Invest in Belgium

A guide for property investment 2016
As capital of Europe headquartering the European Commission, the European Parliament and other related institutions, Brussels is the eighth largest European office market in terms of stock and attracts international investors looking for predictable cash flow. Brussels and Belgium are stable markets, having encountered neither boom, nor crashes. Such markets are suitable for long term investors and also more opportunistic investors looking for comparatively higher yields.

Yearly investment volumes in recent years range between € 3 and € 4 bn, and yields for most type of assets trade at a premium compared to neighbouring countries. As such, Belgium represents a credible alternative for property investors looking for yields with risks under control.

Jean-Philip Vroninks
JLL
Head of Capital Markets BeLux
On the top of the investor’s agenda are the robustness of cash flows and the underlying parameters in combination with the quality of the location and tenants. Belgium offers a wide variety of opportunities and could bring a diversification in the global investors’ asset portfolio. Local knowledge and a qualitative process will scratch the surface of the investment’s real issues and potential.

We are pleased to announce the publication of our joined ‘Why invest in Belgium’ brochure, a reference manual designed for those investors who are new to our market. We provide an overview of the Belgian’s economy and principal real estate submarkets as well as looking in closer detail at the other transaction aspects regarding real estate investments.

Tristan Dhondt
EY
Partner Real Estate Advisory Services BeNe
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The Belgian property market

Is your biggest risk the one you can't see coming?

The better the question. The better the answer. The better the world works.
The office market

The office market in Belgium is dominated by Brussels, which as administrative and economic capital of the country as well as of the Flemish region, represents 60% of the total stock and 64% of total take-up. There is an active market in several Flemish cities and to some extent also Walloon cities with regular occupier transactions as well as investment transactions.

Brussels

5 Key characteristics

▷ One of Europe’s largest office market
  With 13.1 million sq.m. stock, Brussels ranks 8th in Europe and 7th in Western Europe. Brussels’CBD alone totals 8.3 million sq.m.,

▷ Predictable cash flows
  limited movements in rental values for Grade A properties in prime locations,

▷ Two speed market
  1. CBD with important transaction flow by administrations (Belgian federal, regional and local, European institutions and related bodies), medium-to-low vacancy and market balanced between tenants and landlords,
  2. outside CBD dominated by corporate demand, thus impacted by economic climate, higher vacancy than CBD, differential between face rents and economic rents, market more favourable to tenants,

▷ Long term and conservative ownership
  at least 60% of the office stock is owned by insurers, REITs, pension funds, either Belgian or international. In downturn periods such as the years following the financial crisis, very limited distressed sales were recorded.

▷ Complex legislation
  urban, environmental and tax legislation makes acquisition / sales / development processes comparatively long vs. other European cities.
### Key market indicators Brussels

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010-2014 average</th>
<th>2015</th>
<th>2016 Outlook vs. 2015</th>
</tr>
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<tr>
<td>Stock million sq.m.</td>
<td>13.2</td>
<td>13.1</td>
<td></td>
</tr>
<tr>
<td>Take-up Total (sq.m.)</td>
<td>400,000</td>
<td>299,000</td>
<td></td>
</tr>
<tr>
<td>Vacancy Rate (%)</td>
<td>10.9%</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>Vacancy CBD</td>
<td>6.6%</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>Vacancy Outside CBD</td>
<td>18.3%</td>
<td>17.2%</td>
<td></td>
</tr>
<tr>
<td>Prime Rent (€/sq.m./yr)</td>
<td>285 - 300</td>
<td>275</td>
<td></td>
</tr>
<tr>
<td>Investment volume (€ million, all assets except residential)</td>
<td>1,136</td>
<td>1,556</td>
<td></td>
</tr>
<tr>
<td>Prime office yields</td>
<td>5.75% - 6.5%</td>
<td>5.35% - 6.0%</td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL Research

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The Brussels office market

Source: JLL Research
CBD and non-CBD locations: a two tier market

There is a clear distinction to be made between the CBD locations, with low vacancy and active occupier activity from administrations (local and European), and non CBD locations mainly driven by corporate activity and to some extent international administrations (embassies), with higher vacancy and where demand is linked to cyclical swings.

The Central Business District (CBD) primarily comprises the historic core of Brussels with the worldwide famous Grand’Place, as well as its immediate extensions to the North, South and East. It is well served by public transport, especially train, metro, underground tramway though accessibility by car is not easy since Brussels is rated as one of the most congested cities of the world.

We subdivide the CBD in 5 districts:

- The Pentagon (City Centre) which is the traditional location of Belgian Federal administrations, unions, mutualities, banks and insurance companies like BNP Paribas Fortis, Allianz, AG Insurance and in 2017 AXA. Several international law firms also have their headquarters in the Pentagon, mainly at a walking distance from the Court of Justice, like Jones Day and Linklaters for example. The biggest concentration of offices is around the Central Station (near the Grand’Place) as well as around the De Brouckère square as these have outstanding multimodal connections by public transport.

- The European District, also known as its historic name “Leopold district”, is the core of the European institutions in Brussels, with the well-known Berlaymont building at its centre. The district also hosts banks like ING and Degroof Petercam, some multinational corporates like Total, lobbyists and several embassies (Austria, UK, Germany, etc.). The European district is also the largest office district in size and one of the most active on the letting market, the European institutions are the natural candidate for most of the office developments in excess of 10,000 m².

- The Louise district is developed around the Avenue Louise, a prestigious avenue sometimes compared to Paris’ Champs Elysées, with mid-size offices, historically with many law firms. The area still counts numerous town houses, and its “green” aspect (the Bois de la Cambre / Terkameren Bos starts at the edge of the avenue) is appreciated by tenants. This district has been shrinking in size over the last few years and reconcentrating on the main axes, primarily the Louise Avenue itself, properties outside of these areas are being largely converted into residential. The absence of a metro line is sometimes considered by occupiers as an issue, though several tramway lines on separate lanes ride along the avenue Louise, linking the end of the avenue towards the centre.

- The North district has been developed since the 1970’s seventies in several phases. The average height of office buildings is considerably higher than the rest of Brussels with many towers. Main tenants are Flemish administrations, some Federal administrations and large corporates like Engie / GDF Suez, Proximus and BNP Paribas Fortis. Recently, the North district expanded to the West, along the canal, on the Tour & Taxis site, next to the headquarters of KBC Bank which has been located in the area for about two decades. The Tour & Taxis site is a former industrial area, with a freight train terminal from the 19th century, and which has been transformed to a new hub for administrations (federal and regional), with retail and event facilities. There is an important pipeline of new developments close to the North station, at this stage none will be started at risk despite the current low level of vacancy.

- The South district was developed around the South station. This is a limited office area, favoured by federal administrations and the national rail company. There is a minority of corporate occupiers.
Outside CBD: Decentralised

Decentralised areas are the office zones outside the CBD but within the political boundaries of Brussels Capital Region. These are mainly concentrated along the boulevards crossing residential areas in the communes of Evere, Woluwe St Lambert, Woluwe Saint Pierre, Auderghem, Watermael Boitsfort at the East and the communes of Anderlecht, Forest or Berchem St Agathe at the West.

