

SPACE FOR GROWTH



PRESS RELEASE

INTERIM REPORT FROM THE STATUTORY MANAGER
FOR THE PERIOD FROM 01/07/2018 TO 30/09/2018

REGULATED INFORMATION

EMBARGO UNTIL 7/11/2018 – 7:00 AM

- EPRA EARNINGS OF € 25.2 MILLION IN THE FIRST 9 MONTHS OF 2018, FOR AN INCREASE OF 27% COMPARED WITH THE SAME PERIOD THE PREVIOUS YEAR
- EPRA EARNINGS PER SHARE OF € 2.08, UP BY 10% COMPARED WITH THE FIRST 9 MONTHS OF 2017
- OPERATING MARGIN AMOUNTED TO 92.7% IN THE FIRST 9 MONTHS OF 2018
- OCCUPANCY RATE OF 97.9% AT THE END OF Q3 2018, COMPARED WITH 96.6% AT THE END OF Q2 2018
- AVERAGE TERM OF LEASES ON FIRST EXPIRY DATE OF 8.6 YEARS COMPARED WITH 7.4 YEARS AT THE END OF Q2 2018
- INCREASE IN FAIR VALUE OF THE PROPERTY PORTFOLIO OF 10% TO € 872 MILLION COMPARED WITH € 793 MILLION AT THE END OF Q2 2018. IN 2018, THE PROPERTY PORTFOLIO INCREASED BY € 153 MILLION OR 21% COMPARED WITH THE END OF Q4 2017.
- DEBT RATIO OF 51.2% AT THE END OF Q3 2018 – AVERAGE TERM OF LOANS OF 4.6 YEARS – AVERAGE TERM OF RATE HEDGES OF 7.4 YEARS
- **OUTLOOK FOR 2018:**
 - ↪ EPRA EARNINGS PER SHARE EXPECTED TO GROW OVER 10% FOR 2018
 - ↪ PROPERTY PORTFOLIO EXPECTED TO EXCEED € 900 MILLION AT YEAR END
 - ↪ OCCUPANCY RATE > 98% END 2018 – ABOVE THE ANNUAL TARGET OF 95%
 - ↪ AVERAGE TERM LEASES ON FIRST EXPIRY DATE > 8 YEARS AT THE END OF 2018 – ABOVE THE TARGET OF 7 YEARS
 - ↪ OPERATING MARGIN OF 92% ON ANNUAL BASIS

Summary

- The **EPRA earnings**¹ of Montea in the first 9 months of 2018 amount to € 25.2 million, an increase of 27% compared with the EPRA earning over the same period in 2017 (€ 19.8 million), due mainly to the increase in the net rental income attained by the growth of the portfolio.

The net rental income (€ 35.9 million) rose by 19% or € 5.7 million compared with the net rental income for the same period in 2017 (€ 30.2 million), mainly due to the growth of the property portfolio through recent acquisitions of new properties and delivered buildings, which generate additional rental income.

- The **EPRA earnings per share**² grew by 10%, from € 1.90 per share in the first 9 months of 2017 to € 2.08 per share for the same period in 2018.
- The fair value³ of the property portfolio amounts to € 872.0 million, an increase of € 153.2 million (or 21%) compared with the end of 2017 (€ 718.7 million). The fair value of the Belgian, French and Dutch property portfolios amounts to € 432.2 million, € 138.1 million and € 301.7 million respectively.

The increase in the fair value in Belgium is due chiefly to the delivery of the site in Bilzen (rent to Carglass), the further development of the sites in Bornem (let to Pelsis), Liège (let to Malysse, ASFS, Easylog and Sinotrans) and Brucargo (let to WFS) as well as to the further renovation works on the existing portfolio (project in Milmort). The fair value of the current portfolio in Belgium has increased mainly thanks to a yield compression as a result of market development and the signing of new leases partially offset by the recognition of a provision for renovation of the site in Aalst (let to Barry Callebaut).

The increase in the fair value of the property portfolio in France is due mainly the acquisition of the sites in Mesnil-Amelot (let to GSF Aéro and BH Catering) and Lesquin (let to DHL) as well as to the delivery of the site in Camphin-en-Carembault (let to DSM, Danone, GBS & XPO). The fair value of the existing portfolio has gone up, driven by a yield compression.

In accordance with the directives adopted by the European Securities and Markets Authority (ESMA), the Alternative Performance Measures (APM) used by Montea are indicated by an asterisk (*) when first mentioned in this press release, and then defined in the footnotes, to inform the reader that the definition concerns an APM. The performance indicators defined by IFRS rules or by law as well as indicators which are not based on the headings of the balance sheet or the income statements are not considered as APMs. The detailed calculations of the EPRA performance indicators and other APMs used by Montea are presented in chapters 7 and 8 of this press release.

¹ Corresponds to the former term “Net Current Result.” The description “Net Current Result” was changed upon the entry into force of the ESMA directive concerning Alternative Performance Measures to Net Result of the core activities, i.e. the EPRA earnings. The term “current” is no longer commonly used according to these provisions. It has been changed to “Net Result of the core activities” and corresponds to the EPRA earnings, as stipulated in the ‘Best Practice Recommendations’ of the European Public Real Estate Association (EPRA).

² The EPRA earnings per share refer to earnings based on the weighted average number of shares, which does not correspond to the former heading “net current earnings per share,” since Montea has always used the number of shares entitled to dividends as a basis.

³ The fair value consists of property investments excluding those for own use, the other tangible fixed assets, excluding those for own use, and the assets held for sale.

