



GENERAL INFORMATION ON REIT STATUS

A public regulated real estate company under Belgian law (public GVV/SIR)

General

A public regulated real estate company under Belgian law:

- is a property company that (i) mainly makes immovable goods available to users, (ii) may possess other types of property within the statutory limits (shares in fixed capital Belgian REITs (a 'Vastgoedbevak/SICAF'), units in certain foreign ICBs, shares issued by other REITs and property certificates), and (iii) within the framework of making immovable goods available, may perform any and all activities associated with the erection, conversion, renovation, development (for the company's own portfolio), acquisition, disposal, management and operation of immovable goods and (iv) within the legal limits, may also invest in the infrastructure sector (including through PPPs) and the energy sector (including renewable energy);
- follows a strategy intended to retain possession of its properties over the long term;
- prioritises active management in the performance of its activities, which specifically entails that the company itself is responsible for the development and day-to-day management of the immovable goods, and that all other activities that it performs provide added value for these same immovable goods or their users, such as offering services that supplement provision of the immovable goods;
- for performance of the aforementioned activities, has its own management structure, administrative, accounting, financial and technical organisation and suitable internal control;
- is subject to the provisions of the GVV/SIR Act and of the Royal Decree on GVV/SIRs;
- must be incorporated in the form of a public limited company ("NV/SA");
- is exchange-listed, and at least 30% of the shares must be distributed in the market;
- cannot act (directly or indirectly) as a construction promoter (other than occasionally);
- may possess companies in which it owns, directly or indirectly, over 25% of the shares ("perimeter" companies), which may or may not take the status of an institutional GVV/SIR;
- must adhere to strict rules regarding conflicts of interest and internal auditing structures.

Public and institutional Regulated Real Estate Companies fall under the supervision of the FSMA.

Aside from Articles 7:96 (conflicts of interest of directors) and 7:97 (conflicts of interest of affiliated companies) of the Belgian Code of companies and associations, which apply to all listed companies, special rules apply to GVV/SIRs regarding functional conflicts of interest (by virtue of Article 37 of the GVV/SIR Act).



Special regulations applicable to public GVV/SIR

Property portfolio

No single transaction shall result in over 20% of the consolidated assets constituting a single property unit in order to ensure an adequate risk spread.

In certain cases, however, the FSMA may allow a deviation from the aforementioned limit, more specifically, (a) for a period of no more than two years from the date of the permit, (b) if the GVV/SIR demonstrates that the deviation is in the interests of the shareholders, or (c) if the GVV/SIR proves that the deviation is justified based on the specific characteristics of the investment, in particular, its nature and scope, and always on the condition that the consolidated debt ratio of the public GVV/SIR and its perimeter companies does not exceed 33% of the consolidated assets (minus the permitted hedging instruments) at the time of the acquisition or transfer in question. The deviation and the associated conditions must be included in detail in the prospectus and in the annual or semi-annual financial reports drafted by the Regulated Real Estate Company, until the deviation no longer has any consequences.

Thus far, no deviations of this kind have been awarded to WDP, given its adequate portfolio distribution.

Perimeter companies

Perimeter companies are companies in which a GVV/SIR owns over 25% of the shares, directly or indirectly. However, participations in perimeter companies over which the public GVV/SIR does not exercise exclusive or joint control or in which it does not possess, directly or indirectly, 50% of the capital, shall not exceed the threshold of 50% of the fair value of the consolidated assets of the public GVV/SIR.

At this time, WDP only has participations in companies where it exercises exclusive or joint control or where it possesses, directly or indirectly, at least 50% of the capital.

Financial reporting

European legislation states that public GVV/SIRs, like all other exchange-listed companies, must draw up their consolidated financial statements according to the international reference IAS/IFRS. In addition, by virtue of the GVV/SIR legislation a public Regulated Real Estate Company (as well as an institutional Regulated Real Estate Company) must also draw up its separate financial statements in accordance with IAS/IFRS standards. Given that investment properties constitute the majority of the assets of a GVV/SIR, GVV/SIRs must value these at fair value in accordance with IAS 40.



Valuation

The fair value of a specific property is valued at the end of every financial year by an independent property expert (the valuation expert). This expert updates this fair value at the end of each of the first three quarters in the financial year based on the development of the market and the characteristics of the asset in question. These valuations are binding on public Regulated Real Estate Companies with regard to the drafting of their separate and consolidated financial statements.

In addition to this, the independent expert must perform ad-hoc valuations of specific assets in a number of special cases. Some examples here would be shares issues, mergers, demergers or transactions deemed equivalent to these.

The property held by the public Regulated Real Estate Company is not depreciated.

Results

As remuneration for the capital, the company must pay out a sum that corresponds to at least the positive difference between the following amounts:

- 80% of the amount equal to the sum of the adjusted result and the net capital gains from the development of real estate that is not exempt from mandatory disbursement; and
- the net reduction in the debt burden of the company over the course of the financial year.

Naturally, this obligation only applies if the net result is positive, and to the extent that the company has distribution capacity under the applicable company law.

Debts and securities

The consolidated and separate gearing ratios of the public Regulated Property Company are limited to 65% of the consolidated and separate assets, respectively (minus the permitted hedging instruments). If the consolidated debt ratio of the public Regulated Real Estate Company and its perimeter companies is greater than 50% of the consolidated assets (minus the permitted financial hedging instruments), the public Regulated Real Estate Company must draw up a financial plan with an execution schedule, which details the measures to be taken to prevent the consolidated debt ratio exceeding 65% of the consolidated assets.