Public transport lines are adequate in some communes like Woluwe, Anderlecht, Evere, Berchem St Agathe and Auderghem, but are not sufficient in other subareas like Uccle and Jette, implying that the use of a car is necessary to go to work.

Typical tenants are corporates, though the European Commission occupies c. 150,000 sq.m. in this district, as well as some international administrations like embassies and the NATO. The vacancy has been structurally high for the last fifteen years, but the relative shortage of quality apartments fuelled a very strong trend of converting empty offices into residential. The trend in vacancy is now clearly downwards as a result.

Outside CBD: The Periphery

The Periphery is located outside the political boundaries of the Brussels Capital Region, ie in Flanders and in Wallonia, but is part of its economic hinterland. The largest submarkets are the North East in Zaventem and Diegem (around Brussels Airport) and the South in the communes of Wavre, Braine l’Alleud and Waterloo. Historically, peripheral locations attracted business parks, but since the early 2000s properties are larger and comparable to office buildings in the decentralised district.

The Flemish communes of the Periphery do not tax offices in the same way as Brussels communes and Brussels regional government. Cost of occupation in Flanders is consequently substantially lower than in Brussels on the fiscal side, as well as on the rental side. Due to high vacancy, the rental values are 10-20% below those of Brussels decentralised. This cost differential has lead to waves of corporates to leave Brussels for the periphery, starting in the nineties with the big audit names (KPMG, PwC, EY and Deloitte) followed more recently by other multinational corporates like Levi Strauss, AON, Kone, and more.

Most areas in the Periphery are situated along the ring road of Brussels. Until recently the availability of public transport connections was not considered as an important criteria since the accessibility by car was supposed to be easy, however the traffic congestion on the ring road at peak hours changed this perception, and occupiers favour new locations close to a train station or the airport. For example, Deloitte and KPMG will both move to a new headquarters currently under construction on Brussels Airport terminal, which means that they will have immediate access to flights and train with an excellent service.
The European (or Leopold) district
Source: JLL picture - copyright Alexandre Laurent

The importance of the European institutions in Brussels

Brussels is the capital of Europe, hosting the European Commission, the Council of Ministers, the European Parliament and several agencies. Altogether, European institutions occupy c. 1.7 million m² in Brussels, i.e. 13% of the total office stock in Brussels, 85% of which in the European district. Next to institutions, lobbyists, law firms and countries’ representations play an active role. With an average yearly take-up representing 10 to 12% of total take-up, European institutions have a smoothing effect on office demand in Brussels. Nowadays, about 80% of the transactions made by European institutions are replacement demand of obsolete or too small buildings. By the end of the decade, additional replacement demand is estimated at 100,000 sq.m, 50% of which in 2016. It is however likely than the European institutions’ footprint in Brussels will decrease overtime since they start implementing new ways of working with open space and potentially in the future desk sharing. They now focus on large and energy efficient properties. Leases of the European Commission and agencies are typically usufruct contracts, with 15 years maturity, while until recently the European Parliament preferred to purchase its buildings. Properties leased by European institutions have predominantly institutional ownership, either Belgian or international.
See the world differently.
This is The Edge

Whether you’re looking to navigate volatility or searching for sustainable income, JLL offers new ways of thinking which combine financial expertise with unparalleled market knowledge to give you The Edge.

Jean-Philip Vroninks *
European Director,
Head of Capital Markets Belux
Jean-Philip.Vroninks@eu.jll.com
+32 (0)2 550 26 64
*Ryan gnv
Future developments
new public transport,
new development areas and
the pedestrian zone

- Brussels is reputed as being one of the most congested cities in Europe, after London. As an answer, new public transport lines are being created, the first being an express train line between Schuman (core of the European district) and Brussels Airport, opening in April 2016. Longer term, a new metro line from the centre to the Northern suburbs will be created, totalling 7 new stations coming into operation in the end of next decade. Extensions to existing tramway lines are in progress, opening 2017-2018.

- From the summer 2015, the municipality of Brussels decided to transform a large part of the boulevards crossing the centre of the city into pedestrian zone. The analysis of the retail and office market in the 8 months test phase that ended 29/2/2016 will probably result in fine tuning of the final implementation of the project.

- Redevelopment of the canal zone: as part of the Tour & Taxis project, the northern part of the canal zone is being redeveloped for a few years, with a new large shopping center called Docks as well as large size offices (a part being completed the last 5 years), event halls, new residential areas, retail facilities, and longer term a new museum of contemporary art.
Performance of the Brussels office market in 2015 and outlook for 2016

Occupier demand / take-up subdued in 2015, higher volumes expected in 2016

The occupier market was subdued in 2015, with a take-up of just under 300,000 sq.m., ie 29% below 2014. This resulted from delayed transactions by European institutions (no deal above 15,000 sq.m. has been recorded for the first time since 1998) and the general weak market sentiment of corporate occupiers. 2016 is expected to be much better with at least 3 transactions by European institutions (10-15,000 sq.m each) as well as large size transactions by local government, but with limited amount of corporate transactions above 5,000 sq.m. A take-up ranging between 350,000 and 375,000 sq.m. can be expected for 2016.

Investment activity: high volumes in 2015-2016

Investment volume in 2015 in Brussels, all asset classes together except residential, was € 1.5 bn, up vs. a 5 year average of € 1.1 bn, with several transactions above € 100 Mln like the sale to Befimmo of the Gateway (future HQ of Deloitte, on Brussels Airport terminal) and the sale to Schroders of the Bastion Tower (multilet, European district). The investor base is very international, with Asian, US and UK funds taking the biggest volumes. 2016 is poised to be outstanding with three large size office buildings being sold as well as two shopping centers / galleries.

Office yields have been compressing for about two years, 5% or even below being expected in H1 2016 from 5.35% end of 2015. Properties with long term leases (15 years or more) trade between 4% and 4.5%, down from above 5% 2 years ago.

Restricted future supply, vacancy trends to 15 years low

Vacancy is trending down in Brussels as on the one hand 80% of completions are non-speculative and on the other hand a portion of the obsolete vacant stock is being converted into residential or other uses (schools, hotels or retirement homes). At the end of 2015, the vacancy rate in Brussels as a whole was 9.7%, while in the CBD it was 5.4% and in non CBD it was 17.2%. With the closing of the above mentioned transactions by Europe and local administrations, vacancy as a whole will drop to 9.2% and to 5% in the CBD, both being 15 years lows.

Development activity is highly risk-adverse: out of the 471,000 sq.m. currently in construction / renovation, only 20% is speculative and almost exclusively concentrated on CBD locations.

