.		**NON-CURRENT ASSETS**	**325.790**	**134.779**	**120.592**	**-63.475**	**517.686**
	A.	Goodwill	0	0	0	0	0
	B.	Intangible assets	214	0	0	0	214
	C.	Investment properties	251.611	134.731	120.592	0	506.934
	D.	Other tangible assets	10.488	12	0	0	10.500
	E.	Non-current financial assets	63.475	0	0	-63.475	0
	F.	Finance lease receivables	0	0	0	0	0
	G.	Trade receivables and other non-current assets	2	36	0	0	38
	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**	**211.997**	**11.703**	**5.489**	**-197.190**	**31.999**
	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	3.885	2.375	1.431	0	7.691
	E.	Tax receivables and other current assets	172.022	6.687	3.433	-178.073	4.069
	F.	Cash and cash equivalents	1.839	2.507	585	0	4.930
	G.	Deffered charges and accrued income	34.252	134	41	-19.117	15.309
		TOTAL ASSETS	**537.788**	**146.481**	**126.081**	**-260.665**	**549.685**
		TOTAL SHAREHOLDERS' EQUITY	**171.053**	**26.078**	**72.664**	**-61.538**	**208.256**
I.		**Shareholders' equity attributable to the shareholders of the parent company**	**171.053**	**25.978**	**72.664**	**-61.538**	**208.157**
	A.	Share capital	185.289	0	45	-45	185.288
	B.	Share premiums	20.893	0	0	0	20.893
	C.	Reserves	-43.479	15.577	67.360	-61.493	-22.035
	D.	Net result of the financial year	8.351	10.401	5.259	0	24.010
II.		**Minority interests**	**0**	**100**	**0**	**0**	**100**
		LIABILITIES	**366.734**	**120.404**	**53.418**	**-199.127**	**341.429**
I.		**Non-current liabilities**	**290.518**	**835**	**0**	**0**	**291.354**
	A.	Provisions	0	0	0	0	0
	B.	Non-current financial debts	266.330	835	0	0	267.165
	C.	Other non-current financial liabilities	24.188	0	0	0	24.188
	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**	**76.216**	**119.569**	**53.418**	**-199.127**	**50.075**
	A.	Provisions	0	0	0	0	0
	B.	Current financial debts	27.221	269	0	0	27.491
	C.	Other current financial liabilities	0	0	0	0	0
	D.	Trade debts and other current debts	4.398	1.750	1.767	0	7.915
	E.	Other current liabilities	38.168	114.751	49.696	-198.622	3.993
	F.	Accrued charges and deferred income	6.428	2.799	1.954	-505	10.677
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**537.788**	**146.481**	**126.081**	**-260.665**	**549.685**

Note 41.3: Segmented profit-and-loss account for 2016

	(EUR x 1.000)	31/12/2016 BE	31/12/2016 FR	31/12/2016 NL	31/12/2016 Elim.	31/12/2016 12 maanden
I.	Rental income	21.149	10.920	9.765	0	41.833
II.	Write-back of lease payments sold and discounted	0	0	0	0	0
III.	Rental-related charges	-1.305	-11	0	0	-1.315
	NET RENTAL INCOME	**19.844**	**10.909**	**9.765**	**0**	**40.518**
IV.	Recovery of property charges	0	0	0	0	0
V.	Recovery of charges and taxes normally borne by tenants on let properties	2.480	2.195	267	0	4.942
VI.	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0	0	0	0
VII.	Charges and taxes normally borne by tenants on let properties	-3.114	-2.315	-434	0	-5.863
VIII.	Other rental-related income and expenses	1.454	137	69	0	1.660
	PROPERTY RESULT	**20.664**	**10.927**	**9.667**	**0**	**41.258**
IX.	Technical costs	-48	-75	0	0	-122
X.	Commercial costs	-81	-70	-107	0	-257
XI.	Charges and taxes of un-let properties	-31	0	0	0	-31
XII.	Property management costs	-444	-146	0	0	-590
XIII.	Other property charges	-43	0	0	0	-43
	PROPERTY CHARGES	**-646**	**-290**	**-107**	**0**	**-1.043**
	PROPERTY OPERATING RESULT	**20.017**	**10.637**	**9.561**	**0**	**40.215**
XIV.	General costs of the company	-2.787	-754	-228	0	-3.769
XV.	Other operating income and expenses	287	-91	-338	0	-142
	OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**17.517**	**9.792**	**8.994**	**0**	**36.304**
XVI.	Result on disposal of investment properties	300	5.992	0	0	6.291
XVII.	Result on disposal of other non-financial assets	0	0	0	0	0
XVIII.	Changes in fair value of investment properties	-727	2.004	3.511	0	4.788
XIX.	Other portfolio result	0	0	0	0	0
	OPERATING RESULT	**17.090**	**17.788**	**12.505**	**0**	**47.383**
XX.	Financial income	652	767	13	-776	656
XXI.	Net interest charges	-7.397	-3.097	-2.590	776	-12.308
XXII.	Other financial charges	-79	-47	-2	0	-128
XXIII.	Changes in fair value of financial assets and liabilites	-616	0	0	0	-616
	FINANCIAL RESULT	**-7.440**	**-2.377**	**-2.579**	**0**	**-12.396**
XXIV.	Share in the result of associates and joint ventures	0	0	0	0	0
	PRE-TAX RESULT	**9.650**	**15.411**	**9.926**	**0**	**34.987**
XXV.	Corporate taxes	-75	-166	-265	0	-506
XXVI.	Exit tax	0	0	0	0	0
	TAXES	**-75**	**-166**	**-265**	**0**	**-506**
	NET RESULT	**9.575**	**15.245**	**9.661**	**0**	**34.481**
	EPRA RESULT	**10.618**	**7.250**	**6.150**	**0**	**24.018**
	Weighted average number of shares	9.722	9.722	9.722	0	9.722
	NET RESULT PER SHARE	**0,98**	**1,57**	**0,99**	**0,00**	**3,55**
	EPRA RESULT PER SHARE	**1,09**	**0,75**	**0,63**	**0,00**	**2,47**

The changes in the fair value of investment properties amounting to € 4.79 million are due to the positive variation in France and the Netherlands, which compensates the negative variations in Belgium.

The negative change in fair value in Belgium (€ -0.72 million) is mainly due to the early termination of the contract with Neovia Logistics in Willebroek. Montea received a severance fee of € 2.3 million from Neovia Logistics.

The positive change in fair value in France (€ 2 million) and the Netherlands (€ 3.5 million) was realized by an improvement of the investment market for logistics properties owned by Montea based on location, leasing and site specifications.

The strong increase in rent in Belgium and the Netherlands is mainly due to new rental income in 2015 and 2016. In Belgium, new lease contracts for Federal Mogul (€ 1.4 million), Movianto (€ 0.9 million) and DSV (€ 0.7 million). A stron increase in rent in the Netherlands is due to rental contracts with Jan De Rijk (€ 1.2 million), Bakkersland (€ 1.7 million) and GVT (€ 1 million).

Note 41.4: Segmented profit-and-loss account for 2015

	(EUR x 1.000)	31/12/2015 BE	31/12/2015 FR	31/12/2015 NL	31/12/2015 Elim.	31/12/2015 12 maanden
I.	Rental income	17.609	10.757	7.072	0	35.438
II.	Write-back of lease payments sold and discounted	0	0	0	0	0
III.	Rental-related charges	-1.205	57	0	0	-1.148
	NET RENTAL INCOME	**16.404**	**10.814**	**7.072**	**0**	**34.290**
IV.	Recovery of property charges	0	0	0	0	0
V.	Recovery of charges and taxes normally borne by tenants on let properties	2.375	2.291	166	0	4.832
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	-3.116	-2.465	-243	0	-5.824
VIII.	Other rental-related income and expenses	1.314	115	136	0	1.565
	PROPERTY RESULT	**16.978**	**10.755**	**7.131**	**0**	**34.864**
IX.	Technical costs	-43	-71	0	0	-114
X.	Commercial costs	-119	-115	0	0	-233
XI.	Charges and taxes of un-let properties	-102	0	0	0	-102
XII.	Property management costs	-444	-395	0	0	-839
XIII.	Other property charges	-43	0	0	0	-43
	PROPERTY CHARGES	**-751**	**-580**	**0**	**0**	**-1.332**
	PROPERTY OPERATING RESULT	**16.227**	**10.174**	**7.131**	**0**	**33.532**
XIV.	General costs of the company	-2.889	-901	-247	0	-4.037
XV.	Other operating income and expenses	-16	-41	0	0	-58
	OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**13.321**	**9.232**	**6.884**	**0**	**29.437**
XVI.	Result on disposal of investment properties	5	0	0	0	5
XVII.	Result on disposal of other non-financial assets	0	0	0	0	0
XVIII.	Changes in fair value of investment properties	-1.605	4.805	-730	0	2.470
XIX.	Other portfolio result	0	0	0	0	0
	OPERATING RESULT	**11.720**	**14.037**	**6.155**	**0**	**31.912**
XX.	Financial income	5.041	702	0	-5.162	581
XXI.	Net interest charges	-8.672	-4.151	-896	5.162	-8.556
XXII.	Other financial charges	-24	-17	0	0	-41
XXIII.	Changes in fair value of financial assets and liabilites	438	0	0	0	438
	FINANCIAL RESULT	**-3.216**	**-3.466**	**-896**	**0**	**-7.578**
XXIV.	Share in the result of associates and joint ventures	0	0	0	0	0
	PRE-TAX RESULT	**8.505**	**10.571**	**5.259**	**0**	**24.334**
XXV.	Corporate taxes	-154	-170	0	0	-324
XXVI.	Exit tax	0	0	0	0	0
	TAXES	**-154**	**-170**	**0**	**0**	**-324**
	NET RESULT	**8.351**	**10.401**	**5.259**	**0**	**24.010**
	NET CURRENT RESULT (excl. IAS 39)	**9.513**	**5.596**	**5.988**	**0**	**21.097**
	Number of shares in circulation entitled to the result of the period	9.212	9.212	9.212	9.212	36.847
	NET RESULT PER SHARE	**0,91**	**1,13**	**0,57**	**0,00**	**2,61**
	NET CURRENT RESULT PER SHARE (excl. IAS 39)	**1,03**	**0,61**	**0,65**	**0,00**	**2,29**

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 42: 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 31/12/2016, the interest rate risk on lines of credit with variable interest rates was 110.9% 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 2016, would not change (taking the IRS contracts into account).

B. Credit risk

The credit risk is the risk of financial loss for the Company should a client or counterparty default on its contractual obligations. Management has a credit policy and exposure to the credit risk is managed on an ongoing basis. Every new tenant is investigated separately for their creditworthiness before the Company offers a lease agreement. A rental security guarantee of 3 or 6 months is required.

C. Exchange rate risk

The Company's property portfolio consists solely of buildings in Belgium, France and the Netherlands, and all lease contracts are in EURO. This means that the Company is not exposed to any exchange rate risk.

D. Liquidity risk

Note 34 provides a summary of the Company's financial debts and their respective terms. The Company controls its liquidity risk by having sufficient available credit facilities[95] and by gearing receipts and payments as closely as possible to each other.

Note 43: Transactions between associate companies

The transactions between associate companies is limited to the management fee between the statutory manager Montea Management NV and Montea Comm. VA.
At the end of the financial year 2016 the following items were included in the financial statements:

Operational result – Remunerations statutory manager:	€ 712K
Debt – Current account Montea Management NV:	€ 117K

[95] As of 31/12/2016, Montea had € 205 million in lines of credit, of which € 183 million was already drawn down. This means that Montea still has € 22 million available.

Note 44: Off-balance sheet liabilities

There were no off-balance sheet liabilities for the 2016 financial year.

Note 45: Events after 31 December 2016

To date, no significant agreements have been entered into that are not part of the normal business operations of the Company of which the Montea group is part.

9.8 Statutory auditor's report to the general meeting of the company Montea Comm VA for the year ended 31 December 2016[96]

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Free translation from the Dutch original

Statutory auditor's report to the general meeting of the company Montea Comm VA for the year ended 31 December 2016

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income before profit allocation, the consolidated overall result before profit allocation, the summary of the variation in the consolidated equity and the consolidated cash flow summary for the year ended 31 December 2016 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Montea Comm VA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of € 594.759 thousand and of which the consolidated income statement shows a profit for the year of € 34.481 thousand.

Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, in order 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. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

Société civile sous la forme d'une société coopérative à responsabilité limitée
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid
RPM Bruxelles - RPR Brussel - B.T.W. - T.V.A. BE 0446.334.711 - IBAN N° BE71 2100 9059 0069
* agissant au nom d'une société/handelend in naam van een vennootschap

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[96] EY bedrijfsrevisoren, represented by Mrs Christel Weymeersch, has agreed with with the inclusion of the statement or the report and with the form and context in which this statement or report is included.

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Audit report dated 31 March 2017 on the Consolidated Financial Statements of Montea Comm VA as of and for the year ended 31 December 2016 (continued)

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2016 give a true and fair view of the consolidated net equity and financial position, 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.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 31 March 2017

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

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

17JK0037

9.9 Statutory financial accounts in shortened form of Montea Comm. VA as of 31 December 2016

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.

