NSI Preliminary Results

Full Year 2019

28 January 2020

“We enable our customers to achieve maximum productivity and growth, providing best-in-class flexible space solutions and services in modern, healthy, sustainable buildings in prime locations.”

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Key highlights 2019

Operational performance

- **EPRA Vacancy** – Down 6.7pp to 7.1%
- **Rental growth** – Strong increase in like-for-like net rents of 5.2%
- **Asset rotation** – 2 acquisitions (€30.8m) and 29 disposals (€127.7m)
- **Developments** – Cooperation and lease agreement signed for Laanderpoort

Financial performance

- **EPRA EPS** – €2.64 per share (stable vs FY 2018)
- **EPRA NAV per share** – up 20.7% to €48.0
- **Valuation result** – Positive uplift of 11.6%
- **Dividend** – Stable at €2.16 per share, final dividend proposed at €1.12 per share

Balance sheet management

- **LTV –** Down 9.5pp to 27.4%
- **Cost of debt** – Stable at 2.1%
- **Debt maturity** – 5.4 years
- **Committed undrawn credit facilities** – €250m

Strong operational and financial performance

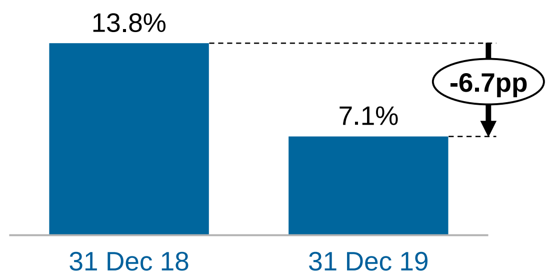
Key metrics

Revenue and earnings	2019	2018	Change %
Operating margin	81.2%	82.7%	-1.5pp
Net rents like-for-like	5.2%	-0.7%	+5.9pp
EPRA Earnings per share (€)	2.64	2.64	-0.1%
Dividend per share (€)	2.16	2.16	0.0%

Balance sheet	31 Dec 19	31 Dec 18	Change %
EPRA Vacancy	**7.1%**	**13.8%**	**-6.7pp**
Portfolio revaluation	11.6%	3.7%	
EPRA NAV per share (€)	**47.97**	**39.75**	**+20.7%**
EPRA NNNAV per share (€)	47.40	39.20	+20.9%
Average cost of debt	2.1%	2.0%	+0.1pp
LTV	27.4%	36.9%	-9.5pp

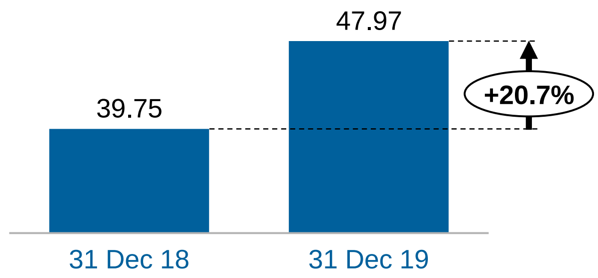
Improved occupancy

EPRA vacancy (%)



Enhanced NAV per share

EPRA NAV per share (€)



