Preliminary results

Full Year 2016

February 2017

Full Year 2016

Revenue and Earnings

(€)	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015	Change %
Operating margin	78.5%	75.4%	+3.1pp
EPRA Vacancy	21.4%	24.3%	-2.9pp
Net rents like-for-like	-0.2%	-	-
Direct result per share	0.34	0.35	-3.7%
EPRA Earnings per share	0.33	0.34	-2.6%
Dividend per share	0.27	0.27	0.0%

Balance sheet

(€)	31 Dec 16	31 Dec 15	Change %
Portfolio revaluation	-4.5%	0.2%	
EPRA NAV per share	4.33	4.79	-9.6%
EPRA NNNAV per share	4.20	4.59	-8.5%
Average cost of debt	2.8%	3.7%	-0.9pp
LTV	44.1%	43.2%	+0.9pp

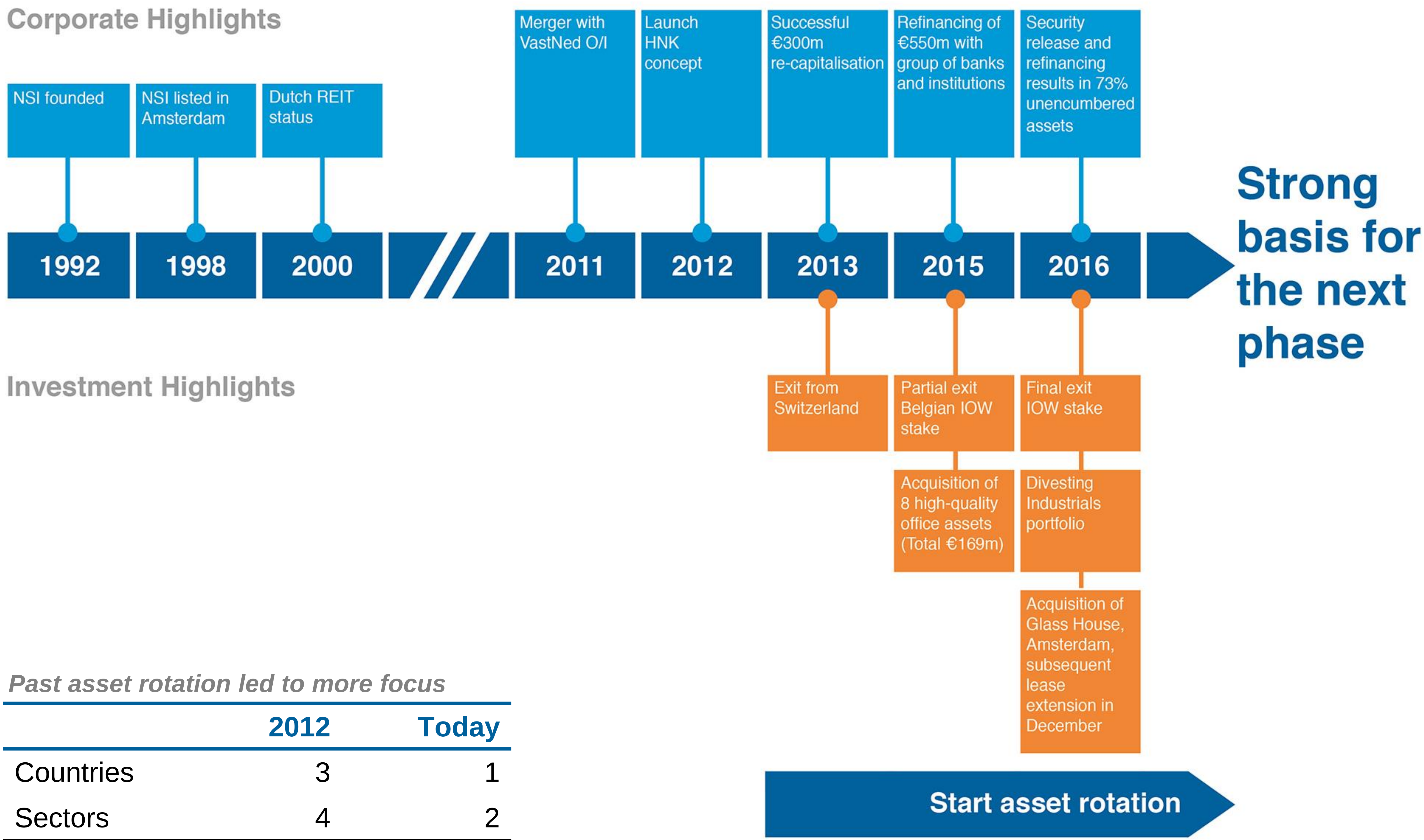
A new strategy

“NSI will be the leading specialist in the Dutch office market, with a strong and efficient platform that will drive returns through pro-active asset management, value-add initiatives and active capital recycling.

NSI will be the partner of choice for investors looking to team up with a best-in-class operator”

A new strategy

In transformation since 2013



Past asset rotation led to more focus

	2012	Today
Countries	3	1
Sectors	4	2

A new strategy

- Further specialisation in offices
- Total return
- Strong platform
- Cost efficiency
- Strong balance sheet
- Transparency

[1] Weighted by market value

Setting a new strategy

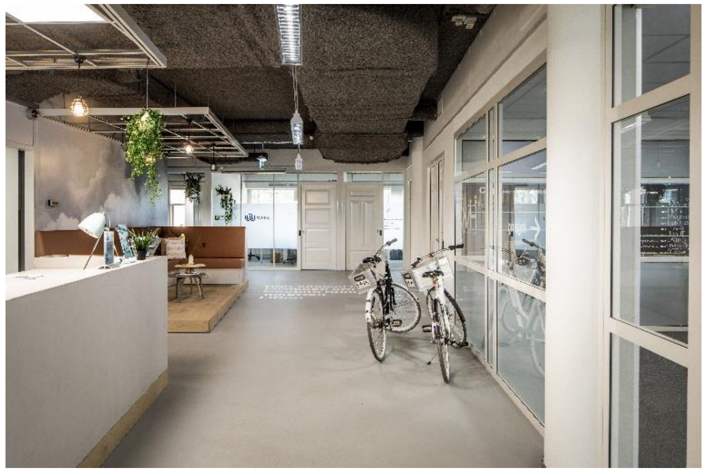
Specialisation in competitive markets

Focus on offices & HNK

- Clustering in
  - G4, Randstad, Eindhoven, Den Bosch and Leiden
- Value add
  - Commercial opportunities
  - Transformations