Rental values: economic rents to increase from 2016

Rental values decreased in recent years and stabilised in 2015. Prime rent range between € 200 and € 275 / sq.m. / year in CBD locations and between € 145 and € 190 / sq.m. / year in non CBD locations. Incentives can be important, especially in non CBD locations. Given the falling vacancy, economic rents in CBD locations started increasing on best buildings.
## Flanders

<table>
<thead>
<tr>
<th>Key market indicators Flanders</th>
<th>2010-2014 average</th>
<th>2015</th>
<th>2016 Outlook vs. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock million sq.m.</td>
<td>5.5</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Take-up Total Flanders ('000 sq.m.)</td>
<td>198</td>
<td>216</td>
<td></td>
</tr>
<tr>
<td>Take-up Antwerp ('000 sq.m.)</td>
<td>95</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Take-up Ghent ('000 sq.m.)</td>
<td>35</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Vacancy Rate Antwerp (%)</td>
<td>11.8%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Vacancy Rate Ghent (%)</td>
<td>n/a</td>
<td>5.2%</td>
<td></td>
</tr>
<tr>
<td>Prime Rent (€/sq.m./yr)</td>
<td>125 - 145</td>
<td>130 - 155</td>
<td></td>
</tr>
<tr>
<td>Investment volume (€ million, all assets except residential)</td>
<td>837</td>
<td>2,061</td>
<td></td>
</tr>
</tbody>
</table>

*Source: JLL Research*
The office market in Flanders has sharply expanded over the last decade. Until recently the principal office market was Antwerp, that benefits from the economic activity around the harbour, and which is one of Europe's largest ports. Over the last five years Ghent proved very dynamic by offering the right products at the right place at right time and outperformed Antwerp in terms of occupier demand growth rate. Leuven, Mechelen and to some extent Hasselt and Aalst are also active markets. In Flanders overall, the office stock is estimated at 6 million sq.m., of which 2.1 million in Antwerp, 1.3 million in Ghent, 465,000 in Mechelen and 435,000 in Leuven.

### Occupier demand / take-up

Occupier demand in Flanders is largely focused on Antwerp (45% of take-up in 2011-2015) and Ghent (18%), the other main cities recording lower level of take-up, sometimes with large one-off deals by administrations or to a lesser extent corporates. In Flanders overall, corporates represent on average 86% of total take-up (2011-2015 period), and administrations (regional, provincial or municipal) 14%. International administrations like embassies have no to marginal activity, focusing on Brussels as sole location.

The yearly take-up in Antwerp is on average 95,000 sq.m., declining in 2014 and 2015 to 85,000. Ghent scores lower at 35,000 sq.m. on average per year, but increased in 2015 to 50,000 sq.m.

### Vacancy and future supply

As many other cities, Antwerp suffers from traffic congestion in its centre, partly compensated by a premetro network. Most of the recent to new developments are either close to the central station or in the suburbs and Ring (Berchem) as a result. Vacancy in Antwerp is structurally high ranging between 10 and 12% over the last 5 years. As is the case in Brussels, the conversion trend is strong in Antwerp, so a part of the structural vacancy may decrease that way.

### Rental values

Prime rents in Ghent are € 155 / sq.m. / y, ie the highest level in Flanders and having followed a rising pattern over the last 5 years with a c. 10% growth. In Antwerp, prime rents are stable at € 145 / sq.m. / year, this stability being related to the structurally high vacancy. In Leuven, rents increased by 3.5% in 2015 to € 150 / sq.m. / y, as vacancy is drying up in the Centre. Mechelen having a relatively high vacancy rents have been flat for 4-5 years at € 140 /sq.m. / year.

### The investment market

2015 was a record year for property investment in Flanders, with the sale of CBRE Global Investors’ Celsius portfolio, comprising 50% of the Wijnegem Shopping Center (Belgium’s largest shopping center) and the Waasland shopping center. It was acquired by the Chinese fund CIC and AEW for € 825 Mln.

The office segment of capital markets activity is regularly boosted by large transactions, the most recent being the sale of the VAC Gent (HQ of the Flemish Community) to AG Real Estate end of 2014 (€ 145 Mln) and the sale, also to AG Real Estate, of the Kievitplein, partly occupied by the Flemish community (€ 198 Mln). Prime office yields in Antwerp, Ghent and Mechelen range between 6.25% and 8% for a traditional lease term, with long term leases trading between 4.75% and 5.5%.
## Wallonia

### Key market indicators Wallonia

<table>
<thead>
<tr>
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<th>2010-2014 average</th>
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<th>2016 Outlook vs. 2015</th>
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<tbody>
<tr>
<td>Stock million sq.m.</td>
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<td>1.5</td>
<td></td>
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<tr>
<td>Take-up Total (sq.m.)</td>
<td>30,285</td>
<td>20,755</td>
<td></td>
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<tr>
<td>Vacancy Rate Liège (%)</td>
<td>n/a</td>
<td>2.8%</td>
<td></td>
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<tr>
<td>Vacancy Rate Namur (%)</td>
<td>n/a</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>Vacancy Rate Charleroi (%)</td>
<td>n/a</td>
<td>10.7%</td>
<td></td>
</tr>
<tr>
<td>Prime Rent (€/sq.m./yr)</td>
<td>125 - 160</td>
<td>130 - 160</td>
<td></td>
</tr>
<tr>
<td>Investment volume (€ million, all assets except residential)</td>
<td>191</td>
<td>614</td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL Research

The Walloon office market totals approximately 1.5 million sq.m., of which 650,000 sq.m in Liège, 450,000 sq.m. in Namur and 285,000 sq.m. in Charleroi (figures include suburbs). Liège is undoubtedly the economic capital of Wallonia and attracts most of the private sector demand. As Namur is the administrative capital of Wallonia, most of the regional administrations are located in that city, thus explaining the relatively large size. Charleroi and its suburbs (primarily close to the Brussels South airport) also has an active market.

### Occupier demand / take-up

Overall, Wallonia is however a much quieter market than Flanders and Brussels, with on average 24 transactions per year. In 2015, take-up amounted to 20,755 sq.m., compared to an average of 30,285 sq.m. over the preceding 5 years. 57% of the total take-up over the 2011-2015 period was made by corporates or SMEs, vs. 43% by administrations.

### Vacancy and future supply

Vacancy in Liège and Namur is very low, at respectively 2.8% and 3.5%, as speculative development activity has been on hold over the last five years. In Charleroi, vacancy is structurally high and concentrated on the business parks around the airport. In Liège, a few new developments are scheduled around the Guillemin station, with completion date between 2018 and 2022.

### Rental values

Prime rental values in Wallonia range between € 130 / sq.m. / y (Charleroi) and € 160 / sq.m. / y (Namur), Liège being in between at € 145 / sq.m. / y. While rents in Namur and Charleroi are fairly stable, we observe a consistent increase in Liège (+11% in 5 years).

### Investment market

The investment market in Wallonia is relatively illiquid as far as offices are concerned, however retail investment was particularly active in 2015 with the sale of the Galeries Saint Lambert shopping center as well as the sale of the Espace Sain Michel shopping galery. In 2016, another shopping center is expected to be sold, the Mediacité. A part from shopping centers, the investor base is primarily local, with limited foreign ownership.
Brussels hotel market

Brussels is the capital, cultural and economic center of Belgium. The city is home to the Belgian monarchy which, along with its palace, attracts a large number of visitors every year. Brussels is also known for its political and administrative influence and is home to many international organisations and institutions such as NATO and the EU. This has led to the Belgian capital becoming a leading international business city characterised by a large international community.