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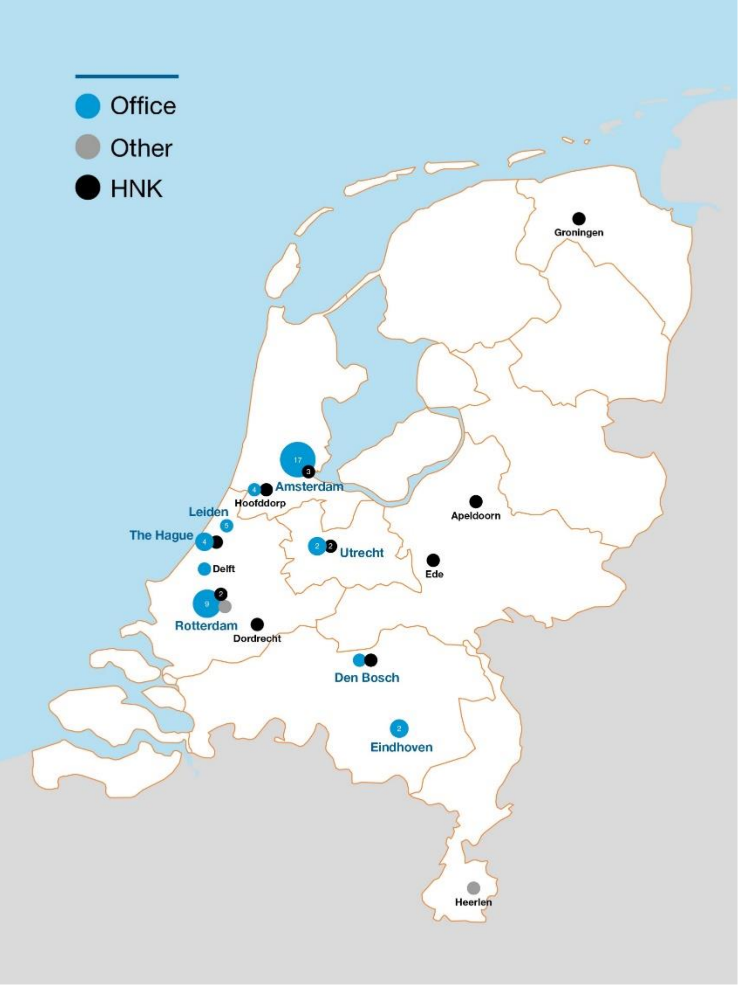
A concentrated portfolio in growth locations

Emphasis on G5 growth locations

Total portfolio[1]

