

ANNUAL REPORT 2011 – VAN LEER GROUP FOUNDATION

The Van Leer Group Foundation is a privately endowed charitable organization established in 1979 by Oscar Van Leer. It performs the holding function for all the Van Leer charitable activities and as such supervises its investment portfolio and the governance of its charitable activities.

The Van Leer charitable activities are presently embodied in the Van Leer Group Foundation and the Bernard Van Leer Foundation in The Hague, and the Van Leer Jerusalem Institute and Jerusalem Film Centre in Israel.

Apart from an investment portfolio the Van Leer Group Foundation fully owns Crecor B.V. that is active as an Israeli venture capital company through its Israeli subsidiary Docor International Management in Tel Aviv.

The Van Leer Group Foundation's origins lie with Bernard Van Leer, a Dutch industrialist and philanthropist. In 1919, he started a packaging company in the Netherlands that developed into a world leader in the packaging industry. Royal Packaging Industries provided him with the resources to pursue his philanthropic ideals: to use his wealth for the benefit of others.

When he passed away in 1958, he had arranged that his business interests would continue to fuel his philanthropic activities. His wife Polly and their sons Wim and Oscar had already relinquished their inheritance rights and a humanitarian foundation had been established in 1949 in Lucerne, Switzerland.

In its articles of association, the Van Leer Group Foundation mentions three statutory objectives. These are:

To promote the optimum development of socially and economically disadvantaged children up to the age of 8, with the objective of developing their innate potential to the greatest extent possible.

To contribute to the development and strengthening of a Jewish democratic national home in Israel committed to a free, equitable and just society for all its citizens; to contribute to the pursuit of regional peace, for the benefit and betterment of social cultural and individual lives in Israel.

To promote and advance the continuity and the preservation of the identity of the Van Leer entity.

The financial strategy of the foundation is formulated as follows:

'to maintain or add to the purchasing power of the investment assets, measured in Euros, and to provide a relatively predictable, stable and, in real terms, constant stream of income for annual charitable expenses by the foundation.'

The foundation regards future generations of grant recipients equally important as the present generation. Since its aim is to exist in perpetuity, the real value of the investment assets should, over the years, not be eroded by excessive pay-outs. In order to realize the above mentioned strategy of at least maintaining the purchasing power of investments, the long-term investment total returns (net of investment management fees and other related costs) must at least equal the sum of the foundation's annual expenditures (expected to average 4% of asset value) plus the rate of inflation. Thus, the primary investment goal is to earn an average annual real total return of 4%, within acceptable limits of risk. The foundation expects that this goal will not be realized every year, but could be achieved in most five-year periods.

On December 31, 2011 the value of the global investment portfolio of the Van Leer Group Foundation amounted to € 608 million (2010: €641 million).

The investment policy of the foundation is implemented (with the exception of Crecor B.V.) by external investment managers.

Part of the non-marketable alternative assets is handled by Crecor.

The total return on assets in 2011 was -1.7%. However, to assess the adequacy of an investment policy for the agreed upon pay-out for charitable activities (i.e. the sum of the foundation's annual expenditures), it is important not to concentrate on a total return figure of one single year. In stead it is important to look at total return figures over a longer period of time. For the Van Leer Group Foundation this means looking at total return figures since 1996: the year that Royal Packaging Industries Van Leer went public.

The average total return on the investment portfolio of the Van Leer Group Foundation since inception, i.e. 1996, has been 5.3% (at the end of 2010: 5.6%). After reduction of an average annual inflation figure over this period of 2.0% (OECD CPI Netherlands) the annual real total return has been 3.3%.

It was concluded from these figures that the annual real total return of 3.3% did not meet the investment objectives.

The breakdown of the foundation's expenditures over 2011 was:

	2010	2011
	€ thousands	€ thousands
Bernard Van Leer Foundation	16,754	17,257
Van Leer Jerusalem Institute	3,226	3,869
Jerusalem Film Center	598	760
Incidental contributions	41	35
<i>Total</i>	<i>20,619</i>	<i>21,921</i>

The charitable spending pay-out in 2011 was 3.51% of the average assets over that year (2010: 3.43%).

If the annual expenditures of the Van Leer Group Foundation itself are added, the overall total is € 23,495 million (2010: € 22,223 million).

The actual pay-out in 2011 was 3.76% of the average assets over that year (2010: 3.69%).

Governing Council

Peter Bell (*U.S.*)

Joep Brentjens (*Netherlands*) (until June 2011)

Gideon Frank (*Israel*)

Rien van Gendt (*Netherlands*)

Trude Maas (*Netherlands*)

Nancy Newcomb (*U.S.*)

Robert Swaak (*Netherlands*)

Jacqueline Tammenoms Bakker (*Netherlands*)

In March 2012 Baroness Rabbi Julia Neuberger and Lord Jonathan Kestenbaum were appointed as members of the Governing Council.

Nancy Newcomb retired in March 2012.

Staff

Andre Betting (*Netherlands*), Executive Director

Jacqueline Jacob

Tim Otto