



Association of  
Institutional Real Estate  
Investors in The Netherlands

# Recommendations for Annual Reporting

## IVBN

### IVBN Mission

The Association of Institutional Property Investors in the Netherlands (IVBN) was established in 1995 to promote the interests of its members, to provide a platform for institutional property investors and to further professionalism in the sector. To this end IVBN focuses on direct and indirect investment in property, concentrating on the actual bricks and mortar.

### IVBN Profile

The members

The members of IVBN include large pension funds, insurance companies, banks, and real estate funds and companies which may or may not be listed. On 1 January 2008 IVBN had 29 members who jointly represent more than € 50 billion investment in Dutch property and another € 50 billion abroad. The organisations affiliated to IVBN invest - both directly and indirectly - mainly in housing (approximately 43%), offices (approximately 24%) and retail outlets (approximately 28%). Furthermore they invest in industrial objects and other property, including car parks.

Approximately 140,000 homes are rented through IVBN members. With this they form the third largest party in the housing market after the housing corporations and private landlords. The commercial property mainly consists of office space (approximately 6 million m<sup>2</sup>), retail outlets (approximately 4.5 million m<sup>2</sup>) and industrial objects. This makes the institutional investors the primary lessor of commercial property in the Netherlands.

### Membership

Membership of IVBN is open to institutional property investors whose objective is sustainable commercial operation. The members include pension funds, insurance companies and banks, real estate funds and companies which may or may not be listed and professional portfolio managers who have a substantial direct

and/or indirect property portfolio. The minimum size of the investments in property in the Netherlands must be at least € 50 million. IVBN also has associate members; these are parties with an institutional character with an indirectly invested property portfolio worth at least € 250 million, of which a minimum of € 50 million is invested in property in the Netherlands. The Articles of Association and Internal Regulations can be found on the IVBN website.

The association works with an admission procedure, the primary condition is that members are institutional investors. New members must sign the IVBN Code of Ethics. This code of ethics governs careful and ethical dealings in the property investment sector. Part of this general code of ethics is that IVBN members also uphold an internal code of ethics for their directors and employees which governs what is considered to be good behaviour in the property sector. IVBN has drawn up a model for use by its members. The text of the IVBN Code of Ethics and the IVBN Model Internal Code of ethics can be found on the IVBN website.

### IVBN

Westeinde 28

P.O. Box 620

2270 AP Voorburg

phone +31 (0)70 - 3000 371

fax +31 (0)70 - 3694 379

e-mail: [info@ivbn.nl](mailto:info@ivbn.nl)

[www.ivbn.nl](http://www.ivbn.nl)