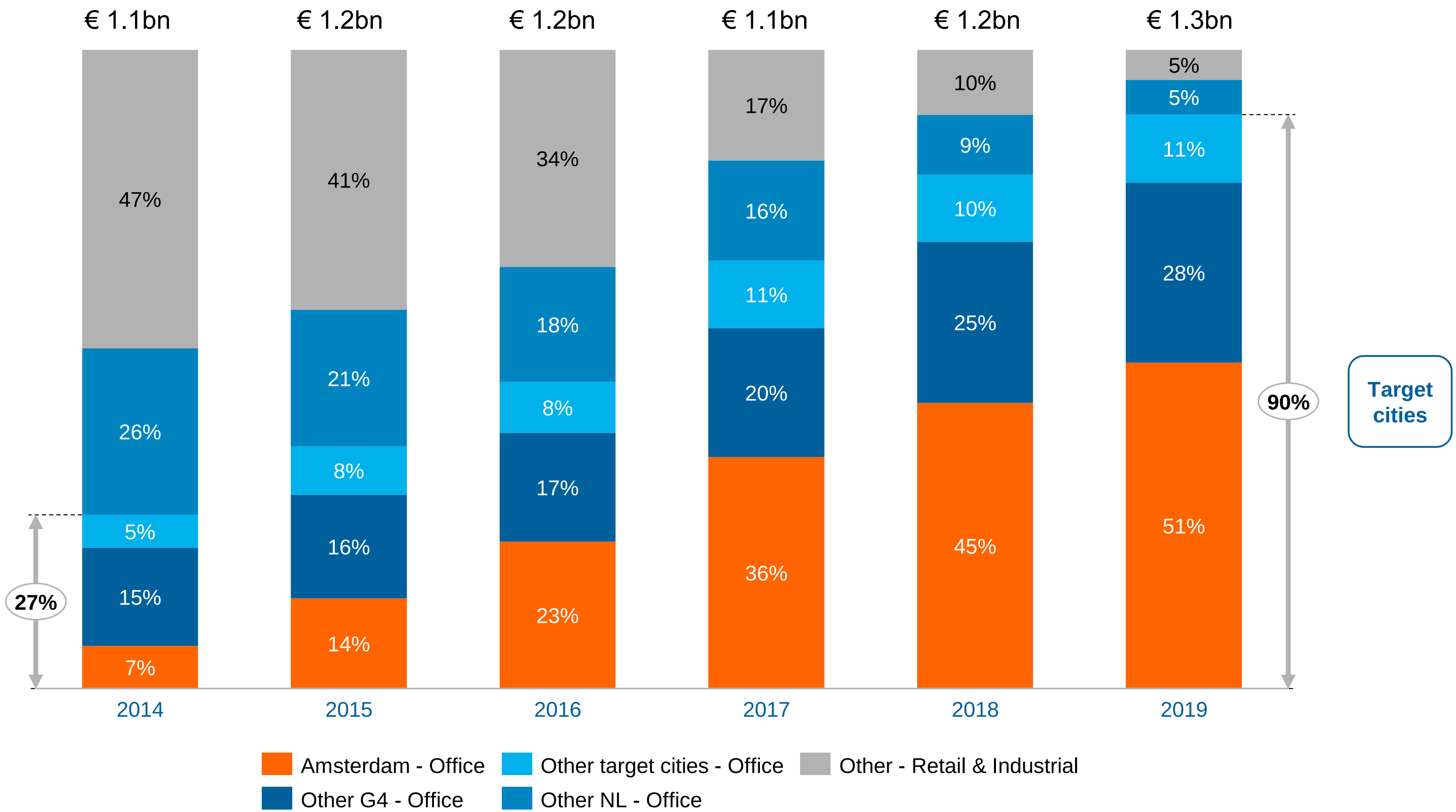


Disposals 2016-2019

1) Pro Forma, adjusted for assets held for sale

NSI portfolio composition – increasing focus

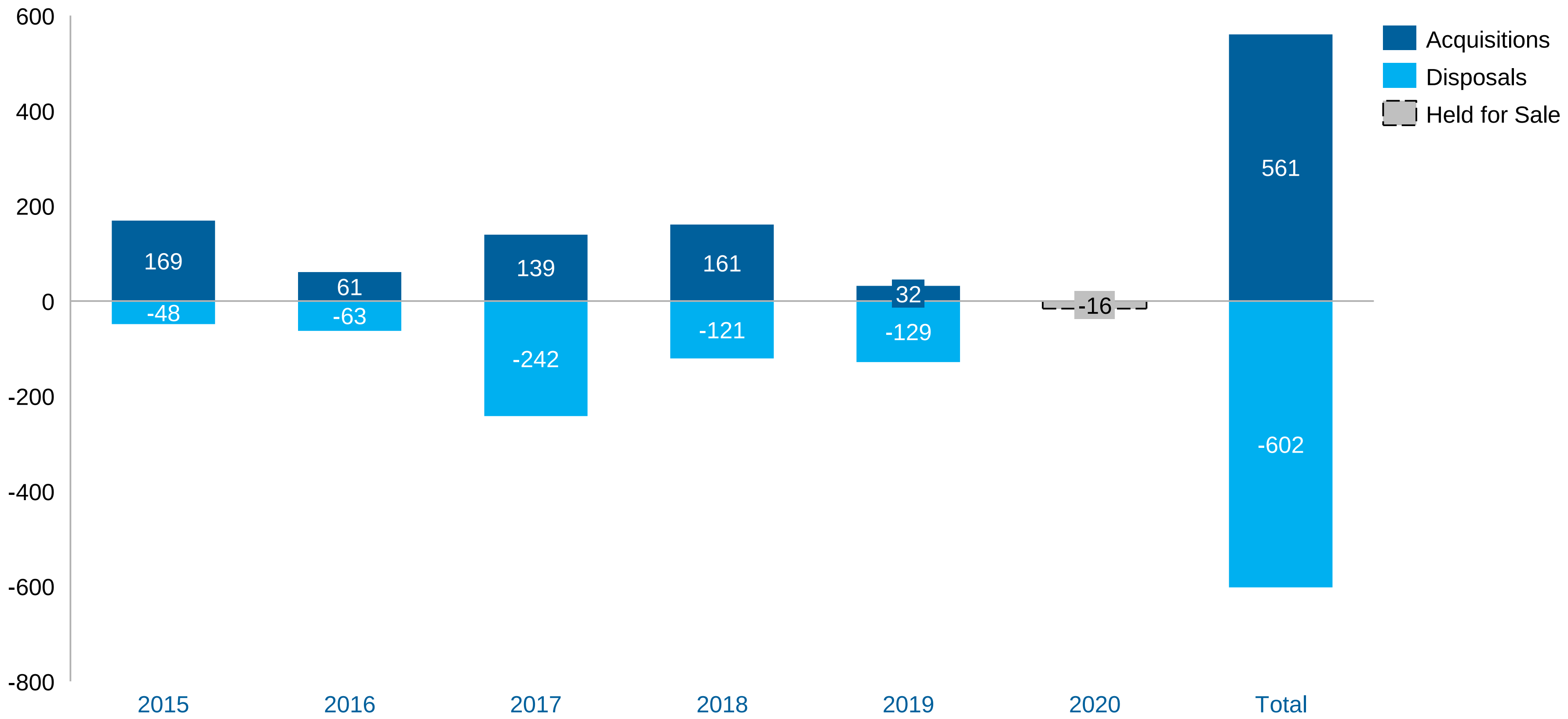
