

Inbeeld

BOUWINVEST MAGAZINE |

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Volume 3 | June 2013

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‘Tailor-made solutions lead to new opportunities’

Is real estate market on its last legs?



The real estate market is in the doldrums. In the media, headlines have been appearing such as: "Help! The real estate market is on its last legs". Thankfully, the article in question turned out to be more balanced and gave an even-handed description of the current situation. The outlook in the short-term is bound to remain negative, but we are nearing the point when prices are starting to pick up again. Last year was one of the worst ever, but we are investing for the future and continue to build on a portfolio which will result in healthy returns in the long-term. It will mean a lot of hard work. The golden years, when nothing could go wrong, are over.

On the positive side, despite difficult circumstances, we have managed to turn

the negative sentiment around into a positive one through active asset management. Read all about our recent successes in this edition of Inbeeld.

What's more, it's not only important for our portfolios to be in a rude state of health, it's also vital that the internal organisation is running smoothly and satisfies the exacting requirements demanded by investors and regulators. Bouwinvest is already ISAE 3402 type II certified and is well on course to meet the requirements of the AIFMD directive which will come into effect this year.

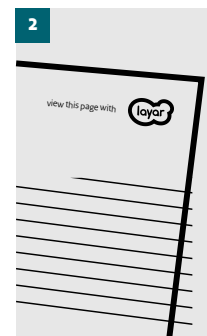
Dick van Hal, chair of the board



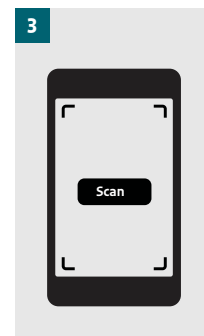
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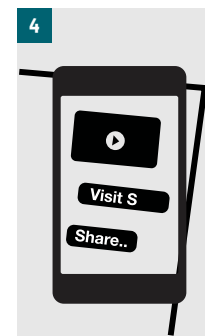
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'Flexibility is the magic word for the future'

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The real estate investment market is having to adapt.

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Core focus produces results

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Collaboration enables tailor-made solutions

The development of the Eenhoorngebied area is a unique project. Due to effective

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Bouwinvest and engineering consultant Search have together been identifying overall patterns of energy use for offices in Bouwinvest's portfolio, not just by looking at the energy performance of the building and its engineering systems,

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Peter Dautzenberg column

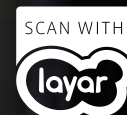


REAL ESTATE INVESTMENT MARKET IS HAVING TO ADAPT

The market is necessitating change

The real estate investment market in the Netherlands has had to endure a tough year in which overall returns for all real estate categories – taking inflation into account – ended up being 1.6%, according to the Dutch IPD real estate index. Not everyone did this badly however, some even managed to outperform the index.

Arnoud Vlak, Managing Director of IPD Benelux



The real estate investment market is having to adapt to new circumstances. This not only means having to respond to changing market circumstances, but also to new statutory regulations which are intended to stave off a repetition of the financial crisis.

In recent times there has been heated debate about whether the changes in real estate asset pricing have been keeping up sufficiently with market trends. The Dutch real estate index (Vastgoedindex) shows the changes that have been made by the institution-based investors in the Netherlands and we can identify a downward correction of 20% for housing and 28% for offices since the outbreak of the crisis in 2008. These are nominal terms, since over the same period, inflation has increased by around 10%, so these are no minor corrections.

Asset pricing

The real discussion is not so much about changes in valuation, but much more about the differences between the European continent and the Anglo-Saxon world. The latter functions more or less as the mother of the international capital markets, with New York and London as major centres. Here, interaction between the capital market and the differentiated asset investment markets (shares, bonds, commodities and real estate) is the most tangible. A great deal of reporting is done on how these differences in the asset investment markets relate to each other. This varies from day to day, even from minute to minute. It's partly because of this that understanding and appreciation the volatility in the Anglo-Saxon world is much greater than that, for example, on the European continent. That not only applies to shares and bonds, but to real estate too.

The annual Dutch IPD index is showing substantial depreciation, even though this may be over a longer period of time. The index consists primarily of institution-based real estate investors who almost all work with equity and with a long investment horizon. As such these players are less vulnerable to short-term fluctuations on the Dutch

real estate investment market. This does not affect the fact that if the market shows a movement in a particular direction, they can adapt their property valuations to the changing market. There are no signs that parties participating in the IPD Index should have written off their real estate investments any more quickly and frequently than they did in actuality.

IPD ENABLES COMPARISONS

IPD is an independent benchmarking and information company which operates internationally and specialises in making comparisons between investments in real estate on the basis of internationally recognised reporting standards, such as the IFRS (International Financial Reporting Standards), GIPS (Global Investment Performance Standards) and IVS (International Valuation Standards). This enables returns and risks regarding investments in direct real estate to be made comparable with investments in shares, bonds, commodities and currency. This is important for the relationships between the real estate investment industry and the real estate capital market. IPD provides transparency and helps build confidence needed by the institutional players such as pension funds and insurance companies, but also banks and private equity parties in order to invest in property. IPD has specialised in direct real estate at fixed intervals of time; buildings are evaluated and quantified in terms of earnings, operating costs, investments and valuations. In the Netherlands, the IPD reports quarterly and issues an annual index.



The redevelopment of Damrak 70 in Amsterdam is a positive addition to the townscape and represents an opportunity for attracting bigger retailers to the city centre.

IPD keeps a very close track of this by making constant comparisons between valuations and transactions and between valuations individually. As far as the transaction market is concerned, there has always been a certain 'lagging' in how the value of real estate investments develops (on the basis of reported valuations), in the same way as there is also a 'smoothing' of the upward or downward market trend (likewise on the basis of reported property valuations). Over the past few years, the IPD has seen a lessening of these effects and that's a positive sign.