In the Netherlands, the fair value of the property portfolio rose as a result of the sale-and-rent-back transaction in Tiel, the acquisition of the site in Hoofddorp (let to Idexx Europe) and the delivery of the projects in Etten-Leur (let to BAS Logistics), Schiphol (let to Thomsen Select & MileStone) and the extension project in Waddinxveen (let to Delta Wines). The fair value of the current portfolio has gone up, driven by a yield compression.

The occupancy rate⁴ has risen to 97.9% from 96.6% at the end of June 2018 as a result of the letting of the previously vacant units in Milmort (let to EC Hub and Sinotrans) and in Hulsdonk (let to WWL). In Q4 2018 we expect a further increase in the occupancy rate as a result of the full rental of the building in Willebroek, for which severance compensation was obtained in 2016 from Neovia Logistics, partially vacant on 30 September 2018.

The average term of the leases on first expiry date has increased to 8.6 years compared with 7.4 years at the end of Q2 2018 mainly as a result of the long-term rental (30 years) linked to the sale-and-rent-back transaction in Tiel (Netherlands).

- The debt ratio amounts to 51.2% at the end of the third quarter of 2018 compared with 52.7% at the end of June 2018. The drop in the debt ratio is in large measure attributable to the earnings in Q3 2018, and the contribution of the debt claim relating to the project in Tiel (NL) in September 2018 partially offset by the further investments in the ongoing project developments financed with borrowed capital.

Taking into account the earnings in Q4 2018, the outlook for Montea is as follows:

1. EPRA earnings per share expected to grow over 10% for 2018
2. Property portfolio expected to exceed € 900 million at year end
3. Occupancy rate > 98% end 2018 – Above the annual target of 95%
4. Average term leases on first expiry date > 8 years at the end of 2018 – Above the target of 7 years
5. Operating margin of 92% on annual basis

⁴ The occupancy rate is calculated on the basis of the occupied m² compared with the total m². The projects under development were left out of consideration both in the numerator and the denominator.

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1. Key figures

MONTEA SPACE FOR GROWTH		BE	FR	NL	30/09/2018	31/12/2017	30/09/2017
					9 months	12 months	9 months
Real estate portfolio							
Real estate portfolio - Buildings (1)							
Number of sites		29	17	15	61	54	52
Surface of the real estate portfolio							
Logistics and semi-industrial warehouses	sqm	577.946	167.314	348.603	1.093.863	886.727	824.767
Offices	sqm	50.861	15.661	23.123	89.645	82.221	76.520
Total surface	sqm	628.807	182.975	371.726	1.183.508	968.948	901.287
Development potential	sqm	86.746	53.000	6.086	145.832	168.652	201.385
Value of the real estate portfolio							
Fair value (2)	KE	390.560	138.055	301.650	830.264	657.518	612.418
Investment value (3)	KE	400.324	147.830	322.292	870.445	687.567	640.915
Occupancy Rate (4)	%	97,1%	96,4%	100,0%	97,9%	96,3%	95,6%
Real estate portfolio - Solar panels							
Fair value	KE	13.009	0	98	13.107	12.771	9.623
Real estate portfolio - Projects under construction							
Fair value (2)	KE	28.576	0	0	28.576	48.439	9.146
Consolidated results							
Results							
Net rental result	KE				35.906	40.793	30.164
Operating result before the portfolio result	KE				33.276	38.830	29.011
Operating margin (5)*	%				92,7%	95,2%	96,2%
Financial result (excl. Variations in fair value of the financial instruments) (6)*	KE				-7.463	-11.107	-8.338
EPRA result (7)*	KE				25.172	26.785	19.788
Weighted average number of shares					12.100.327	10.392.676	10.421.227
EPRA result per share (8)*	€				2,08	2,58	1,90
Result on the portfolio (9)	KE				25.037	3.972	4.287
Variations in fair value of the financial instruments (10)	KE				945	5.791	5.168
Net result (IFRS)	KE				51.154	36.548	29.244
Net result per share	€				4,23	3,52	2,81
Consolidated balance sheet							
IFRS NAV (excl. minority participations) (11)	KE				419.315	332.911	325.883
EPRA NAV (12)*	KE				429.981	344.521	345.519
Debts and liabilities for calculation of debt ratio	KE				470.037	388.148	366.190
Balance sheet total	KE				917.690	748.426	723.432
Debt ratio (13)	%				51,2%	51,9%	50,6%
IFRS NAV per share	€				32,72	28,67	28,07
EPRA NAV per share (14)*	€				33,55	29,67	29,76
EPRA NNAV per share (15)*	€				33,07	29,14	28,56
Share price (16)	€				56,40	42,95	45,20
Premium	%				72,4%	49,8%	61,0%

- (0) The rental value of a building corresponds to ca. 20% of the rental value of a plot of land, whereby for the calculation of the surface area and the occupancy rate of the property portfolio, we take into account only 20% of the total surface area of the project in Tiel that is let for the long term.
- (1) Inclusive of real estate intended for sale.
- (2) Accounting value according to the IAS/IFRS rules, exclusive of real estate intended for own use.
- (3) Value of the portfolio without deduction of the transactions costs.
- (4) The occupancy rate is based on m². For the calculation of this occupancy rate no account was taken, nor in the numerator, nor in the denominator, of the unoccupied m² intended for redevelopment and the land bank.
- (5) *The operating margin is obtained by dividing the operating result before the result on the property portfolio by the net rental result. See section 8.
- (6) *Financial result (exclusive of variations in the fair value of the financial instruments): this is the financial result in accordance with the Royal Decree of July 13, 2014 regarding regulated real estate companies excluding the variation in the fair value of the financial instruments, and reflects the actual funding cost of the company. See section 8.
- (7) *EPRA earnings: this concerns the underlying earnings from the core activities and indicates the degree to which the current dividend payments are supported by the profit. These earnings are calculated as the net result (IFRS) exclusive of the result on the portfolio and the variations in the fair value of financial instruments. Cf. www.epra.com and section 7.
- (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 7.
- (9) *Result on the portfolio: this concerns the negative and/or positive variations in the fair value of the property portfolio, plus any capital gains or losses from the sale of real estate. See section 8.
- (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 or intrinsic value before profit distribution for the current financial year in accordance with the IFRS balance sheet. The IFRS NAV per share is calculated by dividing the equity capital according to IFRS by the number of shares entitled to dividends on the balance sheet date.
- (12) *EPRA NAV: The EPRA NAV is the NAV that was adjusted so as to comprise also property and other investments at their fair value, and which excludes certain items which are not expected to assume a fixed form in a business model with property investments in the long term. Cf. www.epra.com and section 7.
- (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 7.
- (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 7.
- (16) Share price at the end of the period.