Setting a new strategy

HNK three pillars of growth: From defensive to offensive

Internal growth		*External growth*
	HNK HET NIEUWE KANTOOR	
Increase turnover current locations	**New openings from existing assets**	**New openings from acquisitions**
• Increase occupancy and rents	• Transform existing NSI assets	• Find new assets for HNK
Low capital intensive strategy	**Moderate capital intensive strategy**	**Capital intensive strategy**

Location ● Connectivity ● Flexibility ● Services

Setting a new strategy

Opportunistically selling retail assets

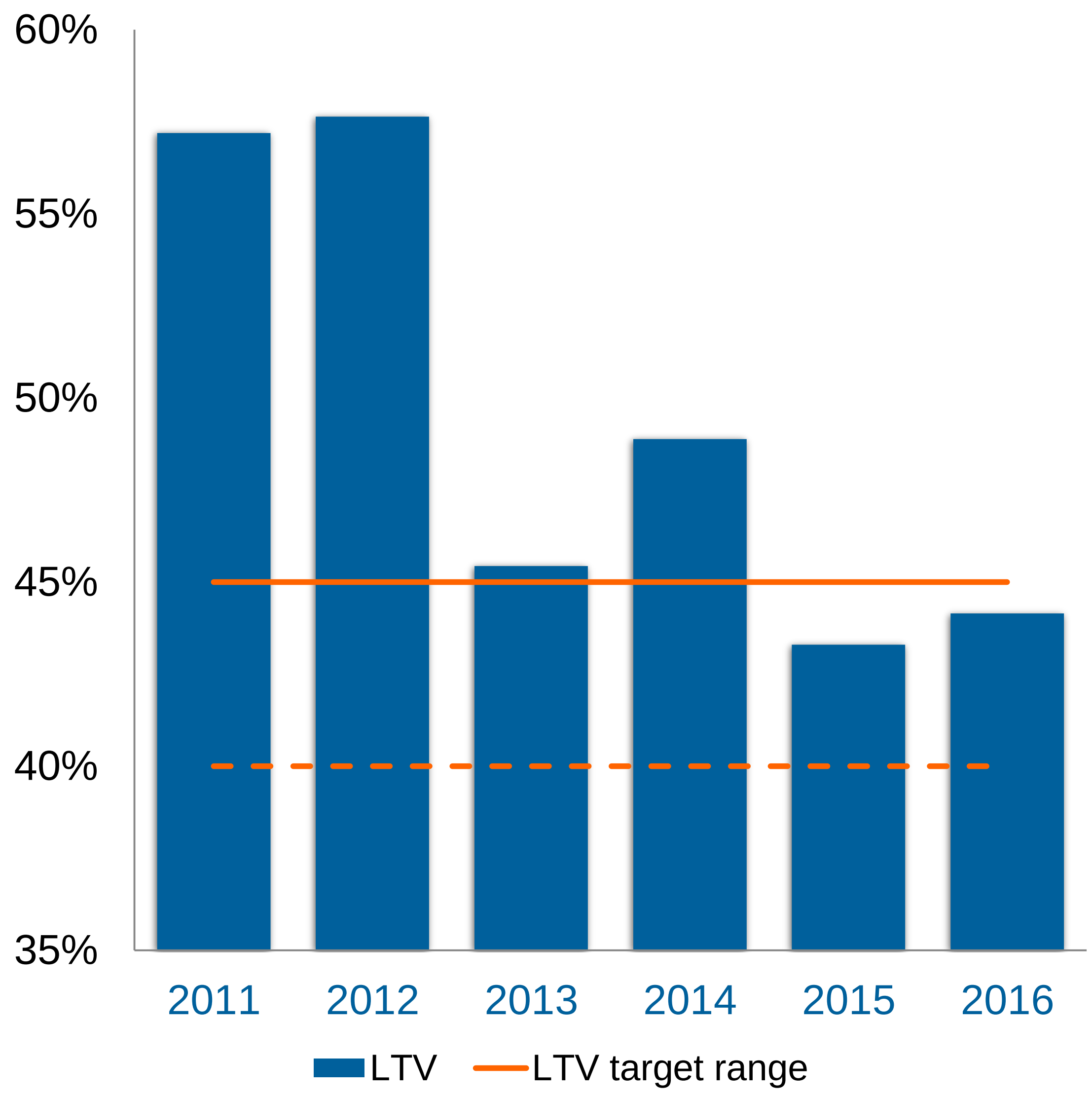
Heterogeneous

- Sub sectors
- Location
- Asset size

Setting a new strategy

Target range LTV 40% - 45%

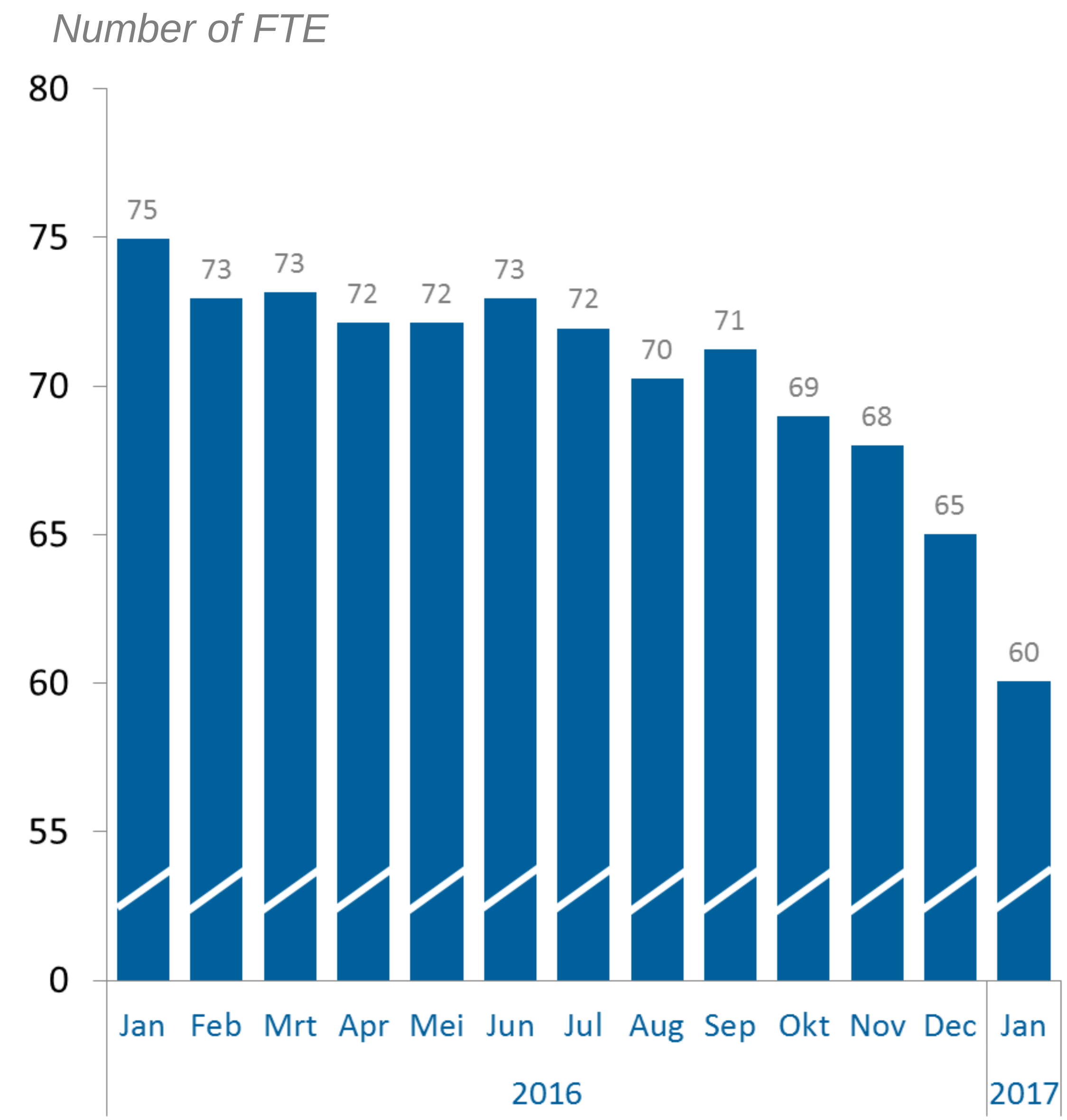
- Strong balance sheet
- Too early to go more defensive
- Operational vs financial gearing



Setting a new strategy

Creating the right platform

- Right sizing
- Scalability
- Culture
- Transparency
- Automation and digitisation



