

# The Merin Story

July 2014



## DISCLAIMER

This presentation is provided for information purposes and reference only and does not constitute an offer to sell or a solicitation of an offer to buy any securities and may not be used or relied upon in evaluating the merits of any investment. The contents hereof should not be construed as investment, legal, tax or other advice and you should consult your own advisers as to legal, business, tax and other related matters.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this presentation. The information contained herein is confidential and may not be used, reproduced or distributed to others, in whole or in part, for any other purpose without the prior written consent of the Company. Information provided is current as of the date of this presentation (or as otherwise specified).

Please note that throughout this document we provide various examples or subsets of the Company's existing and past investments and in aggregate may represent only a small percentage of the firm's investments. It should not be assumed that any other investments not shown would perform similarly to those shown. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

Future investments may be made under materially different economic conditions, including interest rates, market trends and general business conditions, in different portfolio companies and using different investment strategies and these differences may have a significant effect on the results portrayed, portfolio companies held or decisions made. Each of these material market or economic conditions may or may not be repeated.

All statements in this presentation (and oral statements made regarding the subjects of this presentation) other than historical facts are forward-looking statements, which rely on a number of estimates, projections and assumptions concerning future events. Such statements are also subject to a number of uncertainties and factors outside the Company's control. Such factors include, but are not limited to, uncertainty regarding and changes in global economic or market conditions, and changes in U.S. or foreign government policies, laws, regulations and practices. Opinions expressed are current opinions as of the date of this presentation. Should the Company's estimates, projections and assumptions or these other uncertainties and factors materialize in ways that the Company did not expect, actual results could differ materially from the forward-looking statements in this presentation, including the possibility that investors may lose a material portion of the amounts invested. While the Company believes the assumptions underlying these forward-looking statements are reasonable under current circumstances, investors should bear in mind that such assumptions are inherently uncertain and subjective and that past or projected performance is not necessarily indicative of future results. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this presentation, and nothing shall be relied upon as a promise or representation as to the performance of any investment. Investors are cautioned not to place undue reliance on such forward-looking statements and should rely on their own assessment of an investment.

# Contents

- I. Company Overview**
- II. Strategy**
- III. Company Performance**
- IV. Case Studies**
- V. Dutch Market**

---

# I. Company Overview

# About Merin

Merin is one of the largest commercial real estate platforms in the Netherlands, with a portfolio of approximately 185 offices and industrial assets located around the country. Together with our customers we create a high-quality, sustainable and modern working environment in each of our buildings.

Our goal is to be the most customer-friendly provider of office and industrial space in the Netherlands.

## What we do

Merin upgrades, leases and manages offices and industrial space.

## How we do it

We invest in our core buildings and create a better working environment. Service is key and we keep improving this by communicating and cooperating with our clients. We manage the buildings with our own people.

## Why we do it

Every company is unique. Its office or industrial space provides the best place to reflect the company's culture. We want to help in building unique companies.

# Improving The Organisation

## Investing in people

Since TPG Capital and Patron Capital acquired Merin in 2012, we have invested significantly in our buildings, our organisation and our management. Investing in people is important for our service and for the growth of our company. New employees are hired and educated to make the company more responsive to existing and potential tenants.

With four regional offices in Amsterdam, Rotterdam, Apeldoorn, and Eindhoven we add value with our knowledge of the local markets. This helps us to build relationships with SMEs.

## Investing in relationship with our clients

Our customers have two points of contact: a Client Relationship Manager and a Technical Manager. We believe personal contact is essential to stay in contact with our customers.

Together, we search for solutions to their specific needs for office or industrial space. Investing in relationships means investing in Merin's future as a key player in this market.



# Portfolio Statistics



## Assets located across Holland

185



**70%** of value  
office space



**25%** of value  
industrial space

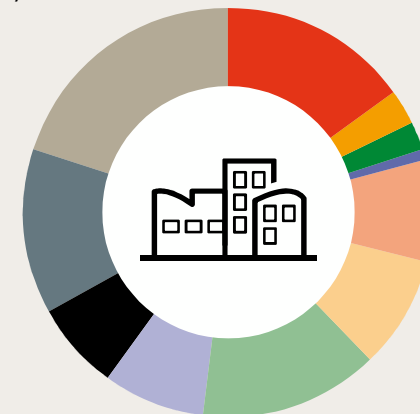


**5%** of value  
other space

## Breakdown by location (by sqm)

**60%**

of value in Key Dutch cities (Amsterdam, Rotterdam, The Hague and Utrecht)



# Sample Assets



M64, Hoofddorp



M60, Helmond



M23, Amsterdam



M9, Amsterdam



M149, Eindhoven



M66, Nijkerk



M479, Apeldoorn



M31, Amsterdam



M61, Amsterdam



M201, Dordrecht



M225, Rotterdam



M99, Amersfoort



M108, Maastricht



M344, Sittard



Offices & Industrial





# Recent Progress

---

## Management Team

The senior management team (CEO, CFO, CTD) is now complete

## Rebranding and Organisation

Positive coverage in property and financial press

## Improved Renewal Rates + Leasing Initiatives

Active acquisition, business centre projects, student housing, data centres, etc. The WALL has increased in recent quarters

## “Big Tenant Initiative”

First successes in signing large lease contracts with TNO (the Dutch government’s innovation agency), Webcare Company (Randstad) and OGD (IT Services)

## Market Opportunities

The Dutch real estate market provides interesting opportunities to buy new portfolios