2. Significant events and transactions during the third quarter of 2018 in Belgium, France and the Netherlands

2.1. Investment activity during the third quarter of 2018

- **21/09/2018 – Sale and rent back of a 47.9 hectare plot of land in Tiel (NL) – Strengthening of equity capital by €41,239,983.68⁵**

In November 2017 Montea announced the signing of a letter of intent with De Kellen BV concerning the acquisition of a 47.9-hectare plot of land on the De Kellen industrial estate in Tiel. This transaction represents



a total investment value of € 58.0 million (in line with the investment value determined by the real estate expert), €4.7 million of which will be paid once the site has been archaeologically cleared at the expense and risk of the buyer according to the selection decision to be reached by the buyer with the municipality of Tiel. The transaction generates a gross initial yield of 6%. The acquisition was carried out via an (indirect) contribution in kind of part of the debt claim for the payment of the purchase price against the issue of new Montea shares. The new shares were issued as a result of a capital increase within the authorized capital⁶, by a decision of the Statutory Manager of Montea. De Kellen B.V. contributed part of its debt claim on Montea Nederland N.V. for the payment of the purchase price for the acquisition of the aforementioned property.

The transaction led to a strengthening of the equity capital of € 41,239,983.68, of which €16,247,262.08 was allocated to capital and €24,992,721.60 to issue premiums.

⁵ See press release of 20/09/2018 or go to www.montea.com for more information.

⁶ By the contribution in kind in Montea of the debt claim for payment of the purchase price of De Kellen B.V. on Montea Nederland N.V., which arose from the sale of a plot of land in the Netherlands to Montea Nederland N.V.

2.2. Divestment activity in the third quarter of 2018

There were no divestments in the third quarter of 2018

2.3. Further strengthening and diversification of the financing structure

- **21/09/2018 - Montea finalizes the (indirect) contribution in kind of the plot of land in Tiel (NL) and strengthens its equity capital with € 41,239,983.68**⁷

Montea acquired a 47.9 hectare plot of land from De Kellen B.V. through its Dutch subsidiary Montea Nederland N.V. on the De Kellen industrial estate in Tiel, Netherlands. The acquisition was carried out via an (indirect) contribution in kind of part of the debt claim for payment of the purchase price against the issue of new Montea shares. The new shares were issued as a result of a capital increase within the authorized capital⁸, by a decision of the Statutory Manager of Montea. De Kellen B.V. contributed part of its debt claim on Montea Nederland N.V. for the payment of the purchase price for the acquisition of the aforementioned property. The transaction led to a strengthening of the equity capital of € 41,239,983.68, of which €16,247,262.08 of which was allocated to capital and a € 24,992,721.60 to the issue premiums.

The contributor was remunerated with 797,216 new Montea shares for a total amount of € 41,239,983.68. The issue price of the new shares for this transaction amounts to €51.73 per share. The 797,216 new Montea shares issued are ordinary shares and have the same rights as existing shares and will consequently share in the earnings for the financial year which commenced on 1 January 2018.

Immediately following the realization of the contribution in kind and the issue of new Montea shares, the purchase agreements by and between De Kellen B.V. on the one part, and Ethias NV, Federale Verzekering Vereniging van Onderlinge Levensverzekeringen, Belfius Insurance NV, Constructiv Fonds voor Bestaanszekerheid and Patronale Life NV, on the other part, were concluded concerning the new Montea shares.⁹


⁷ See press release of 21/09/2018 or go to www.montea.com for more information.

⁸ By the contribution in kind in Montea of the debt claim for payment of the purchase price of De Kellen B.V. on Montea Nederland N.V., which arose from the sale of a plot of land in the Netherlands to Montea Nederland N.V.

⁹ See also the press release of 19/09/2018.

3. Value and composition of the property portfolio on 30/09/2018

- The total property assets of Montea amount to € 872.0 million, consisting of the valuation of the property portfolio buildings (€ 830.3 million), the ongoing developments (€ 28.6 million) and the value of the solar panels (€ 13.1 million).

	Total 30/09/2018	Belgium	France	The Netherlands	Total 31/12/2017
Real estate portfolio - Buildings (0)					
Number of sites	61	29	17	15	54
Warehouse space (sqm)	1.093.863	577.946	167.314	348.603	886.727
Office space (sqm)	89.645	50.861	15.661	23.123	82.221
Total space (sqm)	1.183.508	628.807	182.975	371.726	968.948
Development potential (sqm)	145.832	86.746	53.000	6.086	168.652
Fair value (K EUR)	830.264	390.560	138.055	301.650	657.518
Investment value (K EUR)	870.445	400.324	147.830	322.292	687.567
Annual contractual rents (K EUR)	58.312	30.050	9.106	19.155	47.315
Gross yield (%)	7,02%	7,69%	6,60%	6,35%	7,20%
Gross yield on 100% occupancy (%)	7,18%	7,90%	6,95%	6,35%	7,43%
Un-let property (m ²) (1)	25.038	18.376	6.662	0	35.257
Rental value of un-let property (K EUR) (2)	1.300	806	494	0	1.525
Occupancy rate	97,9%	97,1%	96,4%	100,0%	96,3%
Real estate portfolio - Solar panels (3)					
Fair value (K EUR)	13.107	13.009	0	98	12.771
Real estate portfolio - Developments (4)					
Fair value (K EUR)	28.576	28.576	0	0	48.439

The fair value of the investment in solar panels is entered under "D" of the fixed assets in the balance sheet.
The fair value of the project developments is entered under "C" of the fixed assets in the balance sheet.