Emphasis on G5, especially Amsterdam



Over € 1.1bn of transaction volume in 5 years

Average transaction volume over € 200m p.a.

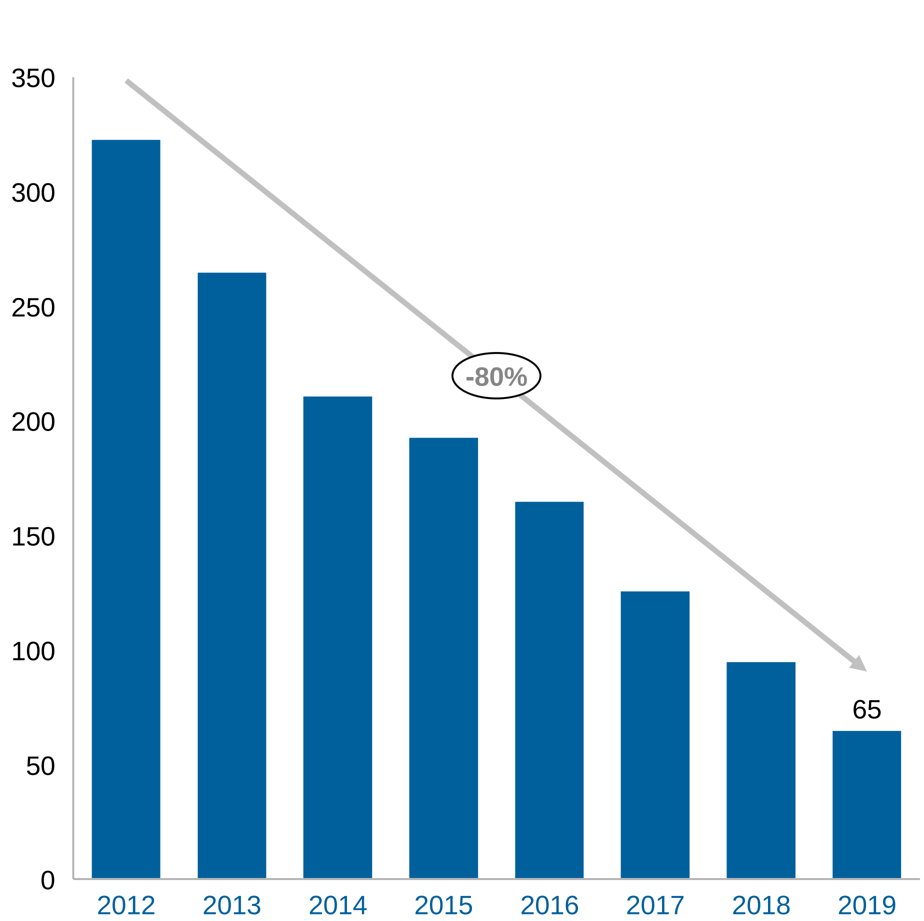
Annual transaction volumes (€m)