9.9.1 Statutory balance sheet as of 31 December 2016 (in thousands of EUR)

BALANCE SHEET EUR (x 1.000)	IFRS - 31/12/2016 12 months	IFRS - 31/12/2015 12 months	IFRS - 31/12/2014 12 months
ASSETS			
NON-CURRENT ASSETS	**435.415**	**403.124**	**302.117**
A. Goodwill	0	0	0
B. Intangible non-current assets	189	214	125
C. Investment properties	281.813	288.391	241.902
D. Other tangible non-current assets	10.093	10.500	7.655
E. Financial non-current assets	143.288	103.987	52.405
F. Finance lease receivables	0	0	0
G. Trade receivables and other non-current assets	32	32	31
H. Deferred taxes - Assets	0	0	0
CURRENT ASSETS	**150.881**	**135.716**	**141.641**
A. Assets held for sale	0	0	3.775
B. Current financial assets	0	0	0
C. Finance lease receivables	0	0	0
D. Trade receivables	6.191	4.640	8.603
E. Tax receivables and other current assets	123.515	110.286	116.821
F. Cash and cash equivalents	2.406	3.427	3.183
G. Deferred charges and accrued income	18.769	17.363	9.259
TOTAL ASSETS	**586.297**	**538.840**	**443.758**

LIABILITIES			
SHAREHOLDERS' EQUITY	**251.472**	**207.779**	**182.946**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**251.472**	**207.779**	**182.946**
A. Capital	200.292	185.289	176.062
B. Share premium	32.439	20.893	14.650
C. Reserves	-15.734	-22.427	-13.894
D. Net result of the financial year	34.474	24.024	6.128
LIABILITIES	**334.825**	**331.061**	**260.812**
NON-CURRENT LIABILITIES	**309.647**	**290.848**	**201.384**
A. Provisions	0	0	0
B. Non-current financial debts	284.843	266.660	176.757
C. Other non-current financial liabilities	24.804	24.188	24.627
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	**25.178**	**40.213**	**59.428**
A. Provisions	0	0	0
B. Current financial debts	10.590	27.491	50.752
C. Other current financial liabilities	0	0	0
D. Trade debts and other current debts	6.618	5.013	1.599
E. Other current liabilities	127	14	1.517
F. Accrued charges and deferred income	7.844	7.695	5.560
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**586.297**	**538.840**	**443.758**

9.9.2 Statutory profit and loss account as of 31 December 2016 (in thousands of EUR)

PROFIT AND LOSS ACCOUNT	IFRS - 31/12/2016	IFRS - 31/12/2015	IFRS - 31/12/2014
EUR (x 1.000)	12 months	12 months	12 months
I. Rental income (+)	25.581	22.038	19.208
II. Write-back of lease payments sold and discounted (+)	0	0	0
III. Rental-related charges (+/-)	-1.305	-1.076	-982
NET RENTAL RESULT	**24.277**	**20.962**	**18.226**
IV. Recovery of property charges (+)	0	0	0
V. Recovery of charges and taxes normally payable by tenants on let properties (+)	3.306	3.239	2.877
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 (-)	-3.871	-3.926	-3.322
VIII. Other rental-related charges and income (+/-)	1.298	1.378	1.182
PROPERTY RESULT	**25.009**	**21.654**	**18.964**
IX. Technical costs (-)	-55	-47	-66
X. Commercial costs (-)	-82	-146	-130
XI. Charges and taxes of un-let properties (-)	-31	-102	-297
XII. Property management costs (-)	-336	-588	-359
XIII. Other property charges (-)	-41	-43	-9
PROPERTY CHARGES	**-545**	**-926**	**-862**
PROPERTY OPERATING RESULT	**24.464**	**20.728**	**18.102**
XIV. General costs of the company (-)	-3.434	-3.472	-3.024
XV. Other operating income and expenses (+/-)	713	854	-58
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**21.743**	**18.110**	**15.020**
XVI. Result on sale of investment properties (+/-)	5.227	5	176
XVII. Result on sale of other non-financial assets (+/-)	0	0	0
XVIII. Changes in fair value of investment properties (+/-)	604	462	-1.772
XIX. Other portfolio result (+/-)	0	0	0
OPERATING RESULT	**27.574**	**18.576**	**13.424**
XX. Financial income (+)	4.830	6.536	2.487
XXI. Net interest charges (-)	-8.892	-12.154	-7.580
XXII. Other financial charges (-)	-113	-30	-36
XXIII. Changes in fair value of financial assets and liabilities (+/-)	11.297	11.367	-1.962
FINANCIAL RESULT	**7.123**	**5.718**	**-7.090**
PRE-TAX RESULT	**34.697**	**24.294**	**6.333**
XXV. Corporate taxes (-)	-223	-270	-206
XXVI. Exit tax (-)	0	0	0
TAXES	**-223**	**-270**	**-206**
NET RESULT	**34.474**	**24.024**	**6.128**
Average Number of shares in the period	9.722	7.822	7.782
Number of shares in circulation entitled to the result on the period	9.952	8.754	7.822
NET RESULT (normal / diluted) PER SHARE in euro	**3,55**	**2,41**	**0,79**
NET RESULT PER SHARE in euro	**3,46**	**2,41**	**0,78**

9.9.3 Abbreviated statutory statement of comprehensive income before profit appropriation at 31 December 2016 (in thousands of EUR)

Abbreviated statutory statement of compr. income before profit appropriation (EUR x 1.000)	31/12/2016 12 months	31/12/2015 12 months	31/12/2014 12 months
Net result	**36.314**	**24.024**	**6.128**
Other elements of the global result	**-950**	**-831**	**-872**
Items taken in the result:	**-230**	**-1.044**	**-809**
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investments properties	**-230**	**-1.044**	**-809**
Variations in the effective part of the fair value of admitted hedging instruments in a cah flow hedge			
	-720	**213**	**-63**
Items not taken in the result:	**-720**	**213**	**-63**
Impact of changes in faire value of solar panels			
Global result	**33.524**	**23.193**	**5.256**
Attributable to:			
Shareholders of the main company	**33.524**	**23.193**	**5.256**
Minorities			

9.9.4 Proposal for appropriation as of 31 December 2016 (in thousands of EUR)

RESULT FOR APPROPRIATION EUR (x 1.000)		IFRS - 31/12/2016 12 months	IFRS - 31/12/2015 12 months
A.	**NET RESULT**	**34.474**	**24.024**
B.	**ADDITION TO / WITHDRAWAL FROM RESERVES (-/+)**	**-13.476**	**-5.325**
1.	**Addition to / withdrawal from reserves for the (positive or negative) net amount in the changes in fair value of investment properties (-/+)**	**-4.788**	**-462**
1a.	financial year	-4.788	-462
1b.	previous financial years	0	0
1c.	realisation of investment properties		
2.	**Addition to / withdrawal from reserves from the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-/+)**	**0**	**0**
3.	**Addition from the reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting according to IFRS (-)**	**0**	**0**
3a.	financial year	0	0
3b.	previous financial years	0	0
4.	**Addition from the reserve for the net amount of the changes in fair value of authorized hedges qualifying for hedge accounting according to IFRS (-)**	**0**	**0**
4a.	financial year		
4b.	previous financial years	0	0
5.	**Addition to the reserve for the net amount of the changes in fair value of authorized hedges not qualifying for hedge accounting according to IFRS (-)**	**-616**	**-438**
5a.	financial year	-616	-438
5b.	previous financial years	0	0
6.	**Addition to the reserve for the net amount of the changes in fair value of authorized hedges not qualifying for hedge accounting according to IFRS (-)**	**0**	**0**
6a.	financial year	0	0
6b.	previous financial years	0	0
7.	**Addition to / withdrawal from reserves of the net amount of exchange rate differences on monetary assets and liabilities (-/+)**	**0**	**0**
8.	**Addition to / withdrawal from reserves of deferred taxes on investment properties located abroad (-/+)**	**0**	**0**
9.	**Addition to / withdrawal from reserves for the dividends received, used for the reimbursement of the financial debts (-/+)**	**0**	**0**
10.	**Addition to / withdrawal from other reserves (-/+)**	**-8.072**	**-4.425**
11.	**Addition to / withdrawal from results carried forward from previous financial years (-/+)**	**0**	**0**
C.	**REMUNERATION OF THE CAPITAL IN ACCORDANCE WITH ART. 13**	**14.033**	**9.910**
D.	**REMUNERATION OF THE CAPITAL, - OTHER THAN C**	**6.966**	**8.790**

9.9.5 Mandatory distribution as of 31 December 2016 (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:

1. 80% of the amount stipulated in the schedule of chapter III of Appendix C; and
2. the net decrease of the debt of the public RREC during the financial year.

ARTICLE 27 MANDATORY DISTRIBUTION EUR (x 1.000)	IFRS - 31/12/2016 12 months
Positive difference (1) - (2)	**14.033**
80% of the amount defined by the scheme in Annex C of Chapter III (1)	**14.033**
Corrected result (A) + net gains (B)	17.541
Corrected Result + net realized gains on property not exempt from the mandatory distribution (A)	17.541
Net result	34.474
+ Amortizations	196
+ Depreciations	0
- Write-back of depreciations	0
- Write-back of lease payments sold and discounted	0
+/- Other non-monetary elements	-11.297
+/- Result on sale of property	-5.227
+/- Changes in fair value of property	-604
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	2.999
Total Liabilities	3.764
Non-current liabilities - authorized hedges	616
Non-current liabilities - provisions	0
Non-current liabilities - deferred taxes	0
Current liabilities - authorized hedges	0
Current liabilities - provisions	0
Current liabilities - transitory Accounts	149

According to this calculation Montea is obliged to pay a dividend of € 9,910K.

9.9.6 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 € 47,038K after paying the proposed dividend of € 2.11 per share.

ARTICLE 617 OF THE COMPANY CODE EUR (x 1.000)	IFRS - 31/12/2016 12 months	IFRS - 31/12/2015 12 months	IFRS - 31/12/2014 12 months
Paid-up capital or if larger, called-up capital (+)	200.292	185.289	176.062
Share premium account unavailable for distribution according to the articles of association (+)	32.439	20.893	14.650
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 (-)	-25.326	-9.942	-8.898
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 (+/-)	-24.804	-24.188	-24.627
Reserve for the net amount of exchange rate differences on monetary assets and liabilities (+)	0	0	0
Reserve for the translation differences, coming from activities abroad (+/-)	0	0	0
Reserve for own actions	-2	-251	-639
Reserve for the net amount of the changes in fair value of financial assets held for sale (+/-)	0	0	0
Reserve for actuarial gains and losses on defined benefit pension plans (+)	0	0	0
Reserve for deferred taxes on investment properties located abroad (+)	0	0	0
Reserve for received dividends used for the reimbursement of financial debts (+)	0	0	0
Other reserves declared unavailable by the Annual General Meeting (+)	1	1	1
Legal reserve (+)	835	835	835
Non-distributable shareholders' equity in accordance with Article 617 of the company code	**183.435**	**172.636**	**157.384**
Net assets before distribution of dividends	251.472	207.779	182.946
Proposed dividend payments	20.998	18.700	15.262
Net assets after distribution of dividends	**230.473**	**189.079**	**167.684**
Remaining margin after dividend distribution	**47.038**	**16.443**	**10.300**

* This is the balance based on the fair value of the property, including variations in the fair value of the property in the subsidiaries, since the latter are also non-distributable reserve. Those are non-cash items. The other variations in the fair value of the subsidiary, or the net current result, are relevant and thus relate to a distributable reserve.

The remaining margin, after dividend payment, has risen at the end of 2016 to € 47,038K 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).

9.9.7 Summary of the variations in the statutory equity capital and reserves at 31st December 2016

CHANGES IN SHAREHOLDERS' EQUITY (EUR x 1.000)	Share capital	Share premiums	Reserves	Result	Deduction of transfer rights and costs	Shareholders' equity
ON 31/12/2013	**176.062**	**14.650**	**3.919**	**6.128**	**-17.813**	**182.946**
Elements directly recognized as equity						
Capital increase	9.227	6.243	0	0	0	15.470
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	5.443	0	-5.443	0
Positive change in value of solar panels (IAS 16)	0	0	213	0	0	213
Own shares	0	0	387	0	0	387
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	**185.289**	**20.893**	**9.963**	**6.128**	**-23.256**	**199.016**
Dividends	0	0	-15.262	0	0	-15.262
Result carried forward	0	0	6.128	-6.128	0	0
Result for the financial year	0	0	0	24.024	0	24.024
	0	0	0	0	0	0
ON 31/12/2014	**185.289**	**20.893**	**829**	**24.024**	**-23.256**	**207.779**
Elements directly recognized as equity	**15.004**	**11.546**	**3.439**	**-1.840**	**-2.070**	**16.070**
Capital increase	15.004	11.546	0	0	0	26.550
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0	3.910	-1.840	-2.070	0
Positive change in value of solar panels (IAS 16)	0	0	-720	0	0	-720
Own shares	0	0	249	0	0	249
Own shares held for employee option plan	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0
Corrections	0	0	0	0	0	0
Subtotal	**200.292**	**32.440**	**4.267**	**22.184**	**-25.326**	**233.858**
Dividends	0	0	-18.700	0	0	-18.700
Result carried forward	0	0	24.024	-24.024	0	0
Result for the financial year	0	0	0	36.314	0	36.314
	0	0	0	0	0	0
ON 31/12/2015	**200.292**	**32.440**	**9.592**	**34.474**	**-25.326**	**251.472**

9.9.8 Statement of employed staff

EMPLOYEES REGISTERED IN THE STAFF REGISTER

During the FY en 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 equivalentss (PTE) *(FY)*
Average number of employeers	100	9,8	0,8	10,4 (VTE)	10,7 (VTE)
Number of actual hours worked	101	17.000,00	1.017,30	18 017,3 (T)	18 657,0 (T)
Employee costs	102	886.413	41.657	928070 (T)	923944 (T)
Benefits on top of wages	103	xxxxxxxxxxx	xxxxxxxxxxx	0,0 (T)	0,0 (T)

39/5000 **At the closing date of the financial year**	Codes	1. Full time	2. Part time	3. Total in full time equivalents
Number of employeers registered in the staff register	105	9,0	2,0	10,7
Agreement for an indefinite period	110	9,0	2,0	10,7
Agreement for an 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	3,0	0,0	3,0
primary education	1200	0,0	0,0	0,0
secundairy education	1201	0,0	0,0	0,0
higher non-university	1202	2,0	0,0	2,0
university	1203	1,0	0,0	1,0
Women:	121	6,0	2,0	7,7
primary education	1210	0,0	0,0	0,0
secundairy education	1211	2,0	0,0	2,0
higher non-university	1212	2,0	1,0	2,8
university	1213	2,0	1,0	2,9
According to profession level				
Management	130	0,0	0,0	0,0
Non-management	134	9,0	2,0	10,7
Laborer	132	0,0	0,0	0,0
Other	133	0,0	0,0	0,0

9.10 EPRA performance measures[97]

EPRA result - EPRA earnings per share

Definition: The EPRA result relates to the net result (after the operating result of the result on the portfolio, minus the financial results and corporation tax, excluding deferred taxes), minus the variations in the fair value of property investments and real estate for sale, minus the result on the sale of property investments and plus the variations in fair value of the financial assets and liabilities. The EPRA result per share is the EPRA result divided by the weighted average number of shares in the financial year.

