

CRE Performance; the added value measured.

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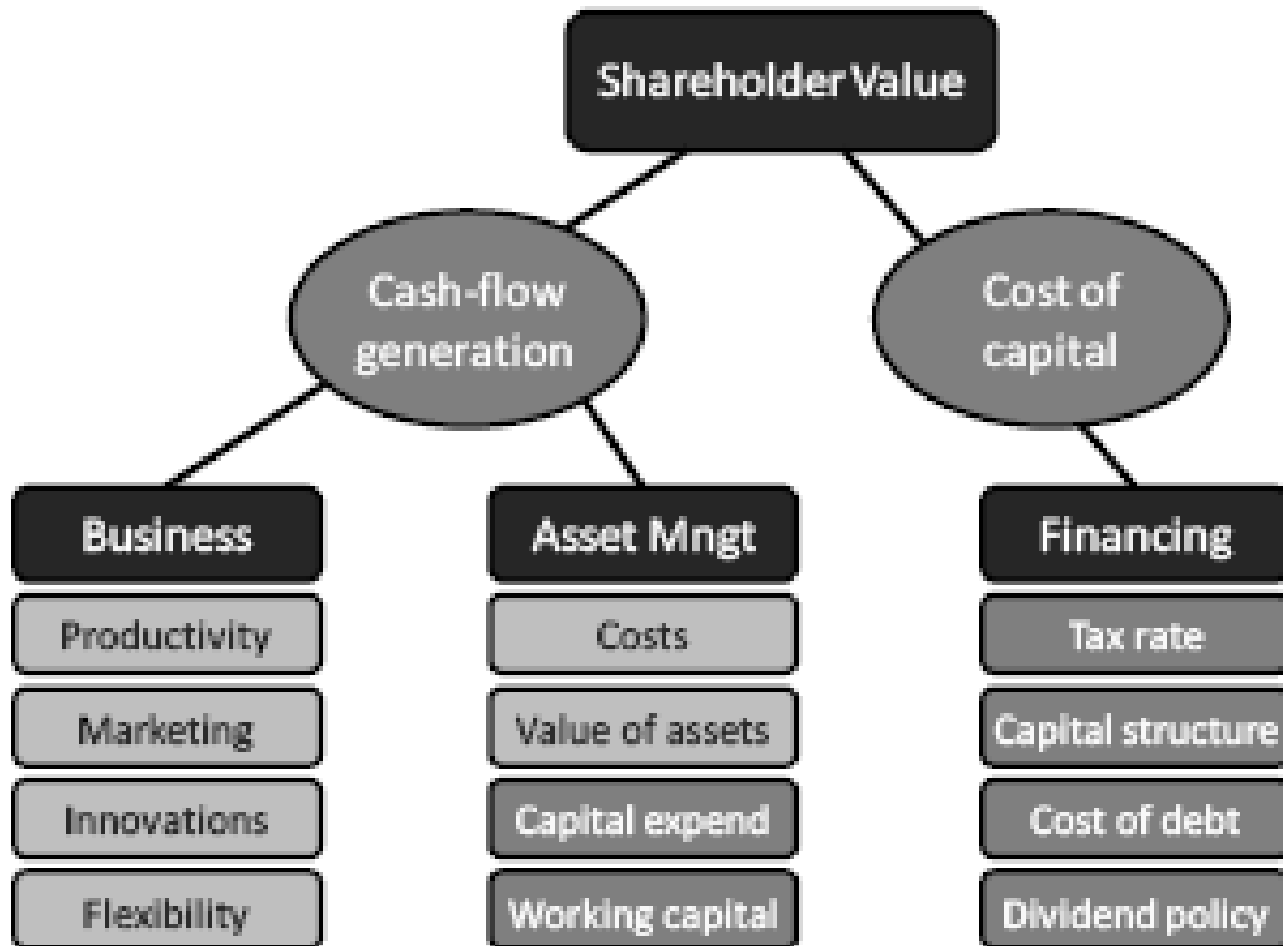
Introduction

As of 2014, the new IFRS lease accounting standard will eliminate off-balance sheet accounting; essentially all assets currently leased under operating leases will be brought on balance sheet.

The new numbers will raise questions:

- What is the property usage is compared with peers?
- How much property is owned versus rent?
- What does it mean for the value of the company?