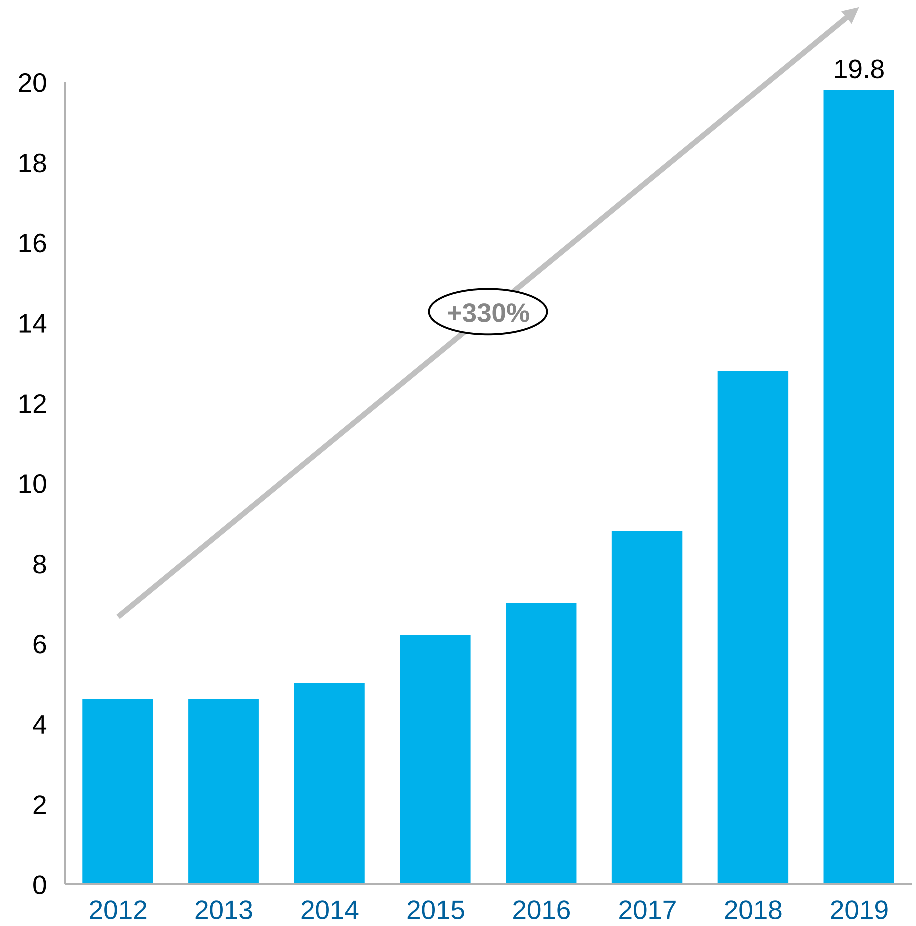
A more concentrated portfolio of larger assets

Average asset size target > € 20m

Number of assets



Average asset value (€m)