Anglo-Saxon v Rhineland model

An additional, but no less important, issue which has to be taken into account here is the role of the Dutch real estate investment market in the international context. Is it in the heartland or on the periphery? Although Dutch real estate in no way represents a peripheral market, it does not fulfil the same role as Canary Wharf in London, Manhattan in New York or La Défense in Paris. Anywhere in the world, it is the geographical core

– the engine – of the economy which shows the most marked fluctuations and the further you recede from these the less volatile the economic activity. This is no less true of the real estate investment economy. What's more, the economies in the Anglo-Saxon countries are much more shareholder-driven and there are fewer built-in macro-economic stabilisers (such as employment protection and social security). The Rhineland model is still in place on the European continent with its built-in stabilising effects. This helps smooth out some of the rougher edges to the upward and downward movements of the economy, and without doubt this can likewise be felt in the real estate investment markets in these countries.

Better than the index

Despite difficult market conditions which led to a fall in the index in real terms in 2012, there have been market players who performed better than the index. This has to do with a number of factors, such as composition of the portfolio. The index reflects the average results attained and includes shops, housing, offices and other commercial properties. Altogether, this gives the aggregate picture: the sum of all individual investment and operating decisions previously taken by the real estate investors concerned in combination with market-based influences.

The fact that real estate investors are outperforming the index has a lot to do with how their portfolios are structured. In turn, that has to do with how effectively questions such as the following are addressed and analysed: Where is the market heading? What do I make of it, given my investment mandate, and which real estate sectors best fit this mandate and the expected developments within the marketplace? The 'object component' quantified in the index also plays an important role in this. This is all about knowing what the best properties are to match the structure of your chosen real estate portfolio. What's more, operational asset

management plays a key role. The central issue here is how close to the wind you can sail when it comes to managing and overseeing the operating costs of each individual building in the portfolio, and how good you are at responding to developments within the rental market. And, it goes without saying, for real estate investments too; a bit of luck is needed, just like when you invest in shares and bonds.

Changes in the market

The real estate investment market is changing, not just as a result of how investors are responding to macro-economic trends, but also because of how financial interests in real estate investments are being structured. The model once adopted by the institution-based real estate investment market, whereby asset managers and the real estate interests they managed formed a single integrated organisation, would seem to have been pretty much abandoned in the Netherlands. Bouwinvest, for example, has evolved into a specialised management organisation that manages a number of real estate investment funds in parallel. What's more, each of these funds is open to numerous investors. This implies that the model which was hitherto exclusive to institutional investors is evolving into one which, for the sake of convenience, I will call generic-based real estate.

Regulations

Another source of change is the increase in statutory regulations at a European level. The financial crisis was a wake-up call which has prompted various forms of new regulation at European and international level, aimed at regulating the financial markets more effectively. This includes regulations relating to the capital requirements which banks (Basel III) and insurance companies (Solvency II) must satisfy. This will eventually have an effect on European pension funds for which a new EU directive is currently being drafted. In determining capital requirements, consideration has been given to the

different types of assets which can be invested in: shares, obligations, commodities and real estate. For investments in direct real estate European lawmakers and regulators are making use of the return/risk ratio reported by the European IPD indices I.

As well as regulations in respect of capital interests in real estate, there are also regulations relating to real estate asset management organisations. To this end a special European directive has been drawn up called the Alternative Investment Funds Directive (AIFMD). This directive also comes into effect in the Netherlands in May 2013 and, amongst other things, regulates the functioning of specialised real estate asset managers who manage 100 million or more Euros worth of equity-financed real estate interests. This directive imposes numerous requirements relating to the quality and timing of information relating to managed real estate interests. In this respect, the information available as a result of participation in an IPD index is certainly useful, since a significant amount of information required for AIFMD which relates to risk, returns, cash flows, value and development of valuations is already available as part of IPD reporting.

RESULTS OF THE DUTCH IPD ANNUAL REAL ESTATE INDEX 2012

Across all sectors, overall returns for Dutch real estate investment in 2012 amounted to 1.2%. In relative terms, that's a significant drop compared to 2011 when overall returns attained 3.9%. Taking into account an inflation rate of 2.9%, that represents a return of -1.6% in real terms for 2012, in relation to 2% in 2011. Direct returns remained stable at 5.4%. The indirect return dropped by 4%.



fact

“
no need for more
and quicker write-
offs on real estate
investments”

ARNOUD VLAK, MANAGING DIRECTOR OF IPD BENELUX

FOCUS ON CORE PRODUCES RESULTS

Outstripping index is no coincidence

A clear long-term focus, effective purchasing policy and active asset management have together ensured that the three Dutch-based Bouwinvest funds – residential, office and retail – have all surpassed the Dutch IPD real-estate index for the third year in a row.

Allard van Spaandonk, Director of Dutch Investments at Bouwinvest

As far as Allard van Spaandonk, Director of Dutch Investments at Bouwinvest, is concerned, outstripping the index is no flash in the pan. “For years we have been focusing on our core business: real estate. This means investing in buildings that fit in with our future vision for the sector in question at the very best locations. During years when the economy is buoyant and everyone’s queuing up to invest in real estate, in the short term, it’s even possible to get good yields on second-rate properties without feeling the risks. However, when the market gets into more troubled waters, the added value of having quality real-estate and standards of management become much more apparent. We are highly disciplined in seeking out only the very best properties, even when there’s enough money around to invest and supply is abundant, such as now. This approach pays for itself as soon as the market starts to slide.” This doesn’t mean that the crisis hasn’t left

Bouwinvest’s Dutch real estate funds unaffected, as there has been a noticeable fall in overall returns. Van Spaandonk puts a finer point on this: “The drop in yields is due almost entirely to the lower property valuations. Revenue from rent, on the other hand, has stayed at the same levels. Fortunately, all three funds have attained positive overall returns.”