# Senior Management Team

Management team  
reinvigorated



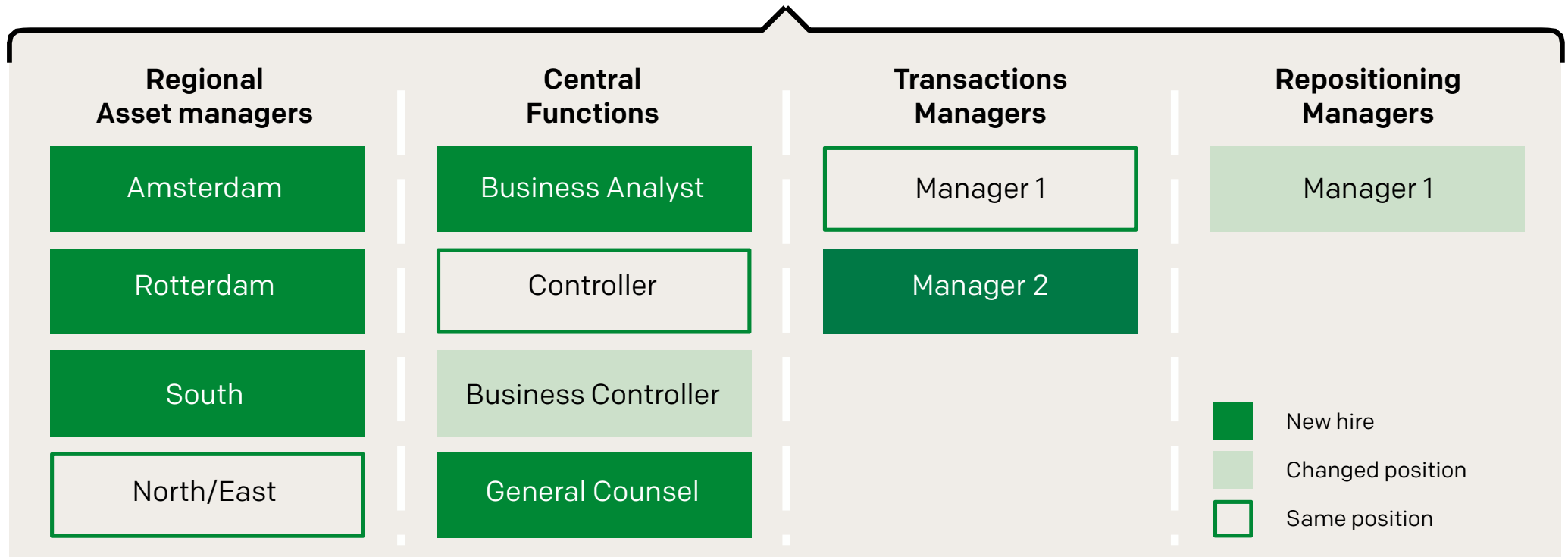
**CEO**  
Bas van Holten



**Technical Director**  
Rob Lith



**CFO**  
Roel de Weerd



# Senior Team Bios



## **Bas van Holten**

- Joined Merin as CEO in January 2013
- Previously at OVG (major Dutch CRE developer)  
Second largest shareholder, General Manager for the Netherlands and COO for Germany
- 11 years at Jones Lang LaSalle. Dutch Board Member



## **Roel de Weerd**

- Joined Merin as CFO in January 2014
- Previously CFO at Bouwinvest, Dutch real estate investment manager with €5.6 billion of AuM
- Formerly CFO of Annexum, CFO of Acteeum Group and CFO of Ahold Vastgoed



## **Rob Lith**

- Joined Merin as Technical Director in July 2013
- Interim Technical Director from November 2012 to July 2013
- Worked for over 28 years at PRC and Arcadis, recently as a Director for Corporate and Commercial Real Estate

# Merin Team

## Staff

Assistant CEO/CFO/CTO 1  
 Legal 1  
 Investment Manager 1  
 Business Analyst 1  
 Business Controller 1  
 Marketing & Communication 1  
 Project Manager 1  
 PMO 1  
 CRM Manager 0,2  
 Reception 1

## Management Board

Bas van Holten - CEO  
 Roel de Weerd - CFO  
 Rob Lith - CTO

## Transaction Team

Assistant Trans/Repo Team 1  
 Transaction Managers 1,8  
 Repositioning Managers 1

## Finance & Reports

Controller 1  
 Assistant Controller 1  
 Team Leader Financial Accounting 1  
 Contract Administration 1  
 Accounts Payable 3,8  
 Technical Support 1  
 Accounts Receivable 2

## Regional management teams

### Amsterdam

Region Manager A'dam 1  
 Assistant Asset Team 1  
 Client Relationship Managers 3  
 Technical Managers 4

### Southwest

Region Manager Southwest 1  
 Assistant Asset Team 1  
 Client Relationship Managers 2,7  
 Technical Managers 3

### South

Region Manager South 1  
 Assistant Asset Team 1  
 Client Relationship Managers 1,7  
 Technical Managers 3

### Northeast

Region Manager North/East 1  
 Assistant Asset Team 1  
 Service Manager Fizzionparc 1  
 Client Relationship Managers 1  
 Technical Managers 2

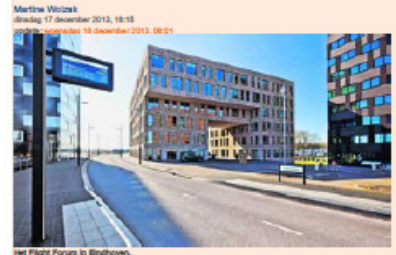
# Rebranding

Positive coverage in industry publications and improving broker relationships raises awareness among the tenant community

**VASTGOED**  
Merin start met sloop kantoren

Amsterdam Merin is gestart met de sloop van 20.000 vierkante meter kantoorruimte op het voormalige Philipsterrein in Apeldoorn. 'Onze portefeuille heeft veel ouderdom vastgoed', zegt Bas van Holten van Merin, het voormalige Uni-Invest. Door een deel daarvan te slopen, krijgt de rest van de gebouwen betere kansen. Merin gaat de panden die op het Philipsterrein blijven staan opknappen. 'De ambitie is een levendige omgeving te creëren waar het prettig werken is.' Op het nieuwe 'FizzionParc' komen onder meer vergaderfaciliteiten, fd

## Duits fonds verkoopt Nederlandse kantoren voor derde aankoopsprijs



Vastgoedbedrijf Merin koopt drie Nederlandse kantoren van een Duits beleggingsfonds tegen een forse korting. Bronzen in de markt melden dat er €45 mln is betaald voor 43.000 m<sup>2</sup>, iets meer dan een derde van het bedrag dat de vorige eigenaar - het Po Value Fund - een jaar geleden neerlegde.

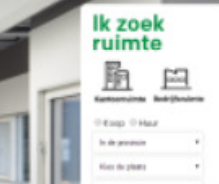
Eerste stap 'Dit is voor ons een bescheiden - maar belangrijke - eerste stap om onze groeiambities te realiseren', zegt topman Bas van Holten van Merin, dat met een miljoen in al een van de grootste verhuurders van kantoren en bedrijfsruimten in Nederland is. Hij wil de prijs niet bevestigen.