Portfolio update

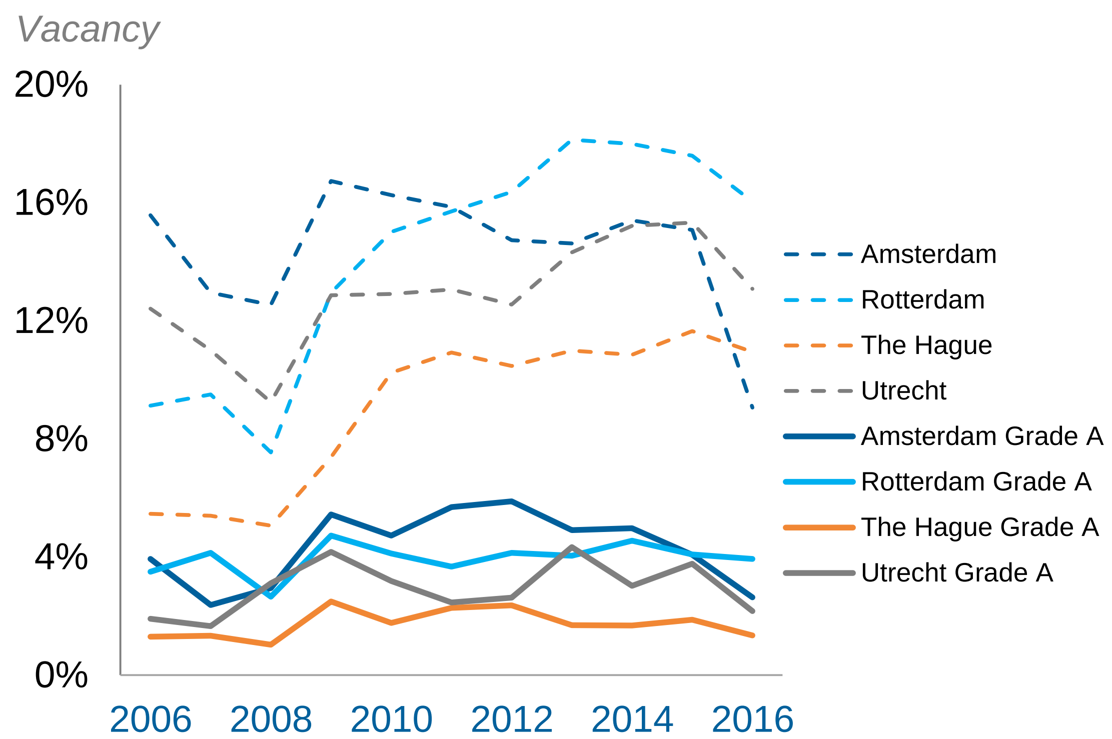
Office occupier market is improving

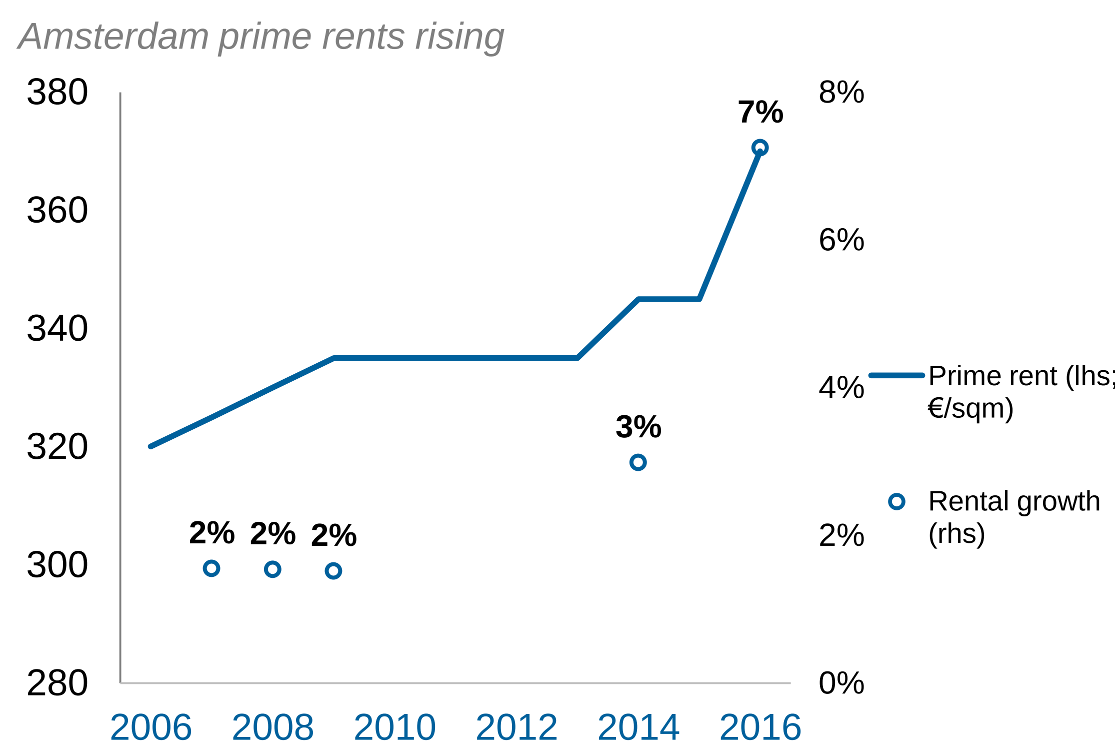
Retail market

- Dutch retail ERV's down circa 7% in 2016
- Positive impact from economic growth on LSR
- Supermarket anchored shopping centers provide a more defensive cash flow

Office market

- Vacancy from 15.8% to 13.9%
- Outside Randstad area: limited possibilities to attract tenants, increase rents or decrease incentives - outlook remains uncertain