(Revised) 2<sup>nd</sup> edition

April 2008



Association of  
Institutional Real Estate  
Investors in The Netherlands

IVBN TRANSPARENCY SCHEDULE

nr. Activity end / during period (see definitions)	LEVEL	Property investment portfolio		Pipeline project investment portfolio	
		portfolio	subdivision of individual properties	portfolio	subvision of individual properties
APPLICATION	total	always	if applicable by country/ sector per land/sector disinvestment portfolio a/o segmentation property/rest	total	if applicable sector per land/sector disinvestment portfolio a/o segmentation property
Property description data					
a.1	sector	end	sector	sector	sector
a.2	segmentation	end	segmentation	segmentation	
a.3	name	end	name	name	address
a.4	address	end	address	address	geographic spread
a.5	geographic spread	end	geographic spread	geographic spread	geographic spread
a.6	year of construction/ renovation	end	construction/ renovation year	completion date	ownership land
a.7	type of ownership land (freehold/leasehold)	end	ownership land	ownership land	ownership property
a.8	type of ownership property (100% ownership/owners' association)	end	ownership property	ownership property	ownership centre/complex
a.9	Shared ownership centre / complex	end	ownership centre/complex	ownership centre/complex	ownership centre/complex
a.10	lettable area/residences/ units/parking spaces	end	let. m2 residenc. / #/ park.s.	let. m2 residenc. / #/ park.s.	let. m2 residenc. / #/ park.s.
a.11	Valuation property investment portfolio	end	% externally valued	% externally valued	% externally valued
b Tenancy					
b.1	number of tenants - comm. property	end	number of tenants	number of tenants	number of tenants
b.2	turnover of residents - residential during	end	turnover residents	turnover residents	turnover residents
b.3	expiy contracts - comm. property (gross rent %/year)	end	expiy contracts	expiy contracts	expiy contracts
b.4	average monthly rent - residential end	end	average monthly rent	average monthly rent	average monthly rent
b.5	rent development during (end-start)	end	development of rent	development of rent	development of rent
b.6	market rent end	end	market rent	market rent	market rent
b.7	theoretical gross rental income end	end	theo. gross rental income	theo. gross rental income	theo. gross rental income
b.8	financial occupancy rate end	end	financial occupancy rate	financial occupancy rate	financial occupancy rate
b.9	classification - comm. property end	end	classification	classification	classification
b.10	main tenants - comm. property end	end	main/anchor tenants	main/anchor tenants	main/anchor tenants
c Operations					
c.1	gross rental income/gross income during	end	gross (rental) income	gross (rental) income	gross (rental) income
c.2	net rental income/net income during	end	net (rental) income	net (rental) income	net (rental) income
d Property investment					
d.1	book value at start of reporting period (01.01.yyyy)	start	book value at start	book value at start	book value at start
d.2	investments during	end	investments	investments	investments
d.3	divestments during	end	divestments	divestments	divestments
d.4	movement in value during	end	change in value	change in value	change in value
d.5	book value at end of reporting period (31.12.yyyy)	end	book value at end	book value at end	book value at end
d.6	result of sale during	end	result of sale	result of sale	result of sale
d.7	estimated value of pipeline project investments end	end	estim. investm. costs + reval.	estim. investm. costs + reval.	estim. investm. costs + reval.
d.8	value with vacant possession end	end	value with vacant pos.	value with vacant pos.	value with vacant pos.
e Investment returns					
e.1	income return, capital growth, during	end	total return	total return	total return
e.2	income return, capital growth, during	end	total return standing	total return standing	total return standing

# IVBN

---

IVBN- Transparency Committee january 2008

Chairman: Cyril van den Hoogen

Miranda van Graas

Harry de Kroon

Jacques van Munster van Heuven

Derk Ottink

Frank Peters

Frits van der Togt

Tom de Witte

Bart Binnerts

Altera Vastgoed

Nieuwe Steen Investments

Unibail - Rodamco

ING Real Estate Investment Management

Achmea Vastgoed

AMVEST

Vesteda

VastNed

IVBN

# Preface

IVBN is pleased to present the second edition of its recommendations to improve transparency in annual reports. It is the result of intensive discussions in amongst others the IVBN Transparency Committee over a period of more than one year and the evaluation of the annual reports of 2005 and 2006. On 7 December 2004, IVBN-members approved these recommendations. In the Transparency Committee are in the second edition several changes approved. These revised recommendations are applicable starting with the 2007 annual report and apply to IVBN-members responsible for a specific/independent property investment company with more than one shareholder and/or a property investment company that publishes an annual report. The first edition of the recommendations was applicable for the reporting years 2005 and 2006. If a company chooses to apply the IVBN-recommendations and this is mentioned in its annual report, any deviation (in sections) must be explained in the annual report.

IVBN considers transparency very important in a professional property industry. Clear and widely accepted property definitions will lead to improved transparency. IVBN encourages and supports its members in achieving this and has therefore instituted the Transparency Committee. IVBN focuses on transparency in operations and the divestment and investment of property.

With its recommendations, IVBN intends to provide complimentary information to that provided by various other parties (EPRA, INREV and ROZ/IPD) in order to improve transparency in closely associated areas. As a result, IVBN, EPRA, INREV and ROZ/IPD will keep each other aware of their progress. In these recommendations, IVBN has endeavoured to link up

with existing national and international definitions and standards thereby considering internationally operating companies.

The Transparency Committee reviewed operational activities of property investment companies and differentiated between the property investments and pipeline project investments. The recommendations apply to the full portfolio as well as for any subdivision of a portfolio and individual properties. The recommendations relate to:

- a. Property description data;
- b. Tenancy;
- c. Operations;
- d. Property investments;
- e. Investment returns.

The "IVBN transparency schedule" shows which information must be provided in the annual report, for both the property investment portfolio and pipeline projects. Application of these recommendations is not intended to lead to undesired effects on daily operations of an investment company.

These recommendations would never have been established without the input of the IVBN-members. A special thanks is due to those who have contributed in any way to this process. These recommendations are not static and they will be amended regularly in conjunction with IVBN-members and any other parties involved. IVBN therefore welcomes suggestions from those involved in the property investment sector.