Objective: The EPRA result measures the operational profitability of the company after the financial result and after tax on the operating result. The EPRA result measures the net profit from core activities per share.

Calculation: The detailed calculation of this APM:

A. EPRA result

	(in EUR X 1 000)	**31.12.2016**	**31.12.2015**
	Net result (IFRS)	**34.481**	**24.010**
	Changes for calculation of the EPRA result		
	To exclude:		
(i)	Variations in fair value of the investment properties and properties for sale	-4.788	-2.470
(ii)	Result on sale of investment properties	-6.291	-5
(vi)	Variations in fair value of the financial assets and liabilities	616	-438
	EPRA result	**24.018**	**21.097**
	Weighted average number of shares	9.722.190	9.012.751
	EPRA result per share (€/share)	**2,47**	**2,34**

EPRA NAV - EPRA NAV per share

Definition: The EPRA NAV is NAV adjusted to include property and other investments at their fair value and excludes certain items that are not expected in a long-term property investment business model. The EPRA NAV per share concerns EPRA NAV based on the number of shares in circulation at the balance sheet date. See also www.epra.com.

Objective: The EPRA NAV measures the intrinsic value without taking into account the fair value of the hedging instruments whose impact in future financial years is booked in the financial expenses, if the IRS is not canceled before the due date. The EPRA NAV per share measures the intrinsic value per share without taking into account the fair value of the hedging instruments whose impact in future financial years is booked in the financial expenses, if the IRS is not canceled before the due date.

[97] No EPRA measure was audited by the auditor.

Calculation: The detailed calculation of this APM:

EPRA NAV

	(in EUR X 1 000)	**31/12/2016**	**31/12/2015**
	IFRS NAV	**251.846**	**208.157**
	NAV per share (€/share)	**25,31**	**22,60**
	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	**251.846**	**208.157**
	To exclude		
(iv)	IV. Fair value of financial instruments	24.804	24.188
	EPRA NAV	**276.651**	**232.345**
	Number of shares in circulation per end period	9.951.884	9.211.701
	EPRA NAV per share (€/share)	**27,80**	**25,22**

EPRA NNNAV - EPRA NNNAV per share

Definition: The EPRA NNNAV is the adjusted EPRA NAV to include the fair value of financial instruments, debts and deferred taxes. The EPRA NNNAV per share concerns the EPRA NNNAV based on the number of shares in circulation at the balance sheet date. See also www.epra.com.

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

Calculation: The detailed calculation of this APM:

EPRA NNNAV

	(in EUR X 1 000)	**31/12/2016**	**31/12/2015**
	EPRA NAV	**276.651**	**232.345**
	Aantal aandelen in omloop per einde periode	9.951.884	9.211.701
	EPRA NAV (€/aandeel)	**27,80**	**25,22**
	Toe te voegen:		
(i)	I. Reële waarde van financiële instrumenten	-24.804	-24.188
(ii)	II. Herwaarderingen van de reële waarde van financieringen met vaste rentevoet	-	-
	EPRA NNNAV	**251.846**	**208.157**
	Aantal aandelen in omloop per einde periode	9.951.884	9.211.701
	EPRA NNNAV (€/aandeel)	**25,31**	**22,60**

EPRA vacancy rate

Definition: The EPRA vacancy rate corresponds to the compliment of the "Occupancy rate" section, except that the occupancy rate used by Montea is calculated on a square meter basis while the EPRA vacancy rate is calculated on the basis of the estimated rental value.

Objective: The EPRA vacancy rate measures the vacancy according to the estimated rental value without taking into account the non-leaseable m², intended for redevelopment and the land.

EPRA VACANCY RATE *(in EUR X 1 000)*	(A) Geraamde huurwaarde (ERV) voor de leegstand 31/12/2016	(B) Geraamde huurwaarde portfolio (ERV) 31/12/2016	(A/B) ERPA Leegstandsgraad *(in %)* 31/12/2016	(A) Geraamde huurwaarde (ERV) voor de leegstand 31/12/2015	(B) Geraamde huurwaarde portfolio (ERV) 31/12/2015	(A/B) ERPA Leegstandsgraad *(in %)* 31/12/2015
België	429	19.914	2,2%	874	17.229	5,1%
Frankrijk	-	7.175	0,0%	276	10.504	2,6%
Nederland	-	11.659	0,0%	-	8.680	0,0%
Totaal	**429**	**38.748**	**1,1%**	**1.150**	**36.413**	**3,2%**

9.11 Detail of the calculation of the APMs used by Montea[98]

Result on the portfolio

Definition: This concerns the negative and / or positive variations in the fair value of the property portfolio + the possible loss or loss resulting from the realization of property.

Objective: This APM reflects the negative and / or positive variations in the fair value of the property portfolio + the possible loss or loss resulting from realization of property.

Calculation: The detailed calculation of this APM:

RESULT ON PORTFOLIO (in EUR X 1 000)	31/12/2016	31/12/2015
Result on sale of property investments	6.291	5
Variations in fair value of property investments	4.788	2.470
RESULT ON PORTFOLIO	**11.079**	**2.475**

Financial result excluding changes in fair value of financial instruments

Definition: This is the financial result according to the AR of 13 July 2014 regarding the regulated real estate companies excluding the variation in the fair value of the financial instruments.

Objective: This APM reflects the actual financing cost of the company.

[98] Excluding the EPRA indicators, some of which are considered as APM and are calculated under Chapter 9.9 EPRA Performance measures.

Calculation: The detailed calculation of this APM:

FINANCIAL RESULT excl. variations in fair value of financial instruments (in EUR X 1 000)	31/12/2016	31/12/2015
Financial result	-12.396	-7.578
To exclude:		
Variations in fair value of financial actifs & liablilities	616	-438
FINANCIAL RESULT excl. variations in fair value of financial instruments	**-11.780**	**-8.016**

Operating margin

Definition: This is the operating result before the result on the property portfolio divided by the net rental income.

Objective: This APM measures the company's operating profitability as a percentage of rental income.

Calculation: The detailed calculation of this APM:

OPERATIONAL MARGIN (in EUR X 1 000)	31/12/2016	31/12/2015
Net rental result	40.518	34.290
Operational result (before the result on portfolio)	36.304	29.437
OPERATIONAL MARGIN	**89,6%**	**85,8%**

Hedge ratio

Definition: This is the percentage of fixed and variable interest rates, hedged against fluctuations in interest rates through derivative financial products.

Objective: An important part of the company's financial liabilities are liabities at variable interest. This APM measures the risk of interest rate fluctuations and their potential impact on the results.

Calculation: The detailed calculation of this APM:

HEDGE RATIO (in EUR X 1 000)	31/12/2016	31/12/2015
Notional amount of Interest Rate Swaps	242.500	155.000
Financial debts at fixed interest rate	774	1.598
Bonds at fixed interest rate	85.000	85.000
Financial debts at balance date at fixed interest rate and hedgings (A)	**328.274**	**241.598**
Long term and short term financial debts (IFRS)	295.906	294.598
Financial dabts at balance date at fixed and variable interest (B)	**295.906**	**294.598**
HEDGE RATIO (A/B)	***111%***	***82%***

Interest coverage ratio

Definition: The interest coverage ratio is calculated by the sum of the operating result before the result on portfolio and the financial income, divided by the net interest expenses.

Objective: This APM indicates how many times the company deserves its interest rates.

Calculation: The detailed calculation of this APM:

INTEREST COVERAGE RATIO (in EUR X 1 000)	31/12/2016	31/12/2015
Operational result, before result on portfolio	36.304	29.437
Financial income (+)	656	581
TOTAL (A)	**36.960**	**30.018**
Financial charges (-)	12.308	8.556
TOTAL (B)	**12.308**	**8.556**
INTEREST COVERAGE RATIO (A/B)	***3,00***	***3,51***

Average cost of debt

Definition: Average financial cost over the full year calculated on the basis of the total financial result relative to the average of the opening balance and final balance of financial debt for 2016 without taking into account the valuation of hedging instruments.

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

Calculation: The detailed calculation of this APM:

AVERAGE COST OF DEBT (in EUR X 1 000)	31/12/2016	31/12/2015
Financial result	-12.396	-7.578
To exclude:		
Variatieons in fair value of financial actifs and liabilites	616	-438
Non-recurring financial costs of an IRS (*)	2.100	-
TOTAL FINANCIAL COSTS (A)	-9.680	-8.016
AVERAGE OUTSTANDING FINANCIAL DEBTS (B)	324.766	261.185
AVERAGE COST OF DEBT (A/B) (*)	**3,0%**	**3,1%**

(*) see note 15 in the annual report

Statements

The Board of Directors of Montea Management NV states that:

- the financial statements prepared in accordance with applicable accounting standards, give a true and fair view of the assets, financial situation and results of the issuer and its consolidated companies;
- the annual financial report includes a fair summary of the development and performance of the company and the position of the issuer and the companies included in the consolidation, as well as a description of the principal risks and uncertainties that they face.

There has been no significant change in the financial and trading position of the group for which controlled financial information has been published after 31 December 2016.

10. Permanent documents

10.1 General information

Montea is a public regulated real estate company under Belgian law specialised in developing and managing logistics real estate in Belgium, France and the Netherlands. Montea has been listed on the NYSE Euronext Bruxelles since October 2006 and on the Euronext Paris since December 2006. The activities of Montea as an RREC began on 1 October 2006, by joining different property portfolios. The company is a leading player on this growing market. In this context, Montea offers its clients more than merely storage space, namely flexible, innovative real estate solutions.

Montea is a member of AFILOG (the French Association of Logistics Operators), of Logistics in Wallonia and of the VIL (Flanders Institute for Logistics).

Its French permanent establishment has been granted SIIC (Société d'Investissements Immobiliers Cotée) status.

To realize its real estate investments in the Netherlands Montea applied in September 2013 for the application of the tax regime of the 'Fiscal Investment (hereinafter FBI) under Article 28 of the Corporate Tax Act 1969. This application is currently in treatment at the Dutch Ministry of Finance and the Dutch tax authorities. It is to be expected that the processing of the application will be completed in the calendar year 2016.

10.1.1 Registered office

The registered and administrative office of Montea Comm. VA in Belgium is at B-9320 Erembodegem (Aalst) Industrielaan 27. The headquarters of the permanent establishment in France, Montea SCA, established on 1 October 2010 are located at F-75008 Paris, 18- 20 Place de la Madeleine. The headquarters of the permanent establishment in the Netherlands, Montea Nederland NV, is located at 5032 MD Tilburg, EnTrada, Ellen Pankhurstraat 1c.

10.1.2 Register of legal entities

The company is registered in the Register of Legal Entities (Dutch: RPR) of Dendermonde under the number 0417.186.211. Its VAT number is BE 0417.186.211.

The permanent establishment in France is registered in the "registre du commerce et des sociétés" of Paris under the number 497 673 145. Its VAT number is FR 06497 673 145.

The subsidiary in the Netherlands is registered at Schiphol under the RSIN/FI-number 853208785. Its VAT number is NL853208785B01.

10.1.3 Founding, company type and publication

Montea, the Joint Stock Company under Belgian law,[99] was established on 26th February 1977 in the form of a public limited company under the name of Parou, in accordance with a deed executed before Notary Eric Loncin in Puurs, published in the Annexes to the Belgian Official Gazette on 16th March 1977, under number 836-1. Since 1st October 2006, Montea has been accredited as a public property investment company, with fixed capital under Belgian law, abbreviated to a public property trust (sicafi) under Belgian law, registered with the FSMA.

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, this being the date on which the extraordinary general meeting of Montea voted to accept the new status.

The Company is subject to the Act of 12th May 2014 and the Royal Decree of 13th July 2014 regarding regulated real estate companies.

The articles of association have been amended on several occasions, most recently on 10th June 2016, pursuant to a deed executed before notary Vincent Vroninks in Elsene.

The Company makes a public appeal for savings funds in the sense of article 438 of the Companies' Code.

10.1.4 Duration

The company was established for an indefinite duration.

10.1.5 Financial year

The financial year starts on 1 January and ends on 31 December of every year, except for the first financial year that started on 1 October 2006 and closed on 31 December 2007 and thus lasted 15 months.

10.1.6 Places where the public documents can be consulted

The articles of association of the company can be found at the Registry of the Commercial Court of Dendermonde and at the Montea headquarters and on the website www.montea.com.

The statutory and consolidated accounts of Montea were deposited at the National Bank of Belgium, in accordance with statutory provisions. The decisions regarding appointment and dismissal of members of the Board of directors, are published in the annexes to the Belgian Official Gazette.