Investment

One area where Bouwinvest is actively purchasing at the moment is in housing. “It may very well be that vacant property values are dropping slightly, but in relation to building costs, we’re able to buy at favourable rates. Given the stagnation in the owner-occupied sector, we can now develop or purchase housing projects at top locations, which wouldn’t so easily have come our way in better times.”



The Mauritskliniek is one example of active asset management on the part of Bouwinvest. The clinic is located in a former office complex that had undergone a complete conversion to meet its requirements.

According to Van Spaandonk, more portfolios will come onto the market in the office and retail sectors in the near future due to, for example, refinancing problems on the part of market players. "Fortunately, we are unfamiliar with such financing problems because our real estate funds have 0% leverage. This, too, helps bring about stable returns."

Active asset management

In addition to investment, Bouwinvest is, of course, actively involved in managing its existing portfolios. This active asset management increasingly focuses on staying in contact with the tenants. "That's a real shift compared to a few years ago, when the activity was largely focused on finding new tenants. Now we concentrate more on ensuring our sitting tenants are kept happy, especially our office and retail clients. We try stepping into their shoes and understanding what they want. What plans do tenants have for the coming years? Are they likely to expand or downsize? What is their take on corporate social responsibility and how can Bouwinvest help in this? This is not just about energy consumption, but also, for example, about how employees feel about their working environment. In short, it's no longer simply about renting out square metres of floor space, but much more about facilitating entrepreneurs in improving their business."

Occupancy rates

The high occupancy rates demonstrate the success of this approach. Last year, the Office Fund had occupancy rates of 92%, the Retail Fund 95% and, for the Residential Fund, this was no less than 98%.

"For residential accommodation, that's nothing out of the ordinary. The stagnation in the owner-occupied market has given us a helping hand", explains Van Spaandonk. "This is not a temporary phenomenon simply to do with low consumer confidence, but attitudes to renting are changing too. Tax breaks on mortgages are being squeezed, house buyers are being asked to make higher down payments and rises in property values are no longer taken for granted. What's more, renting

is highly flexible. This won't be news to owners who've had their house on the market for more than a year. So prospects for liberalised rental accommodation are excellent."

'Strict discipline to continue to differentiate between core and non-core'

Multi-tenant offices

According to Van Spaandonk, the combination of an inspirational setting, where people like to work, and more intensive contact with tenants is the reason that property in the Office Fund is attracting significantly higher occupancy rates than the national average. "We are aiming in particular at large multi-tenant offices in order to reduce the risk of sizable properties suddenly becoming vacant. What's more, these kinds of offices are ideally suited to offer more than just working space alone. Restaurants and bars, even crèches, provide other possible uses". For shops, the emphasis is on top locations in the larger cities. "Our expectation is that occupancy rates will always be high here. Most vacant property is found in the periphery. In addition to these inner city stores, the shopping centres in the Retail Fund are mainly given over to day-to-day trade, so are less susceptible to economic fluctuations and internet sales."

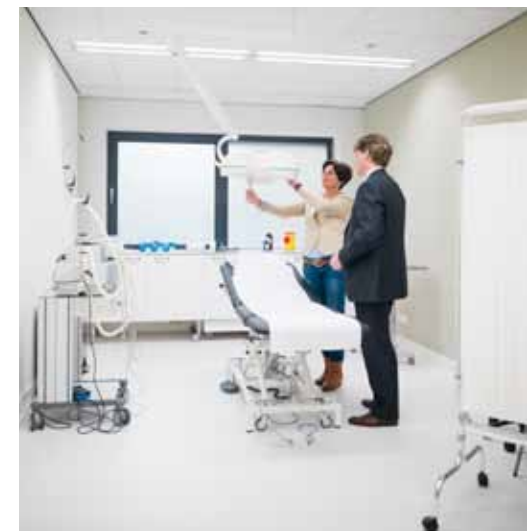
When it comes to making choices, Bouwinvest takes into account the most important future developments. Van Spaandonk believes the urbanisation process in the Netherlands will continue to develop for some years to come. This has resulted in the core regions of all three Bouwinvest funds being located mainly in and around the larger cities in the Randstad. The ageing population will also have a real impact. Smaller households, declining consumption and fewer numbers of employed will all have an influence on real estate. As far as Van Spaandonk is concerned,

the magic word for the future is flexibility. "Adapting to the needs of tenants. Society is changing at breakneck speed. No one can see more than 10 years ahead, neither private individuals nor business."

Flexibility

Greater flexibility might necessitate owners of real estate to stay more alert to developments, but the work will not by definition be any more difficult according to Van Spaandonk. "It calls for a different way of thinking, a more dynamic and labour intensive way of working, but as a result an asset manager can create added value. That's fine by us, since Bouwinvest has the wherewithal to cope with this", explains Van Spaandonk. "We aim to outstrip the index in 2013 as well."

'Stepping into the shoes of tenant businesses'



2012 RESULTS

In 2012, the results of the three Dutch-based Bouwinvest funds were relatively good. Positive fund returns were achieved in combination with high income returns.

Residential Fund

With a score of 1.3%, the Bouwinvest Residential Fund soundly beat the IPD Index (0.3%). As in 2011, income returns stood at 3.4% and the fund returns finished at 0.6%. In 2012, EUR 58 million was invested and the like-for-like increase in rent was 3.2%. Highlights of the residential fund in 2012 included the purchase of 190 single-family units in Nijmegen (Lent), Zwolle (Stadshagen), Helmond (Brandevoort) and Rosmalen, and the purchase of 93 apartments in Arnhem (Sterrenbeke) and Rotterdam (Forum).