Leisure tourism has historically been subdued due to a lack of general tourist appeal, however, Brussels has become a popular European short-break destination, underpinned by slow but robust growth in international visitor numbers.

Ranked second worldwide and first in Europe as an international meeting destination by the Union of International Associations, Brussels forms a perfect conference hub. Brussels hosts many international associations and EU institutions and therefore ranks very high in terms of MICE (Meetings, Incentives, Conferencing, Exhibitions) demand.

The hotel market includes c. 207 hotels totalling c. 20,979 rooms. The room stock is dominated by branded hotels, which make up 68% of total supply. 39% of branded rooms are in the upscale market. As of January 2016, the development pipeline included seven hotels with 918 rooms.

In November 2015, hotel trading was disrupted when the maximum terror threat level was announced following the attacks in Paris. As the warning was lifted Belgium continued to struggle to attract visitors. Nevertheless, Brussels Airport reported an overall increase of 6.9% reaching 11.6 million arrivals in 2015. In 2015, Brussels reported a 1.4% RevPAR growth to €92, driven by a 3.8% increase in average rates to €134, while occupancy fell 2.2% to 68.6%. The decline in occupancy was mainly due to the terrorism alert in November.

Despite the disrupting events in November, which caused hotel performance to also suffer throughout December, the future outlook for the hotel market in Brussels is positive. By further enhancing its positioning as a top conference destination, the city aims to attract 10 million overnight visitors by 2020, from 6.5 million in 2014. Additionally, leisure demand is increasing, although at a lower rate when compared to other European cities. The Belgian capital continues to be perceived as a safe-haven for investors and it is expected that investment activity will increase throughout 2016.

Source: JLL picture - copyright Georges De Kinder
The Belgian retail property market

Belgium has a total retail stock of approx. 18.5 million sq.m. for 11.2 million inhabitants. High streets represent approx. one third of the stock. With only just above 1 million sq.m. of shopping centres, this is the smallest segment in Belgium. The relatively low shopping centre stock is compensated by the huge stock of retail warehousing units and parks, which are mainly located along the extensive road networks in the periphery of Belgian cities and offer ample and free parking facilities.

Brussels downtown

The main high street in Brussels Downtown is the Rue Neuve, with a weekly average footfall of over 300,000. It is located within walking distance from the historical town centre, in a pedestrian retail zone that extends from the Grand-Place to the City 2 shopping centre. The redevelopment of historical shopping centres such as The Mint and Galeries Anspach are extending the retail pull from the Rue Neuve further south to Rue des Fripiers. Brussels Downtown features larger mainstream international and national retailers such as Zara, Mexx and H&M. Other shopping destinations are the Sablon, with a high-end furniture and antiques offer, and the Rue Dansaert which focuses on trendy fashion and design. Prime rents in Brussels Downtown vary from €650/sq.m./year for the rue Dansaert to over €1,000/sq.m./year on the Sablon and a top prime rent of €2,000/sq.m./year for the Rue Neuve.
Brussels is Belgium’s capital city with a population of 1.17 million and the main workplace for the European institutions. The city ranks 18th in JLL’s retailer attractiveness index for Europe. The retail scene is characterised by a very diverse consumer market that includes a large expatriate community from all parts of Europe and many international tourists. As such, the city is often used by international retailers to test the launch of new brands or concepts, and the city’s international appeal continues to grow. International brands such as Apple, Marks & Spencer and Dolce & Gabbana have all recently chosen to open a store in Brussels. The main high street market in Brussels is concentrated in two prime areas, Brussels Downtown and Brussels Uptown.

Apart from the high street retail, Brussels also offers 4 large shopping centres: the Woluwe shopping centre in the eastern periphery, City II on the Rue Neuve, and two smaller peripheral shopping centres Westland and Basilix. A new shopping centre, Docks Bruxsel, will be the first new shopping centre in Brussels in over 25 years. It will open in October 2016 and marks the revival of an old inner city district along the Canal. The prime rent for shopping centres is €1,600/sq.m./year and applies to the Woluwe Shopping Centre in Brussels and the Wijnegem Shopping Centre near Antwerp.

**Brussels Uptown**

Brussels Uptown is a pleasant residential area with bars and restaurants and comprises Avenue Louise, Avenue de la Toison d’Or and Boulevard de Waterloo. The zone houses many premium and luxury brands. The Chaussée d’Ixelles which also forms part of Brussels Uptown and has the second highest footfall in Brussels after Rue Neuve, approx. 218,000 in an average week. Avenue Louise houses mainly premium brands such as Michael Kors and Twin-Set, a Galeria Inno department store and the Galerie Louise, with a number of horeca facilities on its adjoining streets. The Avenue de la Toison d’Or houses brands such as Tesla, Karl Lagerfeld, & other Stories and has benefited from the recent delivery of Le Toison d’Or, a new mixed development with flagship stores of Apple, Marks & Spencer, Zara and Bodum on the ground floor. The Boulevard de Waterloo houses many luxury retailers such as Tiffany & Co, Dolce & Gabbana and in the near future also Prada. Prime rents in this zone vary from €1,100/sq.m./year on the Chaussée d’Ixelles to €2,000/sq.m./year on the first part of the Avenue Louise.
Antwerp

Antwerp ranks 21st in JLL's European Retail Attractiveness index. It is Belgium's fashion capital and hosts the MoMu fashion museum, Mode Natie, the Flanders Fashion Institute and the Fashion Department of the Royal Academy of Fine Arts. The city houses shops of famous designers such as Walter Van Beirendonck, Dries Van Noten and Ann Demeulemeester, all part of the famous “Antwerp Six”. Antwerp is also Europe’s second largest port and one of the largest centres of diamond trade in the world. The footfall on the Meir on an average Saturday reaches 93,000, the highest in the country. Antwerp is a tourist destination thanks to its zoo and its old town centre. The main high streets in the centre are the Meir and the network of adjacent streets such as the Schuttershofstraat, the Huidevettersstraat, Wilde Zee, the Nationale Straat and the Kammenstraat. It also boasts 3 in-town shopping centres: the Stadsfeestzaal on the Meir, the Grand Bazar and Den Tir. Just outside of town the Wijnegem shopping centre is one of the two prime shopping centres in the country.

Demand for prime retail space from international brands remains high throughout all segments, whilst secondary and tertiary cities attract less demand, causing downward pressure on prime rents in those locations. Globally vacancy amounts to approx. 10% with a clear discrepancy between prime locations where vacancy is virtually nil and outside prime retail zones, where the vacancy can be high. Rental values for the prime high streets have risen recently, from €1,850/sq.m./year to €2,000/sq.m./year, whilst rents in secondary cities decreased up to 23%.

An annual average of 175,000 sq.m. was delivered in the last five years, mainly retail warehousing schemes, often older industrial sites and former individual units being reconverted or extended into retail parks. The project pipeline continues to look promising with prime shopping centres under construction such as Docks Bruxsel (49,000 sq.m.), Rive Gauche in Charleroi (35,000 sq.m.), the extension of Les Grands Prés in Mons (6,000 sq.m.) and Turnova (sq.m.), an inner city shopping centre in Turnhout. Looking further ahead,
two other large new shopping centres are planned in the Brussels area, Uplace in Machelen (72,000 sq.m.) on the northeastern periphery and the Mall of Europe in the north of Brussels (80,000 sq.m.), part of the redevelopment of the Heysel platform, but their timing remains to be confirmed.