- Amsterdam shows strong rental growth with signs of shortage in grade A
- Utrecht, Rotterdam, The Hague and Eindhoven will follow





Source: Jones Lang LaSalle

Investment market showing steady recovery

Liquidity offers opportunity for rotation

Investment market Netherlands

- Record high investment transactions in 2016
- Foreign investors remain the most active
- Investment volumes are expected to remain high

Retail

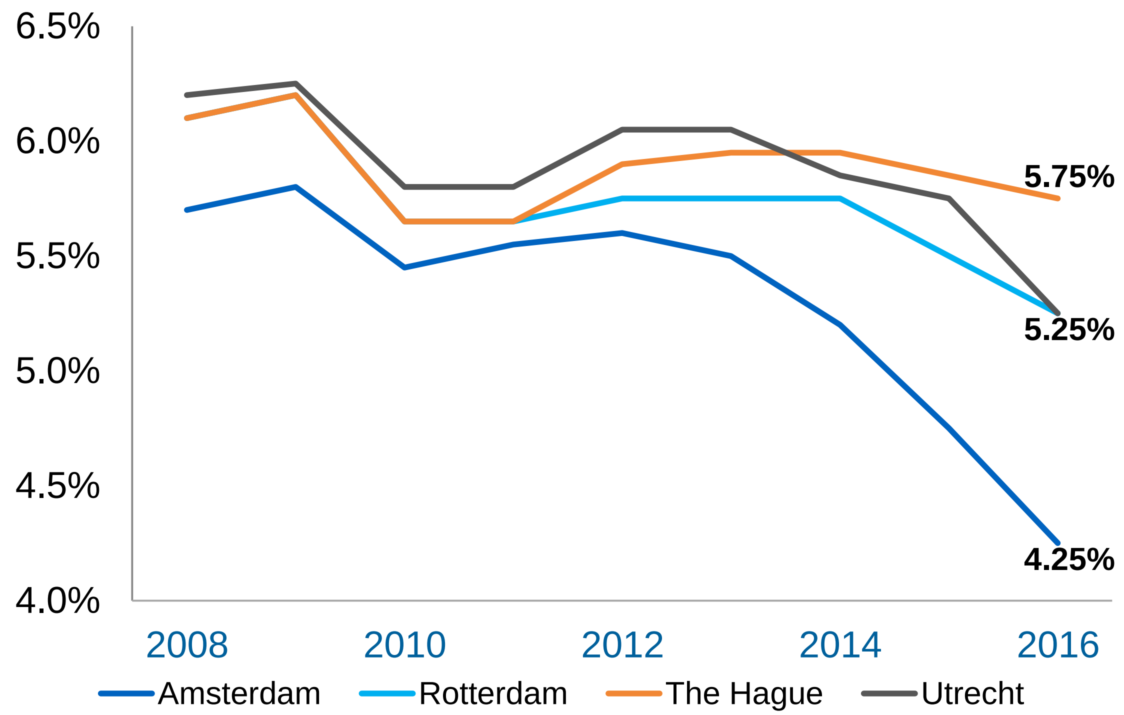
- Prime location in high demand
- Signs of investors entering the wider market