Retail Fund

Real estate returns for the Retail Fund in 2012 stood at 4.8%, an above-average figure compared to the IPD Index (4%). Income returns rose to 5.8% and the fund returns to 4.2%. The like-for-like increase in rent was 1%. A total of EUR 78 million was invested last year. A great deal of headway was made in the redevelopment of Damrak and Nieuwendijk in Amsterdam. In 2013, the focus will once again be on the further expansion of the portfolio.

Office Fund

The Office Fund, too, significantly outstripped the index last year with real estate returns of 1% compared with the index's -2.5%. Income returns rose to 5.8% and the fund returns to 0.1%. Last year, as part of the office portfolio, Prinsenhof in The Hague was transformed into the WTC The Hague, a modern multi-functional and multi-tenanted office complex. The various investments made last year have resulted in new leasing contracts.



Floris Hack, Asset Manager for Offices,
in conversation with the tenant

“
adapting to
the needs of
tenants”

ALLARD VAN SPAANDONK, DIRECTOR OF DUTCH INVESTMENTS AT BOUWINVEST

3 X REDEVELOPED

New rounds, new opportunities

By entering into dialogue with future tenants and together seeking out customised solutions, Bouwinvest is able to breathe new life into existing offices, shops, houses, even entire neighbourhoods, and to create attractive new prospects. For the office market, there is a firm intention to initiate more multi-tenant developments where space is given over to other activities, such as crèches and health clinics, in addition to the office function.



retail fund
DAMRAK



The old façade has a commanding presence on the urban scene

The Damrak is the main artery leading to the centre of Amsterdam. The redevelopment of Damrak 70 provides Amsterdam with premises with a new façade that better matches the cadence of the city. What's more, its transformation is in keeping with the policy objective of the municipality to attract major retailers to the city centre. To achieve this, the building will be completely stripped. This metamorphosis will bring about a complex with some 15,000 square metres of retail space, with major retail players returning to the heart of Amsterdam in the future.



After the redevelopment, the Damrak will take on a more modest appearance

office fund
ARTHUR VAN SCHENDELSTRAAT



The office has undergone extensive renovation to meet the requirements of the times

The office building at Arthur van Schendelstraat 600 in Utrecht is a good example of active asset management. When the previous tenant left, the complex was completely renovated in 2011 and transformed into a multi-tenant office. The 4th floor has been rented out to Mirabeau, an Internet agency, and the 2nd floor to Stichting Pharos, a health advice centre for migrants. The ground floor is occupied by the Mauritskliniek, an independent dermatology clinic. Intensive collaboration between tenants and Bouwinvest means that the building satisfies all requirements and has been made future-proof.



Early consultation during the renovation stage resulted in a customised solution for the Mauritskliniek



residential fund
DE HEELMEESTERS



Prior to being redeveloped, vehicle-based businesses had a dominant presence

De Heelmeesters forms part of the redevelopment scheme for the Eenhoorgebied in Amsterdam Oost, a neighbourhood that was previously 70% commercial and 30% residential. To achieve a better balance between work and housing, it was decided to reverse the ratio, with 70% housing and 30% commercial. De Heelmeesters consists of two U-shaped apartment blocks arranged around a central garden with 179 rented residential properties and 2600 square metres of office space. There has been intensive cooperation between all the stakeholders from an early stage during the Eenhoorgebied's redevelopment.



Luxury apartments and new offices have ensured a new set of dynamics in the neighbourhood



Bijlmer museum

It's always nice to win a prize without even entering a competition! The Piet Kranenberg Ring is an annual award which is handed out to an individual or organisation that has made a significant contribution to real estate in Amsterdam. The Stichting Bijlmermuseum accepted the award from Anneke Treffers for its efforts in preserving the 'museum surroundings' as they were intended.

Peter Dautzenberg

In the Amsterdam district of Bijlmermeer, around 15 blocks of flats and ten multi-storey car parks disappeared from the face of the earth following a decision in 1991 to demolish them. The Bijlmer air disaster in 1992 sounded the starting signal for regeneration of this district. In 2004, Grubbehoeve, the block where I had lived for ten years and where my two daughters were born, was in imminent danger of demolition. As part of the campaign group called *Koop je eigen Bijlmer* ("Buy your own piece of the Bijlmer"), ninety of us bought part of the building which effectively staved off demolition.

In 2010, a newspaper reported that Kleiburg would be razed to the ground. The housing corporation Rochdale put it up for sale for a symbolic amount of one Euro. Those of us at the Stichting Bijlmermuseum thought the idea of demolishing a perfectly good block of flats with 450 dwellings and setting down 800 containers a kilometre further for student housing was absolutely obscene. What's more, Kleiburg is the finishing piece

in the urban setting which is characteristic for the Bijlmermeer; a car-free zone and a park-like open space with a large work of art across which the Amsterdam metro runs. Moreover, the area around the Bijlmer museum represents a marvellous example of planners' attitude to housing and urban development in the second half of the last century.

In a letter sent to Rochdale and the municipal district, the Bijlmer museum asked for one last chance for Kleiburg to be saved. Rochdale decided to issue a tender and asked five parties to draw up a plan with an operating budget to see if a rescue plan for the building was viable. Volker Wessels won the contract with the "de Flat" consortium, with its home-renovation's concept. The scheme comprises the sale of 450 dwellings, which has been promoted by a special TV programme to this end (*de Flat*) and follows the work carried out by buyers and home-improvement experts. A number of show houses were furnished and open days have been organised.

To everyone's surprise, the scheme has proved a great success. At least seventy dwellings must be sold prior to 1 July 2013 for the plan to have a future. At the moment, a hundred have been snatched up and there are thousands of other interested individuals. It would seem that the efforts of the Stichting Bijlmermuseum have not been in vain. One block of flats will be saved and modernised and the character of one part of the city preserved. This is not an era of new building, but one of renovation and transformation!