Value driver model



Global 1200 analysis

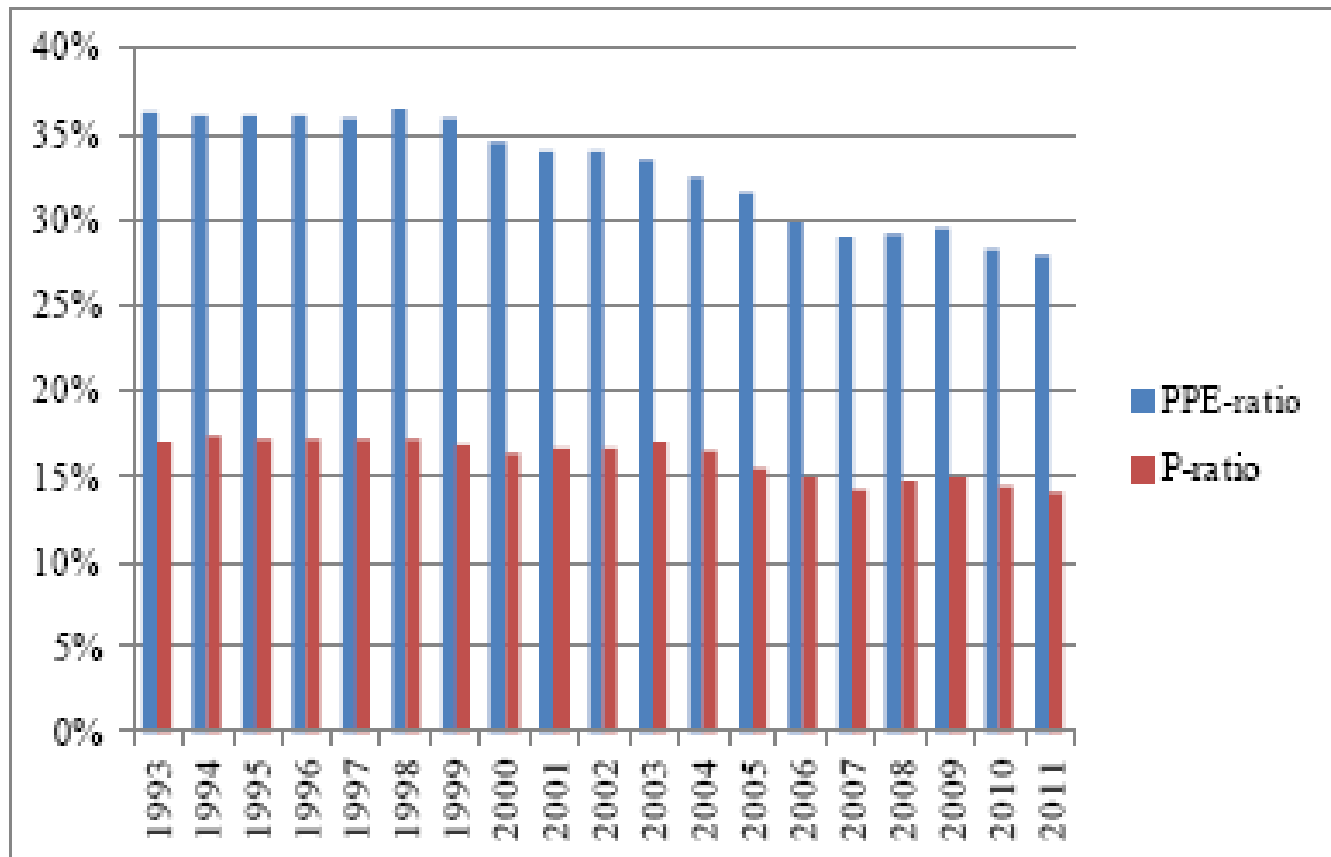


Figure 2: PPE-ratio vs P-ratio for the years 1993-2011.