## Vastgoed Private Equity 'Huurders uit omliggende kantoren komen al naar onze panden toe'

Uni-Invest transformeert vastgoed en zichzelf een jaar na overname door private equity

Vanaf eind 2013 zal het vastgoed van Uni-Invest worden overgenomen door de Amerikaanse vastgoedbelegger Merin. De overname wordt mogelijk gemaakt door de verkoop van de aandelen van Uni-Invest aan private equity. Merin gaat de kantoren van Uni-Invest opknappen en verbeteren. 'Huurders uit omliggende kantoren komen al naar onze panden toe', zegt Bas van Holten van Merin. De kantoren worden opknapt en verbeterd. Merin gaat de kantoren van Uni-Invest opknappen en verbeteren. 'Huurders uit omliggende kantoren komen al naar onze panden toe', zegt Bas van Holten van Merin.



## Tweede leven voor Vision Park

Eigenaar neemt afscheid van meeste gebouwen op oude Philips-terrein.

De meeste gebouwen op het oude Philips-terrein worden afgebroken. De eigenaar neemt afscheid van de meeste gebouwen op het oude Philips-terrein. De meeste gebouwen op het oude Philips-terrein worden afgebroken. De eigenaar neemt afscheid van de meeste gebouwen op het oude Philips-terrein.



Meeste Philips-bouw gesloopt

## Holiday Inn krijgt nieuwe burens

Het Holiday Inn nam al eerder zijn intrek in een deel van het voormalige Cito-pand, nu krijgt ook de rest een bestemming.



Over een half jaar krijgen ook de andere helft van het voormalige Cito-gebouw aan de Veensteeg een nieuwe bestemming. Eigenaar Merin, een grote verhuurder van kantoorruimten, levert het gebouw op aan een andere partij. Het gebouw wordt omgebouwd tot een kantoorpand. Het gebouw wordt omgebouwd tot een kantoorpand.

Het voormalige Cito-gebouw bestaat uit twee delen, waarvan één al eerder is overgenomen door het Holiday Inn. Het andere deel wordt omgebouwd tot een kantoorpand. Het gebouw wordt omgebouwd tot een kantoorpand.

De meeste gebouwen op het oude Philips-terrein worden afgebroken. De eigenaar neemt afscheid van de meeste gebouwen op het oude Philips-terrein. De meeste gebouwen op het oude Philips-terrein worden afgebroken. De eigenaar neemt afscheid van de meeste gebouwen op het oude Philips-terrein.



---

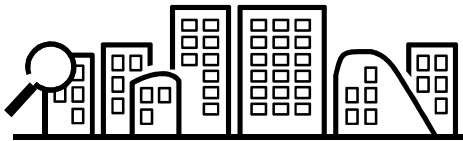
## II. Strategy

# Optimizing The Portfolio

## Growth ambitions

We seek to maximize the value of our real estate through focused strategies.

### Existing Portfolio or newly acquired assets



### Define right strategy to add value

#### Keep in portfolio

- Long Lease
- Value Add

#### Repositioning

#### Ejects

### Create core portfolio

### Let go of non-core assets

# Optimizing The Portfolio

## Long Lease / Value Add

**Long Lease:** Includes assets with strong performance and existing tenants in place. Retention of these assets provides stable cash flows. The focus is to raise client satisfaction (NPS)

**Value Add:** Includes assets which will benefit from active investment.

- Up-front and lease-up capital expenditures
- Investment in sustainability
- General portfolio optimization

Value optimization is achieved through combining customized capex with intensive management and sales initiatives.

## Repositioning

Strategic repositioning of properties:

- Repositioning of asset type
- Plot enhancement
- Full renovation

Contains a full review of identified assets (including a strategic assessment and a feasibility study) and often requires support from municipalities to achieve the necessary re-zoning permits.

Value optimisation is achieved through targeted repositioning of assets into residential, self storage, hotels etc. (followed by sale or lease-up)

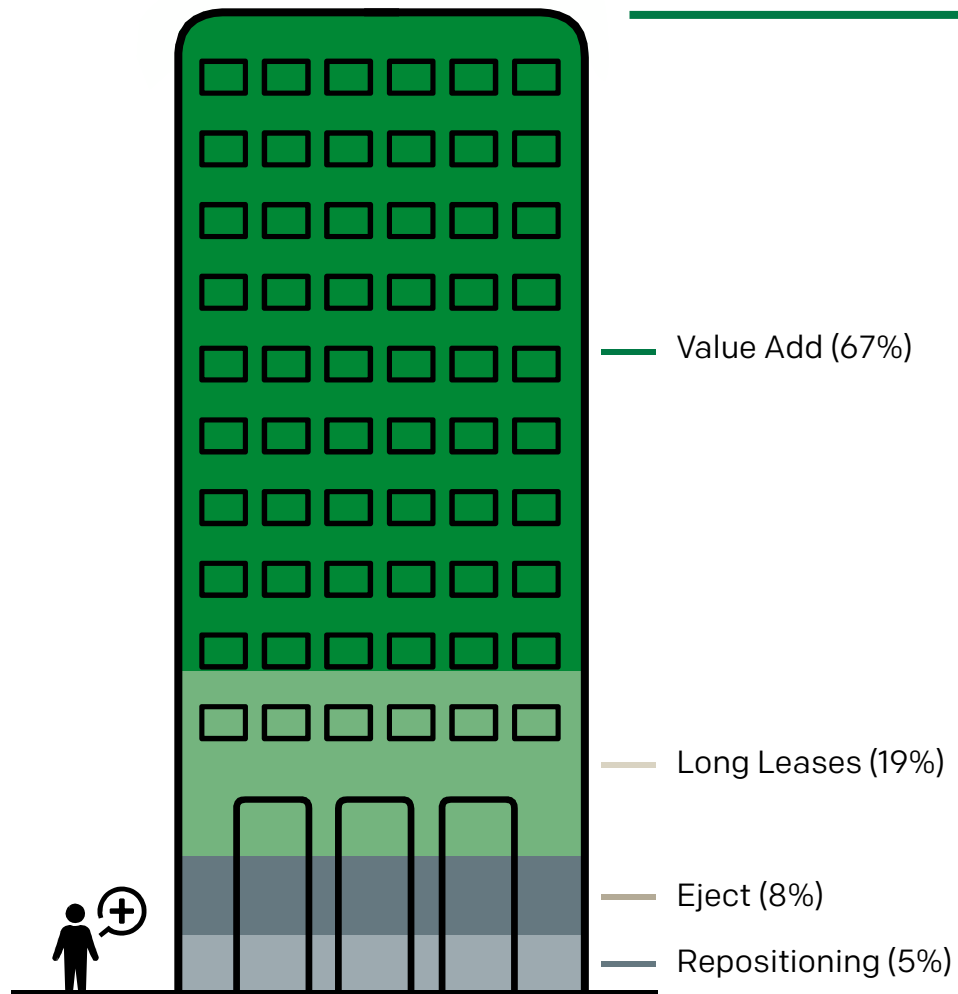
## Eject

(Vacant) assets with limited to no opportunity for generating income require short-term disposals to avoid continued cost drag on the company's performance.