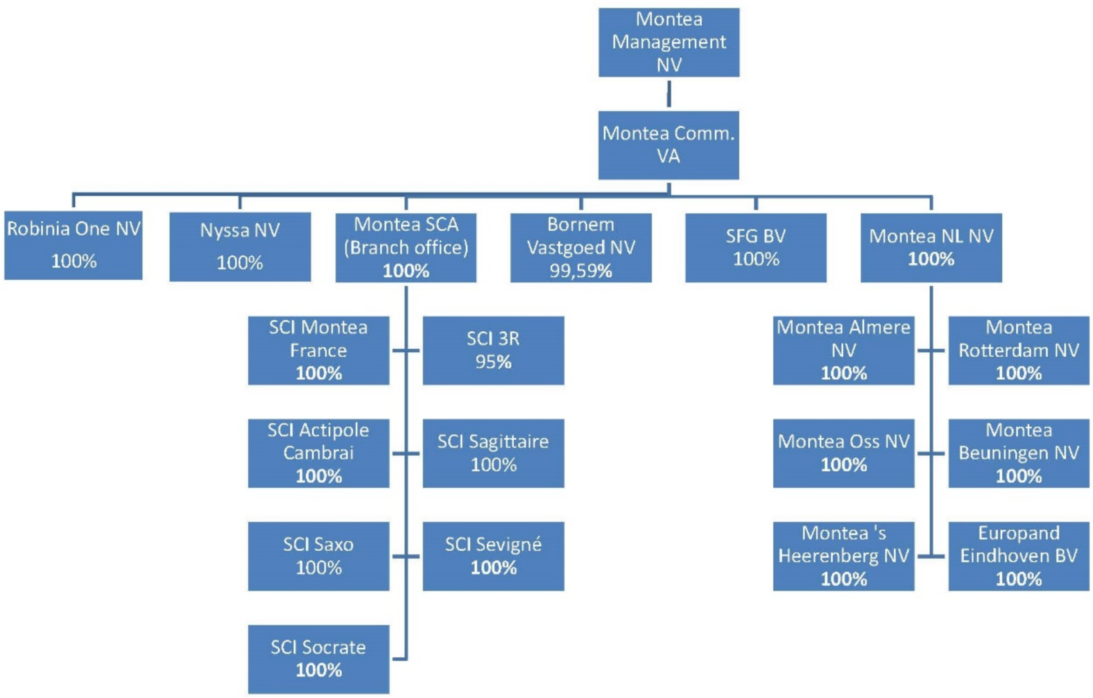
The meeting notices of the General Meetings are published in the annexes to the Belgian Official Gazette and in two financial newspapers. These meeting notes and all documents relating to the General Meetings are also available on the website www.montea.com.

[99] NV Parou was established on 26th February 1977 by Mr Pierre De Pauw, Mrs Marie-Christine De Pauw, Mr Albert De Pauw, Mr Jozef Roumieux, Mr Lucas Roumieux, Mr Joseph Molleman and Mrs Maria Biesemans. In 2006, the name was changed to Montea NV. On 1st October 2006, the public limited company was converted to a joint stock company.

All press releases and other financial information distributed by Montea can be found on the website www.montea.com. The annual reports can be obtained at the registered office of the company or can be viewed on the website www.montea.com. Each year, they are sent to the registered shareholders and to the individuals requesting them. The annual reports include the conclusions of the reports of the property expert and the report of the auditor.

10.1.7 Group structure

The Montea Group included the following companies at 31/12/2016:



Montea Management NV
Industrielaan 27, box 6, B-9320 Erembodegem (Aalst)
RCB Dendermonde 882.872.026 | VAT BE0882.872.026

On 1 October 2006, this company was appointed as Manager and in this capacity manages Montea Comm. VA and its subsidiaries. The company's purpose, in Belgium and abroad, in its own name or on behalf of third parties, for its own account or on behalf of third parties, is to perform actions that are necessary or useful for achieving the civic purpose of Montea Comm. VA. The company, as Manager of Montea Comm. VA, acts in the exclusive interest of all shareholders. The manager assesses a fee from the company each year for the carrying out of its functions[100].

[100] See chapter "Remuneration of the Manager and the Board of Directors".

1. **Montea Comm. VA**
   Industrielaan 27, bus 6, B-9320 Erembodegem (Aalst)
   RPR-RCB Dendermonde 417.186.211 | VAT BE0417.186.211
   Montea Comm. VA is a public regulated real estate company under Belgian law, regulated by the Law of 12 May 2014 and the RD of 13 July 2014 on RRECs.

2. **Montea SCA[101] (Branch office) (100%)**

   Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
   RCS PARIS 497 673 145 00023 | VAT FR06497673145

   In order to expand its real estate activity in France, Montea established a branch office under the name Montea SCA, which also acquired the SIIC status as of 24 April 2007. Through this permanent establishment, Montea holds shares in seven French companies.

   a. **SCI[102] Montea France (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      RCS PARIS 493 288 948 00018 | VAT FR33493288948

   b. **SCI 3R (95%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS NANTERRE 400 790 366 | VAT FR44400790366

      By 1 October 2007 Montea had acquired, via its French permanent establishment, 95% of the shares in the French company SCI 3R for approximately € 1.8 million. SCI 3R owns a warehouse in Feuquières near Amiens that is let to Debflex for a fixed period of 9 years. The agreement was carried out through the purchase of shares of the company holding the building. In the final quarter of 2007, the option for purchasing the building was also drawn up by SCI 3R[103].

   c. **SCI Actipole Cambrai (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS NANTERRE 501 414 254 | VAT FR45501414254

   d. **SCI Sagittaire (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS PARIS 433 787 967 | BTW FR79433787967

   e. **SCI Saxo (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS PARIS 485 123 129 | VAT FR23485123129

   f. **SCI Sévigné (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS PARIS 438 357 659 | VAT FR48438357659

   g. **SCI Socrate (100%)**
      Registered office: FR-75008 Paris, 18-20 Place de la Madeleine
      SIRET business registration number: RCS PARIS 481 979 292 | VAT FR16481979292

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[101] Société d'Investissements Immobiliers Cotée.
[102] Société Civile Immobilière or civil property company.
[103] The current tenant Debflex is still owner of 5% of the shares of SCI 3R.

3. **Bornem Vastgoed NV (99.59%)**
   Registered office: Industrielaan 27, box 6, B-9320 Erembodegem (Aalst)
   VAT BE 0811.745.891

4. **Nyssa NV (100%)**
   Registered office:Industrielaan 27, box 6, B-9320 Erembodegem (Aalst)
   VAT BE 0567.732.189

5. **Robinia NV (100%)**
   Registered office:Industrielaan 27, box 6, B-9320 Erembodegem (Aalst)
   VAT BE 0567.732.090

6. **SFG BV (100%)**
   Registered office: Industrielaan 27, bus 6, B-9320 Erembodegem (Aalst)
   VAT NL853810151B01

7. **Montea Nederland NV (100%)**
   Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL853208785B01

   a. **Montea Almere NV (100%)**
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL853209625B01

   b. **Montea Rotterdam NV (100%)**
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL853631712B01

   c. **Montea Oss NV (100%)**
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL854488522B01

   d. **Montea Beuningen NV (100%)**
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL854488339B01

   e. Montea 's Heerenberg NV (100%)
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL854800232B01

   e. Europand Eindhoven NV (100%)
      Registered office: EnTrada, Ellen Pankhurstraat 1c, 5032 MD Tilburg | VAT NL854800232B01

For the purpose of carrying out its property investments in the Netherlands, in September 2013 Montea lodged a request for the application of the 'Tax Investment Institution' (hereinafter TII) fiscal system, as dealt with in article 28 of the Corporation Tax Act 1969. This request is currently being processed by the Dutch Ministry of Finance and the Dutch Tax Department.

At the end of the 2015 financial year, the company headcount was 13 persons, 10 of whom are employed in Belgium and 3 in France.
The operational management of the public RREC is carried out by an internal team of Montea in Belgium, in France and in the Netherlands, assisted where required by external advisers in the Netherlands. It puts forward efficient and flexible solutions for improving the quality and sustainability of the portfolio.

The operational technical management and maintenance of the buildings, as well as the coordination of current building and renovation works, are monitored by Montea's own staff. The team submits a maintenance and renovation schedule to the investment committee and the Board of Directors to safeguard the optimum profitability of the portfolio in the long term.

The table below presents a summary of the portfolio of the RREC and its subsidiaries on an individual basis.

MONTEA SPACE FOR GROWTH	Number of sites	Fair Value of the portfolio (K€)	Fair value of solar panels (K€)	Fair Value of the developments (K€)
Portfolio	**47**	**532.063**	**9.978**	**10.281**
Belgium	**23**	**268.364**	**9.978**	**0**
Montea Comm.VA	21	243.701	9.978	0
Bornem Vastgoed NV	1	4.844	0	0
Nyssa NV e n Robinia One NV	1	19.819	0	0
France	**14**	**94.418**	**0**	**3.045**
SCA Montea	5	35.731	0	3.045
SCI Montea France	4	30.824	0	0
SCI 3R	1	1.003	0	0
SCI Sagittaire	1	10.307	0	0
SCI Sevigné	1	7.758	0	0
SCI Socrate	1	5.928	0	0
SCI Saxo	1	2.866	0	0
Netherlands	**10**	**169.282**	**0**	**7.235**
Montea Almere NV	1	15.817	0	0
Montea Rotterdam NV	2	42.420	0	0
Montea Beuningen NV	1	14.239	0	0
Montea Oss	1	14.991	0	0
Montea 's Heerenberg	4	63.647	0	0
Europand Eindhoven	1	18.169	0	0
SFG BV	0	0	0	7.235

10.2 Registerd capital

Montea's consolidated company capital is € 202,820,224.14, including the costs for capital raising and variations in the value of own shares.

SHARE CAPITAL AND SHARES	(x EUR 1.000)	Number of shares
Foundation	62.380	2.855.607
ON 31/12/2007	**62.380**	**2.855.607**
Capital increase (press release 26 March 2008) Partial split throught transfer to Montea of the company activities of Unilever Belgium BVBA	21.972	729.747
ON 31/12/2008	**84.352**	**3.585.354**
Capital decrease (press release 7 December 2009) Capital decrease through incorporation of losses (EUR 84,352,467.07 to EUR 68,964,362.33)	-15.388	0
ON 31/12/2009	**68.964**	**3.585.354**
Capital increase (press release 7 May 2010) Emission of 2,048,772 new shares (EUR 19,50 per share)	39.418	2.048.772
ON 31/12/2010	**108.382**	**5.634.126**
	0	0
ON 31/12/2011	**108.382**	**5.634.126**
Capital increase (press release 11 December 2012) for the acquisition of shares of Warehouse 9 throught purchase/sale agreement	21.104	814.148
ON 31/12/2012	**129.486**	**6.448.274**
Capital increase (press release 19 June and 19 December 2013) Acquisition of shares of Acer Parc NV through purchase/sale agreement (see press release 19 June 2013)	2.804	139.622
Capital increase in the context of authorized capital Acquisition through contribution in kind of shares of Ghent Logistics NV (see press release 19 December 2013)	6.477	221.066
ON 31/12/2013	**138.767**	**6.808.962**
Capital increase in the context of authorized capital (see press release 24 June 2014)	39.648	1.945.416
ON 31/12/2014	**178.415**	**8.754.378**
Capital incease by contribution in kind of site in Apeldoorn (see press release of 04/06/2015)	4.363	214.110
Stock Dividend (see press release of 12/06/2015)	4.957	243.213
ON 31/12/2015	**187.735**	**9.211.701**
Capital incease by contribution in kind of site in Apeldoorn (see press release of 04/06/2015)	9.115	447.231
Stock Dividend (see press release of 12/06/2015)	5.970	292.952
ON 31/12/2016	**202.820**	**9.951.884**

The capital is represented by 9,951,884 completely paid up ordinary shares with no par value. There are no privileged shares. Each of these shares confer a vote at the General Meeting and these shares represent therefore the denominator for purposes of notification in case of reaching, exceeding or falling below the statutory or regulatory barriers (transparency regulations).

The Manager was authorised by the extraordinary general meeting held on 30th September 2014 to increase the share capital on the dates and terms decided by the Manager, on one or more occasions, by the amount of € 178,414,971.96. This authorisation is valid for a period of five years from this publication of the minutes of the extraordinary general meeting, i.e. until 21st October 2019. This authorisation is renewable.

Since 30/09/2014 use has been made four times of authorised capital:

- On 3rd June 2015 with the capital increase amounting to € 4,363,580.10 in the context of the (indirect) contribution in kind of the Apeldoorn site in the Netherlands;
- On 12th June 2015 with the capital increase amounting to € 8,079,777.33 in the context of the optional dividend;
- On 23rd March 2016 with the capital increase amounting to € 9,114,605 in the context of the (indirect) contribution in kind of the property companies Nyssa NV and Robinia One NV;
- On 10th June 2016 with the capital increase amounting to € 10,419,013.65 in the context of the optional dividend.

At 31/12/2016, the remaining amount of the authorized capital amounts to € 178,414,971.96.

10.3 Statements

10.3.1 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.

10.3.2 Arbitration procedures

The Board of Directors of Montea Management NV states that there are no government interventions, no lawsuits or arbitration proceedings pending that might have a relevant effect on the financial situation or profitability of Montea and that, to the Board’s knowledge, there are no situations or incidents that might lead to such government interventions, lawsuits or arbitration proceedings.

10.3.3 Statements on financial accounts

As from chapter 7 in this annual report, the consolidated and statutory financial statements of 2015 are compared with the financial accounts of 2014 and 2013. For more information regarding the notes over 2014 and 2013, we refer to the respective annual reports of 2014 and 2013 published on the website of Montea (www.montea.com).

	2016	2015	2014
		http://www.montea.com/investor-relations/financial-reports/annual reports	
Key figures	√	√	
	Section 5 pag. 24	*Section 3 pag. 20*	
Property portfolio	√	√	
	Section 6.2.4 pag. 40	*Section 4.2.4 pag. 37*	
Key ratios	√	√	
	Section 6.4.5 pag. 63	*New in 2016*	
Shortened consolidated result statement	√	√	
	Section 6.5.1 pag. 65	*Section 4.4.1 pag. 56*	
Shortened consolidated statement	√	√	
	Section 6.5.2 pag. 68	*Section 4.4.2 pag. 59*	
Stock performance	√	√	
	Section 7.1 pag. 121	*Section 5.1 pag. 106*	
Consolidated financial statement	√	√	√
	Section 9 pag. 127 -> 189	*Section 7 pag. 112 -> pag. 168*	*Section 7 pag 117 -> 163*
Incl. report of the auditor	√		
	Section 9.7.2 pag. 175 -> 176	*Section 7.7.2 pag 160 -> 161*	*Section 7.7.9 pag. 156 ->157*

10.4 Articles of Association

The most recent version dates from the capital increase of 23 June 2016 and is only available in Dutch and in French. Each amendment to the articles of association of Montea has to be made in accordance with the rules set forth in the Company Code, the RREC Act and the RREC RD.