# Contents

1.	<b>Introduction</b>	4
1.1	Goals of recommendations	4
1.2	Context of recommendations	4
1.3	Schedule of recommendations	4
2.	<b>Portfolio information</b>	5
2.1	Composition of property investment portfolio	5
2.1.1	Full property investment portfolio	5
2.1.2	Subdivision of portfolio	5
2.1.3	Segmentation	5
2.1.4	Individual properties	6
2.2	Composition of pipeline project investments	6
2.2.1	Full pipeline project investment portfolio	6
2.2.2	Subdivision of portfolio	6
2.2.3	Individual properties	6
3.	<b>Definitions</b>	8
a.	Property description data	8
a1.	Sector	8
a2.	Segmentation	8
a3.	Name	8
a4.	Address	8
a5.	Geographic spread	8
a6.	Year of construction/renovation	9
a7.	Type of ownership land	9
a8.	Type of ownership property	9
a9.	Shared ownership centre / complex	9
a10.	Lettable area/residences/units/parking spaces	9
a11.	Valuation property investment portfolio	9
b.	Tenancy	10
b1.	Number of tenants - commercial property	10
b2.	Turnover of residents - residential	10
b3.	Expiry contracts – commercial property	10
b4.	Average monthly rent - residential	10
b5.	Rent development	10
b6.	Market rent	10
b7.	Theoretical gross rental income	11
b8.	Financial occupancy rate	11
b9.	Classification – commercial property	11
b10.	Main tenants – commercial property	11
c.	Operations	11
c1.	Gross rental income/gross income	11
c2.	Net rental income/net income	12
d.	Property investments	12
d1.	Book value 01/01	12
d2.	Investments	12
d3.	Divestments	12
d4.	Movement in value	12
d5.	Book value 31/12	12
d6.	Result of sale	12
d7.	Estimated value - pipeline project investments	13
d8.	Value with vacant possession - residential	13
e.	Investment returns	13
e1.	Income return, capital growth, total return	13
e2.	Income return, capital growth, total return standing	13
4.	<b>Finally</b>	14

# 1. Introduction

## 1.1 Goals of recommendations

The primary goal of these recommendations is to ensure that annual reports contain the correct information whereby a clear insight is provided into physical and financial composition of the portfolio in question, its income and returns and risks, its performance compared to the relevant benchmarks, as well as any changes in these areas. The secondary goal of these recommendations, enabling comparisons between funds/portfolios, will also be achieved by providing the same information and using the same definitions year on year.

The recommendations are applicable solely to the property investment portfolio and the pipeline project investments, irrespective of whether a property investment company carries out other activities (e.g. property development). The information provided must be relevant to external stakeholders and thus contribute to better comparison, but it must not lead to undesired effects on daily operations of an investment company. If a company applies the IVBN recommendations and if it mentions this in the annual report, any deviation must then be explained in the annual report. In other words, 'comply or explain'.

### **Recommendation**

*It is recommended that IVBN-members responsible for a specific/independent property investment company with more than one shareholder and/or a property investment company that publishes an annual report, mention in their annual report whether or not IVBN recommendations are complied with. If no annual report is published, it is recommended that the IVBN recommendations be used for periodic internal reporting.*

## 1.2 Context of recommendations

As indicated, IVBN urgently wishes to participate in the framework of transparency by providing clear and succinct property investment definitions. Various other organisations, such as EPRA (accounting & valuation principles + presentation of accounts) and ROZ/IPD (definitions + performance standards) have already provided recommendations. Also INREV is working on developing recommendations. As a result, IVBN, EPRA, INREV and ROZ/IPD will keep each other aware of their progress. With its recommendations, IVBN intends to provide complimentary information on transparency in areas closely linked to those mentioned above. IVBN actively recommends its members to publish information according to IAS/IFRS. Each individual member is, of course, responsible for its own compliance with IAS/IFRS. IVBN furthermore recommends its members to respond to corporate governance guidelines as well as Global Investment Performance Standards (GIPS), insofar this is permitted by law. IVBN will endeavour to link up as closely as possible to the already existing national and international definitions and standards while bearing in mind internationally operating property investment companies.

## 1.3 Schedule of recommendations (appendix)

The "IVBN transparency schedule" shows which information must be provided in the annual report, for both the property investment portfolio and pipeline project investment portfolio. Summary information for the full portfolio is provided in blocks, which are then broken down in sections (country, sector, segment) and individual properties.