# Asset Management Play

Value<sup>1</sup> by strategy  
(% of Total)



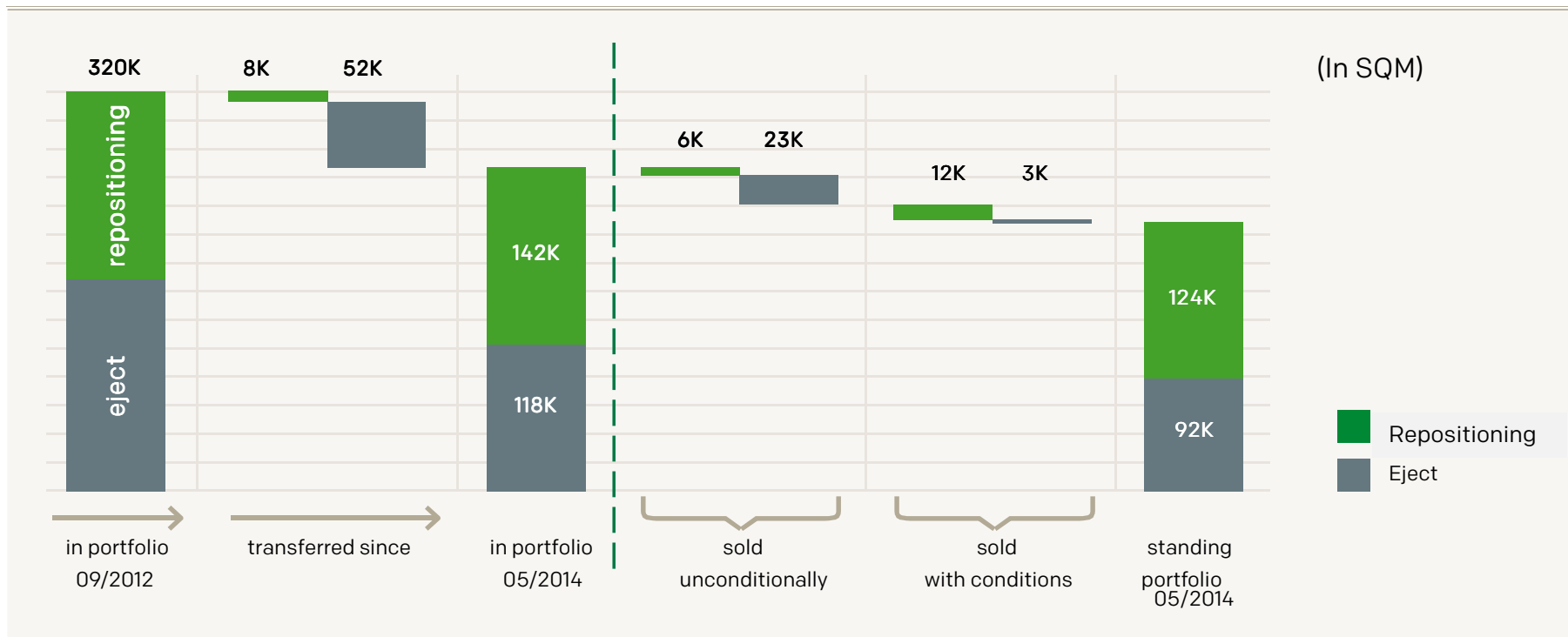
- Individual business plan for every asset
- Asset management play
  - Focus on client satisfaction
  - Poach tenants from neighbouring buildings
  - Capex to improve asset base
  - Lower rent / increased incentives

1. Allocated purchase price as of Q2 2013

# Eject & Repositioning

## Successful dispositions of poorer quality assets:

- Through online auctions
- By good contact with local investors/ developers
- Creative deals with owner occupiers
- Proactive zoning changes