This is the Dutch version.

OPRICHTINGSAKTE:

De vennootschap werd opgericht krachtens akte verleden voor Meester Eric Loncin, Notaris te Puurs, op 26 februari 1977, bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 16 maart nadien, onder nummer 836-1.

WIJZIGENDE AKTEN :

- processen-verbaal opgemaakt door notaris **Franois De Clippel,** te Dendermonde, op 1 oktober 2006, houdende onder meer wijziging van het doel, omzetting van de vennootschap in een commanditaire vennootschap op aandelen met bevakstatuut, en houdende ondermeer voorwaardelijke fusies met verschillende vennootschappen en kapitaalverhogingen door inbrengen in natura, bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 24 oktober 2006 onder de nummers 20061024/0162795-0162796-0162797-0162798-0162799-0162800-
- 0162801-0162802-0162803, welke akten werden bekrachtigd bij akte op 17 oktober 2006, bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 6 december daarna, onder nummer 20061206-0182828.
- proces-verbaal verleden voor notaris **Franois De Clippel,** te Dendermonde, op 19 december 2007, waarvan een uittreksel werd bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 18 januari 2008, onder nummer 08011153.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 25 maart 2008, houdende kapitaalverhoging als gevolg van de partiele splitsing van de vennootschap "Unilever Belgium'', waarvan een uittreksel werd bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 9 april daarna, onder nummer 08052478.
- proces-verbaal opgemaakt door notaris **Nicolas Moyersoen,** notaris te Aalst, vervangende zijn ambtsgenoot notaris **Vincent Vroninks,** notaris te Elsene, territoriaal belet, op 17 november 2008, houdende wijzigingen aan de statuten, waarvan een uittreksel werd bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van elf december daarna, onder nummer 08191881.
- proces-verbaal opgemaakt door notaris **Nicolas Moyersoen,** notaris te Aalst, vervangende zijn ambtsgenoot notaris **Vincent Vroninks,** notaris te Elsene, territoriaal belet, op 31 december 2009, houdende wijzigingen aan de statuten, waarvan een uittreksel werd bekend gemaakt in de Bijlage tot het Belgisch Staatsblad van 27 januari daarna, onder nummer 10014627.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** voornoemd, op 2 juli 2010, houdende kapitaalverhoging en wijziging van artikel 6 van de statuten, waarvan een uittreksel werd bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 15 juli daarna, onder nummer 10105283.
- proces-verbaal opgemaakt door notaris **Nicolas Moyersoen,** voornoemd, vervangende zijn ambtsgenoot notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, territoriaal belet, op
- 17 mei 2011, houdende wijzigingen aan de statuten, waarvan een uittreksel werd bekendgemaakt in de bijlagen bij het Belgisch Staatsblad van 22 juni daarna, onder nummer 11092467.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 20 december 2012, houdende wijziging aan de statuten, waarvan een uittreksel werd bekendgemaakt in de bijlagen bij het Belgisch Staatsblad van 24 januari 2013, onder nummer 13014427.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 20 juni 2013, houdende vaststelling kapitaalverhoging in het kader van het toegestaan kapitaal door middel van een inbreng in natura in de context van een keuzedividend – wijziging aan de statuten, waarvan een uittreksel werd bekendgemaakt in de bijlagen bij het Belgisch Staatsblad van 3 juli daarna, onder nummer 0101481.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 19 december 2013, houdende vaststelling kapitaalverhogingen in het kader van het toegestaan kapitaal door middel van een inbreng in natura – wijziging aan de statuten, bekendgemaakt in de bijlagen bij het Belgisch Staatsblad van 6 januari daarna, onder nummer 14006289.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 24 juni 2014, houdende vaststelling kapitaalverhogingen in het kader van het toegestaan kapitaal – wijziging aan de statuten, bekendgemaakt in de bijlagen bij het Belgisch Staatsblad van 31 juli daarna, onder nummer 14147364.
- proces-verbaal opgemaakt door notaris **Stijn Raes,** geassocieerd notaris te Gent, vervangende zijn ambtgenoot, notaris **Vincent Vroninks,** voornoemd, territoriaal belet, op
- 30 september 2014, houdende ondermeer machtiging inzake het toegestaan kapitaal – wijziging aan de statuten – doelwijziging, waarvan een uittreksel werd bekendgemaakt in de Bijlage tot het Belgisch Staatsblad van 21 oktober daarna, onder nummer 2014.10.21- 0192550.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** geassocieerd notaris te Elsene, op 3 juni 2015, houdende kapitaalverhoging

in het kader van het toegestaan kapitaal – wijziging aan de statuten, waarvan een uittreksel werd bekendgemaakt in de bijlagen tot het Belgisch Staatsblad van 10 augustus daarna, onder nummer 15115281.

- proces-verbaal opgemaakt door **Vincent Vroninks,** voornoemd, op 12 juni 2015, houdende vaststelling kapitaalverhoging in het kader van het toegestaan kapitaal – wijziging aan de statuten, waarvan een uittreksel werd bekendgemaakt in de bijlagen tot het Belgisch Staatsblad van 10 augustus daarna, onder nummer 15115282.
- proces-verbaal opgemaakt door notaris **Vincent Vroninks,** voornoemd, op 23 juni 2016, houdende kapitaalverhoging in het kader van bet toegestaan kapitaal – wijziging aan de statuten.

Deze lijst is afgesloten na bet opstellen van de gecoördineerde tekst van de statuten naar aanleiding van het proces-verbaal, opgemaakt door notaris **Vincent Vroninks,** voornoemd, op 23 juni 2016.

TITEL - AARD VAN DE VENNOOTSCHAP

Artikel 1-Vorm en benaming

1.1. De Vennootschap heeft de vorm van een commanditaire vennootschap op aandelen met de benaming: "Montea".

1.2. De Vennootschap is een openbare gereglementeerde vastgoedvennootschap (afgekort, openbare GVV) zoals bedoeld in artikel 2, 2°, van de wet van 12 mei 2014 betreffende de gereglementeerde vastgoedvennootschappen (hierna de GVV wet genoemd) waarvan de aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt en die haar financiële middelen in België of in het buitenland aantrekt via een openbaar aanbod van aandelen. De maatschappelijke benaming van de Vennootschap wordt voorafgegaan of gevolgd door de woorden "openbare gereglementeerde vastgoedvennootschap naar Belgisch recht" of "Openbare GVV naar Belgisch recht" en alle documenten die van de Vennootschap uitgaan bevatten dezelfde vermelding. De Vennootschap is onderworpen aan de GVV wet en aan het koninklijk besluit van 13 juli 2014 betreffende de gereglementeerde vastgoedvennootschappen (hierna het GVV koninklijk besluit genoemd) (deze wet en dit koninklijk besluit warden hierna samen de GVV wetgeving genoemd).

1.3. De Vennootschap doet een openbaar beroep op het spaarwezen zoals bedoeld in het artikel 438 van het Wetboek van vennootschappen.

Artikel 2 - Beherende vennoten - aandeelhouders

De Vennootschap is samengesteld uit twee categorieën van vennoten:

1. de naamloze vennootschap Montea Management, beherende vennoot die onbeperkt aansprakelijk is voor de verbintenissen van de Vennootschap. De beherende vennoot neemt de functies waar van het beheer van de vennootschap overeenkomstig het artikel 11 van de statuten.

2. de aandeelhouders die slechts aansprakelijk zijn ten belope van hun inbreng en dit zonder hoofdelijkheid. Zij mogen zich in geen enkel geval mengen met het beheer van de Vennootschap. Zij kunnen echter wel handelen in de hoedanigheid van lasthebber.

Artikel3-Zetel

De maatschappelijke zetel is gevestigd te B-9320 Erembodegem, Industrielaan 27. Hij kan bij eenvoudig besluit van de zaakvoerder warden overgebracht naar eender welke andere plaats in België mits naleving van de taalwetten; de zaakvoerder geniet de volledige bevoegdheid om de wijziging in de statuten die eruit voortvloeit authentiek te laten vaststellen. De Vennootschap kan bij eenvoudig besluit van zaakvoerder zowel in België als in het buitenland administratieve zetels, filialen of agentschappen oprichten.

Artikel4-Doel

4.1. De Vennootschap heeft uitsluitend als doel:

(a) om rechtstreeks of via een vennootschap waarin zij een deelneming bezit conform de bepalingen van deze wet en de ter uitvoering ervan genomen besluiten en reglementen, onroerende goederen ter beschikking te stellen van gebruikers; en

(b) om, binnen de grenzen van de GVV wetgeving, vastgoed te bezitten zoals vermeld in artikel 2,5°, vi tot x van de GVV wet.

Onder vastgoed wordt verstaan, het vastgoed in de zin van de GVV wetgeving.

In het kader van de terbeschikkingstelling van onroerende goederen, kan de Vennootschap met name alle activiteiten uitoefenen die verband houden met de oprichting, de verbouwing, de renovatie, de ontwikkeling, de verwerving, de vervreemding, het beheer en de exploitatie van onroerende goederen.

4.2. De Vennootschap kan bijkomend of tijdelijk beleggen in effecten die geen vastgoed zijn in de zin van de GVV wetgeving. Deze beleggingen zullen uitgevoerd worden in overeenstemming met het risicobeheerbeleid aangenomen door de Vennootschap en zullen gediversifieerd zijn, zodat zij een passende risicodiversificatie verzekeren. De Vennootschap mag eveneens niet-toegewezen liquide middelen aanhouden in alle munten in de vorm van zicht- of termijndeposito's of in de vorm van enig ander gemakkelijk verhandelbaar monetair instrument. De Vennootschap mag bovendien verrichtingen betreffende afdekkingsinstrumenten aangaan, voor zover deze er uitsluitend toe strekken het rente- en wisselkoersrisico te dekken in het kader van de financiering en het beheer van het vastgoed van de Vennootschap en met uitsluiting van elke verrichting van speculatieve aard.

4.3. De Vennootschap mag een of meer onroerende goederen in leasing nemen of geven. De activiteit van het met aankoopoptie in leasing geven van onroerende goederen mag alleen als bijkomstige activiteit worden uitgeoefend, tenzij deze onroerende goederen bestemd zijn voor een doel van algemeen belang met inbegrip van sociale huisvesting en onderwijs (in dit geval mag de activiteit als hoofdactiviteit worden uitgeoefend).

4.4. De Vennootschap kan zich door middel van een fusie of op een andere wijze, interesseren in alle zaken, ondernemingen of vennootschappen met een soortgelijk of aanvullend doel en die van dien aard zijn <lat ze de ontwikkeling van haar bedrijf zullen promoten en, in het algemeen, kan ze alle verrichtingen uitoefenen die rechtstreeks of onrechtstreeks betrekking hebben op haar maatschappelijk doel evenals alle voor de verwezenlijking van haar maatschappelijk doel relevante of nodige daden.

Artikel 5 -Verbodsbepalingen

De Vennootschap kan geenszins:

- handelen als vastgoedpromotor in de zin van de GVV wetgeving, met uitsluiting van occasionele verrichtingen;
- deelnemen aan een syndicaat voor vaste overname of waarborg;
- financiële instrumenten lenen, met uitzondering evenwel van leningen onder de voorwaarden en volgens de bepalingen van het koninklijk besluit van 7 maart 2006;

- financiële instrumenten verwerven die uitgegeven zijn door een vennootschap of een privaatrechtelijke vereniging die failliet verklaard werd, die een onderhands akkoord met zijn schuldeisers gesloten heeft, die het voorwerp uitmaakt van een procedure van gerechtelijke reorganisatie, die uitstel van betaling bekomen heeft of die in het buitenland het voorwerp uitgemaakt heeft van een gelijkaardige maatregel.

Artikel 6-Duur

6.1. De Vennootschap wordt opgericht voor onbepaalde duur.

6.2. Deze Vennootschap zal geen einde nemn door de ontbinding, de uitsluiting, de terugtrekking, het faillissement, de gerechtelijke reorganisatie of elke andere reden van de stopzetting van de functies van de zaakvoerder.

TITEL II - KAPITAAL - AANDELEN

Artikel 7-Kapitaal

7.1. Inschrijving en storting van het kapitaal

Het maatschappelijk kapitaal wordt vastgesteld op honderd zesennegentig miljoen achthonderd negenenveertig duizend achthonderd achtendertig euro (EUR 196.849.838,00) en is vertegenwoordigd door negen miljoen zeshonderd achtenvijftigduizend negenhonderd tweeëndertig (9.658.932) aandelen, zonder vermelding van nominale waarde, die elk een/negen miljoen zeshonderd achtenvijftigduizend negenhonderd tweeëndertigste (119.658.932ste) deel van het kapitaal vertegenwoordigen.