- ✓ The **total surface area** of the property portfolio (buildings) amounts to 1,183,508 m², spread over 29 sites in Belgium, 17 sites in France and 15 sites in the Netherlands.
- The **fair value of the property portfolio** (buildings) amounts to € 830.3 million, and on the basis of the valuation by the independent real estate expert, grew by € 172.8 million in the first 9 months of 2018, in particular because of:
 - Belgium (+ € 32.4 million):
 - the delivery of the site in Bilzen, let to Carglass, in Q2 2018
 - the renovation works on the existing site in Milmort in 2018
 - the increase in the fair value of the current portfolio thanks to a yield compression as a result of market developments and the signing of new leases, partially offset by the recognition of a provision for renovation of the site in Aalst (let to Barry Callebaut)

- France (+ € 43.7 million):
 - The acquisition of the site in Mesnil-Amelot, let to GSF Aéro and BH Catering in Q1 2018
 - The purchase of the site in Lesquin, let to DHL in Q1 2018
 - The delivery of the site in Camphin-en-Carembault, let to DSM, Danone, GBS and XPO in Q2 2018
 - The increase in the fair value of the current portfolio, driven by a yield compression
- Netherlands (+ € 96.6 million):
 - The acquisition in the site in Hoofddorp, let to Idexx Europe in Q2 2018
 - The delivery of the project in Etten-Leur, let to BAS Logistics in Q2 2018
 - The delivery of the project in Schiphol, let to Thomsen Select and MileStone in Q2 2018
 - The delivery of the extension project in Waddinxveen, let to Delta Wines in Q2 2018
 - The sale-and-rent-back transaction in Tiel, let to Recycling Combinatie REKO B.V. and Struyck Verwo Infra B.V. in Q3 2018
 - The increase in the fair value of the current portfolio as a result of a yield compression over the entire portfolio
- ✓ The **fair value of the property portfolio (developments)** amounts to € 28.6 million and consists of the plot of land purchased in Vilvoorde (Tyraslaan) in 2017 and the costs already incurred concerning the following build-to-suit projects:
 - Pelsis (Edialux) in Bornem, delivery expected in Q4 2018
 - WFS in Brucargo, delivery expected in Q4 2018
 - Malysse, ASFS, Easylog and Sinotrans in Liège (phase 1, 2 and 3), delivery expected in Q4 2018
- ✓ The **gross property yield** on the total property investments (buildings) amounts to 7.18% on the basis of a fully let portfolio, compared with 7.43% on 31/12/2017.
- ✓ The **contractual annual rental income** (exclusive of rent guarantees) amounts to € 58.3 million – an increase of 23% compared with 31/12/2017, mainly due to the growth of the property portfolio.
- ✓ The **occupancy rate** has risen to 97.9%¹⁰ compared with 96.6% at the end of June 2018 following the letting of previously vacant units in Milmort (let to EC Hub and Sinotrans) and in Hulsdonk (let to WWL). In Q4 2018 we expect a further increase in the occupancy rate as a result of the full rental of the building in Willebroek, for which severance compensation was obtained in 2016 from Neovia Logistics, partially vacant on 30 September 2018.

¹⁰ The occupancy rate is calculated on the basis of the occupied m² compared with the total m². The projects under development were left out of consideration both in the numerator and the denominator. The rental value of a building corresponds to ca. 20% of the rental value of a plot of land, whereby for the calculation of the surface area and the occupancy rate of the property portfolio, we take into account only 20% of the total surface area of the project in Tiel that is let for the long term.

4. Summary of condensed financial statements for the third quarter closed on 30/09/2018

4.1. Condensed consolidated (analytical) income statement for the third quarter closed on 30/09/2018

 ABBREVIATED CONSOLIDATED PROFIT & LOSS ACCOUNT (K EUR) Analytical	30/09/2018 9 months	31/12/2017 12 months	30/09/2017 9 months
CONSOLIDATED RESULTS			
NET RENTAL RESULT	35.906	40.793	30.164
PROPERTY RESULT	37.634	43.963	32.917
% compared to net rental result	104,8%	107,8%	109,1%
TOTAL PROPERTY CHARGES	-1.277	-1.246	-967
OPERATING PROPERTY RESULT	36.357	42.717	31.950
General corporate expenses	-3.025	-3.814	-2.862
Other operating income and expenses	-57	-72	-76
OPERATING RESULT BEFORE THE PORTFOLIO RESULT	33.276	38.830	29.011
% compared to net rental result	92,7%	95,2%	96,2%
FINANCIAL RESULT excl. Variations in fair value of the hedging instruments	-7.463	-11.107	-8.338
EPRA RESULT FOR TAXES	25.813	27.723	20.673
Taxes	-641	-938	-885
EPRA Earnings per share (1)	25.172 2,08	26.785 2,58	19.788 1,90
Result on disposals of investment properties	3	769	769
Result on disposals of other non-financial assets	0	0	0
Changes in fair value of investment properties	25.035	3.204	3.519
Other portfolio result	0	0	0
PORTFOLIO RESULT	25.037	3.972	4.287
Changes in fair value of financial assets and liabilities	945	5.791	5.168
RESULT IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	945	5.791	5.168
NET RESULT per share	51.154 4,23	36.548 3,52	29.244 2,81

4.2. Notes on the condensed consolidated (analytical) income statement for the third quarter closed on 30/09/2018

- The net rental income amounts to € 35.9 million, an increase of € 5.7 million compared with the same period in the previous year. The operating result before the result on the property portfolio amounts to € 33.3 million, an increase of € 4.3 million or 15% compared with the same period the previous year

The **net rental income** amounts to € 35.9 million, an increase of € 5.7 million compared with the same period the previous year, mainly due to the growth of the property portfolio through the recent purchases of new properties and delivered buildings which generate additional rental income.