---

### III. Company Performance

# Client Satisfaction

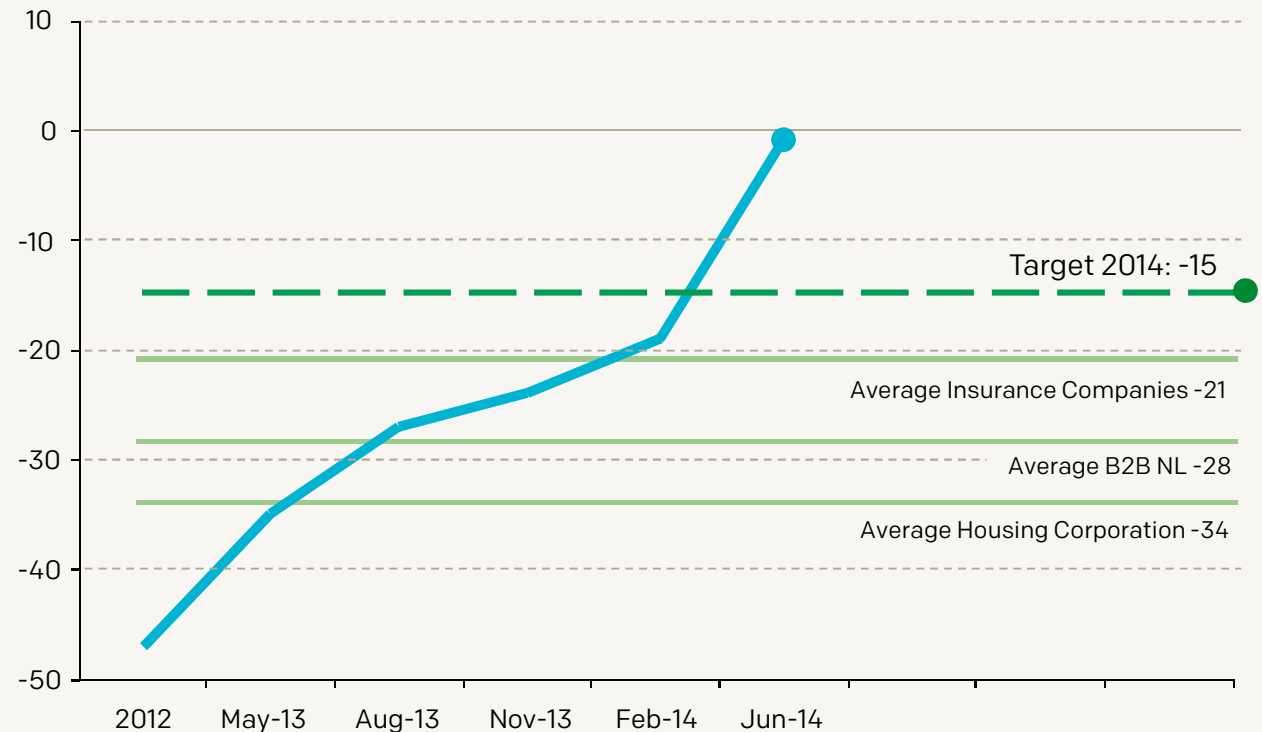
## Improving tenant perception

NPS is based on a direct question: *How likely are you to recommend our company/product/service to your friends and colleagues?* The scoring for this answer is based on a 0-to-10 scale. Promoters are those who respond with a score of 9 or 10 and are considered loyal enthusiasts. Detractors are those who respond with a score of 0 to 6 - unhappy customers.  $NPS = \% \text{ promoters} - \% \text{ detractors}$ . Scores of 7 and 8 are ignored.

Every quarter a selection of the group of tenants who rent >1 year is approached. Every month new tenants are approached in the month after they are operational at the location.

## Net Promoter Score

(% promoters % detractors)

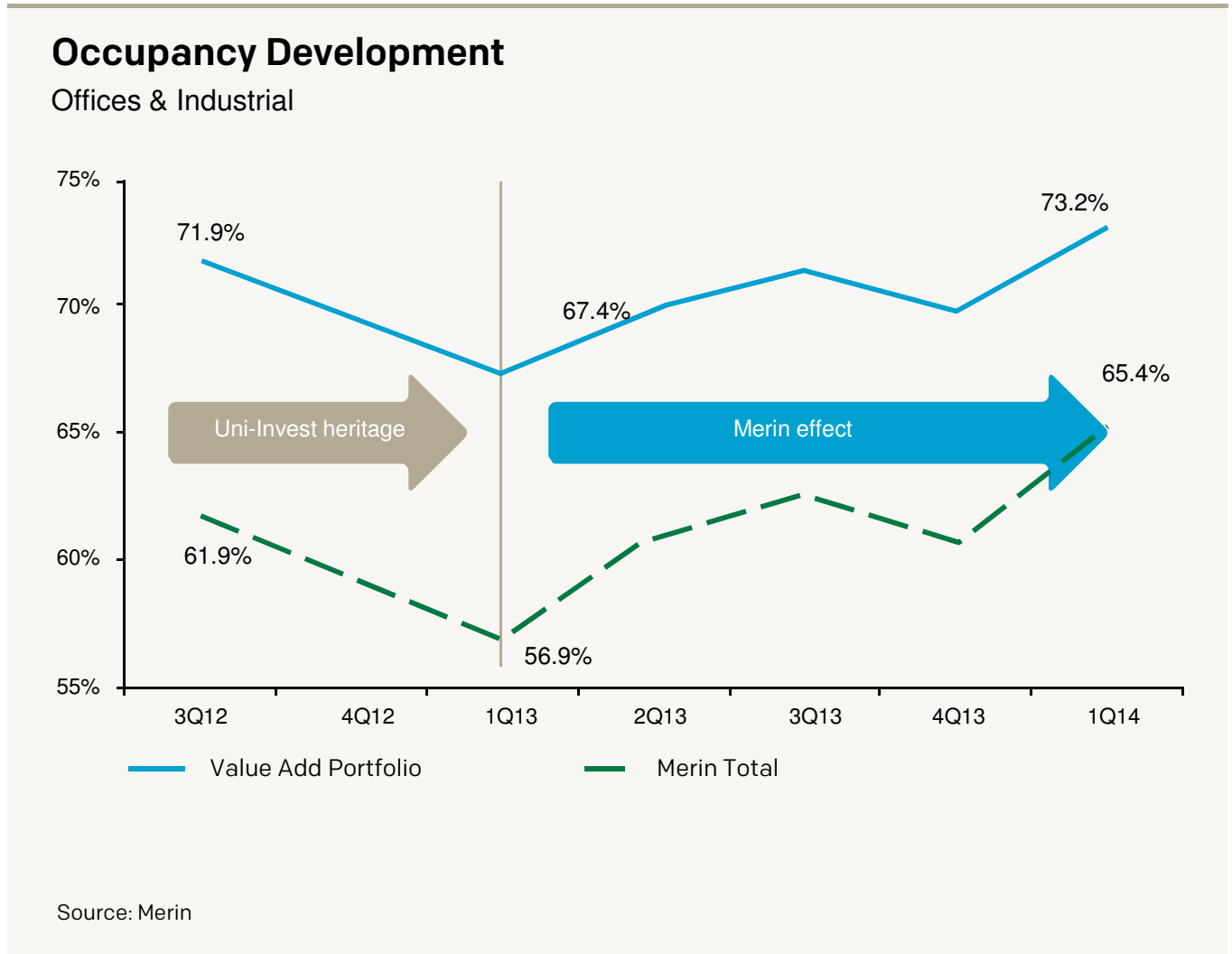


Source: Merin/ Motivaction

# Occupancy Development

## Increasing occupancy in a tough market

Since the change of ownership and the rebranding to Merin, we have managed to increase the occupancy in both office and industrial space.



