

Investment Proposition

October 2024

Frame Investments



Dunea Headquarters



Dunea Headquarters Key Factors

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|------------------------------------|---|
| Address | Plein de Verenigde Naties 11-12 |
| City | Zoetermeer |
| Country | The Netherlands |
| Tenant | Dunea N.V. |
| Shareholders | 17 municipalities of the western part of the Dutch province of South-Holland (servicing area) |
| Rental income | € 1,4 mio per year |
| Rental income per m2 | Approximately € 151 per square metre for offices and archives and € 903 per parking place |
| Index | 100% CPI, yearly |
| Guaranty | Bank guarantee provided by tenant of € 383.893 |
| Remaining lease term | 9 years |
| Probability of roll over | 90% |
| Surface LFA | 8,519 sqm (8.036 m2 offices and 483 m2 archives) |
| Levels | 5 floors |
| Parking | +123 parking places in the basement of the building, plus (approximately 60) parking places rented by the tenant. Free parking places available near to the building (approximately 400). |
| Year Construction | 1989 |
| Year Renovation | 2013 |
| Year of sustainability investments | 2022 |
| Architect renovation exterior | Crazioso Progetti (The Hague) |
| Architect renovation interior | OIII (Amsterdam) |
| Ownership | Freehold land |
| Sustainability | Energy label A ++ |
| Energy-saving measurements | 168 solar panels on the roof and LED Lighting |
| Accessibility by car | Close to Highway A12 (Main Highway East-West) |
| Accessibility by public transport | Next to the railway station Zoetermeer and multiple bus and tramlines |
| Services charges | € 20.000 per year, the tenant has almost all services under its own management |

Dunea Headquarters Key Financial Factors



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|--|---------------------------------|
| Acquisition costs | Around € 22 million |
| Acquisition yield | 5.65% |
| Estimated senior loan | 65%, € 14.3 million |
| Equity | 35%, € 7.7 million |
| Yearly net income after tax | € 250.000 before management fee |
| Yearly cash flow, average | € 380.000 |
| Interest senior loan | 4.5% |
| Quarterly amortization rate | 0.54% |
| IRR, yearly, in case of a divestment after 7 years | 13.9% |
| Assumption exit yield | 5.26% |



Tenant Dunea NV

Dunea N.V. produces and supplies (provides) reliable drinking water to approximately 1.3 million customers in the western part of the Dutch province of South-Holland. For over 150 years Dunea has managed and protected the dunes and natural environment between Monster and Katwijk, the source of its drinking water. On an annual basis this accounts for 78 million cubic meters of water. Dunea is owned by the municipalities of the Province of South-Holland. The organisation holds an AA credit rating from Craydon and has an unqualified (audit) opinion on its 2023 financial statements from KPMG. As of 2023, Dunea employs 563 people, with 300 of those based at its headquarters.

