



CONFIRMATION OF THE RATE USED FOR THE FAIR VALUE CALCULATION OF PROPERTIES OF THE BE-REITs

As from 2006, IFRS accounting norms require listed companies (and therefore all BE-REITs) to use “Fair value” as a reporting basis for their property portfolio (IAS 40). Fair value is defined as the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm’s length transaction. From the seller’s point of view, this is the value net of transfer taxes. In Belgium, the amount of this tax depends on the transfer method, the capacity of the buyer and the geographical location of the asset. For that reason, it was decided in 2006 to have a panel of valuers analyze a representative number of transactions to determine the average impact of transfer taxes. Based on this review, the panel of valuers estimated in 2006 the average impact of transfer taxes to 2,5%. At that time, it was decided that this percentage would be reviewed per tranche of 0,5%.

During 2016, a panel of valuers¹ and the BE-REIT Association² jointly decided to have an update of this calculation prepared in accordance with the methodology applied in 2006. The effective overall impact of institutional or corporate transactions has been calculated. The analysis covered 305 larger or institutional transactions of more than 2,5 million EUR over 2013, 2014, 2015 and Q1 2016. In volume, the analyzed investments are covering more than 70% (8.2 billion EUR) of the estimated investment volume over this period.

The panel of valuers concluded that the hurdle of 0,5% has not been exceeded. Therefore the rate of 2,5% will be maintained. The rate will be reviewed every 5 years or when the fiscal context would change considerably. The rate will only be adapted if the hurdle of 0,5% has been exceeded.

¹ Consisting of Pieter Paepen (CBRE), Pierre van der Vaeren (CBRE), Christophe Ackermans (Cushman & Wakefield), Kris Peetermans (Cushman & Wakefield), Rod Scrivener (Jones Lang LaSalle), Jean-Paul Ducarme (PWC), Celine Janssens (Stadim), Philippe Janssens (Stadim), Luk van Meenen (Troostwijk-Roux Expertises) and Guibert de Crombrughe (de Crombrughe & Partners).

² The BE-REIT Association is an association grouping the seventeen BE-REITs and founded to promote the interests of the BE-REIT sector.

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