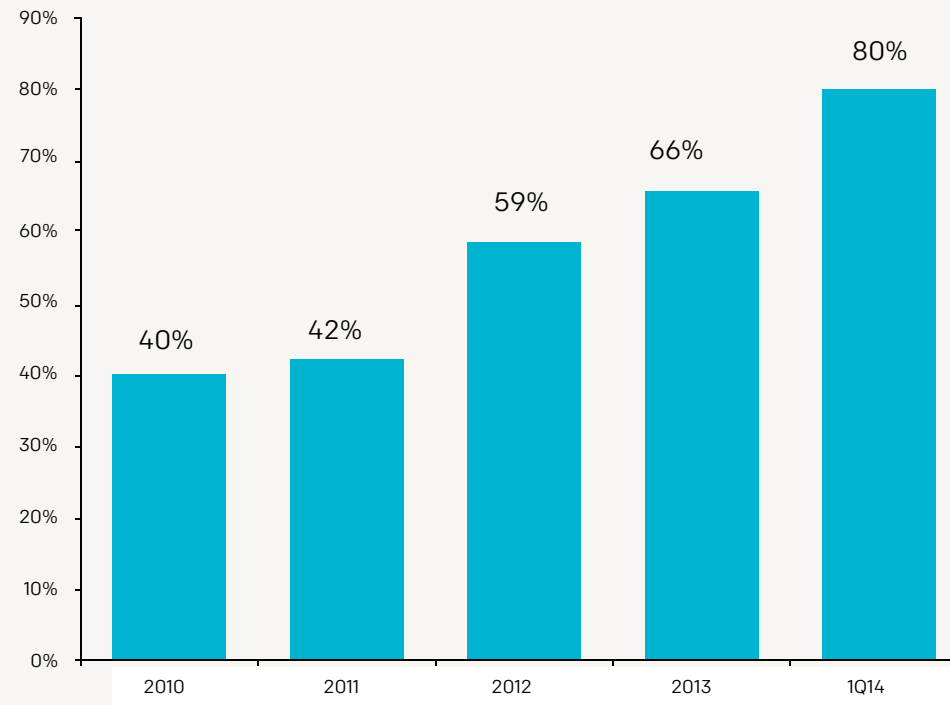
# Renewal Rate

## Improving Renewal Rate

We have also meaningfully improved the renewal rate.

### Renewal Rate

Offices & Industrial

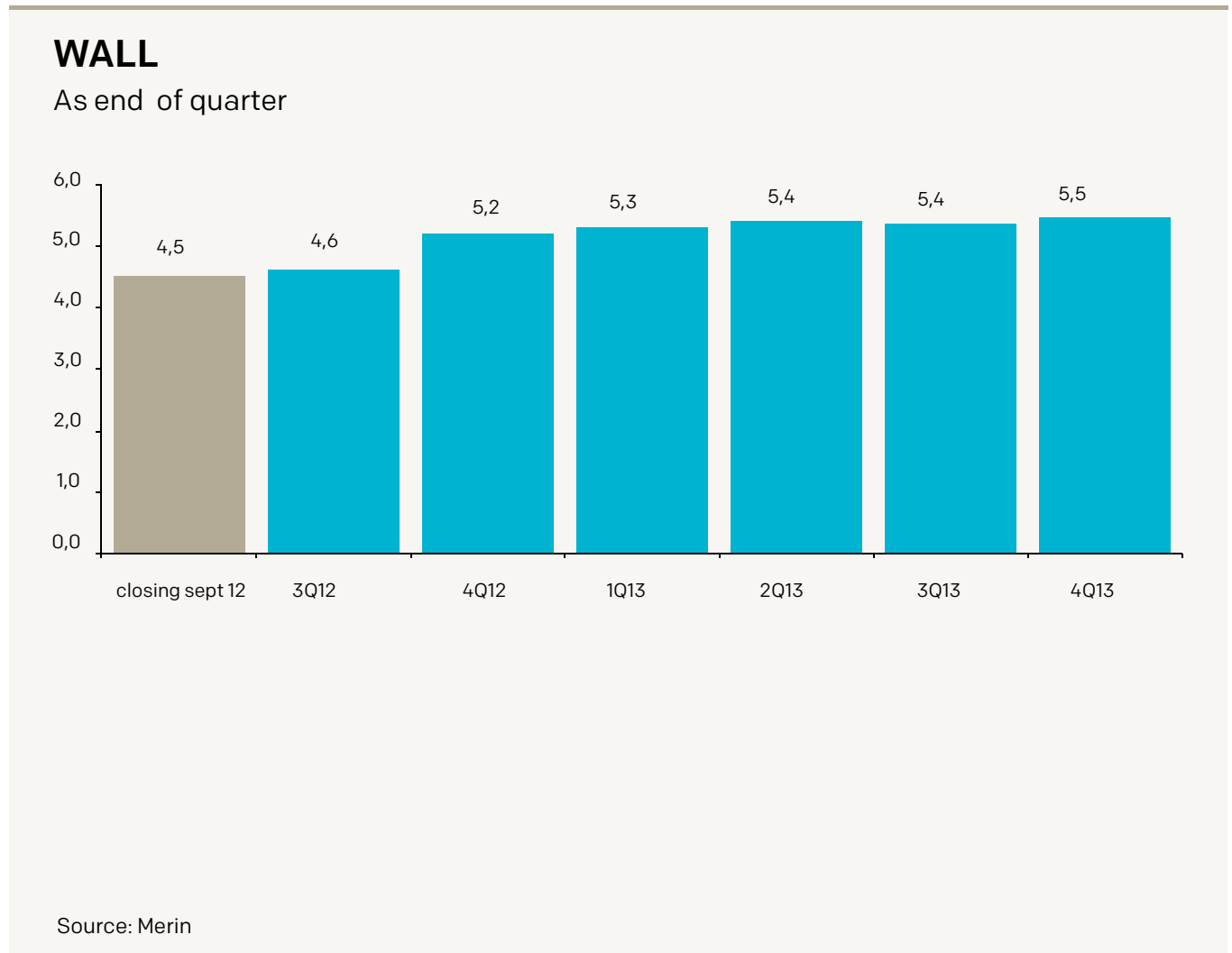


Source: Merin

# Evolution Of WALL

## WALL steadily increasing

The Weighted average lease length (WALL) is steadily increasing. We try to build long-term relationships with our customers.