As far as the investment market is concerned, the market is booming and 2015 was an exceptional year. The excellent performance of the market throughout the year resulted in a record investment volume of € 2.1 bn for the year, retail thus becoming the first asset class before offices. The exceptional portfolio transaction involving the sale of Waasland Shopping Centre and 50% of Wijnegem Shopping Centre for an estimated total of €825 Mio was by far the largest of the year. More than half the annual volume was invested in shopping centres, with high streets and retail warehousing representing close to one quarter of the volume each. Buy-side was dominated by institutional investors, REITs and private investors in the smaller categories. Yields compressed in 2015 to the current levels of 3.75% for high street retail, 4.25% for prime shopping centres and 5.75% for retail warehousing. As a result of the huge appetite from investors, the trend remains downward.

Key market indicators

<table>
<thead>
<tr>
<th>Market conditions</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer confidence (NBB/BNB)</td>
<td>-12</td>
<td>-3</td>
<td>+9</td>
<td></td>
</tr>
<tr>
<td>Retail Sales Vol. Inex* (Eurostat)</td>
<td>103.25</td>
<td>101.56</td>
<td>-169 bps</td>
<td></td>
</tr>
<tr>
<td>Occupier market</td>
<td>2014</td>
<td>2015</td>
<td>Change</td>
<td>Outlook</td>
</tr>
<tr>
<td>Take-up · Q4 (sqm)</td>
<td>129.600</td>
<td>136.000</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Take-up · YTD** cumulative (sqm)</td>
<td>340.700</td>
<td>385.500</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Completions · YTD** cumulative (sqm)</td>
<td>198.500</td>
<td>159.000</td>
<td>-20%</td>
<td></td>
</tr>
<tr>
<td>Prime Rent (€/sqm/year)</td>
<td>1.850</td>
<td>2.000</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Investment market &gt; 2.5 MEUR</td>
<td>2014</td>
<td>2015</td>
<td>Change</td>
<td>Outlook</td>
</tr>
<tr>
<td>Investment volume cumul. (MEUR)</td>
<td>588</td>
<td>2.085</td>
<td>257%</td>
<td></td>
</tr>
<tr>
<td>Prime Yield % · high street</td>
<td>4.00</td>
<td>3.75</td>
<td>-25 bps</td>
<td></td>
</tr>
<tr>
<td>Prime Yield % · shopping centres</td>
<td>5.00</td>
<td>4.25</td>
<td>-75 bps</td>
<td></td>
</tr>
<tr>
<td>Prime Yield % · retail warehousing</td>
<td>6.00</td>
<td>5.75</td>
<td>-25 bps</td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL Research
The 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%, and 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.

Demand for logistics space dipped in 2015 with a take-up volume of 483,000 sq.m., 13% down on 2014 and 19% down on the 5-year average. Build to suit projects dominate take-up. With 40% of the transacted volume, the Antwerp-Brussels axis remains the prime logistics axis in Belgium. The largest logistics transaction of 2015, however, was registered on the Antwerp-Limburg axis, a build to suit project of some 55,000 sq.m. for Mobis Parts in Beringen currently under development by Goodman.

Looking forward, demand for logistics might improve as the results of emerging supply chain solutions for upcoming e-commerce activities in Belgium become visible in the market. The recent transactions with City Depot, Bubble Post and others are proof of the increasing importance of city distribution centres, driven by consumer-centric demand. Another new trend thanks to the technological evolution is the construction of automated high-bay warehouses, such as the distribution centre of Nike Europe in Limburg, on the E313 axis.
Globally vacancy amounts to maximum 5% with virtually no vacant space in the prime logistics region around Brussels. Vacancy levels are expected to remain low, at less than 1% in the Brussels Capital Region and below 4% nationally.

An annual average volume of 319,000 sq.m. was developed in the past five years, mainly non-speculatively. In line with demand, development dipped in 2015, with the delivery of only 127,000 sq.m. Developers remain cautious, particularly in the logistics market segment, where non-speculative development will continue to dominate the market in the near to medium term. The lack of immediately available new property, particularly in the category above 20,000 sq.m., will limit take-up volumes.

Prime rents for logistics space vary from €36/sq.m./year in Wallonia to €55/sq.m./year in the logistics prime region in the northeastern periphery of Brussels, near the airport.

Investment in logistics was high in the past few years, with a buoyant €295 million recorded in 2015, up 93% on 2014. The volume would have been even higher if more product had been available, given the huge appetite from both local and international investors. In 2015 buyers were mainly local Belgian REITs (49%), whilst international pooled funds from the USA and the UK were active in large portfolio deals and accounted for respectively 18% and 7% of the investment volume. Top-3 investors on the buy side were Belgian REITs WDP and Montea, with Logicor (Blackstone Group) in third position, thanks to one large portfolio acquisition. Developers (38%), corporates (27%) and institutions (18%) were dominant on the sell side. The largest investment transactions of 2015 were the acquisition by Logicor of the logistics portfolio of Axa for €60 million (9 properties), the acquisition of the 90,000 sq.m. distribution centre of DHL Supply Chain in Bornem by Belgian REIT WDP for €58 million, and the acquisition by another Belgian REIT, Montea, of the logistics hub of DHL Aviation at Brussels Airport for €30.5 million.

At the end of 2015 the prime yield for logistics properties stood at 6.50% for 6/9 year leases. Both indicators compressed 50 bps during 2015 due to the limited offer and high investor appetite. Demand from both international and national investors is expected to remain high, but investment volumes will be hampered by the lack of product, which will put additional pressure on yields.

<table>
<thead>
<tr>
<th>Key market indicators</th>
<th>Annual average 2010-2014 ('000 sqm)</th>
<th>2015</th>
<th>12 month outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take-up total ('000 sqm)</td>
<td>577</td>
<td>483</td>
<td></td>
</tr>
<tr>
<td>Take-up axis Brussels - Antwerp</td>
<td>302</td>
<td>192</td>
<td></td>
</tr>
<tr>
<td>Take-up axis Antwerp-Ghent</td>
<td>30</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Take-up axis Antwerp-Limburg-Liège</td>
<td>112</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td>Take-up Walloon axis</td>
<td>70</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Take-up Other Belgium</td>
<td>63</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Prime rent (€/sq.m./year)</td>
<td>€55</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Investment volume (MEUR)</td>
<td>128</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td>Prime yield</td>
<td>6.5%-7.5%</td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL Research
Developing your growth strategy involves choosing the right acquisitions to complement your organic growth.