7.2. Toegestaan kapitaal

De zaakvoerder is gemachtigd om het maatschappelijk kapitaal in een of meerdere keren te verhogen met een maximum bedrag van honderd achtenzeventig miljoen vierhonderd veertienduizend negenhonderd eenenzeventig euro zesennegentig eurocent (178.414.971,96 EUR) op de data en overeenkomstig de modaliteiten die hij zal bepalen, conform artikel 603 van het Wetboek van vennootschappen. Bij een kapitaalverhoging die gepaard gaat met een storting of een boeking van een uitgiftepremie, wordt enkel het bij het kapitaal ingeschreven bedrag afgetrokken van het bruikbaar blijvend bedrag van het toegestane kapitaal. Deze machtiging wordt verleend voor een periode van vijf jaar te rekenen vanaf de bekendmaking van het proces-verbaal van de buitengewone algemene vergadering van 30 september 2014. De kapitaalverhogingen waarover de zaakvoerder aldus heeft beslist, kunnen plaatsvinden door inschrijving tegen contanten of door inbrengen in natura met naleving van de wettelijke bepalingen, of door incorporatie van reserves of van uitgiftepremies met of zonder creatie van nieuwe effecten. De kapitaalverhogingen kunnen aanleiding geven tot de uitgifte van aandelen met of zonder stemrecht. Deze kapitaalverhogingen kunnen ook gebeuren door de uitgifte van converteerbare obligaties of van inschrijvingsrechten - al dan niet aan een andere roerende waarde gehecht - die aanleiding kunnen geven tot het creëren van aandelen met of zonder stemrecht. De zaakvoerder is gemachtigd om het voorkeurrecht van de aandeelhouders op te heffen of te beperken, ook ten gunste van welbepaalde personen die geen personeelsleden van de Vennootschap of van haar dochterondememingen zijn, voor zover er aan de bestaande aandeelhouders een onherleidbaar toewijzingsrecht wordt verleend bij de toekenning van nieuwe effecten. Dit onherleidbaar toewijzingsrecht beantwoordt aan de voorwaarden die de GVV wetgeving en artikel 7.4 van de statuten vastleggen. Het moet niet worden verleend in geval van inbreng in geld in het kader van de uitkering van een keuzedividend, onder de omstandigheden voorzien bij artikel 7.4 van de statuten. Kapitaalverhogingen door inbreng in natura worden verricht in overeenstemming met de voorwaarden voorgeschreven door de GVV wetgeving en in overeenstemming met de voorwaarden opgenomen in artikel 7.4 van de statuten. Dergelijke inbrengen kunnen ook betrekking hebben op het dividendrecht in het kader van de uitkering van een keuzedividend. Zonder afbreuk te doen aan de machtiging verleend aan de zaakvoerder zoals uiteengezet in de hier voorafgaande alinea's, heeft de buitengewone algemene vergadering van 30 september 2014 de zaakvoerder gemachtigd om over te gaan tot een of meer kapitaalverhogingen in geval van een openbaar overnamebod, onder de voorwaarden waarin artikel 607 van het Wetboek van vennootschappen voorziet en met naleving, desgevallend, van het onherleidbaar toewijzingsrecht waarin de GVV wetgeving voorziet. De kapitaalverhogingen die de zaakvoerder uitvoert ingevolge voormelde machtiging worden aangerekend op het toegestaan kapitaal <lat nog kan gebruikt worden overeenkomstig dit artikel. Deze machtiging beperkt niet de bevoegdheden van de zaakvoerder om over te gaan tot andere verrichtingen met gebruik van het toegestane kapitaal dan die waarin artikel 607 van het Wetboek van vennootschappen voorziet. Wanneer de kapitaalverhogingen waartoe ingevolge deze machtigingen werd beslist, een uitgiftepremie bevatten, moet het bedrag ervan, na eventuele aanrekening van de kosten, op een speciale onbeschikbare rekening, 'uitgiftepremies' genoemd, geplaatst worden, die, zoals het kapitaal, de waarborg uitmaakt voor derden en die niet zal kunnen worden verminderd of afgeschaft, tenzij bij een beslissing van de algemene vergadering die vergadert volgens de voorwaarden van aanwezigheid en meerderheid voorzien voor een kapitaalvermindering, onder voorbehoud van haar incorporatie in het kapitaal.

7.3. Verkrijging, inpandneming en vervreemding van eigen aandelen.

Het is de zaakvoerder toegestaan om, voor een duur van drie jaar vanaf de publicatie in het Belgisch Staatsblad van de beslissing van de buitengewone algemene vergadering van 30 september 2014, voor rekening van de Vennootschap, de eigen aandelen van de Vennootschap te verwerven, in pand te nemen en te vervreemden zonder voorafgaande beslissing van de algemene vergadering, wanneer deze verwerving of deze vervreemding nodig is om ernstige en dreigende schade voor de Vennootschap te vermijden.

7.4. Kapitaalverhoging

Elke kapitaalverhoging zal gebeuren overeenkomstig de artikelen 581 tot 609 van het Wetboek van vennootschappen en de GVV wetgeving. Het is de Vennootschap verboden rechtstreeks of onrechtstreeks in te schrijven op haar eigen kapitaalverhoging. Ter gelegenheid van welke kapitaalverhoging ook bepaalt de zaakvoerder de prijs, de eventuele uitgiftepremie en de voorwaarden van uitgifte van de nieuwe aandelen tenzij de algemene vergadering die zelf zou bepalen. Bij uitgifte van aandelen zonder vermelding van nominale waarde beneden pari moet de bijeenroeping van de algemene vergadering hiervan uitdrukkelijk melding maken. Indien de algemene vergadering beslist de betaling van een uitgiftepremie te vragen, moet die worden geboekt op een onbeschikbare reserverekening die alleen kan worden verminderd of opgeheven bij een beslissing van de algemene vergadering die beraadslaagt volgens de bepalingen die gelden voor het wijzigen van de statuten. De uitgiftepremie zal, net zoals het kapitaal, de aard hebben van een gemeenschappelijk onderpand ten gunste van derden. De inbrengen in natura kunnen ook betrekking hebben op het dividendrecht in het kader van de uitkering van een keuzedividend, met of zonder extra inbreng in geld. In geval van kapitaalverhoging door inbreng in geld bij beslissing van de algemene vergadering of in het kader van het toegestaan kapitaal, kan het voorkeurrecht van de aandeelhouders alleen beperkt of opgeheven worden voor zover er aan de bestaande aandeelhouders een onherleidbaar toewijzingsrecht wordt verleend bij de toekenning van nieuwe effecten in overeenstemming met de voorwaarden zoals voorzien in de GVV wetgeving. De kapitaalverhogingen door inbreng in natura zijn onderworpen aan de voorschriften van de artikelen 601 en 602 van het Wetboek van vennootschappen en moeten uitgevoerd worden in overeenstemming met de voorwaarden zoals voorzien in de GVV wetgeving.

7.5. Kapitaalvermindering

De Vennootschap mag overgaan tot kapitaalverminderingen met naleving van de wettelijke bepalingen ter zake.

7.6. Fusies, splitsingen en gelijkgestelde verrichtingen

De fusies, splitsingen en gelijkgestelde verrichtingen zoals bedoeld in de artikelen 671 tot 677, 681 tot 758 en 772/1 van het Wetboek van vennootschappen, worden uitgevoerd in overeenstemming met de voorwaarden zoals voorzien in de GVV wetgeving.

7.7. Kapitaalverhoging van een dochteronderneming met het statuut van institutionele GVV

Elke kapitaalverhoging van een dochteronderneming met het statuut van een institutionele GVV door inbreng in geld voor een prijs die 10% of meer lager ligt dan de laagste waarde van: ofwel (a) een netto-waarde per aandeel die dateert van ten hoogste vier maanden v66r de aanvang van de uitgifte, ofwel (b) de gemiddelde slotkoers gedurende de dertig kalenderdagen voor de aanvangsdatum van de uitgifte, wordt uitgevoerd in overeenstemming met de m de GVV wetgeving voorziene voorwaarden.

Artikel 8 - Aard van de aandelen

De aandelen zijn zonder vermelding van nominale waarde. De aandelen zijn op naam of gedematerialiseerd, en dit naar keuze van hun eigenaar of houder (hierna de Titularis genoemd) en volgens de beperkingen opgelegd door de wet. De Titularis kan op elk moment en zonder kosten de omzetting vragen van zijn aandelen op naam in gedematerialiseerde aandelen. Elk gedematerialiseerd aandeel wordt vertegenwoordigd door een boeking op een rekening op naam van zijn Titularis bij een erkende rekeninghouder of bij een vereffeninginstelling. Er wordt op de maatschappelijke zetel van de Vennootschap een register van de aandelen op naam bijgehouden d at, in voorkomend geval, onder elektronische vorm kan bestaan. De Titularissen van aandelen op naam kunnen kennis nemen van de inschrijvingen die op hen betrekking hebben in het register van de aandelen op naam.

Artikel 9 - Andere effecten

De Vennootschap mag effecten uitgeven die bedoeld zijn in artikel 460 van het Wetboek van vennootschappen, met uitzondering van winstbewijzen en soortgelijke effecten en onder voorbehoud van de specifieke bepalingen van de GVV wetgeving en de statuten. Deze effecten kunnen de vormen aannemen waarin het Wetboek van vennootschappen voorziet.

Artikel 10 - Notering op de beurs en openbaarheid van de belangrijke deelnemingen

De aandelen van de Vennootschap moeten worden toegelaten tot de verhandeling op een Belgische gereglementeerde markt, overeenkomstig de GVV wetgeving. De drempels waarvan de overschrijding aanleiding geeft tot een kennisgevingsverplichting ingevolge de wetgeving inzake de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt, worden bepaald op 3%, 5% en elk veelvoud van 5% van het totaal aantal der bestaande stemrechten. Behoudens de uitzonderingen voorzien in het Wetboek van vennootschappen, kan niemand deelnemen aan de algemene vergadering van de Vennootschap met meer stemrechten dan diegene verbonden aan de effecten waarvan hij, overeenkomstig artikel 514 van het Wetboek van vennootschappen minstens twintig (20) dagen voor de datum van de algemene vergadering kennis heeft gegeven ze in bezit te hebben.

TITELIII-BESTUURENTOEZICHT

Artikel 11 - Zaakvoering

11.1. De Vennootschap wordt bestuurd door een zaakvoerder, die een beherende vennoot moet zijn, aangeduid in de huidige statuten.

11.2. Werd benoemd als enige statutaire zaakvoerder voor een duur van tien (10) jaar startende op 1 oktober 2006: de naamloze vennootschap Montea Management, met maatschappelijke zetel in 9320 Erembodegem, Industrielaan 27, opgenomen in het rechtspersonenregister van Dendermonde onder het nummer 0882.872.026.

11.3. De zaakvoerder van de Vennootschap is een naamloze vennootschap, die afhankelijk van de aard van de <laden die verricht moeten worden in de Vennootschap, handelt via haar raad van bestuur, baar vaste vertegenwoordiger en, indien van toepassing, de perso(o)n(en) belast met bet dagelijks bestuur. De bestuurders en de personen belast met het dagelijks bestuur van de naamloze vennootschap die zaakvoerder is van de Vennootschap, mogen ten persoonlijke titel geen zaakvoerder, noch persoon belast met het dagelijkse bestuur noch beherende vennoot van de Vennootschap zijn.

11.4. De raad van bestuur van de zaakvoerder telt minstens drie onafhankelijke bestuurders in de zin van artikel 526ter van het Wetboek van vennootschappen. Onverminderd de overgangsbepalingen voorzien door de GVV wetgeving, moeten de bestuurders van de raad van bestuur van de zaakvoerder natuurlijke personen zijn; zij moeten voldoen aan de eisen van betrouwbaarheid en deskundigheid zoals voorzien in de GVV wetgeving en mogen niet onder de werkingssfeer van de in de GVV wetgeving vastgelegde verbodsbepalingen vallen.

11.5. De benoeming van de zaakvoerder wordt voorafgaandelijk ter goedkeuring voorgelegd aan de Autoriteit voor Financiele Diensten en Markten (FSMA).

Artikel 12 - Einde van bet mandaat van de zaakvoerder

12.1. De statutair benoemde zaakvoerder is vast benoemd en zijn aanstelling is niet berroepbaar, bebalve door een rechter, en om wettige redenen.

12.2. De functies van de zaakvoerder nemen een einde in de volgende gevallen:

- het verstrijken van de duur van zijn mandaat;
- het ontslag: de zaakvoerder kan enkel ontslag nemen indien dit ontslag mogelijk is in het kader van zijn verbintenissen die hij tegenover de Vennootschap heeft genomen en in de mate hij de Vennootschap niet in moeilijkheden brengt; zijn ontslag moet bekend gemaakt worden door de oproeping van een algemene vergadering met als agenda de vaststelling van het ontslag en de te nemen maatregelen; deze algemene vergadering zal moeten samenkomen minstens een maand voordat het ontslag uitwerking heeft;
- de ontbinding, de faillietverklaring of elke andere gelijkaardige procedure met betrekking tot de zaakvoerder;
- bet verlies, in hoofde van alle leden van de organen van bestuur of het dagelijks bestuur van de zaakvoerder van de vereisten van betrouwbaarheid, bekwaamheid en ervaring vereist door de GVV wetgeving; in dit geval moet de zaakvoerder of de commissaris een algemene vergadering bijeenroepen met als agenda de eventuele vaststelling van het verlies van de vereisten en de te nemen maatregelen; deze vergadering moet binnen de zes weken samenkomen; indien slechts een of meerdere leden van de organen van bestuur of van dagelijks bestuur van de zaakvoerder niet meer aan de bovenvermelde vereisten voldoen, dient de zaakvoerder hen binnen de maand te

vervangen; na deze termijn, zal de vergadering van de Vennootschap zoals hierboven beschreven bijeengeroepen worden; dit alles in het een of ander geval, onder voorbehoud van de maatregelen die de FSMA zou treffen krachtens de bevoegdheden voorzien door de GVV wetgeving;

- het verbod in de zin van artikel 15 van de GVV wet dat alle !eden van de organen van bestuur of het dagelijks bestuur van de zaakvoerder zou treffen; in dit geval moet de zaakvoerder of de commissaris de algemene vergadering bijeenroepen met als agenda de vaststelling van het verlies van die vereisten en de te nemen beslissingen; deze vergadering moet binnen de maand plaatsvinden; indien slechts een of meerdere leden van de organen van bestuur of van dagelijks bestuur van de zaakvoerder niet meer aan de bovenvermelde vereisten voldoen, dient de zaakvoerder hen binnen de maand te vervangen; na deze termijn, zal de vergadering van de Vennootschap zoals hierboven beschreven bijeengeroepen warden; dit alles in het een of ander geval, onder voorbehoud van de maatregelen die de FSMA zou treffen krachtens de bevoegdheden voorzien door de GVV wetgeving.