The **earnings from real estate** rose by € 4.7 million or 14%, from € 32.9 million in the first 9 months of 2017 to € 37.6 million in the same period in 2018, mainly due to a one-off payment received in 2017 for the delivery of the property let to DHL Aviation NV (€ 0.9 million).

The real estate costs and overheads rose by € 0.4 million in the first 9 months of 2018 compared with the same period the previous year due to the growth of the portfolio which has led to an increase in the **operating property result before the result on the property portfolio** of € 4.3 million or 15% compared with the same period the previous year (from € 29.0 million at the end of Q3 2017 to € 33.3 million at the end of Q3 2018).

As such, the **operating margin**¹¹ amounts to 92.7% for the first 9 months of 2018 compared with 92% for the same period in the previous year.¹²

- **The net negative financial result (excl. the valuation of the hedge instruments) amounts to € 7.5 million for the first 9 months of 2018 – a drop of € 0.9 million compared with the same period the previous year.**

The **net negative financial result** on 30 September 2018 amounts to € 7.5 million, a drop of € 0.8 million compared with the same period the previous year, as a result of the settlement of Interest Rate Swaps for a total of € 60 million at the end of 2017, and the conclusion of a new hedge for the same nominal amount at market conditions.

Less taxes are paid or foreseen in 2018 (€ 0.2) compared with the same period in 2017, mainly as a result of the exit tax paid in 2017 which amounted to more than originally foreseen.

The average financial cost^{13*} calculated on the average financial tax burden exclusive of the negative value of the hedge instruments on 30/09/2018 amounts to 2.7% compared with 3% in 2017.

¹¹ The operating result before the result on the property portfolio in respect of the net rental income.

¹² Operating margin exclusive of one-off payments received from SAS Automotive and those received for the delivery of the building let to DHL Aviation in 2017


¹³ The average financial cost concerns the weighted average interest rate on an annual basis for the reporting period taking into account the average outstanding debts and hedge instruments during that period.

➤ **EPRA earnings of € 25.2 million (€ 2.08 per share)**

The **EPRA earnings** for the first 9 months of 2018 amount to € 25.2 million compared with € 19.8 million for the same period the previous year, an increase of 27%.

➤ **EPRA earnings of € 2.08 per share**

The EPRA earnings per share amount to € 2.08 – an increase of € 0.18 per share compared with the previous year, due mainly to an increase in the net earnings over the same period.


 KEY RATIO'S	30/09/2018 9 months	31/12/2017 12 months	30/09/2017 9 months
Key ratio's (€)			
EPRA result per share (1)	2,08	2,58	1,90
Result on the portfolio per share (1)	2,07	0,38	0,41
Variations in the fair value of financial instruments per share (1)	0,08	0,56	0,50
Net result (IFRS) per share (1)	4,23	3,52	2,81
EPRA result per share (2)	1,96	2,31	1,70
Proposed distribution			
Payment percentage (compared with EPRA result) (3)		84%	
Gross dividend per share		2,17	
Net dividend per share		1,52	
Weighted average number of shares	12.100.327	10.392.676	10.421.227
Number of shares outstanding at period end	12.814.692	11.610.531	11.610.531

- 1) Calculation on the basis of the weighted average number of shares
- 2) Calculation on the basis of the number of shares in circulation on the balance sheet date
- 3) The pay-out percentage is calculated on the absolute figures on the basis of the consolidated earnings. The dividend is paid out on the basis of the statutory result of Montea Comm. VA

➤ **The net result amounts to € 51.2 million and, in addition to the EPRA result of € 25.2 million, is strongly determined by the positive change in the valuation of the hedge instruments of € 0.9 million and the positive changes in the valuation of the property portfolio with € 25.0 million.**

The **net result** for the third quarter amounts to € 51.2 million (€ 4.23 per share) compared with € 29.2 million (€ 2.81 per share) for the same period in 2017. The result is strongly influenced by the positive development in the fair value of the hedge instruments (€ 0.9 million) and the positive variations in the fair value of the property portfolio (€ 25.0 million).

4.3. Condensed consolidated balance sheet on 30/09/2018

 MONTEA SPACE FOR GROWTH		CONSOLIDATED BALANCE SHEET (EUR)		
		30/09/2018 Conso	31/12/2017 Conso	30/09/2017 Conso
I.	NON-CURRENT ASSETS	873.312.870	719.615.007	631.998.584
II.	CURRENT ASSETS	44.377.569	28.811.399	91.433.232
	TOTAL ASSETS	917.690.438	748.426.406	723.431.816
	SHAREHOLDERS' EQUITY	419.333.922	333.029.072	326.001.280
I.	Shareholders' equity attributable to shareholders of the parent company	419.315.348	332.910.588	325.882.797
II.	Minority interests	18.574	118.483	118.483
	LIABILITIES	498.356.516	415.397.334	397.430.536
I.	Non-current liabilities	416.015.091	386.250.635	364.042.255
II.	Current liabilities	82.341.426	29.146.699	33.388.281
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	917.690.438	748.426.406	723.431.816

4.3.1. Notes on the consolidated balance sheet on 30/09/2018

- On 30/09/2018 the **total assets** (€ 917.7 million) consisted mainly of property investments (90% of the total), solar panels (1.4% of the total) and project developments (3.1% of the total). The remaining amount of the assets (5.5% of the total) consists of intangible, other tangible and financial fixed assets, included assets held for own use and current assets, which in turn include cash investments, trade and tax receivables.
- The **total liabilities** consist of equity capital of €419.3 million and a total debt of € 498.4 million.