The better the question. The better the answer. The better the world works.
Belgium has a favorable tax scene for real estate investments. The 33.99% standard income tax rate can be mitigated by tax deductions such as the notional interest deduction (1.13% tax deductions calculated on the total equity) and the investment deduction (up to 20.5% tax deduction of qualifying investments). Interest on (acquisition) debt is generally tax deductible, subject to standard deductibility rules and a generous thin cap provision (5/1 for loans to related companies or tax havens). The transfer of shares is not subject to registration duties - not even in case of a transfer of shares in a real estate company (subject to general anti-abuse provision) and capital gains on such shares may benefit from an exemption (except for a minimal 0.412% taxation). Regulated real estate companies benefit from a separate tax regime whereby these companies are only taxed on a minimal taxable basis, i.e. not based on their rental income or capital gains. In addition, an autonomous and well-performing advance ruling service is in place, which is in general business oriented while at the same time securing the application of Belgian tax law and anticipating on recent evolutions in the international tax scene (e.g. at EU and/or OECD level, including anti BEPS-initiatives). Finally, Belgium has a broad treaty network in place, avoiding double taxation in a cross-border context.

Acquisition

a. Real Estate Transfer Tax (RETT)
   - A RETT up to 10% (Flemish region) or 12.5% (Brussels and Walloon region) is due on the transfer value of the real estate (unless market value is higher), except if the sale is subject to VAT.
   - A reduced 2% RETT is due on the transfer/establishment of rights in rem (long lease or building right), except if the transfer/establishment is subject to VAT.
   - A reduced 0.2% RETT is due on the total value of rental agreements.
   - No RETT is due on the acquisition of shares (unless General Anti-Avoidance Rule (GAAR) would apply).

b. Value Added Tax (VAT)
   - In certain situations the sale of a new property must or can be subject to VAT.
   - The VAT rate is in principle 21% (for some properties a reduced rate of 6% or 12% may apply).
Ownership and operation of Belgian real estate

a. Local taxes

- Property tax (onroerende voorheffing/précompte immobilier)
  - Annual property tax is charged to all owners of real estate. Tenants do not pay this (unless contractually passed on to lessees depending on contractual provisions in the rental agreement).
  - Various exemptions apply, e.g. for non-profit (care, schools, etc.) or public owners
  - Calculated as a percentage on the fictitious rental income from real estate property (Cadastral revenue/ Kadastraal inkomen/ Revenue cadastral).
  - This percentage is a combination of the general regional rate (for Brussels, Wallonia and Flanders) and the local provincial and municipality rate. There is no harmonization, so the rates vary from region to region and from province/municipality to province/municipality.
  - The tax is chargeable to the owner of the property on 1 January of each year of taxation but this cost may be split over the old and new owner in case of a transfer (contractually).
  - Other local and/or regional taxes may apply (asset/location dependent)

b. Tax on rental income

- Income earned by Belgian companies (or foreign companies, with Belgian real estate for which taxation rights are allocated to Belgium following the applicable double tax treaty) from the rental of real estate is subject to corporate income tax:
  - The standard corporate income tax rate is 33,99%
  - Various tax deductions may lower the effective tax on real estate income:
    - Notional interest deduction (NID): tax deduction calculated on the adjusted company's equity - current rate is 1,131% (FY 2016)
    - Investment deduction: tax deduction on top of normal amortizations (up to 20,5%) on the acquisition of some specific categories of assets
    - Tax losses: unlimited carry-forward of tax losses (within certain limitations in case of e.g. tax neutral reorganizations and change of control which is not inspired by legitimate financial/economic needs - ruling case law available in case of transfer of ‘active’ real estate company).

- Regulated real estate companies (Gereglementeerde Vastgoedvennootschap - GVV / Société Immobilière Réglementée - SIR / bevaks/sicafis) benefit from a special tax regime whereby these companies are only taxed on some specific items (e.g. disallowed expenses and abnormal/gratuitous benefits) and therefore in principle not taxable on rental income or capital gains. However, exit tax at the rate of 16,99% is due at the moment they acquire/absorb a real estate company.

c. Depreciation of real property

- The depreciation of real property (other than land) is determined based on the useful economic lifetime of the asset. There is no deviation from this accounting principle for Belgian tax purposes. In practice, amortization rates of 3% for office buildings, houses and apartments and 5% for industrial buildings are generally accepted.
- Accelerated depreciation methods are available (e.g. double declining balance method).

d. Deduction of interest

- Interest on the acquisition of real estate (or shares in companies holding real estate) are generally tax deductible, subject to general provisions.
- “Thin capitalization ratio”: interest paid in excess of a 5:1 debt equity ratio on loans from tax havens or group companies is not tax deductible (exemptions available). Furthermore, specific thin capitalization rules apply for loans granted to a company by a director (including certain close relatives) of that company. The implementation in Belgian tax law of the OECD and EU anti-base erosion and profit shifting initiatives may result in additional debt/equity rules.
e. Withholding taxes
   • Dividend withholding tax
     - In principle 27%
     - An exemption applies for distributions to parent companies (participation of >10% held for at least 1 year) in countries with which Belgium has signed a qualifying double tax treaty (i.e. treaty should provide for exchange of information). Note that most of the approx. 100 treaties signed by Belgium are qualifying.
     - Other reduced rates and exemptions are available based on domestic tax law and/or the provisions of the double tax treaties
     - Dividend distribution may also trigger the so-called “fairness tax” to the extent profits are distributed which were not taxed due to the application of notional interest deduction or carried forward tax losses (tax is being challenged).
   • Interest withholding tax
     - In principle 27%
     - Reduced rates and exemptions are available based on domestic tax law (e.g. qualifying finance companies, qualifying holding companies, etc.), the EU Interest and Royalty Directive as implemented in Belgian tax law and/or the provisions of the double tax treaties

Exit

a. Capital gains on disposal
   • Capital gains on the realization of real estate by Belgian companies (or foreign companies, with Belgian real estate for which taxation rights are allocated to Belgium following the applicable double tax treaty) are subject to corporate income tax (see above – rental income). Spread taxation regime may be available for such gains, subject to conditions (a.o. limited to qualifying assets and reinvestment condition).
   • Capital gains on shares are taxed at a reduced rate of 0.412%, subject to conditions (a.o. subject to tax test and holding requirement of 1 year). This includes capital gains on shares in companies holding real estate (unless GAAR would apply). Any capital loss on these shares would generally not be tax deductible, except to the extent of loss of fiscally paid-up capital in case of liquidation.
   • Regulated real estate companies (Gereglementeerde Vastgoedvennootschap – GVV / Société Immobilière Réglementée – SIR / bevaks/sicafis) benefit from a special tax regime whereby capital gains on the realization of real estate are not taxable. However, exit tax at the rate of 16.99% is due at the moment they acquire/absorb a real estate company.
The acquisition process

Is selling the new buying?

The better the question. The better the answer. The better the world works.
The acquisition process should be viewed and considered in the context of the wider investment lifecycle including the acquisition / management / and disposal processes.

Among the various considerations that need to be taken into consideration, investors should pay particular attention to:
• Financing / Property management / Income stability;
• Commercial due diligence;
• Legal and tax requirements and incentives;
• Regulatory matters.

Acquisition of Belgian real estate

Real estate in Belgium may be acquired in either of two ways:
1. Directly: by purchasing the property (an asset deal);
2. Indirectly: by purchasing the Special Purpose Vehicle which owns the property (share deal).