## 2. Portfolio information

Distinction is made between properties in operation and properties for which firm commitments have been made, but which are not yet operational (pipeline project investments). These can either be properties where investments have or have not (yet) been made. Pipeline project investments are transferred to the property investment portfolio upon completion through divestment from the pipeline portfolio and investment in the property investment portfolio.

### 2.1 Composition of property investment portfolio

The property investment portfolio description is the most important part of a property investment company's annual report. The investment portfolio's recommendations focus on various levels of abstraction: the full property portfolio, various subdivisions and individual properties. The "IVBN transparency schedule" provides information about the items to be reported on, whereby the notation 'end' means the position as at year-end of the reporting year and the notation 'during' means changes during the reporting year or the difference between the start and the end of the reporting year.

#### 2.1.1 Full property investment portfolio

##### **Recommendation**

*It is recommended to report the complete investment portfolio as the sum of all subdivisions of the portfolio. The full investment portfolio should include all properties, which were operational at any one time during the reporting year. This will result in a complete summary of all subdivisions of the portfolio.*

##### **Explanation**

*This summary will provide the reader of the annual report a quick and clear overview of the full portfolio. The information must therefore be provided in a clear and succinct manner.*

#### 2.1.2 Subdivision of portfolio

##### **Recommendation**

*If the full property investment portfolio consists of any geographic or segment subdivision, it is recommended that a further subdivision is made. This should then be done in relevant (homogenous) sections.*

##### **Explanation**

*According to IAS/IFRS, the property investment portfolio must be subdivided in order that at least 75% (of its income) is covered. The category 'other properties' (no more than 25% of the income) may not include any subdivision of the portfolio larger than 10%.*

#### 2.1.3 Segmentation

##### **Recommendation**

*If a sector within a country forms more than 10% of the total, measured according to invoiced rents, then a more detailed segmentation for this sector must be given. We recommend the following breakdown for the segmentation in the individual portfolios. At least ONE segmentation should be chosen that is considered the most useful to the users of the annual reports, the following segmentation criteria are preferred:*

Housing:

- type (single-family / multiple occupancy)
- rent price range
- exploitation / disposition
- age

Offices:

- geographic (a region must be precisely defined)
- type of location
- age

Shops:

- type of location (hierarchy; A, B, C classification)
- retail split (shopping centre, high street shop, etc.)

Industrial objects:

- types (industrial versus logistics objects)

Other sectors: choose useful segmentation

Within this breakdown into segments, the (minimum) requirements are "book value", "gross return on investment" (in other words theoretical rent / end of year book value and not the return on investment according to the Real Estate Council of the Netherlands ROZ - VGI) and the "end of year occupancy rate". To prevent a fund needs to give very much information (if a fund has more than six sectors within a country according the 10% rule), it will be sufficient if information is given about six segments.

#### 2.1.4 Individual properties

##### **Recommendation**

*It is recommended to provide all information on individual properties as indicated in the schedule. At least 90% (in value) of the properties should be*

*covered, the last 10% may be included in 'other', thereby providing a total of 100%.*

#### 2.2 Composition of pipeline project investments

Besides providing information on the full property investment portfolio, it is recommended to provide information on pipeline investments. These comprise properties, which at some point in the future will be transferred to the property investment portfolio and for which actual commitments have been made, irrespective of whether these commitments are reported in the balance sheet. For the recommendations, the object details (a.) and letting situation (b.) for the whole pipeline are relevant (including the part that is not disclosed on the balance sheet). For investment property (d.) only the pipeline disclosed on the balance sheet is relevant. The exception here being the estimated value of the pipeline (d.7); where the total value of the pipeline is relevant, whether or not it is shown on the balance sheet.

If the pipeline also contains an unspecified category for the remainder (a sub-portfolio "other"), then this value should be expressed as an estimated all-in development cost of the objects concerned.

Information must be provided on the full pipeline investment portfolio, any subdivisions of that portfolio as well as individual properties. The "IVBN transparency schedule" provides information as to which items must be reported on, whereby the notation 'end' means the position as at year-end of the reporting year and the notation 'during' means changes during the reporting year or the difference between the start and the end of the reporting year.