Significant improvement in Key Performance Indicators 2016 - 2019

Delivering on all targets set out in the Q1 2017 business plan

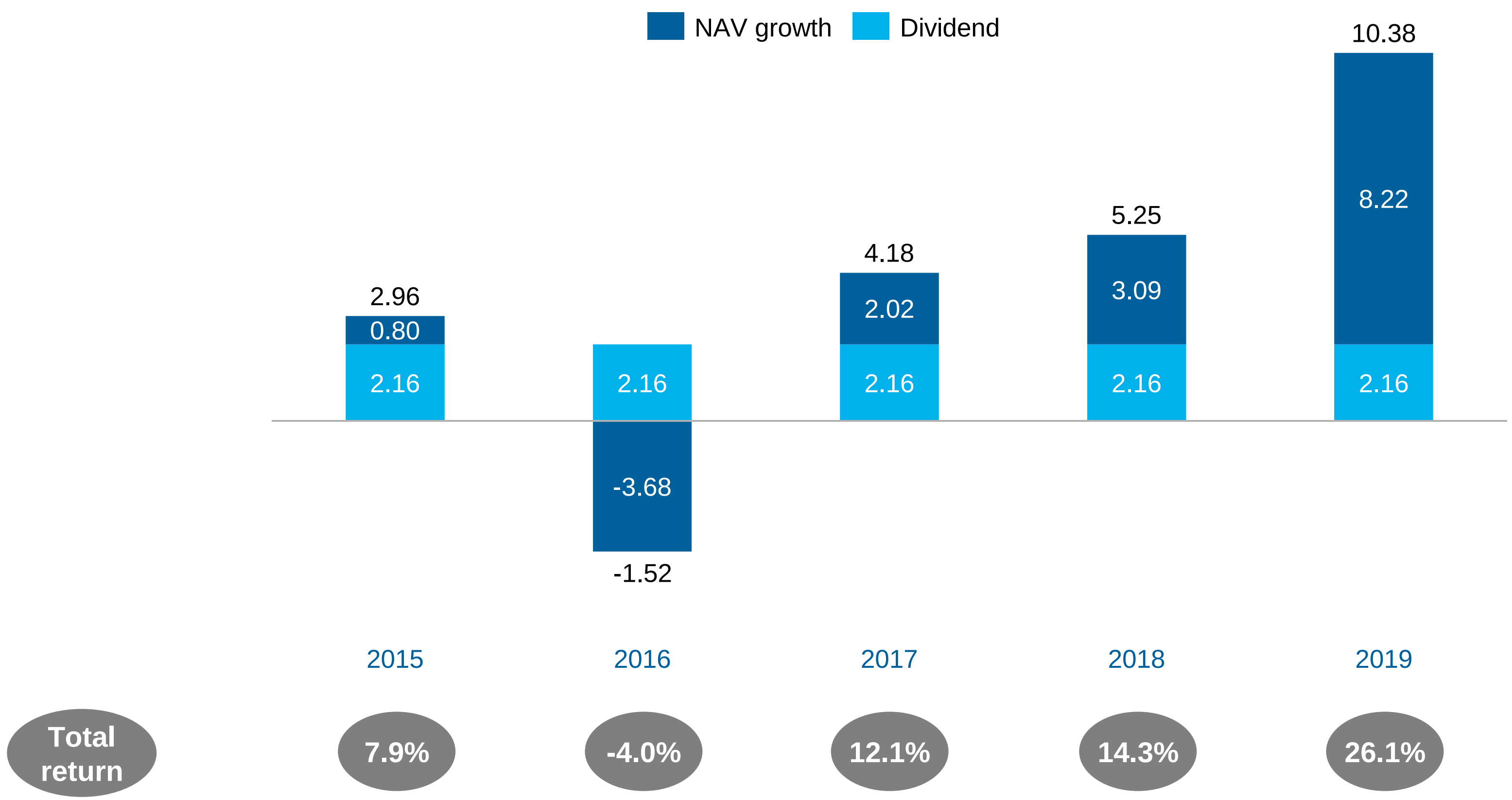
	Dec 2019	Dec 2016		
Vacancy rate	7.1%	21.4%	↓	14.3pp
Number of Assets (#)	65	165	↓	100
Average asset Value (€m)	19.8	7.0	↑	12.8
% of assets in offices[1]	95%	66%	↑	29pp
% of office assets[1] in G4	79%	46%	↑	33pp
LTV (%)	27.4	44.1	↓	16.7pp
EPRA EPS (€)	2.64	2.64		Stable
DPS (€)	2.16	2.16		Stable

1) Offices and HNK as % of total portfolio

Strong business and asset returns driving shareholder value

Generating double-digit total returns with lower overall risk profile

Total return per share (€)