The choice of either route will depend on:
• The assets to be acquired (single asset vs. a portfolio);
• Timing;
• The need to hold the assets through a dedicated vehicle (for tax purposes mainly);
• Tax treatment.

However, in each case, the acquisition process will be quite similar and the purchaser will need to complete detailed due diligence prior to acquiring the property / vehicle.
## Direct investment (asset deal)

<table>
<thead>
<tr>
<th>Identification of properties</th>
<th>Analysis</th>
<th>Letter of intent</th>
<th>Due diligence</th>
<th>Binding offer</th>
<th>Signing of either</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Selling agents instructed put the product on the market</td>
<td>Property visit and initial analysis</td>
<td>Submission of letter of intent (LOI) &amp; including a non-binding offer in order to be granted access to due diligence material via a data room</td>
<td>Completion of the due diligence on the property with commercial, legal, technical advisors (including inter alia the review of litigation, quality of occupancy and existing commercial leases)</td>
<td>Binding offer</td>
<td>• A binding sale and purchase agreement or • A direct sale</td>
</tr>
<tr>
<td>• Acquisition agent identifies potential properties either on or off market</td>
<td>Direct approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2: Acquisition process of a property - direct sale, EY**

- **Limited transfer of tax risks**
- **No transfer of deferred tax liabilities (capital gains taxation)**
- **Financing generally easier to obtain**

**Transaction generally more expensive for transfer tax purposes**
Indirect investment (share deal)

<table>
<thead>
<tr>
<th>Identification</th>
<th>Analysis</th>
<th>Letter of intent</th>
<th>Due diligence</th>
<th>Binding offer</th>
<th>Signing of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of properties</td>
<td>Property visit and initial analysis</td>
<td>Sending a letter of intent including a non-binding commitment to the seller and condition precedent if any</td>
<td>• The property, the occupancy of the premises</td>
<td>Binding offer</td>
<td>Signing of either</td>
</tr>
<tr>
<td>• Advisors putting together a teaser and information memorandum</td>
<td>• Shortlist made by sell side advisors</td>
<td></td>
<td>• Commercial due diligence</td>
<td></td>
<td>• An option agreement or</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Litigation</td>
<td></td>
<td>• an immediate binding sale and purchase agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Existing commercial Leases</td>
<td></td>
<td>• Execution of the transfer of shares</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The legal and tax status as well as the liabilities of the company</td>
<td></td>
<td>• Execution of the transfer of shares by a sale and purchase agreement</td>
</tr>
</tbody>
</table>

In principle, lower transfer tax costs
This kind of transaction allows acquiring several assets as a result of one operation
Quicker timing for transaction

Need to negotiate representations and warranties to cover the risks attached to the purchased entity
Financing more complex to structure.

Figure 3: Acquisition process of shares in a real estate company, EY
Our services
Real Estate services proposed by EY

In the current market where transactions are difficult to find, our clients rely on our blend of sector expertise and market experience to assist them in all stages of the transaction process. By working as an integrated team and being able to draw on professionals from tax, audit, assurance, legal and other dedicated real estate professionals across the globe, we ensure that innovative solutions are implemented to generate real value for our clients.

Valuation & Business Modeling

We are committed to delivering independent and objective valuation services. We offer the following real estate appraisal services:

- Appraisals of complex single properties;
- Appraisal of property portfolios for buyers, sellers, banks and advisors in accordance with national and international valuation standards;
- Development of real estate portfolio valuation models;
- Third party or client management appraisal reviews.

We offer real estate financial reporting appraisals and appraisal reviews, typically for:

- Transactions: providing value opinions as basis for transactions and Purchase Price Allocation (PPA);
- Review of annual accounts;
- Refinancing and risk analysis;
- Impairment testing/ fair value testing of real estate held: providing value opinions relating to the periodic impairment testing of real estate assets and relating to the fair value of held real estate investments for disclosure purposes;
- Fresh start accounting for companies emerging from bankruptcy.

Strategic Real Estate Advisory Services

With today’s global strategies and changing market environment, management of a company’s real estate portfolio or a real estate project is essential in order to enhance efficiency. We provide an integrated and holistic approach to Corporate Real Estate Management (CREM) with the aim to maximize corporate real estate’s contribution to shareholder value. Our strategic consultants offer a range of services for public and private entities, including the following:

- Analysis and optimization of real estate portfolios, organizational structures and property strategies;
- Development, implementation and enhancement of real estate strategies;
- Risk analyses and management;
- Real estate fraud investigation;
- Feasibility studies;
- Development of effective real estate concepts;
- Analysis of highest and best use;
- Preparation of business plans;
- Market study and industry analysis;
- Project audit.

When undertaking international expansion, companies need to select a location suited for their business. Our International Location Advisory Services (ILAS) team assists in finding an optimal location taking into account a company’s specific needs, the local business climate and real estate market, the cost and availability of qualified personnel, accessibility and local (tax) incentives.

We also support governments in their targeting strategy and policy formulation to attract inward investment and improve the quality of its investment climate. Our services include:

- Market entry research;
- Location screening, modeling and comparison;
- Property and site selection, negotiation and implementation;
- Grants and incentives negotiations;
- Site and facility acquisition support;
- Cluster analysis;
- City and regional marketing;
- Development of inward investment promotion strategies.
Transaction Real Estate Services

Real estate has been and will be one of the most important assets in the investment portfolio of institutional investors. Our experienced real estate professionals can help you to address several real estate issues ranging from debt restructuring and equity funding to real estate acquisitions and disposals. EY’s Transaction Real Estate Services include:

- Buy-side and sell-side advice: M&A strategies, transaction support, comparable data and market intelligence, identifying potential buyers pool, arranging investment/sales documents and memorandums;
- Fund advisory: fund structuring, portfolio strategy advice, structuring of alternative finance strategies, debt funds;
- Capital advisory: support in arranging equity or arranging debt for acquisition or refinancing of real estate funds, joint ventures, project financings, developments or entities owning real estate; debt/equity private placements; financing strategy and option appraisals;
- Investment management advisory: hold/sell analysis, exit scenario identification, review of investment management strategies;
- Due diligence: financial real estate due diligence for single assets, portfolios, loans, real estate companies and non-performing real estate loan collaterals;
- Real estate restructuring: development/identification of restructuring options, advice on the most appropriate enforcement method, (structured) sale & leasebacks, balance sheet optimization and outsourcing strategies.