---

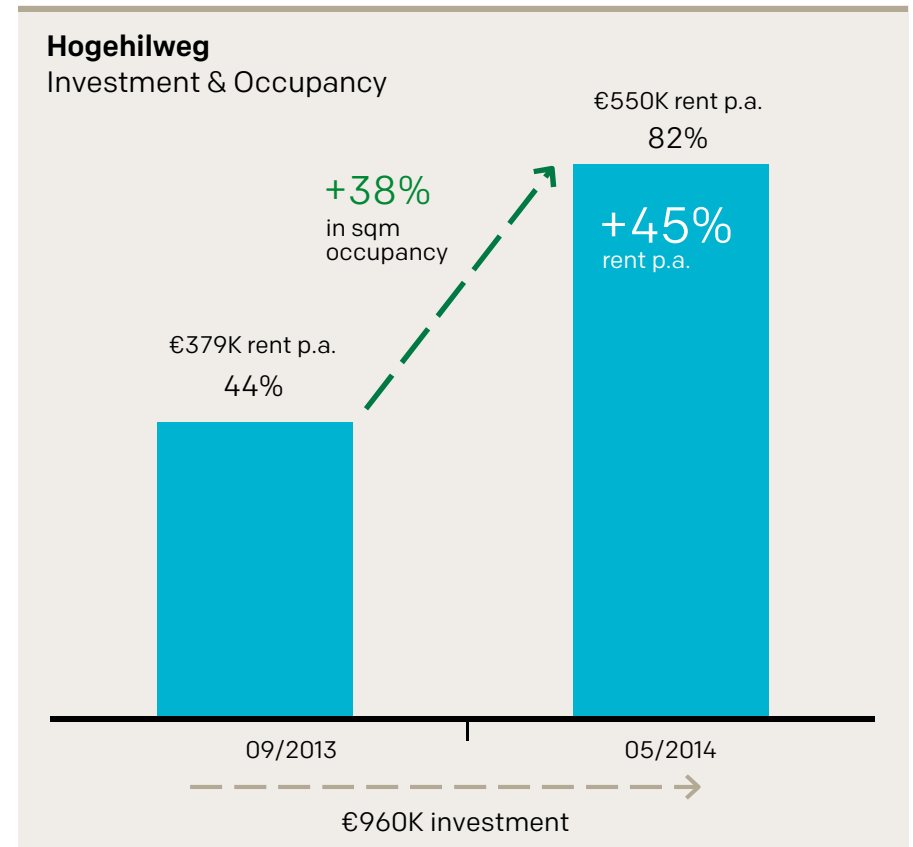
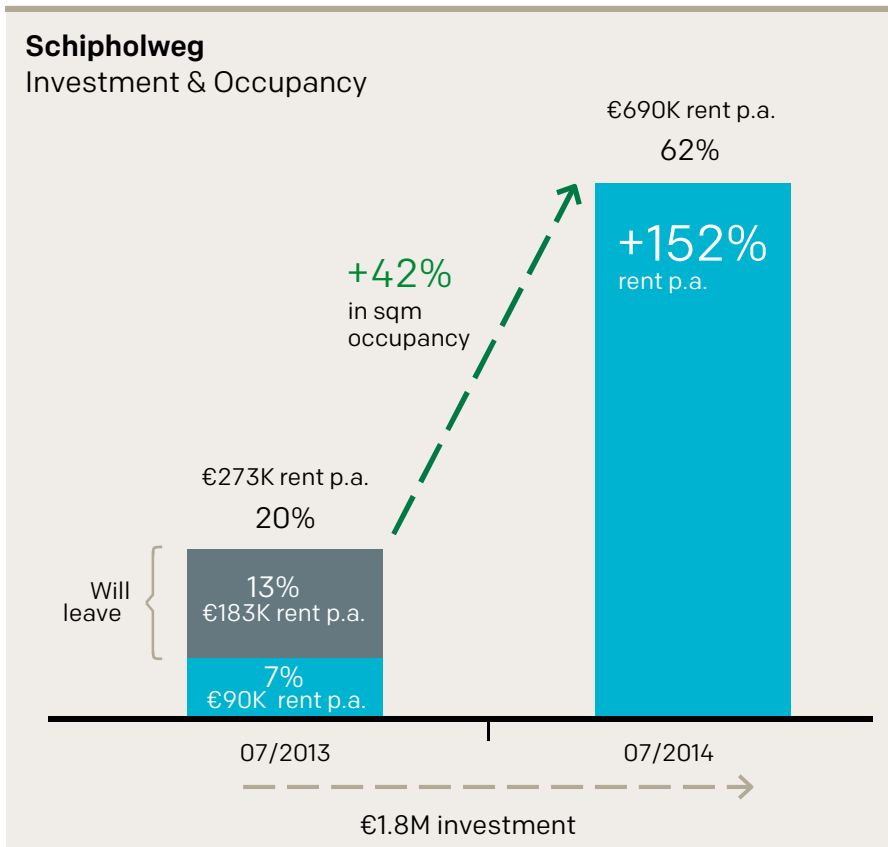
## IV. Case Studies



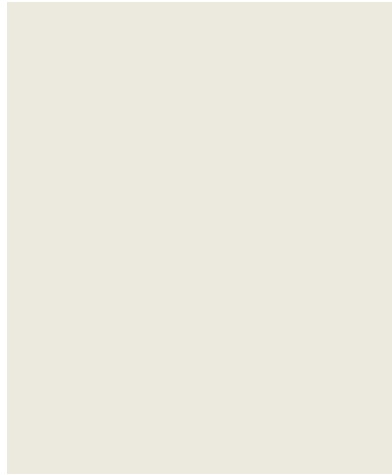
# Cases: Schipholweg & Hogehilweg

Two successful cases illustrate the strategy for added value:

- Schipholweg : lease-up (with a tenant in hand)
- Hogehilweg : up-front (at risk)



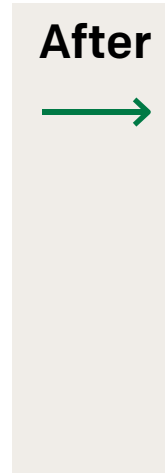
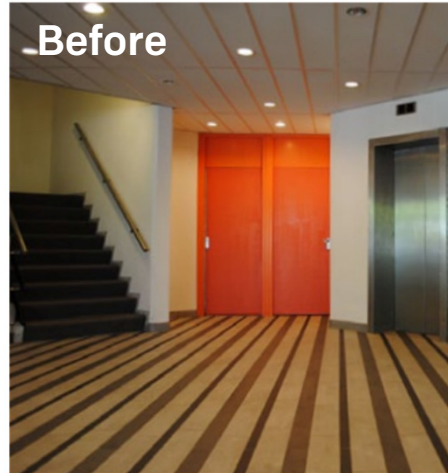
# Schipholweg- TNO, Leiden



