



WDP

WAREHOUSES WITH BRAINS

PRESS RELEASE

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Inside information
Regulated information



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Status regarding Dutch REIT status

HISTORY

Since 1 November 2010, WDP has held FBI (Fiscale Beleggingsinstelling) status via its subsidiary, WDP Nederland N.V. (**WDP NL**). The conditions for FBI qualification depend, among other things, on the activities of the subsidiary as well as its shareholder structure; for example, at least 75% of a non-listed FBI such as WDP NL must be owned by natural persons, tax-exempt entities or a listed FBI. At the time, the Dutch tax authorities confirmed in a fiscal ruling that WDP NL's parent entity, WDP as a GVV/SIR (regulated real estate company) and formerly as a BEVAK (real estate investment company with fixed capital) is an entity that is exempt from income tax. This is because the corporate tax payable by WDP is as good as zero in both absolute and relative terms, as its activities are de facto exempt from corporate tax¹.

Over the past few years, WDP NL was in talks — at the request of the Dutch tax administration — regarding a different approach to the shareholder test. Even though WDP was and remains of the opinion that the relevant policies, regulations and jurisprudence has not changed, it has constructively cooperated in examining whether WDP itself — in relation to the shareholder test — could qualify as an FBI. Hence, WDP is of the opinion — aside from the fact that it is not subject to corporate tax — that as a GVV/SIR, it is operating under a regime that is objectively comparable to that of an FBI and that it should thus be able to pass this shareholder test. Negotiations between WDP and the Dutch tax administration to investigate how this could be implemented in concrete terms to ensure the continued application of WDP NL's FBI status have always been held in a constructive atmosphere.

These negotiations were subsequently suspended when the Dutch coalition agreement of October 2017 included a resolution to no longer permit direct investment in Dutch property through FBIs — including WDP, via its subsidiary, WDP Nederland N.V. — from 2020 in relation to the planned abolition of dividend tax. At the start of October 2018, the Dutch government announced that it would retain the dividend tax and also keep the current FBI system intact.

RECENT DEVELOPMENTS

Recently, the Dutch tax administration indicated that, for now, it will not provide specific details on the shareholder test, partly because this depends on the outcome of thousands of appeals between the Dutch authorities and foreign investment funds concerning the reclaim of the dividend tax. A ruling from the European Court of Justice and then the Dutch Supreme Court is expected during the course of 2020.

Furthermore, the Dutch government is currently investigating whether specific adjustments to the property FBI regime are possible and feasible by means of an evaluation, and possibly through policy and/or regulation amendments in 2021.

¹ The limited amount of corporate tax paid is related to non-deductible expenditures.

NEW DEVELOPMENT

In a new letter to WDP, the Dutch tax authorities have indicated that they will withdraw the previously granted tax ruling with effect from 1 January 2021, and that from that moment onward, *“WDP NL must comply with all requirements applicable in the Netherlands for FBI status, including the shareholder tests”*.

WDP VISION

WDP is of the opinion that the facts and circumstances and the legal framework in which the tax ruling was granted have not changed, and that — in the absence of any material changes to the policies and/or regulations on FBIs — WDP NL continues to be entitled to FBI status. WDP wishes to maintain constructive and open dialogue with the Dutch tax authorities, but will also contemplate about next steps. In addition, WDP, its advisors and the other companies in its sector will closely monitor all developments in relation to the FBI regime, for which the strategy and policy of the Dutch government is currently unclear.

WDP would like to point out that the business environment facilitated by the FBI regime has resulted in WDP investing around 2 billion euros in the Netherlands over the past ten years, and would like to draw attention to a selection of notable figures: i) around 1 billion euros of this total has found its way towards liquidity on the Dutch property market, largely via sale-and-lease-back agreements with Dutch companies in the aftermath of the financial crisis, when bank financing was unavailable in the Netherlands but WDP was able to attract international capital through its FBI status, ii) over 1 billion euros made its way directly into the construction sector with an immediate impact on the real economy, and iii) solar panels were installed on nearly half of the sites, resulting in a total capacity of 40 MWp — a development supporting the Netherlands in the realisation of its climate objectives.

WDP favours a simple and transparent solution, focusing on maintaining — with a few adjustments — the property FBI for stock-listed companies as is the case in other EU member states in which a REIT regime applies. This way, a competitive business environment can be created for the property sector, in which the necessary investments are made in infrastructure and in which that infrastructure is made more sustainable. One example of such an environment is the thriving Belgian REIT sector and its contribution to society.

Over time and via the EPRA (European Public Real Estate Association), WDP believes that steps can be taken towards an EU REIT, which may be able to strike the right balance between facilitating cross-border investments and protecting national interests such as safeguarding the tax base.

FINANCIAL IMPACT

WDP estimates the difference between the fiscally transparent status of an FBI and the normal taxation regime (pro forma) to be no more than 3% of expected EPRA Earnings per share (1.00 euros for 2020)².

In relation to its 2019-23 growth plan, WDP confirms its stated target of EPRA Earnings per share of at least 1.15 euros in 2023 on the basis of further portfolio growth at a rate of 10% per year to over 5 billion euros in 2023².

² These profit forecasts are based on the current situation, barring presently unforeseen circumstances (such as a substantial deterioration in the economic and financial climate and/or the demand for logistics real estate), and a normal number of hours of sunshine.



MORE INFORMATION



WDP NV/SA
Blakebergen 15
1861 Wolvertem
Belgium

www.wdp.eu
investorrelations@wdp.eu

Joost Uwents
CEO

M +32 (0) 476 88 99 26
joost.uwents@wdp.eu

Mickael Van den Hauwe
CFO

M +32 (0) 473 93 74 91
mickael.vandenhauwe@wdp.eu

WDP develops and invests in logistics property (warehouses and offices). WDP's property portfolio amounts to around 5 million m². This international portfolio of semi-industrial and logistics buildings is spread over around 250 sites at prime logistics locations for storage and distribution in Belgium, France, the Netherlands, Luxembourg, Germany and Romania. More information about WDP can be found at www.wdp.eu.

WDP NV/SA – BE-REIT (public regulated real estate company under Belgian law).
Company number 0417.199.869 (Register of legal entities of Brussels, Dutch section)