Dunea Headquarters Location and Accessibility

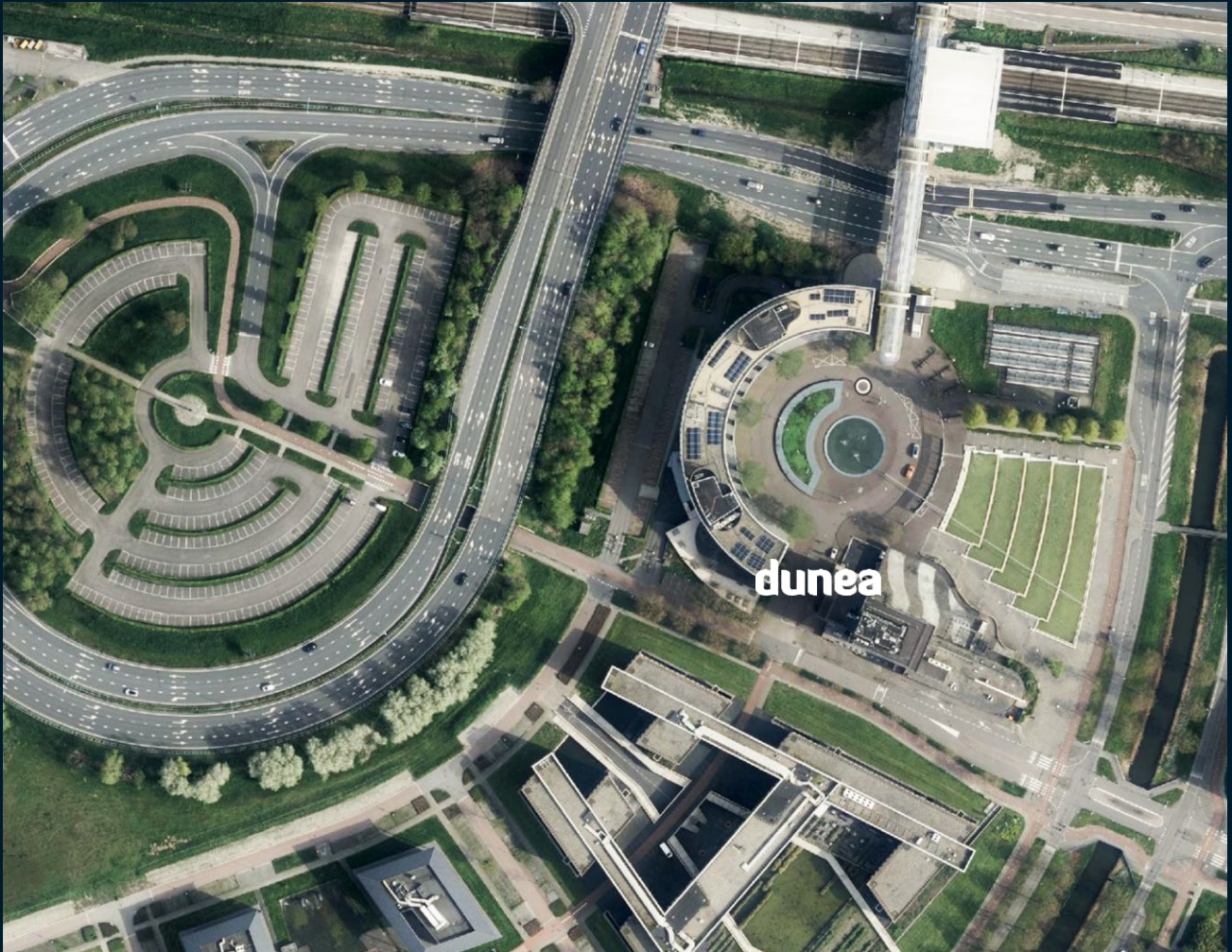


Location

The Dunea headquarters is located in Zoetermeer between Rotterdam, to the south and The Hague, to the east. Together with Rotterdam, The Hague, Amsterdam and Utrecht, the location is part of the greater Randstad area. Zoetermeer has a long history. From the 1960s the city changed beyond recognition. The city experienced a huge growth spurt. In relatively short time, the city grew into a municipality of 125,000 inhabitants. The Randstad Area has total of 8,5 million inhabitants.



Accessibility



Besides its central position in the Randstad, the location of the Dunea headquarters in Zoetermeer is exceptional due to its excellent accessibility by public transport and by car. The building is situated directly next to the central railway station (NS) of Zoetermeer, providing fast and direct connections to The Hague (13 min), Utrecht (30 min) and Schiphol Airport (1hr). Multiple bus- and tramlines depart from this public transportation hub. The central railway station of Zoetermeer is also connected to the Randstad Rail, a network that provides fast connections between city-centres in the Randstad area. For access by car, the property is located directly at the exit 'Zoetermeer-Centrum' of the Highway A12 (The Hague - Utrecht) with fast connections to the A20 (Rotterdam) and A4 (Leiden/Amsterdam). All surrounding Randstad cities can be reached within 20 minutes by car. Furthermore, the city centre of Zoetermeer is located on walking distance of the building.

Dunea Headquarters Property and Sustainability

Property

The building serves as Dunea's headquarters. The property consists of 8,519 sqm. LFA office spaces (spread over 5 floors) and 123 parking places in the underground parking garage. The building was completely renovated in 2013 into a highly sustainable and modern office building, in which the two semi-circular parts were merged. The building is legally divided into two parts.