This **total debt** consists of:

 - A total amount of € 335 million in lines of credit with 7 Belgian financial institutions. Montea has at this time € 345 million in contracted lines of credit with 7 Belgian financial institutions and a non-drawn capacity of € 10 million.
 - A total amount of € 110.5 million in debenture loans (4 in total) which Montea took out in 2013, 2014 and 2015.
 - Leasing debts still owed of € 1.1 million.
 - The cumulative negative value of the current hedge instruments for € 11.1 million.
 - Other debts and deferred and accrued charges for an amount of € 40.7 million. The deferred and accrued charges comprise in large measure rent already invoiced for the subsequent quarter.
- The **debt ratio**¹⁴ amounts to 51.2% at the end of the third quarter of 2018 compared with 52.7% at the end of June 2018. The drop in the debt ratio is largely attributable to the result in Q3 2018, and the contribution of the debt claim for the project in Tiel (NL) in September 2018, partially offset by the further investments in ongoing project developments financed with borrowed capital.

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

¹⁴ Calculated in accordance with the Royal Decree of 13 July 2014 concerning regulated real estate companies.

- The EPRA NAV per share on 30 September 2018 amounts to € 33.55 compared with € 29.67 on 31 December 2017. The EPRA NNAV per share amounts to € 33.07 per share on 30 September 2018 compared with € 29.14 per share on 31 December 2017.

5. Significant events after 30/09/2018

- **11/10/2018 – Montea managed to optimize the occupancy ratio in Belgium in the last quarter from 94.7% to 100%¹⁵.**

New lease with Decathlon for 16,700 m² in Willebroek, MG Park De Hulst

At the end of 2017 Montea purchased a 47,000 m² distribution centre, which is let to Decathlon. Decathlon has now concluded an additional lease for ca. 16,700 m² at the same site, but in an adjoining building, for a fixed term of 9 years. The entire distribution for Decathlon Benelux is organized from De Hulst (www.decathlon.be).



New rental agreement with TG-H Benelux for 500 m² Willebroek, MG Park De Hulst

In March 2017, Montea acquired ca. 14.000 m² of logistics space at MG Park De Hulst, let to Metro. The last 500 m² of office space that were still available have in the meantime been let to TG-H Benelux. This company belongs to the Swedish New Wave Group, a world player in quality industrial clothing, work clothing and promotional textile (www.textet.be).

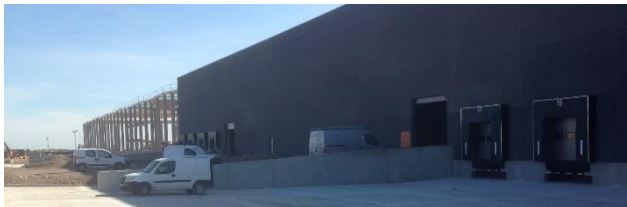


New lease with EC HUB for 8,100 m² in Milmort

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

New lease with Sinotrans for 7,300 m² in Liège (Liège Airport)

At the end of 2017, Montea announced the launch of a new development at Flexport City, the logistics zone of Liège Airport. The last three available units of ca. 7,300 m² in all have in the meantime been let to Sinotrans for a 9-year term (with an option to terminate the lease after three years). Sinotrans is one of the largest Chinese freight forwarders in the world. (www.sinotrans.com).



¹⁵ See press release of 11/10/2018 or go to www.montea.com for more information.

New lease with WWL for 8,700 m² in Ghent, Hulsdonk

In October 2016, it was announced that SAS AUTOMOTIVE BELGIUM NV, former supplier of Volvo, had to close its doors in Ghent. Consequently, SAS AUTOMOTIVE BELGIUM NV terminated the existing lease



early, i.e. on 31 January 2017. The building was split into two units one of which was let to Facil Europe BVBA. Montea and WWL (WALLENIUS WILHELMESEN Logistics Zeebrugge NV) have concluded a lease for the premises in question, which can be terminated annually. The new lessee specializes in innovative and sustainable worldwide forwarding and logistics solutions for manufacturers of cars, trucks, heavy equipment and specialized cargo (www.2wglob.com).

- **5/11/2018 – Launch of 1st development of ca. 21,400 m² at Logistiek Park A12 in Waddinxveen (NL); Isero IJzerwaren BV signs a triple net 15-year lease for a facility of ca. 12,800 m².¹⁶ – Launch of development for DocMorris of >20,000 m² next to the existing site in Heerlen (NL). DocMorris has signed a triple net 15-year lease for the extension.**

In 2017 Wayland Real Estate and Montea signed an agreement for the development of “Logistics Park A12,” a



plan area of 206,000 m² where more than 130,000 m² of logistics real estate can be developed.¹⁷ Montea announces the development of a first project of a ca. 21,400 m² warehouse, including offices and mezzanine at Logistics Park A12 in Waddinxveen. A triple net 15-year lease for ca. 12,800 m² has been signed with Isero IJzerwarengroep BV. The Isero IJzerwaren group is a wholesaler for architectural hardware, tools, fasteners, work clothing and PPE in

The Netherlands. The Isero IJzerwaren group comprises Gerritse IJzerwaren, Breur Ceintuurbaan, Van der Winkel, Probin Kaatsheuvel and Pijnenburg Bouw en Industrie (www.isero.nl). The remaining part of ca. 8,600 m² is still available for rental. The new build-to-suit project is expected to be operational in May 2019.