COOPERATION ENABLES CUSTOMISATION

a mix of work and housing

The redevelopment of the Eenhoorngebied area in the east of Amsterdam is a good example of urban planning where stakeholders have collaborated from the very outset to transform the lowest polder in Amsterdam - at 6 and a half metres below sea level - into a top-class housing and commercial district with extensive functionality.

Helma Spuls, Senior Asset Manager at Bouwinvest and Roeland Roomer, Senior Project Manager at Bouwinvest



‘You could spend your whole life living here’

The City of Amsterdam, the Wibaut aan de Amstel project office, Ymere and De Alliantie housing corporations, Stichting Casa Academica (Casa 400 operator), student housing corporation DUWO and Bouwinvest have all worked in close collaboration to give this former industrial estate, nowadays surrounded by the urban sprawl, a facelift. The collaboration enables customised solutions to be delivered for all the stakeholders. At Bouwinvest, Senior Project Manager Roeland Roomer, and Senior Asset Manager, Helma Spuls are jointly responsible for coordinating a number of residential projects.

Casa 400

Roomer has been involved in the project since 2004, when Bouwinvest was approached to replace the old Casa 400 hotel with a new development. “Casa 400 had a unique concept: 400 student flats that would be rented out in the summer as hotel rooms. However, after 50 years, the hotel had reached the end of its lifespan. Renovation was not a viable option financially. There was a wish to build a new

and larger hotel in the same neighbourhood. A site was available, but not the money, so Bouwinvest was approached to come up with a solution. Hotel developments were new to us at the time; our specialisation was in housing, offices and retail. The operating budget of Stichting Casa Academica, the trust responsible for running the student hotel, appeared to be viable, and we decided to join forces with Casa.” Construction of the new Hotel Casa 400 also obliged Bouwinvest to redevelop the location around the old Casa 400 site. In addition, Bouwinvest wanted to incorporate housing into the scheme. Roomer: “The biggest share of our portfolio comprises housing and Amsterdam has a stable market where we wish to invest a lot in residential properties. We bought land adjacent to Hotel Casa 400 and this is where the De Heelmeesters project will be effectuated. This consists of two apartment blocks with 178 apartments, a ground-floor studio and a commercial space. The first part has more or less been completed”.

First-time buyers

Although the original plan was to demolish the old Casa 400 building to make space for 18,500 square metres of new building, the decision was eventually taken to use the shell of the building for a sustainable new plan put forward by VMX architects. The plan was upgraded once the municipality decided to offer more land around Casa 400. The finalised plan envisages 130 new homes for first-time buyers, on average 60 square metres in size, located in a tower block next to the former Casa 400 building, and 342 self-contained student flats in the building itself.

“There’s a big demand in Amsterdam both for homes for first-time buyers and for student flats”, explains Spuls. “Despite all the changes in statutory regulations, we’re delighted we can help implement the plan. A new valuation system recently introduced (the so-called Donnerpunten) means that regulated rental accommodation is now valued in points. As a result, a relatively small dwelling in Amsterdam transcends the liberalisa-

tion threshold, so it is now up to the market to decide on the amount of rent. This means that renting this accommodation has now become a viable operation for us.”

Customised solutions

Management of the student accommodation and the hotel has been outsourced. Stichting DUWO, a student housing corporation, has a 20 year contract to run the 342 self-contained student flats, and Stichting Casa Academica has signed a 30 year lease to run the new Hotel Casa 400.

“These long-term contracts have enabled us to deliver customised solutions”, explains Roomer. “DUWO has specified the fixtures and fittings and the materials to be used for the student flats. A great deal of thought has gone into it. On average the rooms are 27 square metres in size and they must include a kitchen, a bathroom, a place to sleep and a place to study. All that is catered for. This simply showcases their expertise.”

The same applies to the new Hotel Casa 400. “We listened very carefully to all the requirements. Developing a hotel can be a formidable task: the movements of hotel staff need to be minimised. Logistics are a key issue. The average occupancy level for the 520 rooms is 90%. Every day in the summer there are around 1000 guests in the hotel, and that takes a lot of organisation which must be done as efficiently as possible.”

For the De Heelmeester project, Bouwinvest’s Asset Management and Project Management have been carefully matched. “It all starts with the wishes of Asset Management,” Roomer explains. Where do you want to locate the development and what kind of product do you have in mind for the area? Asset Management thinks carefully about what the housing should look like and draws up a schedule of requirements that we include in our plans. There is constant feedback from both sides during the whole process. We try to meet the requirements of Asset Management as much as possible, but sometimes we are restrained by the limits imposed by local authorities, for example, the percentage of regulated rental accommodation that must be included. We try to achieve the ideal product within this framework.”

“Being able to draw upon each other’s know-how and expertise is crucial from the very outset,” Spuls maintains. Like no other, Asset Management knows what the demands of its intended target group will be and how these demands can be translated into a house where they feel at home.”

Sustainable development

One of the requirements for the redevelopment of the Eenhoorngebied area is sustainability. This means staying ahead of the game and being able to meet the strict energy standards of the future. In addition to effective insulation, a thermal storage plant will be installed, but these are not the only measures aimed at improved sustainability. By restricting rainwater run-off, we aim to cover the roofs with vegetation. According to Spuls, these extra investments are not yet reflected in the rent. However, it will have a positive impact on

the monthly service and heating costs. “In the long term, we expect the sustainability aspect of the building to have an effect on valuation.”

Spuls knows from experience that sustainability is a hot topic amongst tenants. “People are very critical when it comes to wasting energy. Nowadays for example, leaving the lights on in the central lobby is just not done! New buildings are fitted with sensors so that lights only go on when there’s someone in the proximity. Where possible, we will be converting our existing buildings too. This is what consumers are asking for. At De Heelmeesters we are using a brochure to prepare residents for use of the thermal storage system; it’s a completely different way of heating to traditional central heating systems. If they use the system properly, they can save up to 20% on their energy bills.”