Offices

- Prime yields declining
- Improvements for better quality assets in other locations expected

Transaction volumes Netherlands (€bn)

Prime net office yields



Source: Jones Lang LaSalle

Operational performance

Key metrics improving

Net rental income

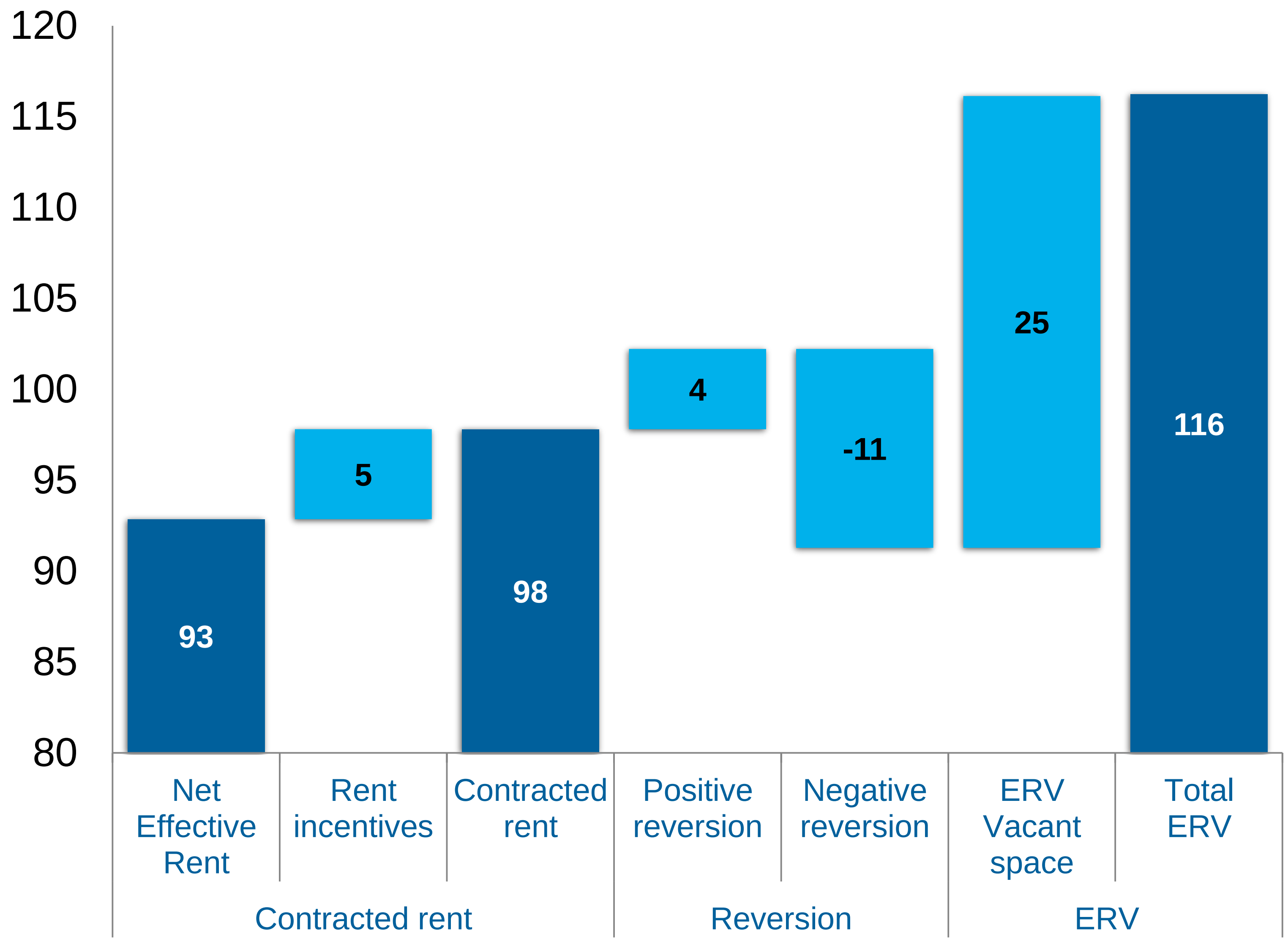
€m	2016	2015	Change	Like-for-like Growth
Offices	39.7	32.2	23.0%	-5.5%
HNK	6.5	3.3	99.7%	70.8%
Retail	26.0	27.8	-6.6%	-6.6%
Other	2.1	5.1	-59.4%	2.3%
Total	**74.3**	**68.5**	**8.5%**	**-0.2%**
Offices + HNK	46.2	35.5	30.1%	4.9%

EPRA vacancy

	2016	Like-for-like	Disposals/ Acquisitions	2015
Offices	21.3%	1.3%	-2.9%	22.9%
HNK	37.1%	-7.6%	-2.7%	47.4%
Retail	12.5%	-2.3%	0.0%	14.8%
Other	16.5%	-3.1%	-3.3%	22.9%
Total	**21.4%**	**-0.8%**	**-2.1%**	**24.3%**
Offices + HNK	25.3%	-0.7%	-1.5%	27.5%

Potential to increase revenue

Rental bridge (€m)