12.3. In geval van beëindiging van de functies van de zaakvoerder, wordt de Vennootschap niet ontbonden. Deze zaakvoerder wordt door de algemene vergadering vervangen, beraadslagend zoals voor statutenwijziging, na bijeenroeping door de commissaris of bij gebreke hieraan door een op verzoek van iedere belanghebbende door de voorzitter van de rechtbank van koophandel aangestelde voorlopig bewindvoerder, al dan niet vennoot. Binnen vijftien dagen na zijn aanstelling roept de voorlopig bewindvoerder de algemene vergadering bijeen op de wijze door de statuten bepaald. Hij is dan niet verder aansprakelijk voor de uitvoering van zijn opdracht. De voorlopig bewindvoerder verricht de dringende daden van louter beheer tot aan de eerste algemene vergadering.

Artikel 13 - Notulen

De beraadslagingen van de zaakvoerder warden vastgelegd in door hem ondertekende notulen. Deze notulen worden opgenomen in een bijzonder register. De delegaties, evenals adviezen en stemmen die schriftelijk worden uitgebracht of andere documenten warden eraangehecht. De afschriften of uittreksels in rechte of elders voor te leggen worden ondertekend door dezaakvoerder.

Artikel 14 -Bezoldiging van de zaakvoerder

14.1. De zaakvoerder zal een vergoeding ontvangen, vastgesteld conform de modaliteiten die hierna worden gedefinieerd overeenkomstig de GVV wetgeving.

Hij zal bovendien recht hebben op de terugbetaling van de kosten verbonden aan zijn opdracht.

14.2. Het vast gedeelte van de bezoldiging van de statutaire zaakvoerder wordt jaarlijks vastgesteld door de algemene vergadering van de Vennootschap. Deze bezoldiging zal opjaarbasis niet minder dan vijftienduizend euro (15.000,00 EUR) bedragen. Het variabel statutair gedeelte is gelijk aan nul komma vijfentwintig procent (0,25%) van het geconsolideerde nettoresultaat van de Vennootschap, met uitsluiting van alle schommelingen van de reële waarde van de activa en de afdekkingsinstrumenten.

14.3. De berekening van de vergoeding is onderworpen aan de controle van de corrumssans.

Artikel 15 - Bevoegdheden van de zaakvoerder

15.1. De zaakvoerder bezit de meest uitgebreide bevoegdheden om alle handelingen te verrichten die noodzakelijk of nuttig zijn voor de verwezenlijking van het maatschappelijk doel met uitzondering van de handelingen die door de wet of door de statuten voor de algemene vergadering zijn gereserveerd.

15.2. De zaakvoerder stelt de halfjaarverslagen op evenals het ontwerp van de geconsolideerde en enkelvoudige jaarrekeningen en jaarverslagen. De zaakvoerder stelt de deskundige(n) aan in overeenstemming met de GVV wetgeving en stelt desgevallend elke wijziging voor aan de lijst van deskundigen die is opgenomen in het dossier dat bij de aanvraag om erkenning als GVV is gevoegd. De zaakvoerder kan aan elke lasthebber, zijn bevoegdheden met betrekking tot bijzondere en specifieke doeleinden geheel of gedeeltelijk overdragen. De zaakvoerder kan in overeenstemming met de GVV wetgeving, de vergoeding vaststellen van elke lasthebber aan wie bijzondere bevoegdheden werden toegekend. De zaakvoerder kan het mandaat van deze lasthebber(s) te allen tijde herroepen.

Artikel 16 - Adviserende en gespecialiseerde comités

De raad van bestuur van de zaakvoerder richt in zijn midden een auditcomité alsook een remuneratiecomité op, en omschrijft hun samenstelling, hun opdrachten en bevoegdheden. De raad van bestuur van de zaakvoerder kan in zijn midden en onder zijn verantwoordelijkheid een of meerdere consultatieve comités oprichten, waarvan hij de samenstelling en de opdracht vaststelt.

Artikel 17 - Effectieve leiding

Onverminderd de overgangsbepalingen voorzien door de GVV wetgeving, wordt de effectieve leiding van de Vennootschap toevertrouwd aan minstens twee natuurlijke personen.

De met de effectieve leiding belaste personen moeten voldoen aan de eisen van betrouwbaarheid en deskundigheid zoals voorzien in de GVV wetgeving en mogen niet binnen de werkingssfeer van de in de GVV wetgeving vastgelegde verbodsbepalingen vallen

De benoeming van de effectieve l eiders wordt voorafgaandelijk ter goedkeuring voorgelegd aan de FSMA.

Artikel 18 - Vertegenwoordiging van de Vennootschap en ondertekening van akten

Behoudens bijzondere bevoegdheidsoverdracht door de zaakvoerder, wordt de Vennootschap geldig vertegenwoordigd in alle handelingen, met inbegrip van diegene waaraan een openbaar of ministerieel ambtenaar zijn medewerking verleent, evenals in rechte, hetzij als eiser hetzij als verweerder, door de zaakvoerder, volgens de wettelijke en statutaire vertegenwoordigingsregels van deze zaakvoerder-rechtspersoon. De Vennootschap is derhalve geldig vertegenwoordigd door bijzondere volmachthebbers van de Vennootschap binnen de grenzen van het mandaat dat hen tot dien einde istoevertrouwd door dezaakvoerder.

Artikel 19 - Revisoraal toezicht

De Vennootschap wijst een of meer commissarissen aan die de functies uitoefenen waarmee ze worden belast krachtens het Wetboek van vennootschappen en de GVV wetgeving. De commissaris moet erkend zijn door de FSMA.

TITEL IV-ALGEMENE VERGADERING

Artikel 20-Bijeenkomst

Dejaarlijkse algemene vergadering komt samen op de derde dinsdag van de maand mei om 10uur. Indien deze dag een wettelijke feestdag is, wordt de vergadering op de voorgaande werkdag gehouden op hetzelfde uur (een zaterdag of een zondag zijn geen werkdagen). De gewone of buitengewone vergaderingen worden gehouden op de zetel van de Vennootschap of op iedere andere plaats in de oproepingsbrief of op andere wijze meegedeeld. De drempel vanaf wanneer een of meerdere aandeelhouders een oproeping van een algemene vergadering mogen eisen om er een of meerdere voorstellen voor te leggen, en dit conform het artikel 532 van het Wetboek van vennootschappen, is vastgelegd op 20% van het geheel van de aandelen die stemrecht hebben. Een of meer aandeelhouders die samen ten minste drie procent (3%) van het maatschappelijk kapitaal van de Vennootschap bezitten, kunnen in overeenstemming met de bepalingen van het Wetboek van vennootschappen vragen <lat te bespreken onderwerpen worden opgenomen op de agenda van gelijk welke algemene vergadering en kunnen voorstellen van beslissing indienen met betrekking tot te bespreken onderwerpen die op de agenda zijn of zullen worden ingeschreven.

Artikel 21-Deelname aan de vergadering

Het recht om aan een algemene vergadering deel te nemen en er het stemrecht uit te oefenen, is afhankelijk gemaakt van de boekhoudkundige registratie van de aandelen op naam van de aandeelhouder op de veertiende dag voorafgaand aan de algemene vergadering om vierentwintig uur (Belgische tijd) (hierna de registratiedatum genoemd), hetzij door hun inschrijving in het register van de aandelen op naam van de Vennootschap, hetzij door hun inschrijving op de rekeningen van een erkende rekeninghouder of van een vereffeningsinstelling, ongeacht het aantal aandelen in het bezit van de aandeelhouder op de <lag van de algemene vergadering. De eigenaars van gedematerialiseerde aandelen die aan de vergadering wensen deel te nemen, moeten een attest voorleggen <lat door hun financiële tussenpersoon of erkende rekeninghouder werd afgegeven en waaruit blijkt hoeveel gedematerialiseerde aandelen er op de registratiedatum in hun rekeningen zijn ingeschreven op naam van de aandeelhouder, en waarvoor de aandeelhouder heeft aangegeven te willen deelnemen aan de algemene vergadering. Deze neerlegging moet ten laatste op de zesde dag voorafgaand aan de datum van de algemene vergadering worden verricht op de maatschappelijke zetel of bij de in de uitnodiging genoemde instellingen. De eigenaars van aandelen op naam die aan de vergadering wensen deel te nemen, moeten de Vennootschap per gewone brief, fax of e-mail uiterlijk de zesde dag voorafgaand aan de datum van de vergadering op de hoogte brengen van hun voomemen.

Artikel 22-Stemming door volmacht

Elke eigenaar van effecten die recht geven op deelname aan de vergadering, kan zich laten vertegenwoordigen door een lasthebber, die al of niet een aandeelhouder kan zijn. De aandeelhouder kan voor een bepaalde algemene vergadering slechts een persoon als lasthebber aanwijzen, behoudens afwijkingen zoals bedoeld in het Wetboek van vennootschappen. De volmacht moet door de aandeelhouder warden getekend en moet ten laatste de zesde dag voorafgaand aan de algemene vergadering aankomen bij de Vennootschap of op de in de uitnodiging vermelde plaats. De zaakvoerder kan een volmachtformulier opmaken. De mede-eigenaars, de anderen personen die in onverdeeldheid zijn, de vruchtgebruikers en blote eigenaars, de pandhoudende schuldeisers en schuldenaars moeten zich respectievelijk laten vertegenwoordigen door een en dezelfde persoon.

Artikel 23-Bureau

Alle algemene vergaderingen warden voorgezeten door de voorzitter van de raad van bestuur van de zaakvoerder. De voorzitter wijst de secretaris en stemopnemer aan, die geen aandeelhouder moeten zijn. Die twee functies kunnen uitgeoefend warden door een persoon. De voorzitter, de secretaris en de stemopnemer vormen samen het bureau.

Artikel 24-Aantal stemmen

De aandelen geven elk recht op een stem, onder voorbehoud van de gevallen van opschorting van het stemrecht voorzien in het Wetboek van vennootschappen.

Artikel 25 - Beraadslaging

De algemene vergadering kan geldig beraadslagen en stemmen, ongeacht het deel van het maatschappelijk kapitaal dat aanwezig of vertegenwoordigd is, behalve in de gevallen waarin het Wetboek van vennootschappen een aanwezigheidsquorum oplegt. De algemene vergadering kan slechts geldig beraadslagen over wijzigingen aan de statuten indien ten minste de helft van het maatschappelijk kapitaal aanwezig of vertegenwoordigd is. Indien deze voorwaarde niet vervuld is, dan moet de algemene vergadering opnieuw worden bijeengeroepen en beslist de tweede vergadering op geldige wijze ongeacht het deel van het kapitaal dat de aanwezige of vertegenwoordigde aandeelhouders vertegenwoordigen. De beslissingen van de algemene vergadering, met inbegrip van de wijziging van de statuten, warden slechts geldig genomen mits instemming van de zaakvoerder. De algemene vergadering kan niet beraadslagen over de punten die niet op de agenda voorkomen. Behoudens andersluidende wettelijke bepaling wordt elke beslissing door de algemene vergadering genomen bij gewone meerderheid van de stemmen, ongeacht het aantal vertegenwoordigde aandelen. Op een gewone of bijzondere algemene vergadering kunnen onthoudingen, blanco of ongeldige stemmen niet warden toegevoegd aan het aantal uitgebrachte stemmen. Op een buitengewone algemene vergadering warden onthoudingen, blanco of ongeldige stemmen echter beschouwd als stemmen tegen. Bij staking van stemmen is het voorstel verworpen. Iedere wijziging van de statuten is slechts toegelaten indien ze wordt goedgekeurd door ten minste drie vierde van de stemmen of, indien het gaat om de wijziging van het maatschappelijk doel of teneinde de Vennootschap toe te staan over te gaan tot de inkoop van eigen aandelen overeenkomstig het Wetboek van vennootschappen, door vier vijfde van de stemmen. Stemmen gebeurt door handopsteking of naamafroeping, tenzij de algemene vergadering een andere beslissing neemt bij gewone meerderheid van de uitgebrachte stemmen. Ieder ontwerp van statutenwijziging moet voorafgaandelijk warden voorgelegd aan de FSMA. Een aanwezigheidslijst met de namen van de aandeelhouders en het aantal aandelen wordt ondertekend door elk van hen of door een vertegenwoordiger, alvorens de zitting begint.

Artikel 26 - Stemming per brief

De aandeelhouders zullen per brief kunnen stemmen door middel van een formulier opgemaakt door de Vennootschap indien de zaakvoerder hiertoe de toelating heeft gegeven in zijn oproepingsbrief. Dit formulier moet verplicht de datum en de plaats van de vergadering vermelden, de naam of maatschappelijke benaming van de aandeelhouder en zijn woonplaats of maatschappelijke zetel, het aantal stemmen waarmee de aandeelhouder wil stemmen op de algemene vergadering, de vorm van de aandelen die hij bezit, de agendapunten van de vergadering (inclusief de voorstellen van beslissing), een ruimte die toelaat te stemmen voor of tegen elke beslissing dan wel om zich te onthouden, evenals de termijn waarbinnen het stemformulier op de vergadering moet toekomen. Het formulier moet uitdrukkelijk vermelden <lat het moet warden getekend, <lat de handtekening moet warden gelegaliseerd en <lat het geheel uiterlijk de zesde dag voorafgaand aan de datum van de vergadering per aangetekend schrijven moet warden bezorgd.

Artikel 27 - Notulen

De notulen van de algemene vergadering warden ondertekend door de leden van het bureau en door de aandeelhouders die er om vragen. De afschriften of de uittreksels van de notulen die moeten dienen in rechte of anderzijds warden ondertekend door twee bestuurders van de zaakvoerder.