Cooperation

Similarly, when planning public spaces, sustainability is taken into account. The municipality is responsible for planning these spaces but other stakeholders play their part too. “For example,” Roomer adds, “we help make sure there are no trees directly in front of an apartment, so that their crowns aren’t blocking the view. These are the kinds of things we discuss, such as putting underground waste containers in an area where they don’t disturb anyone.” The public spaces in the neighbourhood will also include fruit and nut trees so that residents can pick their own produce. De Heelmeesters will incorporate a green thoroughfare lined with walnut trees.

Friends of the Eenhoorn

A Friends of the Eenhoorn trust (Stichting Vrienden van de Eenhoorn) has recently been set up as a joint initiative on the part of residents and users to enhance the quality of life in the neighbourhood and to put the Eenhoorngebied area on the map. The director of Hotel Casa 400, the local authority, Ymere and Bouwinvest all helped set up the organisation. “The intention is that members of the residents’ committee or student representatives residing in the neighbourhood sit on the

trust,” explains Roomer. “The aim is to organise some kind of event every year for residents.”

Housing ladder

Spuls points out that it’s possible for people to live lifelong in the Eenhoorngebied area due to the diversity of housing types. “You can start off in a student flat, and then move into accommodation for first-time buyers before relocating to De Heelmeesters. Once you get onto the housing ladder here, you can stay on it and that’s pretty unique!” What’s more, an annual survey conducted by Hotel Casa 400 amongst students revealed that many of them studying here now would like to continue living here after their studies. Spuls: “That’s apparent, for example, from the number of application forms we get for accommodation in De Heelmeesters.” Reactions to De Heelmeesters are highly positive. Never before has Spuls experienced the rush to sign tenancy agreements before a project has even been completed. “From the very outset I had a good feeling about this great project at a unique location, but I hadn’t dared dream that tenancy applications would take off like they have done. The 98 residences in block 1 of De Heelmeesters have already been rented out. And the number of applications for the second block is already above expectation. Within three weeks, options had been taken out on two-thirds of the apartments and 14 contracts had already been signed.”

Unique project

The redevelopment of the Eenhoorngebied area represents an exceptional project for Bouwinvest. “It is one of the few urban regeneration developments of the last five years”, Roomer explains. “Parties are no longer willing to invest in large-scale urban regeneration projects because the risks are too large. It’s mainly individual projects, with single plots of land, but no neighbourhood plans. Bouwinvest is involved in everything here, from start to finish, and that makes it unique.”

BOUWINVEST PROJECTS IN EENHOORNGEBIED AREA

- The Eenhoorngebied area is located in the east of Amsterdam between the thoroughfares of Wibautstraat, Ringdijk, Nobelweg and Gooiseweg.
- The new Hotel Casa 400 opened in May 2010. The building has 151 permanent hotel rooms and 369 student flats that are rented out as hotel rooms in the summer, in addition to conference rooms, a restaurant, bar, cafeteria and car park.
- Redevelopment of the Casa 400 building. The shell of the building is being used for the completion of 342 self-contained student flats and around 950 m² for the catering trade. Additionally, there will be a new tower block with 130 apartments for first-time buyers and 65 underground car parking spaces. Construction will start in July 2013.
- De Heelmeesters, two apartment blocks along the Ringdijk adjacent to the new Hotel Casa 400, consists of 178 sustainable rented apartments, a ground floor studio apartment and commercial space. A thermal storage plant and green roofs are envisaged. The first housing units have been completed and the units in the second building will follow in September 2013.





Sustainability is more than just energy alone: the challenge lies in issues such as the use of raw materials and recycling in the built-up environment, but biodiversity and health too. To protect and consolidate biodiversity, more and more wildlife gardens are being set up in the Netherlands where indigenous flora and fauna can flourish. Some gardens may be limited in scope, but there are larger landscape parks where visitors can not only enjoy nature, but where they can also get information on the (natural) history of the reserve.

Michel Baars, Managing Director of Search Ingenieursbureau BV

Sustainable development means sharing knowledge

Whilst the levels of ambition and visions on sustainability for real estate differ widely amongst municipalities, housing corporations and institutional investors, everyone now seems to be convinced that sustainability is the way forward. The days that sustainability was seen as something only for trailblazers, as empty rhetoric or a thorny issue, are long gone.

Dutch businesses are seeing that something will have to change in their primary processes. In the vast majority of policy documents about sustainability this is still being talked about in terms of energy savings. That's a shame because in some cases this can lead to sub-optimisation. Sustainability is about more than just energy alone: the challenge lies in issues such as the use of raw materials and recycling in the built-up environment, but biodiversity and health too. The environment in which we live and work will have to fundamentally change.

To many in the real estate business, sustainability presents a dilemma, the circle of blame: everyone is now aware that things must be done differently, but we still blame others for not taking the first step. In the case of many new developments, the

'New trailblazers are emerging who share know-how and develop sustainable initiatives'

solution has been to puncture the circle of blame with the addition of know-how. In fact, there's no choice: if you stand still, you'll be out of business before you know it. You're powerless to do much about rising energy prices and have little or no contact with a significant part of the market that is demanding sustainable housing. Developments are taking place apace. If you don't jump on board now, you'll be playing catch-up later. Jump aboard now and make sure you don't lose sight of the trailblazers ahead of you.

Trailblazers

A new group of trailblazers is emerging who are sharing expertise and developing sustainable initiatives in collaboration. Sharing knowledge is particularly important. Trailblazers are needed so that their success can be shared with others to win them over. If the benefits of sustainable development can be demonstrated, then it's much easier

for others to take the first step. One such example of co-creation is the partnership between Search Ingenieursbureau BV and Bouwinvest which is aimed at improving the sustainability of the real estate portfolio and the management organisation of Bouwinvest. In order to quantify the energy performance of real estate, the Duolabel Kantoren, an energy label for offices, has been developed which calculates the overall energy demand for a building, not just from the perspective of the owner, who is responsible for the building and its engineering systems, but also based on the energy consumed as a result of the tenant's activities.