#### 2.2.1 Full pipeline project investment portfolio

##### **Recommendation**

*It is recommended to state the full pipeline project investment portfolio as the sum of all subdivisions of the portfolio. The full pipeline project investment portfolio should include all properties, which will be transferred to the property investment portfolio at any one time. This will result in a complete summary of all subdivisions of the portfolio.*

#### 2.2.2 Subdivision of portfolio

##### **Recommendation**

*It is recommended to use the geographic, sector or other segmentation of the property investment portfolio.*

##### **Explanation**

*Segmentation will provide a good overview of the current and future composition of the portfolio and the parameters used.*

#### 2.2.3 Individual properties

##### **Recommendation**

*It is recommended to provide an overview of all relevant pipeline project investments. The choice as to whether to include a specific property depends on the size of the property investment company and its characteristics.*

### 3. Definitions

The “IVBN transparency schedule” comprises the following sections:

- a. Property description data;
- b. Tenancy;
- c. Operations;
- d. Property investments;
- e. Investment returns.

#### a. Property description data

- a1. Sector (end of reporting period)

##### Definition

*The sector classification, expressed in book value, is in line with ROZ/IPD or a comparable organisation. The most important are:*

- Retail;
- Offices;
- Industrial;
- Residential;
- Parking spaces/garages.

##### Explanation

*Besides the above-mentioned classification it may be useful and/or desirable to add other segments. These may include for instance mixed use and hotels. According to the ROZ/IPD a property is classified in a segment, if more than 50% of its gross rental income is generated by that specific sector.*

- a2. Segmentation (end of reporting period)

##### Definition

*A further classification of investment sectors, according to the ROZ/IPD or a comparable organisation is based on the characteristics of the portfolio and is to be stated as a percentage of the total book value of the properties per sector.*

##### Explanation

*It is recommended to provide an overview of the segments for each sector. If a particular property (or a complex of properties) consists of several segments, then the segment generating the largest gross rental income (in terms of percentage) determines the classification.*

- a3. Name (end of reporting period)

##### Definition

*Name of the property insofar as appropriate.*

- a4. Address (end of reporting period)

##### Definition

*Name of street (if applicable number) and city.*

##### Explanation

*If a property has more than one street names, it is recommended to choose one and to continue using the same for its duration.*

- a5. Geographic spread (end of reporting period)

##### Definition

*Classifications according to geographic region (country/province/county etc), if necessary also include conurbations.*

##### Explanation

*Each country is divided in officially recognised geographic regions; these are preferred. For most European countries, the geographic spread may be based on the Nomenclature of Territorial Units for Statistics (NUTS). Other regional subdivision may be based on those used by the governmental agencies or other authoritative organisations, but must be clearly described.*

a6. Year of construction/renovation  
(end of reporting period)

**Definition**

*The year of construction is the year in which the property was completed and accepted. In case of renovation, it is the year when renovation was completed.*

**Explanation**

*The term renovation is only used if at least 20% of its book value is invested in renovation. It is recommended to provide the year of construction and if applicable the year of the last renovation.*

a7. Type of ownership - land  
(end of reporting period)

**Definition**

*The land may be freehold or leasehold.*

**Explanation**

*If the property is leasehold, it is recommended to indicate the date up to which ground rent payments have been bought off.*

a8. Type of ownership - property  
(end of reporting period)

**Definition**

*The property may be wholly or partially owned.*

**Explanation**

*If the property is not wholly owned, the percentage owned by the property investment company must be stated.*

a9. Shared ownership - centre / complex  
(end of reporting period)

**Definition**

*A centre / complex may be wholly or partially owned.*

**Explanation**

*In cases where ownership within a centre / complex is shared, we recommend specifying the total m2 of the centre / complex in addition to the amount of m2 owned. We also suggest placing a symbol, for example a “\*” to denote that the property is part of a larger entity.*

a10. Lettable area/residences/units/parking spaces  
(end of reporting period)

**Definition**

- *The total lettable area, preferably as defined in NEN 2580 (or a comparable local standard if outside the Netherlands) for retail, offices, industrial and others.*
- *The total number of lettable apartments in a complex.*
- *The total number of lettable units and the total usable area, preferably as defined in NEN 2580 for residential use (or a comparable local standard if outside the Netherlands).*
- *The total number of parking spaces belonging to the property.*

**Explanation**

*In case of mixed use, it is recommended to differentiate the lettable area between the various sectors. If the m2 are based on NEN 2580 (or a comparable local standard if outside the Netherlands), it is recommended to explicitly state this.*

a11. Valuation property investment portfolio  
(end of reporting period)