- Asset management strategy

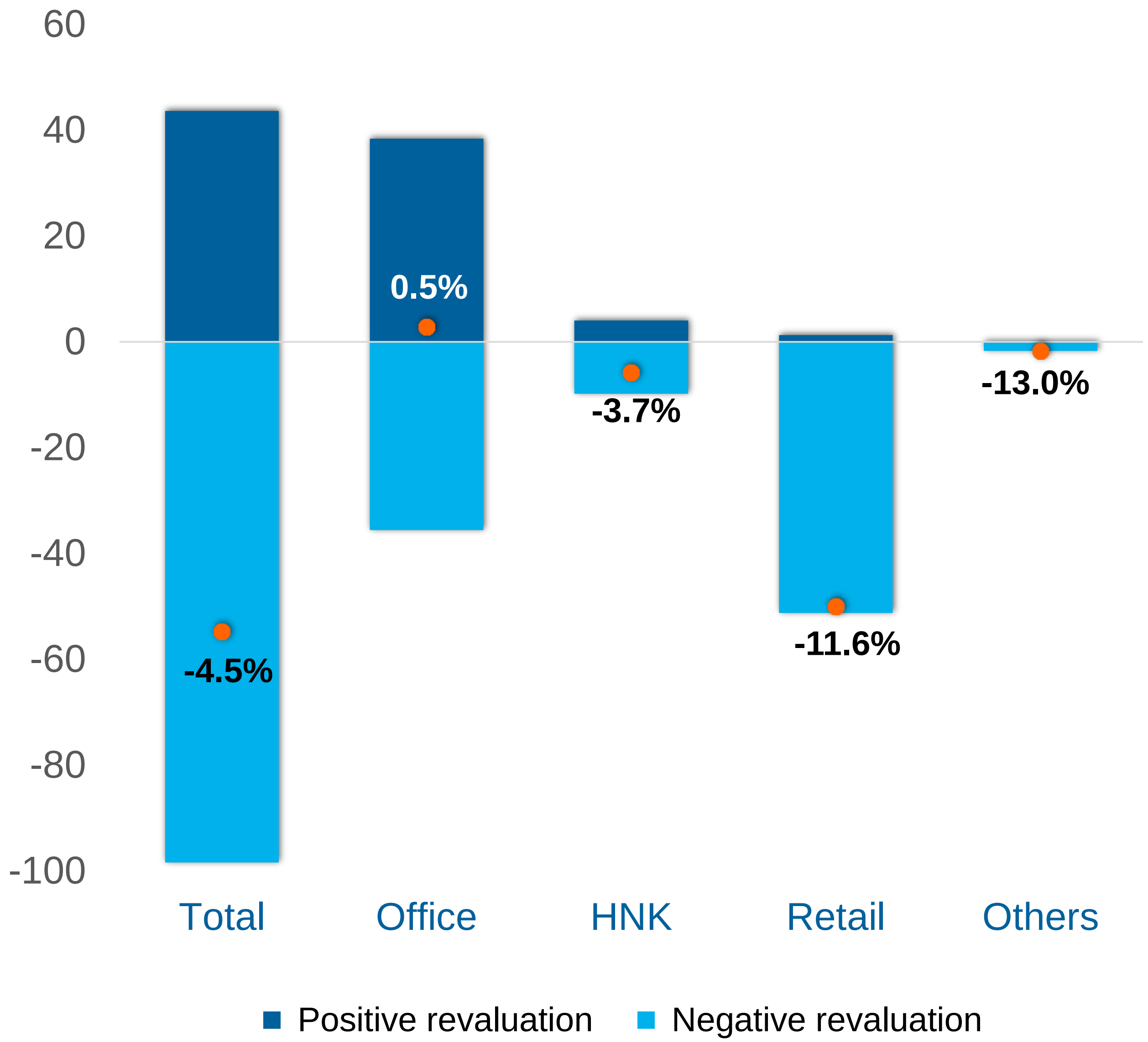
  Business plans and asset rotation

- Leasing strategy

  Occupancy improvement

Revaluation result

Full Year 2016 (€m)



At year end **all** assets have been **externally** appraised

Big differences between segments

- Total revaluation of circa -€55m
- Most of the fall relates to retail (-€50m)

Retail valuations caused by :

- Lower ERV 's : -8.7%
- Top 3 decreases (circa -€27m)
  - Heerlen, Rotterdam Zuidplein and Rijswijk

HNK remarks

- Decline mostly related to Apeldoorn and Ede

Big differences between office locations

- Other Netherlands like-for-like -7.1%
- G4 like-for-like +8.1%

Asset rotation 2016

Successful track-record

Sales Netherlands 2016 (€m)

	# Assets	Book value[1]	Sales result[1]	Sales cost	Net sales proceeds	Book loss	Margin 2015	Contract rent Dec-15	Net contract rent Dec-15	NIY	Wault Dec-15
Total Offices	8	11.7	11.3	-0.1	11.2	-0.5	76%	1.4	1.0	8.9%	1.7
Total HNK[2]	1	6.6	6.6	-0.1	6.5	-0.1	84%	0.0	0.0	0.1%	2.0
Total Industrial	21	50.8	45.2	-0.3	44.9	-5.9	68%	4.9	3.3	6.6%	3.2
Total	**30**	**69.1**	**63.1**	**-0.5**	**62.6**	**-6.5**	**69%**	**6.3**	**4.4**	**6.3%**	**2.8**

Acquisitions Netherlands 2016 (€m)

	# Assets	Book value Dec-16	Purchase price	Purchase cost	Total purchase cost	Book profit	Margin 2016	Contract rent Dec -16	Net contract rent Dec-16	NIY	Wault Dec-16
Glass house	1	69.2	57.0	3.7	60.7	8.5	94%	4.8	4.5	6.4%	9.2
Delta	**-29**	0.1			-1.9	**2.0**		-1.5	**0.1**		**6.4**

- Improved quality
- Book profit
- No loss of net income
- Longer Wault
- Further value potential

[1] Excludes €0.5m sales result and €0.5m book value from foreign entities
[2] Plans for HNK Eindhoven transformation were abandoned and asset was sold

Financials

EPRA Earnings

(€k)	**2016**	**2015**	
Rental income	94,589	90,813	*Growth from asset rotation*
Service costs not recharged	-4,147	-5,277	*Occupancy improvement*
Operating costs	-16,179	-17,080	*Cost reduction*
Net revenue from operations	74,262	68,456	*Margin up*
Administrative expenses	-8,375	-6,029	*€2.1m one-offs*
Net financial expenses	-19,931	-22,020	*Lower financing costs*
Direct result before tax	**45,957**	**40,407**	
Income tax expenses	54	2	
Direct result after tax	**46,011**	**40,409**	*NL direct result up*
Discontinued operations	2,818	10,215	*Belgium sale*
Direct result	**48,829**	**50,575**	
Adjustments	-1,504	-2,008	*Management costs allocated to indirect result*
EPRA Earnings	**47,325**	**48,567**	