Global 1200 analysis

SIC code	Industry	P-ratio	PPE-ratio	P/PPE
01-09	Agriculture, Forestry, Fishing	-	-	
10-14	Mining	10%	69%	14%
15-17	Construction	8%	26%	31%
20-39	Manufacturing	15%	27%	56%
40-49	Transportation & Public Utilities	13%	47%	28%
50-51	Wholesale Trade	9%	16%	56%
52-59	Retail Trade	30%	38%	79%
60-67	Finance, Insurance, Real Estate	12%	30%	40%
70-89	Services	8%	18%	44%
91-99	Public Administration	-	-	

Global 1200 analysis

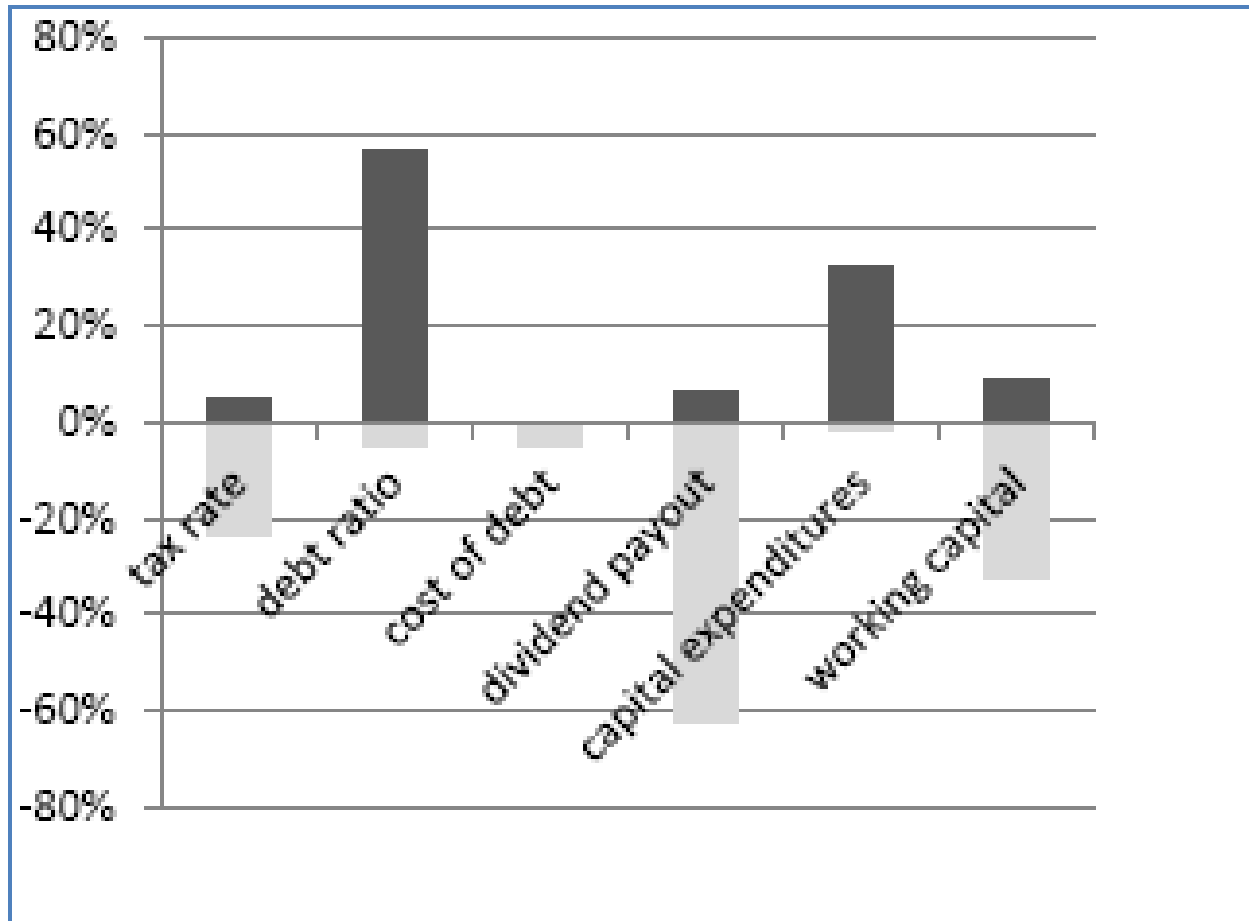


Figure 3: Range of correlation between real estate ownership and value driver variation

What's in it for you

It's a framework that :

- Communicates the value of CRE in those terms, corporate management most wants to hear;
- Presents how financial value drivers are affected by real estate ownership;
- Combining the internal overview with this framework positions firms well for any real estate debate with their stakeholders.
- Opinion of Mike Napier (Vice President at Shell Real Estate) on this research ? => www.vastgoedlab.nl