**Definition**

*The percentage of the subdivision of portfolio that has been valued externally, and the subdivision of portfolio that has been valued internally.*

## **b. Tenancy**

b1. Number of tenants - commercial property  
(end of reporting period)

### **Definition**

*The number of tenants in each property for each sector, excluding residential area and parking spaces.*

### **Explanation**

*The aim is to provide insight into the tenant risk of a specific property. If a contract party uses several different formulae as part of one contract, then that party will be listed as an individual tenant for each formula.*

*Conversely, if one tenant has more than one lease contract (and therefore possibly various expiry dates), the tenant will be listed as one tenant only.*

b2. Turnover of residents – residential  
(during reporting period)

### **Definition**

*The number of residences where tenancy has been terminated between 1 January and 31 December, divided by the number of residences as at 1 January (or a possible later acquisition date). It is recommended to differentiate between properties which are solely intended for rental and those residences which, if vacant, will be sold on individually. It is furthermore recommended to provide the turnover for the reporting year, 3 years and 5 years prior.*

b3. Expiry contracts - commercial property (gross rent %/year (end of reporting period)

### **Definition**

*The percentage of the theoretical gross rental income from contracts that expire the next five*

*reporting years in relation to the total gross rental income at end of reporting period*

### **Explanation**

*If, at the end of the reporting period, the notice period has passed, then the next rental period may be included. In that case, the tenant can no longer terminate the contract, and is therefore still valid. In case of contracts of indefinite duration, the expiry date is determined by the notice period.*

b4. Average monthly rent – residential  
(end of reporting period)

### **Definition**

*The theoretical monthly rent of the relevant residential portfolio per end of reporting period, including the rental of the corresponding garages, etc., divided by the number of residences.*

b5. Rent development  
(during reporting period or difference between start and end of reporting period)

### **Definition**

*At a qualitative and quantitative level, to clearly provide information on rent developments, a distinction must be made between indexation, rent revision, changes in portfolio, etc.*

### **Explanation**

*In practice, making these distinctions is difficult. These recommendations therefore provide some room for interpretation.*

b6. Market rent (end of reporting period)

### **Definition**

*The market rent is the maximum annual rent, which may be achieved, assuming optimum marketing*

and letting to the highest bidder, while taking existing legislation into consideration.

#### **Explanation**

*This relates to gross market rent, excluding VAT and service costs. The market rent does not include any rents of parking spaces. If parking spaces are available, the market rent should be stated separately.*

b7. Theoretical gross rental income  
(end of reporting period)

#### **Definition**

*The theoretical gross rental income is the total of gross rental income plus:*

- *Market rent of vacant areas available for rental*
- *Rent free periods/rent reduction valued at the contract rent.*

b8. Financial occupancy rate  
(end of reporting period)

#### **Definition**

*The financial occupancy rate as a percentage, in other words 100% minus the financial vacancy as vacancy valued at market rent divided by the theoretical gross rental income. All parameters are as at end of reporting period.*

b9. Classification – commercial property  
(end of reporting period)

#### **Definition**

*The classification (according to branch of trade, economic segments etc.) for the sectors retail, offices and industrial as a percentage of the total annual theoretical gross rental income.*

#### **Explanation**

*Classification provides important information. International standards, however, are not yet available. It is up to the property investment company to decide which classification structure they wish to use.*

b10. Main tenants - commercial property (name/% of theor. rental income) (end of reporting period)

#### **Recommendation**

*For commercial property, it is recommended to provide a list of the ten main/anchor tenants mentioning their share of the total theoretical rental income in percent.*

#### **Explanation**

*This information can only be given, provided tenants consent to publishing their names. If this consent is not received, then only the classification is mentioned which will provide some insight in tenant risk. In case of a rent guarantee by a third party, the guarantor is considered to be the tenant, and should be reported as such.*

### **c. Operations**

c1. Gross rental income/Gross income  
(during reporting period)

#### **Definition**

*Gross rents invoiced relating to the reporting period. The rent minus service costs (which may be invoiced in advance), VAT and rent reduction, etc.*

#### **Explanation**

*The loss of rent as a result of rent free periods/rent reduction/vacancy is the difference between the theoretical rental income and gross rental income.*



c2. Net rental income/net income (during reporting period)

**Definition**

*The gross rental income/gross income invoiced minus the operating expenses of the relevant portfolio.*