A clear ambition for 2024 - The three pillars of the plan

Portfolio Optimisation, Development & Services

Creating value for all stakeholders

1

Portfolio optimisation

Active portfolio management & disciplined capital recycling

2

Development

Improving portfolio quality and generating attractive risk-adjusted returns

3

Space-as-a-service

Offering a wide range of services to facilitate our customers

ESG is an integral part of the strategy
UN Sustainable Development Goals

Future-proof investments

Flexible building design

Sustainability as an integral part of investment decisions

Sustainability innovations

Certifications

Promote sustainable use

Energy & Carbon

Carbon footprint

Energy efficiency improvements

Renewable energy

Environmental awareness

Health & Wellbeing

Tenants

Employees

Communities

Building facilities and amenities

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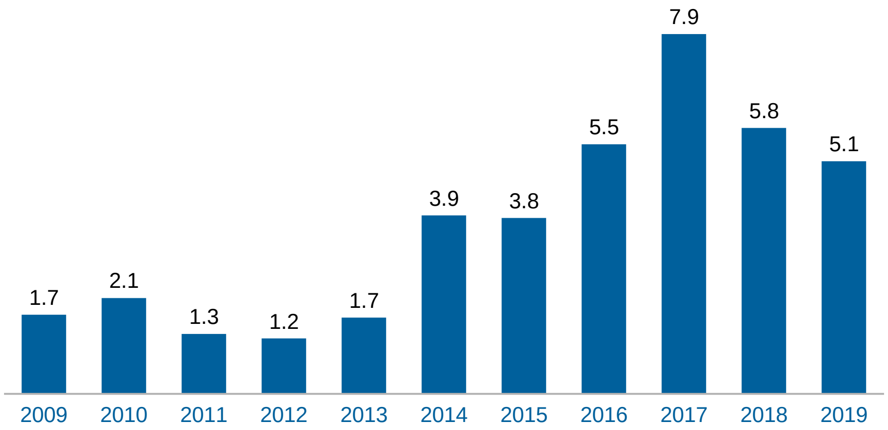
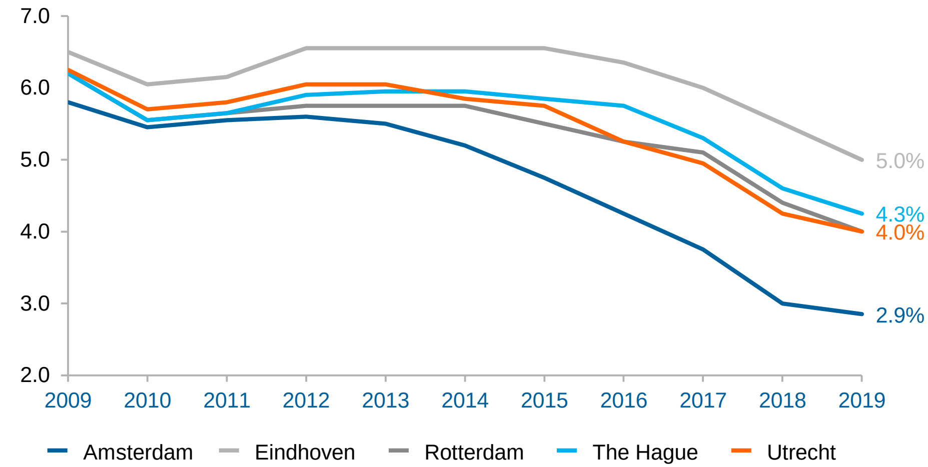
Dutch office market outlook remains positive

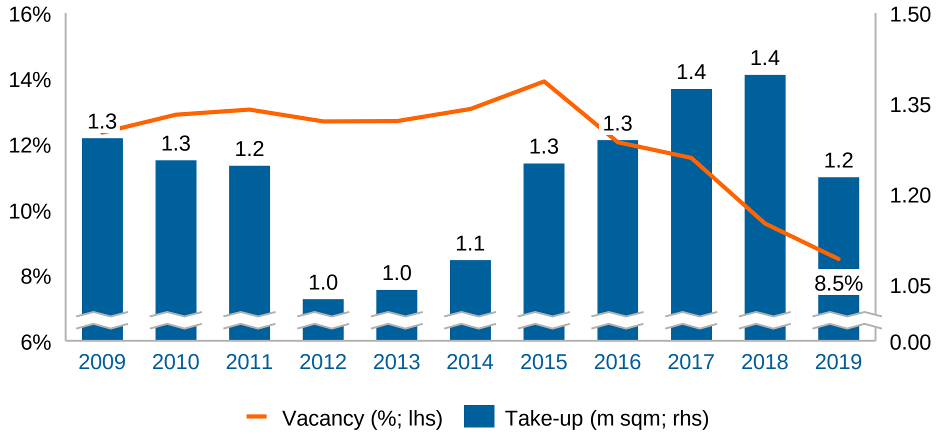
Investment volumes Offices Netherlands (€bn)



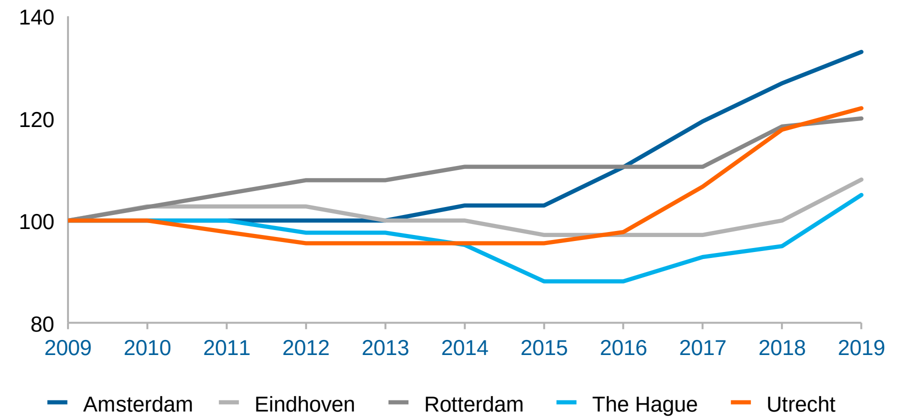
Prime Yields (%)