Launch of development for DocMorris of an extension of >20,000 m² at the existing site in Heerlen (NL). DocMorris signed a triple net 15-year lease for the extensions.

In September 2014¹⁸ Montea, together with Bouwbedrijf Van de Ven, developed a build-to-suit project of ca. 15,500 m² for DocMorris on the Avantis industrial estate in Heerlen (NL), at the border of the Netherlands with Germany.

¹⁶ For more information, see the press release of 20/09/2018 or go to www.montea.com.

¹⁷ For more information, see the press release of 13/03/2017 or go to www.montea.com.

¹⁸ For more information, see the press release of 2/9/2014 or go to www.montea.com.

DocMorris and Montea signed an agreement for the development of a new distribution centre adjacent to the current site in Heerlen (NL). A facility of >20,000 m² will be built and will comprise a warehouse and offices. A



connecting corridor will link this extension to the existing site, which after the development will total ca. 35,500 m². DocMorris N.V. and Montea signed a lease for a fixed term of 15 years for the extension. DocMorris is the best known pharmacy brand in Germany (www.docmorris.de).

The construction of the new build-to-suit project, which is scheduled for completion in the third quarter of 2019, will start in November 2018.

Positive impact of these developments on the main objectives of Montea

Taken together, the two developments represent an investment value of €45 million, as a result of which Montea has the overview to increase its portfolio to € 875 million in 2019 (excl. solar panels and projects in development). Given the 15-year term, these contracts will further improve the average term of > 8 years on the first expiry date. The share of Dutch real estate in Montea will rise to 40% upon delivery of the projects. Upon full letting, the initial yield will amount to 6.75% and the rental income will go up by € 3 million.

➤ 6/11/2018 – New lease with LabCorp for 10,145 m² in Mechelen.

Montea and LabCorp have concluded a lease for a fixed term of 9 years for a 10,145 m² unit in Mechelen. Labcorp currently rents unit 2 (4,650 m² warehouse and 570 m² offices) and will rent the adjoining unit 1 also as of 1/4/2019.

Labcorp is a member of Covance, the world market leader in the development and testing of new medicines, headquartered in Princeton (US). The location in Mechelen will be an important site in their worldwide research and production work.

This transaction will generate an annual rental income of €0.39 million and has come into being through the mediation of Immobiliën Hugo Ceusters.

6. Outlook

- **Investment pipeline**

In the present climate of yield compression and in view of the sound investment policy pursued by Montea, it is more difficult to acquire quality class A buildings on the basis of reasonable return. As a result, built-to-suit projects are becoming increasingly more important in our portfolio. We expect the property portfolio to grow above € 900 million in the course of financial year 2018.

- **Occupancy rate and term of leases**

On 30 September 2018, the occupancy rate amounted to 97.9%. Montea expects to close 2018 with an occupancy rate above 95%. The average term of the leases until the first termination option amounts to 8.6 years. Montea expects the average term of its leases to remain above 7 years by the end of the financial year.

- **Operating margin**

The operating margin amounts to 92.7% on 30 September 2018. Montea expects to be able to maintain the operating margin above 92% annually over the entire 2018.

- **Financing strategy**

Taking into account a debt ratio limit of 60%, Montea still has an investment capacity of € 195 million. Montea is endeavouring to pursue a diversified financing policy, where the aim is to bring the term of our loans (currently 4.6 years on average as regards lines of credit and debenture loans, and 7.6 years on average as regards hedge instruments) in line with the term of our leases (currently 8.6 years on average). The hedge ratio amounts to 83% at the end of Q3 2018.

- **EPRA earnings per share / dividend per share**

Based on earnings of € 25.1 million in the first 9 months, the coming net income from recently purchased and still to be purchased projects and the letting of units that are currently vacant, Montea expects growth of more than 10% in the EPRA earnings per share in 2018. On the basis of these prospects, a 3% increase in the dividend is expected again for 2018 compared to 2017, which will lead to a gross dividend of € 2.24 per share for 2018.

7. EPRA Performance measures

EPRA earnings – EPRA earnings per share

Definition: The EPRA earnings concern the net result (after processing of the operating result before the result on the portfolio, minus the financial results and the corporate tax, exclusive of deferred taxes) minus changes in the fair value of the property investments and real estate held for sale, minus the result on the sale of investment properties and plus changes in the fair value of financial assets and liabilities. The EPRA earnings per share are the EPRA earnings divided by the weighted average of the number of shares for the financial year.

Purpose: the EPRA earnings measure the operational profitability of the company after the financial result and after taxes on the operational result. The EPRA earnings measure the net result from the core activities per share.

Calculation: the detailed calculation of this APM is given below:

EPRA earnings

<i>(in EUR X 1 000)</i>		30/09/2018	30/09/2017
Net result (IFRS)		51.154	29.244
Changes for calculation of the EPRA earnings			
To exclude:			
(i)	Variations in fair value of the investment properties and properties for sale	-25.035	-3.519
(ii)	Result on sale of investment properties	-3	-769
(vi)	Variations in fair value of the financial assets and liabilities	-945	-5.168
EPRA earnings		25.172	19.788
Weighted average number of shares		12.100.327	10.421.227
EPRA earnings per share (€/share)		2,08	1,90

EPRA NAV – EPRA NAV per share

Definition: The EPRA NAV is the NAV applied so as to comprise also real estate and other investments at their fair value, and which excludes certain items which are not expected to assume any fixed shape in a business model with investment properties in the long term. The EPRA NAV per share concerns the PRA NAV on the basis of the number of shares in circulation on the balance sheet date. See also www.epra.com.