Survey

The first Duolabel was developed for retail properties; a survey was carried out to find out how much the premises contribute to energy demand and what the user adds to this. The results of the survey showed that the owner plays a restricted part in determining the level of savings, the lion's share of demand being strongly influenced by the user. Owner and user might work towards a common solution: after all, there's not much point in installing double glazing if leaving the door open all day or in using the central air-conditioning if everyone has their own heating on in the store.

The same kind of investigation is now being carried out for the office market. Search and Bouwinvest are working together to find out whether the savings potential amongst office tenants is as big and how that can be brought about. For this kind of initiative we have made a deliberate choice to work with a leading player on the market, with a large number of offices, so that a working system can be devised and other partners invited to join. In this way consensus can be reached more quickly.

The investigation will not be desk-based but hands-on in the offices. Together with Bouwinvest we are investing in the project and sharing the expertise. Inspections are currently being carried out and we are asking tenants to



'The environment in which we live and work will have to fundamentally change'

enter their energy consumption levels into the equation. We will be going into the premises and finding out the specific energy demand of the tenant and how they use the systems in the building, etc. On the basis of this data we can identify areas for savings, seek out technological solutions or behavioural aspects that can be implemented and find areas of cooperation between tenant and owner.

‘Interesting dialogue between owners and tenants which goes beyond energy-savings alone’

The investigation is still ongoing, but we already have pointers as to where savings might be made. Take for example a large office complex occupied by a tenant with a department working internationally seven days a week on one of the floors. The engineering systems in the building will need to operate 24/7 just so the one floor can be kept heated, cooled and climatized.

No thought has gone into heating that floor space independently, a solution for which an investment of 25,000 Euros could be recouped within a year and a half. It's simply not possible to arrive at this solution if you look at it solely from the owner's perspective, nor if you look at it solely from that of the tenant.

Matching energy demand

Financial gain can also be had from other features, such as matching the demand to energy in a building with the numerous different functions, including a restaurant, office and laboratory. The restaurant will contain large refrigeration units which generate a lot of heat. This heat will disperse outside whilst the adjacent room, a storeroom, has to be heated at a constant temperature of 16 degrees. It must be possible to interconnect the energy flows and share this energy. These are initial savings that can be made. Next, we look at

the stand-by functions for the coffee and copying machines, for which small investments are normally needed. Many tenants are not concerned about the engineering aspects of the buildings they occupy and usually have no technical support staff who would know that an air-conditioning unit can be split, or that the alarm system can be linked to the computer stand-by functions. Adding this know-how and gaining these insights can quickly lead to modifications which cost next to nothing. The development of the Duolabel has not been our success alone; we have achieved it together with the market. We have carried out the research with the market, which has now seen the added value that it brings. Significant savings can be made, but also interesting dialogues can be instigated between owners and tenants which in many cases lead to more than just energy savings. Buildings can be organised in a much more user-specific way and operating costs reduced, whilst the bond between tenant and owner only becomes stronger. It's good to see that institutional investors who cooperate do not compete with each other in this respect, but instead keep each other focused and help each other move forwards. So, as you can see, developments in sustainability are multifaceted.

Because of the changing market situation, the work of a project developer is changing in the same way as that of a building manager. They both have to undergo these developments; otherwise they will miss the boat. In this day and age, attention for energy savings is all part and parcel of building management.

But there is also a responsibility on the part of the investor too: the earnings model must be adapted to achieve savings. Energy savings are not just achieved through technology however, they must also evolve from cooperation and knowledge-sharing on the part of individuals. We shouldn't forget that a great deal more has to be organised jointly otherwise it won't go beyond this labelling campaign. Then it would all be about quick wins, and we would be back to square one and that would be a real shame.



QUANTIFYING SUSTAINABILITY

Since 2010, Bouwinvest has had a CSR policy plan in place, part of which involves the sustainability of its own organisation and its real estate portfolio. “At the beginning our objectives were mainly descriptive, but now we aim to quantify these by setting KPIs and measuring progress,” explains Bernardo Korenberg, CSR manager at Bouwinvest.

One way of doing this has been to develop the Duolabel for offices with Search. “It provides Bouwinvest with the possibility to create value. The label is one method by which to enter into dialogue with tenants about the sustainability of office premises, but also about how we can help them with their business processes. In this day and age, when there's a lot of vacant office space about, we're looking for ways to make sure that tenants stay put. It's necessary to stay customer-focused and help tenants find ways of reducing their costs. We also try to

help them work out how their sustainability targets, imposed by head office, can be attained. That's something we can do together. Tenants often have a different focus than their owners, so it's a dialogue worth entering into. Search is the partner who facilitates us in this; after all, they have experience with Duolabel for shops. The office label is a joint venture. However, our collaboration with Search goes one step further, and we now have a partner who can support us in the years ahead with ongoing improvements in sustainability of the assets in our portfolio. We've made a conscious decision to pick a single partner who can help bring about synergies. It's better to enter into a long-term relationship with someone who knows what you think and listens to your needs. This is part of corporate responsibility too.”

Action- Reaction

It all started with the camouflaging of vacant stores to prevent a negative image in Ede's shopping district. This led to a project in which the existing shopping district was revitalised by linking it to an online shopping district. Here, Ludwig Landvreugd of Shopjacket-QX BV and Jeroen de Heus of Bouwinvest discuss the Shopjacket project.

Ludwig Landvreugd, founder of Shopjacket-QX, studied Industrial Design at the University of Delft and is an industrial designer through and through. He is also a pioneer in the field of e-business. After a career at Origin and PwC, he started up for himself in Customer Managed Relationships in 2001 and, since 2007, has focused solely on facilitating mobile shopping.