Real Estate Project Finance and Infrastructure Finance

We offer you advisory services for large scale real estate projects in the development or construction phases, in particular as part of the preparation for or the execution of real estate or financing transactions. Our services include:

- Advisory services for large scale construction projects, including review of the project organization, cost monitoring, time scheduling, quality control, contract modifications and overruns (i.e., claim management), risk management and facility management;
- Advisory services for Public Private Partnership projects (PPP), in particular for the public sector during the initial set-up, development and tender phase of PPP-projects;
- Business planning and financial modeling for PPP and development projects;
- Procurement and evaluation advice;
- Privatization/corporatization advice;
- Infrastructure-related M&A.
Real Estate Tax Services

Our real estate tax services professionals help entities manage their real estate from formation and acquisitions over operation and/or restructuring to disposition. Our services include:

Formation and acquisition services
- Forming and structuring legal entities
- Cost segregation studies
- Purchase price allocations
- Structuring of taxable and non-taxable stock and asset purchases

Operations services
- Tax compliance for federal, regional and local returns
- Financial statement assistance
- Assurance on deal economics
- Jurisdictional and cross-border tax filings

Restructuring services
- Developing and monitoring processes to help achieve effective planning implementation
- Planning for debt workouts and restructurings
- Debt for debt, and debt for equity exchanges
- Preparation of restructuring-related filings and schedules

Disposition of assets services
- Tax-free exchanges or rollovers
- Corporate mergers and combinations
- Partnership formations, mergers and divisions
- IPOs, recapitalizations and spinoffs

Contact Details REAS
Real Estate & Infrastructure Advisory Services

Tristan Dhondt
Partner REAS BeNe
Tel: +32 2 774 60 17
Mob: +32 497 480 486
tristan.dhondt@be.ey.com

Lien Leirman
Executive Director REAS
Tel: +32 2 774 64 21
Mob: +32 478 88 30 47
lien.leirman@be.ey.com

Xavier Dethier
Executive Director REAS
Tel: +32 2 774 92 29
Mob: +32 476 286 927
xavier.dethier@be.ey.com

Karel Verzelen
Manager REAS
Tel: +32 2 774 62 71
Mob: +32 471 52 23 24
karel.verzelen@be.ey.com

Chiela Moens-Seynaeve
Manager REAS
Tel: +32 2 774 91 93
Mob: +32 470 25 66 57
chiela.moens-seynaeve@be.ey.com

Contact Details TAX

Saskia Smet
Partner Business Tax Services
Tel: +32 3 270 14 32
Mob: +32 475 54 80 68
Saskia.smet@be.ey.com

Bart Mesdom
Executive Director Indirect Tax
Tel: +32 3 270 13 96
bert.mesdom@be.ey.com

Dimitri Lemaire
Manager Business Tax Services
Tel: +32 3 270 46 56
Mob: +32 479 51 25 32
dimitri.lemaire@be.ey.com
JLL Services

Capital Markets

JLL, world leader in commercial real estate consultancy, assists owners in their selection and sales strategies for their assets (offices, retail and industrial property etc.) and works with Belgian and international investors to identify opportunities and transact acquisitions. Whether you’re considering the sale or acquisition of a single asset or a large real estate investment portfolio, our professionals use their financial and real estate acumen to achieve the optimum price, a speedy transaction and certainty of closing.

Leasing Agency

- **Offices.** The Office agency team advises clients about the leasing, renegotiation, sale, purchase and (re-)development of office buildings all over Belgium. The portfolio includes office solutions from 100 m² to 100,000 m² in second-hand buildings, refurbished and new office developments and projects. The Office agency is involved in most of Belgian major real estate developments, transactions and studies.

- **Industrial.** From City centre locations to out of town business parks, and manufacturing facilities to distribution warehouses, Jones Lang LaSalle’s Industrial Agency has an outstanding reputation in advising clients - both owner and occupier - on the development, sale, leasing and acquisition of their industrial property.

- **Retail.** Our network of specialists provides retailers and retail property investors in the world’s leading markets with dedicated retail and leisure experts working in all fields and blended in project teams to provide you with the very best knowledge, advice and action. Each market has its own characteristics, local knowledge and experience are key factors in our business.

Tenant Representation

JLL Tenant representation service aims to optimize the occupancy both for tenants and for owner-occupiers. Specialists, combining with wide knowledge of the rental markets, of occupancy and the technical features of properties advise their customers on the best options as far as relocation and/or optimisation of space is concerned.

Valuation & Consulting

JLL provides highly professional, integrated consulting services across the national and European territory, based upon the deep understanding of all the factors that contribute to determine an asset’s market value. Valuation liaises closely with the other departments to guarantee the most up to date information.

Property Management

JLL offers an effective and efficient Property Management service that will relieve landlords of all the daily problems inherent in real estate investment, making your portfolio as easy to manage as a stock investment.

Our expertise in tenant satisfaction, engineering services, security, energy management and sustainability practices helps you provide tenants a place they’re proud to call home for the long term.

Our Property Management services cover offices and shopping centers.
Project & Development Services

JLL ensures the coordination between the various participants-occupants, consultants and contractors- to deliver office space fitted out which respects planning laws, quality and budget.

We can share our unique experience with you in order to make your building more attractive, more functional and more profitable.

Tetris

Within the framework of ‘turnkey’ renovation of professional space, or of adapting your asset to the needs of the market, Tetris takes care of the fit-out works of your office space to let, integrating your requirements in terms of creating the highest value within your holdings, of financial profitability and of speed of marketing.

Knowledge Management

- **Marketing.** We aim at creating clear competitive advantage for our clients through the strategic use of accurate data, market intelligence and innovative thinking from around the world. To help creating the image of a property we develop letting boards, design brochures and dedicated websites, write and send press releases, organize events, and more.
- **Information Management.** Constant updating of an integrated real estate database to have full knowledge of all office buildings and tenants in order to advise our clients in the best possible way and to track market trends.
- **Research.** Produce an unrivalled perspective on current and future property markets conditions, designed to provide insights and practical interpretation to help our clients maximize value.

Contact Details

**JLL Capital Markets Belgium**

Jean-Philip Vroninks*
Head of Capital Markets BeLux
+32 (0)2 550 26 64
jean-philip.vroninks@eu.jll.com

Vincent Van Brée
National Director
+32 (0)2 550 26 65
vincent.vanbree@eu.jll.com

Adrian Glatt
National Director
+32 (0)2 550 26 28
adrian.glatt@eu.jll.com

Alim Vandeweyer
Associate Director
+32 (0)2 550 25 42
alim.vandeweyer@eu.jll.com

Alexander Vanheukelen
Key Account Manager
+32 (0)2 550 25 72
alexander.vanheukelen@eu.jll.com

**JLL Research Belgium**

Pierre-Paul Verelst
Head of Research BeLux
Tel: +32 (0)2 550 25 04
pierre-paul.verelst@eu.jll.com

Ann Vanderwegen
Senior Research Analyst
Tel: +32 (0)2 550 26 81
ann.vanderwegen@eu.jll.com
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About JLL

JLL (Jones Lang LaSalle) is a leader in real estate consulting. Our teams of professionals provide our clients with integrated services across the whole world. Our employees numbers more than 40,000 spread across 1,000 cities in 60 countries. Our employees assist clients with their real estate issues and respond to their needs at local, national and international levels. In order to respond to the specific needs of our clients and to a constantly shifting market, we have established teams of specialists who offer a full range of services. We base our analysis on a profound and pertinent knowledge and vision of the market and attach importance to diversity in the company, we always try to recruit, train and compensate the best persons. We develop long-lasting relationships with our clients, based on confidence and quality of service.

In Belgium, JLL has three offices, in Brussels, Antwerp and Namur. Our geographical coverage, allied with the diversity and range of our services in the offices, retail and industrial sectors, give our company a unique offering and unequalled expertise on the Belgian market.

For further information, please visit www.jll.be