EPRA Earnings per share (€)	**0.33**	**0.34**

Discontinued Operations - IFRS

Retail & Belgium

Criteria held for sale

- Management committed to sell ✓
- Asset available for immediate sale ✓
- Active program to locate a buyer ✓
- Sale likely within 12 months ✓
- Asset actively marketed at price reasonable in relation to fair value ✓
- (Component of) entity that has been disposed of ✓
- (Component of) entity classified as held for sale ✓

Criteria discontinued operations

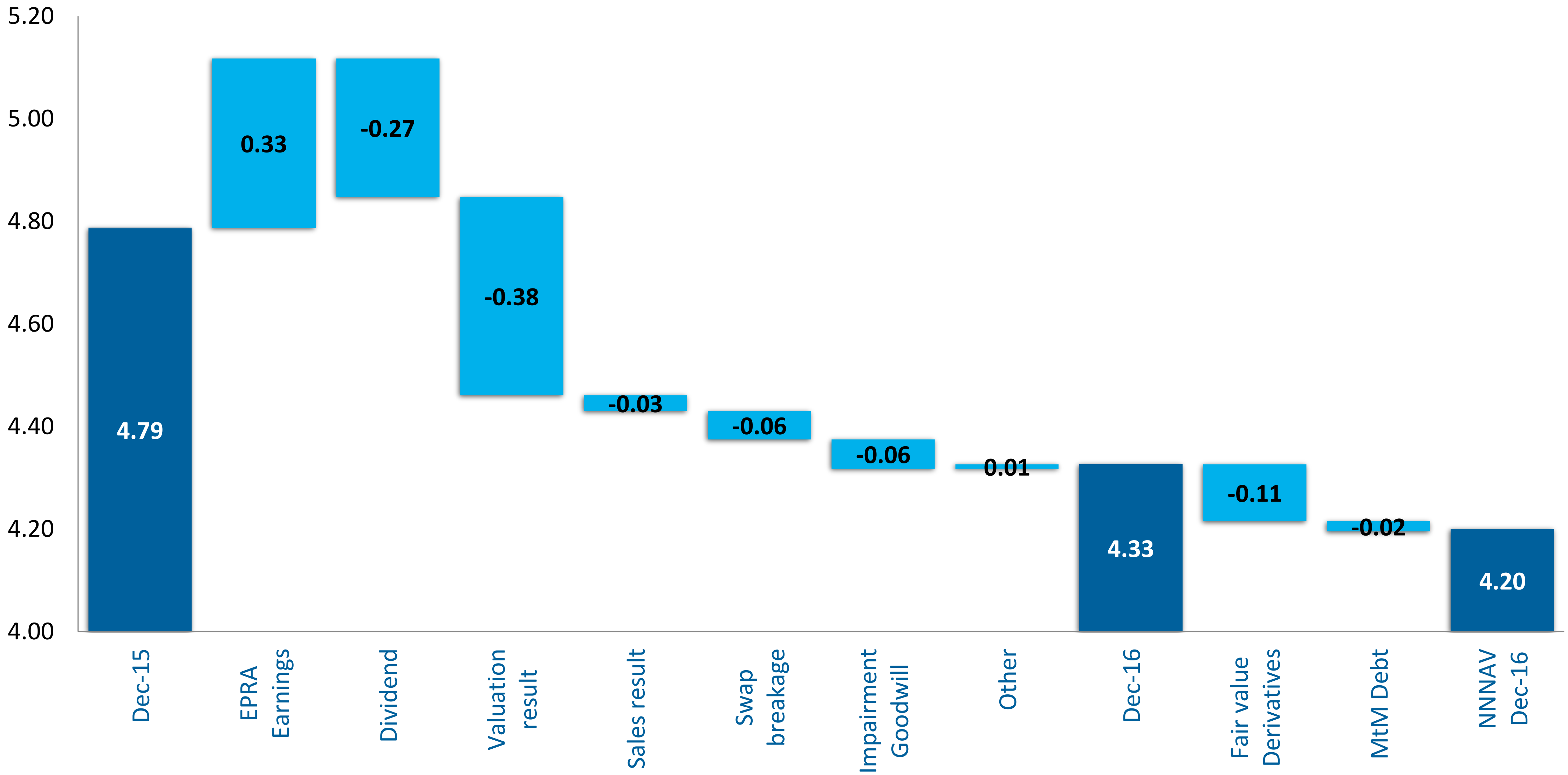
- Represents either separate major business line or geographical area ✓
- Is part of single coordinated plan to dispose ✓

Bridge to IFRS

(€k)	Office	HNK	Other	Belgium	Retail	Total	Discont. Adj.	IFRS Total
	Continued operations			Discont. operations				
Rental income	48,906	11,827	2,393	66	31,397	94,589	-31,462	63,126
Net revenue from operations	**39,652**	**6,534**	**2,028**	**57**	**25,991**	**74,262**	**-26,048**	**48,214**
Direct result after tax	**39,233**	**5,751**	**-24,887**	**2,348**	**25,819**	**48,264**	**-28,167**	**20,097**
Discontinued operations	0	0	0	565	0	565	28,167	28,732
Direct result	**39,233**	**5,751**	**-24,887**	**2,913**	**25,819**	**48,829**	**0**	**48,829**
Indirect result after tax	**-2,175**	**-6,785**	**-7,292**	**1,529**	**-52,990**	**-67,712**	**51,461**	**-16,252**
Discontinued operations				1,050	0	1,050	-51,461	-50,411
Indirect result	**-2,175**	**-6,785**	**-7,292**	**2,579**	**-52,990**	**-66,662**	**0**	**-66,662**
Result	**37,057**	**-1,033**	**-32,179**	**5,493**	**-27,171**	**-17,833**	**0**	**-17,833**