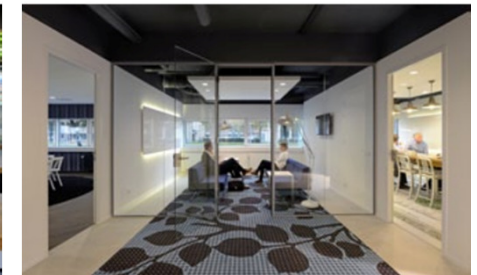
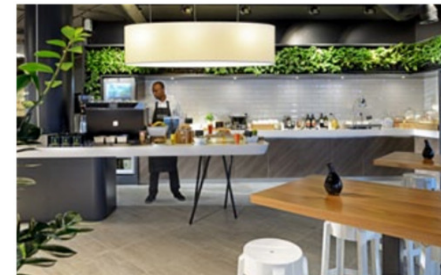
- Largest leasing deal to date:  
10 year lease signed with government tenant
- Aggressive acquisition: Merin interloped in on-going rental negotiations with building across the street
  - Active involvement of the Merin CEO in leasing discussions
  - Engagement to discuss TNO's specific needs, including a redesign of the space, as well as the offer of additional parking spaces
- Ultimately, TNO decided in our favour and against moving into a competitive asset

**TNO** innovation  
for life

# Hogehilweg – Keynes Club, Amsterdam



- Created a meeting place (restaurant, meeting rooms & fitness) and show floor
- Occupancy increased from 45% to 82%
- More information at [www.keynesclub.nl](http://www.keynesclub.nl)



# Case: Repositioning, Arnhem



9,100 m<sup>2</sup> vacant office in central Arnhem, difficult office location

Tired, needed substantial work

After



Area earmarked as cultural hub.

Change of use to hotel (partly)


**Hotel** : 4,417 m<sup>2</sup> Holiday Inn Express, 127 rooms

**Office** : 4,600 m<sup>2</sup> New tenant: 1,250 m<sup>2</sup>




# Case: Redevelopment, Apeldoorn


**Before**





**After**



**Now:**  
2 renovated office buildings,  
20,000 m<sup>2</sup> demolished



- 16 ha: 46,800 m<sup>2</sup> office and industrial space
- Redeveloped old Philips single-tenant office building into a high-tech multi-tenant building (Sequoia) and Business Center (Oak)
- Positive coverage: several papers and professional magazines highlighted this project as an example of how the problematic Dutch office market should be reorganized



# Growing The Portfolio



## Growth ambitions

To realize our ambitions for growth we are expanding our portfolio with young, high-quality buildings. We acquired three office buildings in Zoetermeer, Utrecht and Eindhoven. The buildings were built in 2007. These investments are an important step in realizing our ambitions and improving our portfolio.



## Three new buildings

Two of the acquired buildings are leased to KPN: Röntgenlaan 75 in Zoetermeer and 159 Flight Forum in Eindhoven. In Utrecht, Merin is the new owner of Domus Medica, which houses organizations in the healthcare sector. The new portfolio is fully included in all systems and reports. The local teams are committed to the asset management.



## Successes

The first successes have been achieved. Zoetermeer: extension contract KPN from 3.5 to 7 years. Eindhoven: new lease contract. Utrecht: in supportive discussion with tenant association.

---

## V. Dutch Market

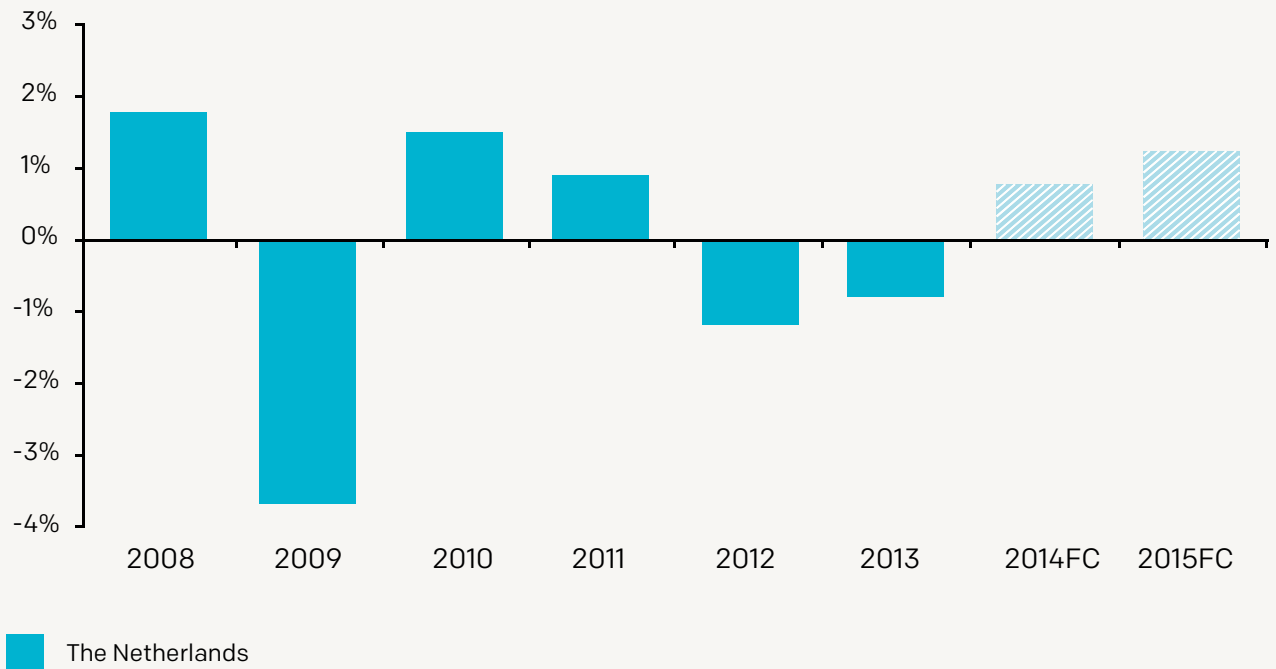
# Macroeconomic Overview

## The Netherlands

- 17<sup>th</sup> largest economy in the world
- Population of 16.8MM
- 3<sup>rd</sup> highest GDP per capita in Eurozone
- 7<sup>th</sup> largest exporter of the world
- 8<sup>th</sup> most competitive country in the world, just behind the U.S. and Germany
- Current account balance at 10% of GDP in 2013
- Economy in early stage of recovery

### GDP Growth

(% Change Y-o-Y)



Sources: CBS and Eurostat



---

**Merin**  
**Hogehilweg 8**  
**1101 CC Amsterdam**  
**+31 (0)20-6077 400**  
**[www.merin.nl](http://www.merin.nl)**