A public GVV/SIR or its perimeter companies are not permitted to grant any mortgages or other securities or guarantees within the framework of financing the activities of the group. The sum total that is covered by these mortgages, securities or guarantees cannot exceed 50% of the total fair value of the assets of the consolidated whole of (i) the public Regulated Real Estate Company, (ii) the companies that they consolidate with the application of the IFRS standards, and (iii) if they do not consolidate these with the application of the IFRS Foundation's standards, the perimeter companies. In addition, the mortgage, security or guarantee granted cannot be for more than 75% of the value of the encumbered asset.



Institutional GVV/SIR

In addition to the (traditional) property company, perimeter companies of a public GVV/SIR may also take the status of an institutional GVV/SIR (that only attracts funding from eligible investors or from natural persons (under the condition that the minimum amount of the subscription, price or compensation for the acquirer is greater than or equal to 100,000 euros, and insofar as the subscription or transfer is in accordance with the aforementioned regulations) and whose securities may only be acquired by these investors). This status allows the public GVV/SIR to execute special projects with a third party, for instance.

WDP does not have any subsidiaries with the status of GVV/ SIR.

Tax regime

Public and institutional Regulated Real Estate Companies are subject to corporate tax at the normal rate, but only on a limited taxable base, consisting of the sum of (1) the exceptional and gratuitous advantages it received and (2) expenditures and costs not deductible as professional expenditures, other than write-downs and capital losses on shares. In addition, it may be subject to the special secret commission tax of 103%, or 51.5% if the acquirer is a legal entity, on commissions and salaries paid out that are not justified by the individual break-downs and a summary. In principle, the advance levy on dividends paid out by a public GVV/SIR is equal to 30% (except for shareholders who, on presentation of a certificate, claim a reduced rate).

Companies that apply for a GVV/SIR license, merge with a GVV/SIR or demerge part of their immovable assets and transfer them to a GVV/SIR are subject to a capital gains tax (known as the “exit tax”) of 15%. This exit tax is the fiscal price that companies of this kind must pay in order to exit the general tax regime. In terms of taxation, this transition is treated as a total or partial distribution of share capital by the company to the Regulated Real Estate Company. For distribution of the share capital, a company must treat the positive difference between the distributions in cash, in securities or in any other form, and the re-assessed value of the paid-up capital (in other words, the added value present in the company) as a dividend.

The Belgian Income Tax Code states that the sum distributed must be equal to the actual value of the share capital on the date on which the transaction took place (Section 210, § 2 of the Belgian Income Tax Code 1992). The difference between the actual value of the share capital and the re-assessed value of the paid-up capital is deemed equal to a paid dividend. The reserves already taxed must be deducted from this difference. Therefore, in principle, the remainder constitutes the taxable base that is subject to the rate of 15%.



Fiscale Beleggingsinstelling (FBI)

Since 1 November 2010, WDP Nederland N.V. has fallen under the FBI (fiscal investment institution) regime, which means a corporate tax rate of 0% applies. The company must meet the following conditions in order to enjoy this regime:

- WDP Nederland must be a B.V., N.V. or a unit trust.
- The objective as per the Articles of Association and the actual activities of WDP Nederland N.V. are limited to the investment of capital.
- Only 60% of the financing of the funds for investment (fiscal book value) can be debt capital, in the case immovable goods. For other investments (not related to immovable goods), only 20% of the fiscal book value of financing can be debt capital.
- The operating profits of WDP Nederland N.V. must be provided to the shareholder of WDP Nederland N.V. starting from application of the FBI regime within eight months after the end of the financial year.
- The profits distribution must be distributed evenly across all shares.
- 75% or more of the shares in WDP Nederland N.V. must be held by a body that is not subject to a tax based on profit.
- 5% or more of the shares cannot be held directly or indirectly by natural persons.
- 25% or more of the shares cannot be held by funds based abroad for persons residing or legal entities domiciled in the Netherlands.

For more information on the evolution of the FBI status, please refer to our latest annual report and our press releases.

Société d'Investissement Immobilier Cotée (SIIC)

Since 2005, WDP has been under the SIIC regime (Société d'Investissement Immobilier Cotée) via its permanent establishment in France and its subsidiary WDP France SARL, which means that a corporate tax rate of 0% applies. The company must meet the following conditions in order to enjoy this regime:

- The parent company must have the structure of an NV/SA or any other form of company limited by shares that can be admitted for listing on the exchange. This parent company must be listed on an exchange under EU law.
- The main activity of the SIIC must be limited to leasing immovable goods. Property developments are not permitted to exceed the limit of 20% of the gross book value of the portfolio.
- No more than 60% of the shares in WDP can be held by a single investor or a group of investors acting in mutual consultation.
- The profit originating from the letting of buildings, the capital gains realised on the sale of buildings, the capital gains realised on the sale of securities in the partnerships or subsidiaries that are liable to corporate tax and that have opted for SIIC status, contributions disbursed through their subsidiaries that have opted for SIIC status and shares in the profit in partnerships are exempt from corporate tax.



- A distribution obligation applies to the results for 95% of the exempt profit originating from rental income, 60% of exempt profit originating from the sale of buildings and securities of partnerships and subsidiaries that are subject to SIIC status and 100% of the dividends that are paid to them by their subsidiaries that are liable to corporate tax and that have opted for SIIC status.
- Payment of exit tax at a rate of 19% on the unrealised gains on buildings that are the property of the SIIC or its subsidiaries that are liable to corporate tax and have opted for SIIC status, and on the securities of partnerships that are not subject to the corporate tax.