EPRA NAV

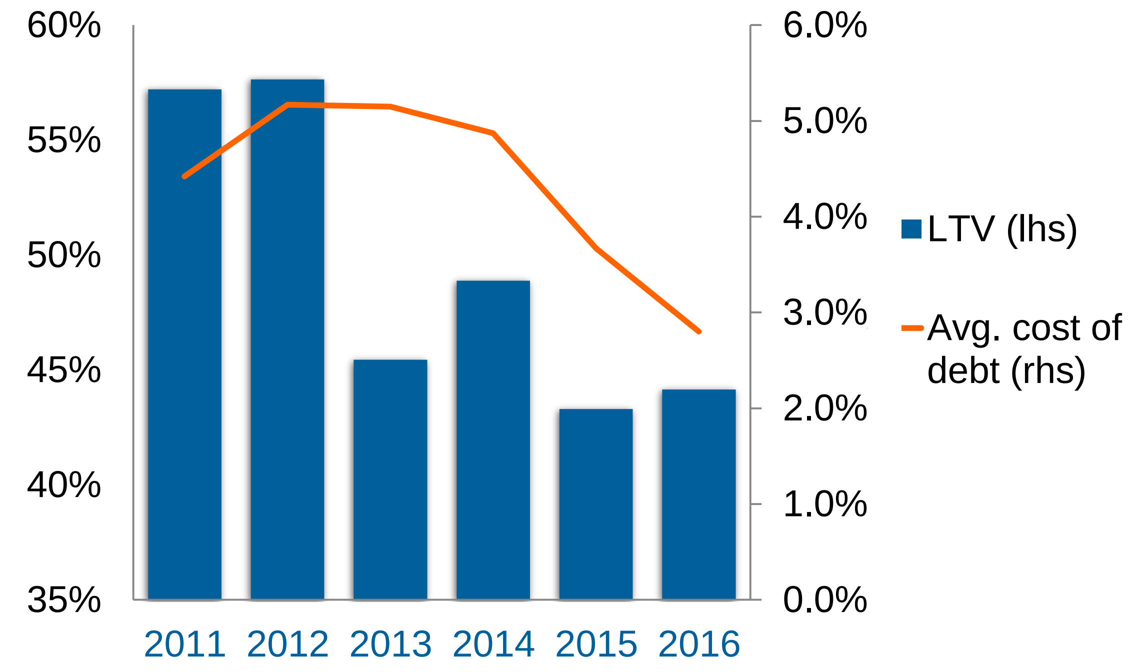
EPRA NAV bridge per share (€)



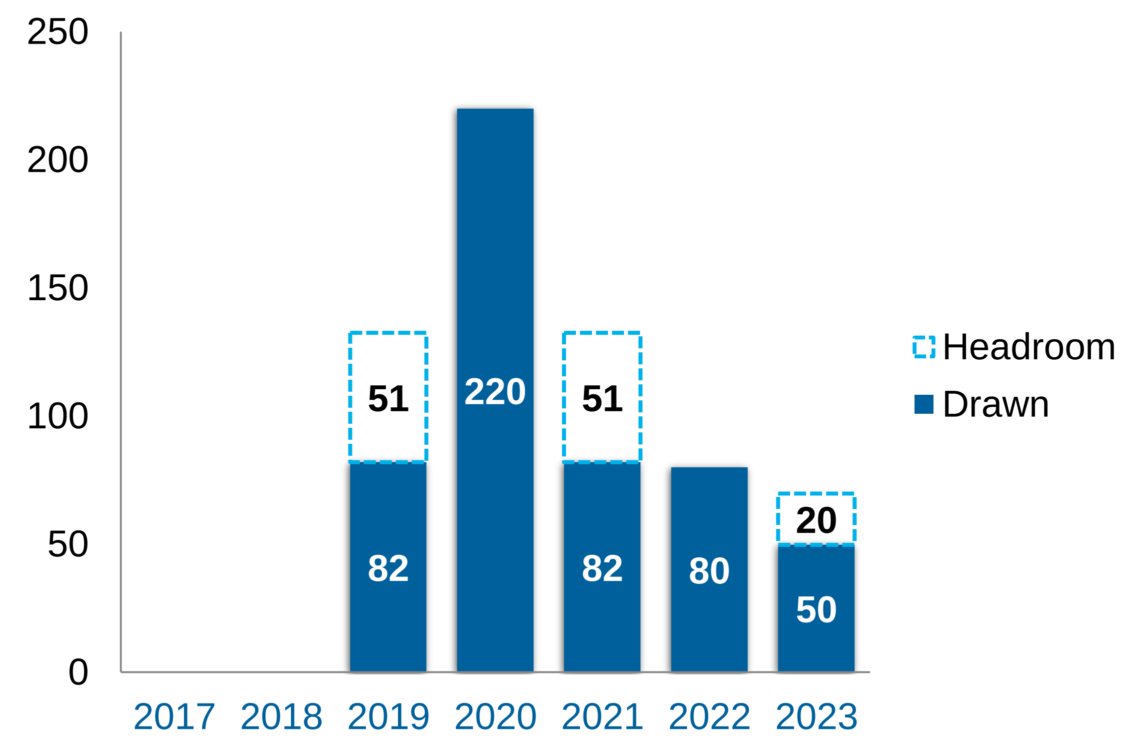
Strong balance sheet

- Refinancing of >€335m loans and >€200m hedges
- Cost of debt down to 2.8%, LTV 44.1%
- ICR 3.8x well above 2.0x covenant
- 73% unencumbered assets
- Debt maturity extended to 4.2 years
- No expiries prior to November 2019
- Undrawn credit facilities €121m

Improving LTV and cost of debt



Maturity profile loans (€m)



Final remarks

Conclusion

- NSI sets a new, ambitious, strategy focussing on Dutch offices and HNK
- Outlook for Dutch economy improving; Office market in recovery
- Operational KPI's improving
- 2017 EPRA EPS depends execution of asset rotation strategy
- Dividend[1] maintained at €0.27

[1] Dividend proposal for 2016, of which €0.13 already paid as interim dividend in August 2016

Open for business


nsi
HNK