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

Calculation: The detailed calculation of this APM is given below:

EPRA NAV

<i>(in EUR X 1 000)</i>	30/09/2018	31/12/2017
IFRS NAV	419.315	332.911
NAV per share (€/share)	32,72	28,67
Effect of exercise of options, convertible debt and other equity instruments		
Diluted net asset value after effect of exercise of options, convertible debt and other equity instruments	419.315	332.911
To exclude		
(iv) IV. Fair value of financial instruments	10.666	11.611
EPRA NAV	429.981	344.522
Number of shares in circulation per end period	12.814.692	11.610.531
EPRA NAV per share (€/share)	33,55	29,67

EPRA NNNAV – EPRA NNNAV per share

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

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

Calculation: The detailed calculation of this APM is given below:

EPRA NNNAV

<i>(in EUR X 1 000)</i>		31/03/2017	31/03/2016
EPRA NAV		429.981	344.522
Number of shares in circulation at the end of the period		12.814.692	11.610.531
EPRA NAV (€/share)		33,55	29,67
To add:			
(i)	I. Fair value of financial instruments	-10.666	-11.611
(ii)	II. Revaluation of the fair value of financing at fixed interest rate	4.423	5.397
EPRA NNNAV		423.739	338.308
Number of shares in circulation at the end of the period		12.814.692	11.610.531
EPRA NNNAV (€/share)		33,07	29,14

EPRA vacancy

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

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

Calculation: The detailed calculation of this APM is given below:

EPRA VACANCY RATE

	<i>(in EUR X 1 000)</i>		(A/B)			(A/B)
	Estimated rental value (ERV) for vacancy	Estimated rental value portfolio (ERV)	ERPA Vacancy rate	Estimated rental value (ERV) for vacancy	Estimated rental value portfolio (ERV)	ERPA Vacancy rate
	30/09/2018	30/09/2018	<i>(in %)</i>	31/12/2017	31/12/2017	<i>(in %)</i>
Belgium	806	28.743	2,8%	1.525	26.760	5,7%
France	494	9.458	5,2%	-	7.012	0,0%
The Netherlands	-	18.706	0,0%	-	13.974	0,0%
Total	1.300	56.907	2,3%	1.525	47.746	3,2%

8. Detailed calculation of the APMs used by Montea

Result on the portfolio

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

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

Calculation: The detailed calculation of this APM is given below:

RESULT ON PORTFOLIO	30/09/2018	30/09/2017
(in EUR X 1000)		
Result on sale of property investments	3	769
Variations in the fair value of property investments	25.035	3.519
RESULT ON PORTFOLIO	25.037	4.287

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

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

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

Calculation: The detailed calculation of this APM is given below:

FINANCIAL RESULT excl. variations in fair value of financial instruments	30/09/2018	30/09/2017
(in EUR X 1000)		
Financial result	-6.518	-3.171
To exclude:		
Variations in fair value of financial assets & liabilities	-945	-5.168
FINANCIAL RESULT excl. variation in fair value of financial instruments	-7.463	-8.338

Operating margin

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

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

Calculation: The detailed calculation of this APM is given below:

OPERATING MARGIN (in EUR X 1000)	30/09/2018	30/09/2017
Net rental result	35.906	30.164
Operating result (before the result on the portfolio)	33.276	29.011
OPERATING MARGIN	92,7%	96,2%

Average cost of debt

Definition: Average financial cost over the entire year calculated on the basis of the total financial result with regard to the average of the initial and end outstanding balance of the financial debt burden for 2017 without taking into account the valuation of the hedging instruments. The financial earnings and activated interim interest are taken out of the financial result for the calculation.

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

Calculation: The detailed calculation of this APM is given below:

AVERAGE COST OF DEBT (in EUR X 1000)	30/09/2018	30/09/2017
Financial result	-6.518	-3.171
To exclude:		
Financial income	-25	-232
Variations in fair value of financial assets and liabilities	-945	-5.168
Activated interest charges	-1.193	-243
TOTAL FINANCIAL CHARGES (A)	-8.681	-8.814
AVERAGE FINANCIAL DEBTS (B)	428.414	342.490
AVERAGE COST OF DEBT (A/B) (*)	2,7%	3,4%

9. Financial calendar

- 21/02/2019 Annual results on 31/12/2018 (before market opening)
- 21/02/2019 Meeting of analysts concerning the annual results
- 21/05/2019 Interim report – results on 31/03/2019 (before market opening)
- 21/05/2019 General meeting of shareholders
- 08/08/2019 Half-yearly financial report – results on 30/06/2019 (after market closing)
- 08/08/2019 Analysts call concerning half-year financial report (after market closing)
- 06/11/2019 Interim report – results on 30/09/2019 (before market opening)

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

ABOUT MONTEA “SPACE FOR GROWTH”

Montea Comm. VA is a public property investment company (PPIC – SIIC) under Belgian law specialising in logistical property in Belgium, France and the Netherlands, where the company is a benchmark player. Montea literally offers its customers room to grow by providing versatile, innovative property solutions. In this way, Montea creates value for its shareholders. Montea was the first Belgian property investor to be awarded the Lean & Green Star in recognition of effectively reducing CO2 emissions in the Belgian portfolio by 26%. On 30/09/2018 Montea’s property portfolio represented total space of 1,183,508 m² across 52 locations. Montea Comm. VA has been listed on Euronext Brussels (MONT) and Paris (MONTP) since 2006. Montea obtained the EPRA BPR Gold Award on 5/09/2018.

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