Artikel 28 - Algemene vergadering van de obligatiehouders

De zaakvoerder en de commissaris(sen) van de Vennootschap kunnen de obligatiehouders bijeenroepen in algemene vergadering van de obligatiehouders. Zij moeten eveneens de algemene vergadering bijeenroepen wanneer obligatiehouders die een vijfde van het bedrag van de in omloop zijnde obligaties vertegenwoordigen, het vragen. De oproeping bevat de dagorde en wordt opgesteld overeenkomstig de bepalingen van het Wetboek van vennootschappen. Om toegelaten te warden op de algemene vergadering van de obligatiehouders moeten de obligatiehouders de formaliteiten voorzien in het artikel 571 van het Wetboek van vennootschappen nakomen, evenals de eventuele formaliteiten voorzien in de uitgiftevoorwaarden van de obligaties of in de bijeenroepingen.

TITEL V -BOEKJAAR - JAARREKENING - DIVIDENDEN - JAARVERSLAG

Artikel 29-Boekjaar-Jaarrekening

Het boekjaar vangt aan op een januari en eindigt op eenendertig december van elk jaar. Op het einde van elk boekjaar worden de boeken en boekhoudkundige verrichtingen afgesloten en maakt de zaakvoerder een inventaris alsook de jaarrekening op. De zaakvoerder stelt een verslag op (het "jaarverslag"), waarin de raad verantwoording aflegt voor zijn beheer. De commissaris stelt met het oog op de algemene jaarvergadering een schriftelijk en omstandig verslag op (het "controleverslag").

Artikel 30 - Dividenden

De Vennootschap moet aan haar aandeelhouders en binnen de door het Wetboek van vennootschappen en de GVV wetgeving bepaalde grenzen, een dividend uitkeren waarvan het minimumbedrag is voorgeschreven door de GVV wetgeving.

Artikel 31 - Interim-dividenden

De zaakvoerder kan onder zijn verantwoordelijkheid en voor zover de resultaten d at mogelijk maken, besluiten tot de uitkering van interim-dividenden, in de gevallen en binnen de termijnen toegestaan door de wet.

Artikel 32-Terbeschikkingstelling van de jaar-en halfjaarverslagen

De jaar- en halfjaarverslagen van de Vennootschap, die de statutaire en geconsolideerde jaarlijkse en halfjaarlijkse rekeningen van de Vennootschap bevatten evenals het verslag van de commissaris, worden ter beschikking van de aandeelhouders gesteld in overeenstemming met de bepalingen die van toepassing zijn op de emittenten van financiële instrumenten die toegelaten zijn tot verhandeling op een gereglementeerde markt en met de GVV wetgeving. De jaar en halfjaarverslagen van de Vennootschap worden op de website van de Vennootschap gepubliceerd. De aandeelhouders kunnen een gratis exemplaar van de jaar- en halfjaarverslagen krijgen op de maatschappelijke zetel van de Vennootschap.

TITEL VI - ONTBINDING - VEREFFENING

Artikel 33 -Verlies van kapitaal

Ingeval het kapitaal met de helft of drie vierde verminderd is, moet de zaakvoerder aan de algemene vergadering de vraag tot ontbinding voorleggen ingevolge en volgens de vormen bepaald in artikel 633 van het Wetboek van vennootschappen.

Artikel 34-Benoeming en bevoegdheden van de vereffenaars

In geval van ontbinding van de Vennootschap, om welke reden ook en op welk ogenblik ook, geschiedt de vereffening door de zaakvoerder die een vergoeding zal ontvangen overeenkomstig deze van artikel 14 van de statuten. In het geval de zaakvoerder deze opdracht niet aanvaardt, zal er tot de vereffening worden overgegaan door een of meerdere vereffenaars, welke natuurlijke of rechtspersonen kunnen zijn en die benoemd zullen worden door de algemene vergadering van aandeelhouders, onder voorbehoud van het akkoord van de beherende venno(o)t(en). De algemene vergadering zal zijn (hun) bevoegdheden en z i j n (hun) vergoeding bepalen. De vereffenaar(s) treedt (treden) pas m functie na bevestiging van zijn (hun) benoeming door de rechtbank van koophandel. De vereffening van de Vennootschap wordt afgesloten overeenkomstig de bepalingen van het Wetboek van vennootschappen.

Artikel 35 - Verdeling

De verdeling aan de aandeelhouders zal pas plaats vinden na de vergadering tot sluiting van de vereffening. Tenzij in geval van een fusie, wordt het netto-actief van de Vennootschap, na aanzuivering van alle schulden of een consignatie van de hiervoor noodzakelijke sommen, eerst aangewend om het volstortte kapitaal terug te betalen en het eventuele saldo wordt gelijkmatig verdeeld tussen alle aandeelhouders van de Vennootschap, in verhouding met het aantal aandelen <lat ze bezitten.

TITEL VII -ALGEMENE EN OVERGANGSBEPALINGEN

Artikel 36-Keuze van woonplaats

Voor de uitvoering van de statuten worden de Zaakvoerder en de vereffenaar(s) geacht woonplaats te hebben gekozen op de maatschappelijke zetel, waar alle mededelingen, aanmaningen, dagvaardingen en betekeningen aan hen geldig kunnen worden gedaan. De houders van aandelen op naam moeten elke verandering van woonplaats aan de Vennootschap melden. Indien dit niet gebeurt, gebeuren alle mededelingen, oproepingen of officiële kennisgevingen geldig op de laatst gekende woonplaats.

Artikel 37 - Rechtsbevoegdheid

Voor alle geschillen tussen de Vennootschap, haar beherende veno(o)t(en), haar aandeelhouders, obligatiehouders, zaakvoerder, commissarissen en vereffenaars met betrekking tot de zaken van de Vennootschap en tot uitvoering van deze statuten, wordt de uitsluitende bevoegdheid verleend aan de Rechtbanken van de maatschappelijke zetel tenzij de Vennootschap er uitdrukkelijk aan verzaakt.

Artikel 38 - Gemeen recht

De bepalingen van deze statuten die strijdig zouden zijn met de dwingende bepalingen van het Wetboek van vennootschappen en de GVV wetgeving, worden voor niet geschreven gehouden. De nietigheid van een artikel of van een deel van een artikel van deze statuten zal geen uitwerking hebben op de geldigheid van de andere statutaire clausules.

Artikel 39 - Overgangsbepalingen

De rechtspersonen die, op de datum van inwerkingtreding van de GVV wet, een functie uitoefenen van bestuurder van de raad van bestuur van de zaakvoerder mogen hun lopend mandaat blijven uitoefenen tot het verstrijkt. Tot het verstrijken van zijn mandaat, moet de vaste vertegenwoordiger van de desbetreffende rechtspersoon permanent over de voor de uitoefening van zijn functie vereiste professionele betrouwbaarheid en passende deskundigheid beschikken. De eenhoofdige besloten vennootschappen met beperkte aansprakelijkheid die, op de datum van inwerkingtreding van GVV wet, belast waren met de effectieve leiding van de Vennootschap, mogen hun lopend mandaat blijven uitoefenen tot het verstrijkt. Tot het verstrijken van zijn mandaat, moet de permanente vertegenwoordiger van de desbetreffende eenhoofdige besloten vennootschap met beperkte aansprakelijkheid permanent over de voor de uitoefening van zijn functie vereiste professionele betrouwbaarheid en passende de

Voor gelijkvormige coördinatie van de statuten.

10.5 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

10.5.1 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[104] and net capital gains on the sale of property that is not exempt from the benefit obligation must mandatorily be paid out;
- any fall in the debt ratio during the course of the financial year may also be deducted from the amount mandatorily required to be paid out;
- withholding tax of 27% (see footnote 20), giving relief for natural persons residing in Belgium;

Companies that obtain a licence as a regulated real estate company or which merge with a regulated real estate company are subject to a tax (exit tax), which is equivalent to a liquidation tax, on the net latent gain and on the exempted reserves of 16.5% (plus 3% supplementary crisis contribution, or 16.995% in total).

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

10.5.2 The Société d'Investissements Immobiliers Cotées (SIIC) in France

Montea is also a SIIC (Société d'Investissements Immobiliers Cotées) in France (branch office) and is also listed on the Second Market of Euronext Paris, the second listing after Euronext Brussels. In France, Montea opted for the SIIC status in 2007 to enjoy the benefits associated with the status of formerly sicafi (currently RREC) in this country as well. The tax characteristics of the RREC and SIIC are quite similar: for example, they are both exempt from corporation tax on annual income and realised capital gains. The profits from activities other than leasing or selling real estate (e.g. dividends) are subject to corporation tax however.

When the status of RREC or SIIC is obtained, the company is subject to a one-off relief tax, called an "exit tax". This tax is calculated based on the difference between the investment value of the portfolio and the fiscal book value of the property. The exit tax that applies to SIIC is 16.5%. Payment of the exit tax for SIIC is spread over four years, with the payment of a first tranche of 15% after year one. In Belgium, at least 80% of the operating result must be paid out. In France, this percentage is 85%, although after deduction of depreciations.

However, the terms relating to the payment of gains on the sale of property differ significantly. In Belgium, at least 80% must be paid out if the profit is not reinvested. For SIIC on the other hand, at least 60% must be paid out at the end of year two following realisation of the gains. Also applicable for SIIC is that the dividends from subsidiaries that are exempt from corporation tax must be paid out in full in the financial year following the financial year in which they were received. As for the shareholding structure, the "free float" of regulated real estate companies, i.e. the number of shares not held permanently, must be at least 30%. In France, that figure is 40%. There is no maximum debt ratio for SIIC. For regulated real estate companies, the maximum debt ratio is 65%.

10.5.3 The Fiscale beleggingsinstelling (FBI) (tax investment institution (TII)) in the Netherlands

Montea has structured its Dutch property investments in Dutch NVs (Public Limited Companies). These Dutch property investment NVs are attached to the Montea Nederland NV tax unit. Montea Nederland NV has lodged a request for the application of the tax system that applies to 'tax investment institutions' (TII). In the Netherlands, TIIs are subject to corporation tax at a 0% rate.

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

- its legal form must be a BV, NV, a mutual fund, or comparable body established under the law of a member of the European Union;
- the purpose and actual operations of the company consist (exclusively) of investing assets;
- the company must comply with two financing limits:
    - property investments must be financed to a maximum of 60% of the fiscal book value with borrowed capital,
    - other investments may only be financed to 20% of the fiscal book value with borrowed capital;

- the company must meet an annual advance obligation. This means that the company must make its full operating profit available to shareholders within eight months from the end of the financial year;
- the profit made available by the company must be distributed evenly across all of the shares;
- for companies that are not listed on an equities exchange, or for companies that themselves or their managers do not have a licence under the Financial Supervision Act, or are not exempted from having a licence under the Financial Supervision Act, the following shareholder requirements apply:
    - 75% or more of the shares must be owned by natural persons or by bodies that are not subject to any form of tax levied on profit, or with investment institutions that by their nature and establishment are comparable to Dutch TIIs;
    - 5% or more of the shares may not be held (in)directly by natural persons;
- no more than 25% of holdings in the company may be held by bodies established in the Netherlands that have their holdings structured via foreign entities.

11. Glossary

Acquisition value:	total cost for acquiring property, including transaction costs.
Occupancy rate:	the occupancy rate is based on the number of m². When calculating the occupancy rate no account is taken, either in the denominator or in the numerator, of the non-lettable m², intended for redevelopment or held with the landbank.
Concentration risk:	concentration risk pursuant to article 30, §1 to 5 of the Regulated Real Estate Companies Act of 12th May 2014.
Covenants:	undertakings entered into by the company with its financial institutions.
Dividend yield:	gross dividend divided by the share price at the end of the period.
TII:	Tax Investment Institution, pursuant to article 28 of the Corporation Tax Act 1969.
FSMA:	Financial Services and Markets Authority.
Financial plan:	financial plan pursuant to article 24 of the Royal Decree of 13th July 2014.
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.
Contracted annual rental income:	the contracted annual rental income, as agreed in the leases with the various tenants.
Estimated rental value:	estimated rental value per m², as established with the property assessor, taking account of the location, features of the building, type of business, etc., multiplied by the number of m².
Consolidated and single debt ratio:	debt ratio calculated pursuant to art. 23 of the Royal Decree of 13th July 2014 governing regulated property companies.
Average term of lease:	the weighted average of the term of the current leases until the first possible break date.
Average financial debt:	the average of all financial debts over a specific period, excluding the negative value of the hedging instruments.

ICC :	construction cost index.
IFRS:	International Financial Reporting Standards.
Investment value:	value of the property portfolio, without deducting transaction costs.
IPO:	Initial public offering of Montea shares that expired on the admission of these shares on 17th October 2006 to Euronext Brussels.
IRS:	Interest Rate Swap.
Optional dividend:	a dividend where the shareholder has the option of receiving the dividend payment in cash or in shares.
EPRA result:	net result without the result on the property portfolio and without the variation in the valuation of the financial hedgings. We refer to the definition in section 9.9 EPRA Perfomance measures.
Net property yield:	the contracted rental income, including concession and building rights, divided by the fair value of the property portfolio.
Gross property yield::	the contracted rental income including concession and building rights, divided by the fair value of the property portfolio.
Net initial yield:	the contracted annual rental income, including concession and building rights, divided by the acquisition value of the property portfolio.
Operating result:	net result without taking account of the result on the property portfolio and without taking account of the variation in values of the hedging instruments.
Premium/discount:	difference in % between the share price and the net asset value per share.
Fair value:	book value according to IAS/IFRS rules. Value of the property portfolio, including deduction of the transaction costs relating to the property portfolio in France and the Netherlands. For the Belgian property portfolio, the transaction cost is 2.5%.
Result on the property portfolio:	negative and/or positive variations in the fair value of the property portfolio + and losses or profits resulting from the realisation of property.
Result on the financial instruments:	negative and/or positive variations in the fair value of the interest rate/hedging instruments, according to IAS39.
SIIC:	Sociétés d'Investissement Immobilières Cotées pursuant to article 208-C of the French Code Général des Impôts (CGI).
Insured value:	the total new-build value of the buildings, including non-reclaimable VAT.
Velocity:	volume over a well-defined period, divided by the number of shares.