**Explanation**

*It is recommended to clearly describe which cost categories are included in operating expenses.*

**d. Property investments**

d1. Book value 01/01 (start of reporting period)

**Definition**

*The book value must correspond with the market value. It is defined as the amount that would be generated if the property were to be sold in a private sale, after the seller has attempted to sell the property on the market place in the usual manner, and whereby the purchaser has accepted the property with continuation of the present lease contracts with all its rights and obligations.*

**Explanation**

*If the book value does not match the market value, it is recommended to still report the market value and to explain why the market value has not been used.*

d2. Investments (during reporting period)

**Definition**

*Initial or additional investments in a new or existing property.*

**Explanation**

*This is applicable to properties in operations and to pipeline project investments.*

d3. Disinvestments (during reporting period)

**Definition**

*Sale of property accounted for at last reported book value.*

**Explanation**

*See d2.*

d4. Movement in value (during reporting period)

**Definition**

*The unrealised revaluations during the reporting period as a result of internal and/or external valuations.*

**Explanation**

*The movement in value of the property is the difference between the value at the end of the reporting period versus that at the start of the reporting period.*

d5. Book value 31/12 (end of reporting period)

**Definition**

*The addition of d1 through to d4 and must tally with the market value (see d1).*

d6. Result of sale (during reporting period)

**Definition**

*The book result on the sale of a property compared to the last reported book value.*

**Explanation**

*Even though an annual report covers one year, when revaluating properties during that reporting year, the profit at sale will be compared to the last established book value.*

d7. Estimated value - pipeline investment projects (end of reporting period)

**Definition**

*The estimated total investment costs for pipeline project investments, including any possible revaluations.*

d8. Value with vacant possession - residential (end of reporting period)

**Definition**

*For the residential segment, it is recommended to include not only the book value, but also the value with vacant possession. The value with vacant possession is the price offered by the highest bidder at a private sale after optimum marketing and if offered free of letting obligations.*

**Explanation**

*In case of sale restrictions (sold individually), not only the value with vacant possession but also the book value must be stated.*

**e. Investment returns**

e1. Income return, capital growth, total return (1/3/5 yrs) (during reporting period)

**Definition**

*It is recommended to use a widely accepted method for calculating the direct, indirect and total return (all investments).*

**Explanation**

*It is recommended to use the returns (all investments) as calculated (an published) by an independent authoritative organisation such as the ROZ/IPD (excluding asset/fund management and financing costs). It is furthermore recommended to explicitly state that the return has been determined by the ROZ/IPD (or a similar independent authoritative*

*organisation). If at the time of publication of the annual report, no recent figures are available, it is recommended to refer to its website stating the time when these figures will be available.*

*The income return, capital growth and total return are calculated for all properties, which were at one time, or another during the reporting year included in the portfolio. It is recommended to include at least the returns for the reporting year, and three and five years prior.*

e2. Income return, capital growth, total return standing (1/3/5yr) (during reporting period)

**Definition**

*Calculating the total income return and/or capital growth of the standing portfolio, according to a formula used by an independent authoritative organisation such as ROZ/IPD.*

**Explanation**

*See explanation e1. Regarding the standing portfolio's return of three or five years prior, it may be possible that different portfolios are compared. In other words, it does not concern the return of the properties, which were part of the portfolio during the past three and five years, but an average of the past years.*

*In case the standing returns have not yet been reported by the (ROZ/)IPD, these returns can be calculated (by the participants of the ROZ/IPD and the foreign indices) according to the same method\* by the funds themselves. In that situation, it needs to be remarked that the standing returns are calculated by the fund itself.*

*\*<http://www.rozindex.nl/Documentatie.htm>  
Definities mei 2007 page. 5*

# Finally

Using these recommendations will provide better insight into and increase comparability of various property portfolios. However, since each property portfolio is unique, there will be instances where these recommendations cannot be applied. For residences this might include sale restrictions, such as obligations to offer or restrictions regarding the sale of individual units and any other matters, which may be misconstrued, requiring further explanation. This last recommendation therefore, is included to cover such instances.

## **Recommendation**

*If applicable, it is recommended to include all such information as is deemed relevant for external stakeholders and which might not have been covered in the above recommendations.*

## **Explanation**

*There may not only be restrictions, but also favourable conditions which are not covered in the "IVBN transparency schedule". It may therefore be beneficial to emphasise several large and important properties thereby providing insight in the most important investment properties.*