Jeroen de Heus studied Construction Management in Tilburg and later Real Estate Management and Development at the University of Eindhoven. Since 2008, he has worked as Retail Asset Manager at Bouwinvest. Prior to this, he was employed at Vastned as a researcher and business analyst with a focus on the retail business.



SHOPJACKET HELPS GEL THE COMMUNITY

Ludwig Landvreugd, founder of Shopjacket-QX BV
(www.shopjacket.eu)

The idea of empty store premises helping retailers acquire new customers may sound a bit fanciful, but Ludwig Landvreugd, founder of Shopjacket-QX, firmly believes the concept will take off in coming years.

Physical & Digital Integration
Shopjacket specialises in camouflaging empty premises to make them look like attractive 3D stores, branded and replete with goods from retailers in a shopping centre.

[> continued on the next page](#)

IN SEARCH OF INNOVATION

Jeroen de Heus, Retail Asset Manager at Bouwinvest

Only time will tell if the Shopjacket project in Ede will succeed. Jeroen de Heus, Retail Asset Manager at Bouwinvest, sees opportunities ahead, but the project will have to prove itself in terms of returns in the next few years. On the other hand, just sitting back and waiting for something to happen is actually a step backwards in these times.

“We have every confidence in the project, otherwise we wouldn't be investing and, up to now, both parties have been putting their heart and soul into it. It's a clear example of active asset management, given the fact that it's still ongoing.

[> continued on the next page](#)

> continuation Ludwig Landvreugd

But that's not the end of it. The 'fake' storefronts in Ede have been given QX-codes which consumers can scan with their mobile phone and enter the virtual 3D store or digital shopping centre. Here they can find the digital variant of all physical stores in the shopping district in My-Mobile-Mall.

"I'm convinced that the way in which this concept integrates both physical and digital will be a formula for success in 2013 and 2014," Landvreugd explains. "My experience is that if traders see opportunities, they are eager to cooperate. The power of integrating physical shopping centres with a digital counterpart is much stronger than the power of Internet retailing on its own. By creating a physical presence in the shopping district, it's possible to build a strong relationship digitally."

Dynamics

In Landvreugd's view, a new kind of dynamics will evolve among active retailers in the shopping district, which will help to gel the community. "For example, Subway – which is too small to start its own delivery service – asked us if it was possible to set up a delivery service for all shop owners collectively. Another variant to Shopjacket is the Themajacket, a themed service focusing on special days, such as Mother's Day and Christmas, where all retailers selling gift items are drawn together in the virtual Christmas or Mother's Day Jacket."

The proof is in the conversion

The figures must show whether or not it works. Shopjacket has set itself the goal of quantifying the conversion vis-à-vis the client and retailers. "We can measure every scan on a store front or folder. Every month, we report this to Bouwinvest and if we see an upward trend, we know for sure it's working."

> continuation Jeroen de Heus

Revitalisation, innovation and creativity are actively being encouraged to bring about success together with Shopjacket, the asset manager and store owners."

Sentiment

Ultimately, the intention is that the entrepreneurs in Ede will take on the project now being overseen by Bouwinvest. The first pilot with 360-degree photos of an online-store started at Christmastime last year. Reactions were initially hesitant. Early this year, Shopjacket gave a presentation to the local traders' association, explaining the concept. After niggling issues such as price and purpose had been dealt with, the response was much more enthusiastic. "Shopkeepers now find themselves in a challenging situation with a lot of negative news, and together with Shopjacket, we have been able to turn this negative sentiment around", explains de Heus.

A rise in occupancy rates for vacant property will signal whether the project has been successful or not. "At the end of the day," insists de Heus, "it's all about profits and generation of turnover. For that reason, during recent times, we have been constantly asking ourselves how we can be more creative with the vacant properties, so that the premises can once again be rented out in the long term."

The long term

In terms of financial returns, according to de Heus, the results won't be immediate. "We won't be able to fill empty property with new tenants as a result of the project. So for property owners it's not an option to talk about short-term profits. Our vision is that, in the long term, a shopping district will evolve where retailers are happy to be located and which consumers will be attracted to. We hope that this way of working will pull in new partners, thereby resolving the problem of vacant premises."

Scan & Shop around

In order to ensure that shoppers can actually scan the QX-codes, there are certain variables that can be influenced. One way is to promote individualised QX-codes for shopkeepers, which refer to their own 360-degree virtual store, by giving out a hand-out with every purchase. The second method is the shop-front sticker attached to every store window in Ede's shopping district. The third way is to scan Ede QX-code for events, street fairs, auctions or ladies' nights, which are supported by smartphones.

According to Landvreugd, the concept becomes embedded once the traders' association has taken over the administration and costs of maintenance in its marketing budget, which up until now has been paid for by Bouwinvest. When this happens, he sees a good future for the overall concept, whereby consumers can eventually shop digitally in the shops in Bouwinvest's portfolio via the QX-codes.

Critical success factor

For de Heus, one unknown variable is whether the consumer will actually scan the QX-codes on the store fronts and buy products using this channel. "But this won't be the only factor that will determine the success or failure of the project. We examine the usefulness of the project for consumers, the promotional value for the shopping district and the contribution it makes to new earning models for the retail trade." One critical success factor for de Heus is acceptance among retailers. "We are currently overseeing the project and costs. So the question is: will the traders ultimately take it on? To do this, they will have to organise their online presence – in addition to their physical presence – wwt themselves. If they do that, the initiative can certainly be raised to new levels."



If you would like more information about the digital shopping district in Ede, scan the QX-code alongside with your smartphone.



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Business Development Department,
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viervier strategisch ontwerp

Graphic design

viervier strategisch ontwerp

Copy and editing

Bouwinvest
Monique Harmsen

Photography

Twan de Veer

Print

Akxifo



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