Sustainability

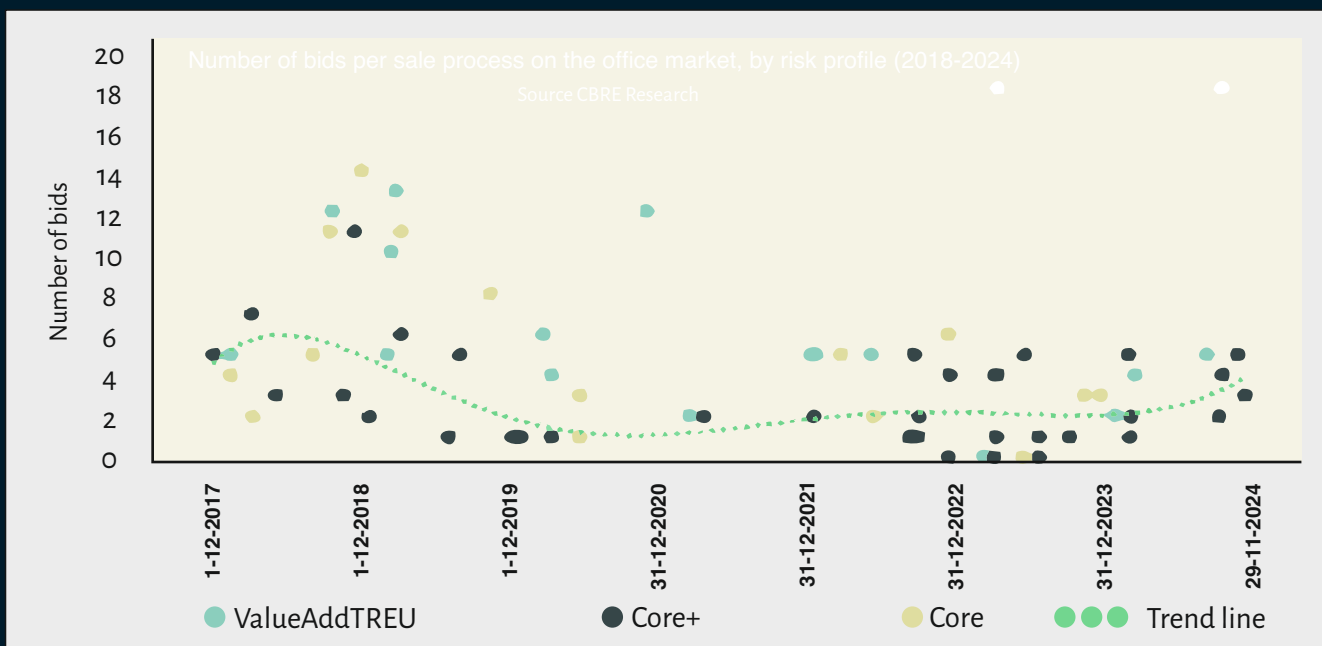
The building has an energy label A++ and has a super insulated outer shell. The building is fully equipped with LED lighting. Approx. 168 solar panels are placed on the roof to increase the sustainability of the building.

Dunea Headquarters Office Market



Dutch Office Market

With an investment volume of €600 million in office real estate after the first half of 2024, the investment market appears to be slowly recovering from the low point of €420 million in the first half of 2023. However, activity is still lagging behind the five-year average volume over the first half of 2023, which amounts to almost €1.2 billion. However, on the user market, the signals are not so negative at all. Demand of office buildings remains, with the take-up volume in the first half of the year 2024 being the highest since the first half of 2020, while vacancy also remains limited. The increased interest rates and the uncertainty surrounding the impact of hybrid working are now largely reflected in price setting on the office market. Partly due to this significant value correction, it is visible that the depth in the market is increasing again. More and more investors are again seeing opportunities in office investments and for the time being mainly in office investments that can be classified as core+ or value add investment products. Activity within the core investment market still remains very limited. Based on the number of bids during sales processes, it appears that more parties are willing to bid on office real estate. Based on the most recent sales processes, it is now clear that more investors are becoming more active in the market. The net initial yield appears to have risen to such an extent that investors realize that this is the time to hit market for office investments.

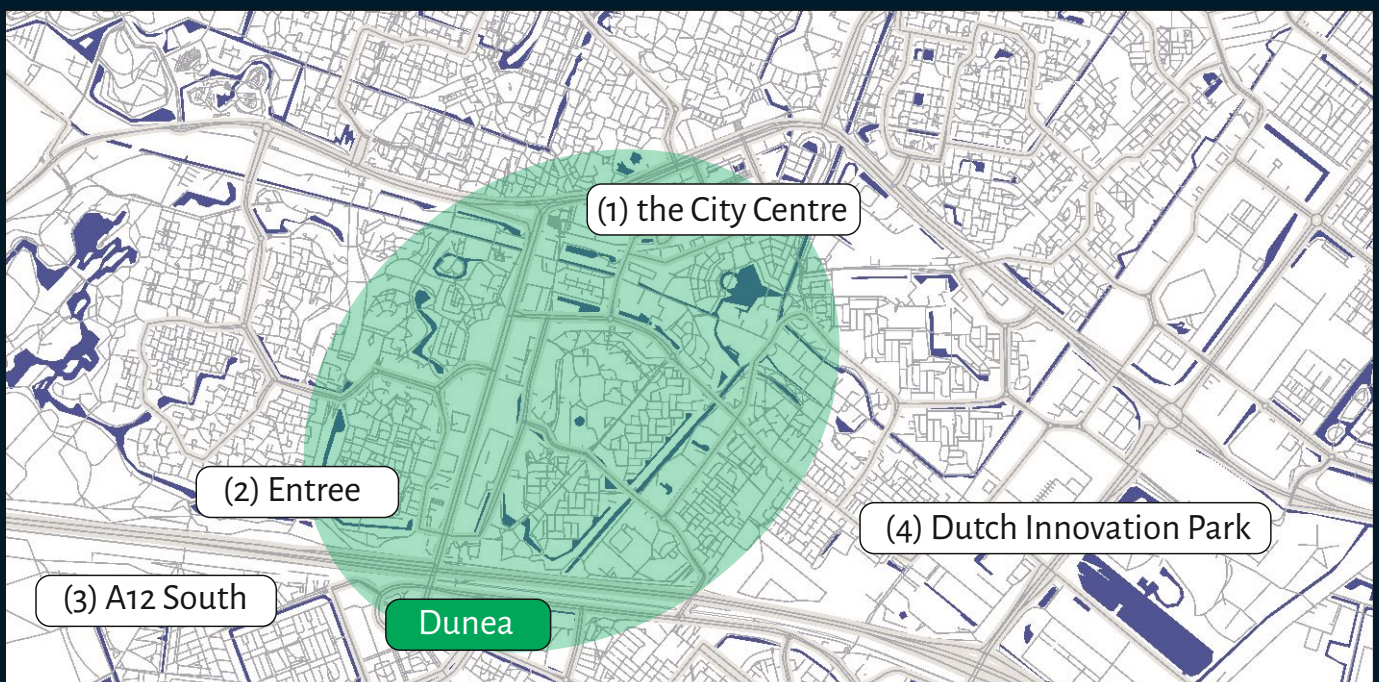




The main tenants in Zoetermeer are Dunea, Nutricia, KLPD, National Police Services Corps and JUST Notarissen, as well as office users that are strongly anchored in the local DNA of Zoetermeer (Technip, Klaverblad, ORTEC).

Office market Zoetermeer

The 4 main office locations in Zoetermeer are (1) the City Centre, (2) Entree, (3) A12 South and (4) Dutch Innovation Park (DIP). In the past ten years, the A12 South area showed the highest transaction dynamics, with an office take-up of 45,760 m² followed by The City Centre with 18,620 m², DIP with 10,500 m² and Entree with 520 m². The rental price per sqm (office) are competitive compared with Rotterdam and The Hague. Zoetermeer can offer an attractive proposition for local and regional businesses (education, healthcare, utilities, auditors). In 2023, the Municipality of Zoetermeer commissioned Cushman & Wakefield (C&W) to conduct research into the office market at Zoetermeer. Based on the outcome and their findings, the city council has decided to convert a substantial number of office meters at the Entree'-area into residential use. In the coming years, the municipality of Zoetermeer will focus on greater cohesion through functional mixing and the development of a public transport hub in order to strengthen the economic structure, to create a mixed (offices and residential) district around the station, in combination with the section south of the A12 where the Dunea building is located. The national vacancy rates on the office market has shown a decline in recent years. The national vacancy rate has fallen to 8.2% in 2022. However, the municipality of Zoetermeer has shown an increase to 10%. The municipality goal is to reduce this to 7% through the transformation of offices into housing. In the Zoetermeer region, the demand for top locations among office users is high. Tenants want to improve the quality of their facilities to participate in the 'War for Talent', to facilitate hybrid working, to achieve sustainability objectives in a multimodal location. Dunea's headquarter meets all these requirements.



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