Vacancy rate and take-up Offices Netherlands



Prime rental growth[1]

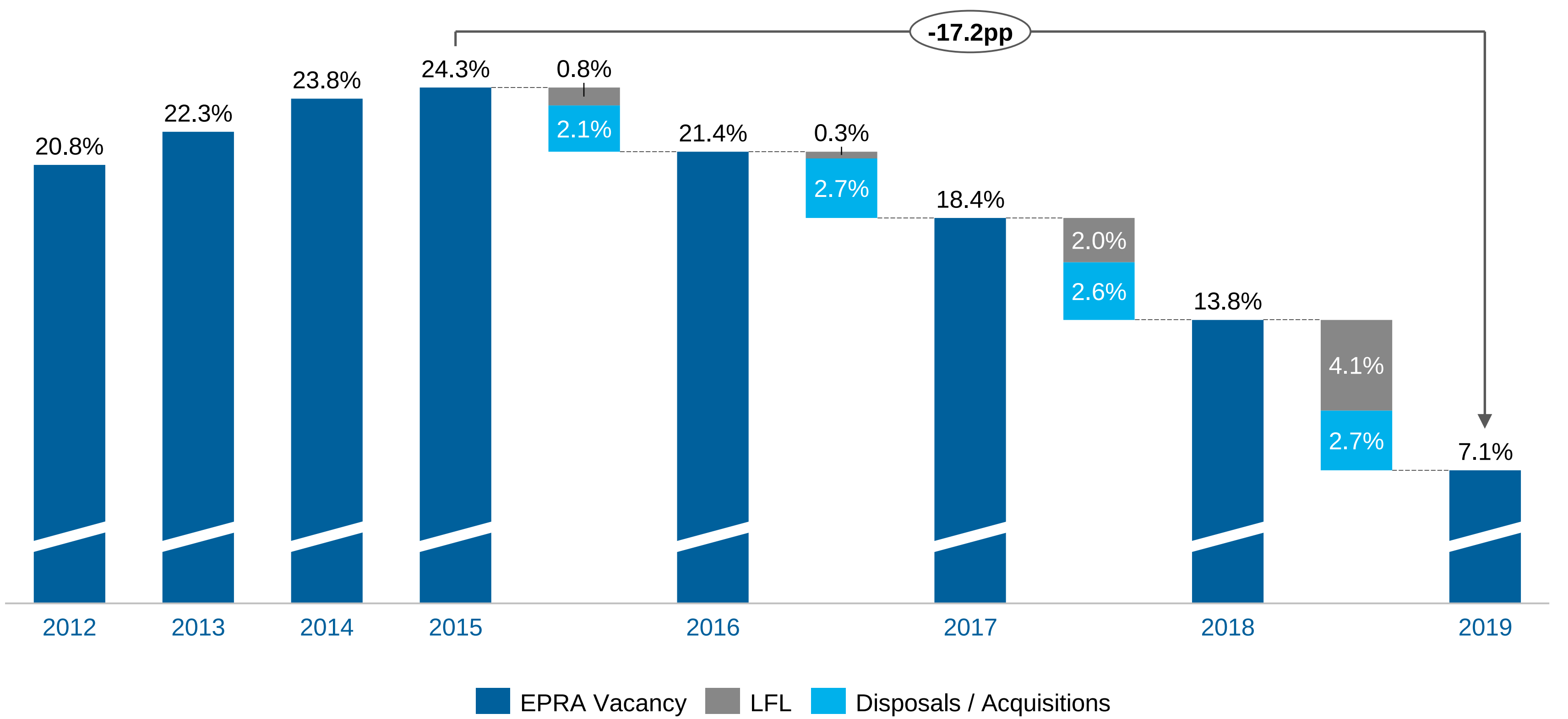


1) Indexed (2009 = 100)
Source: JLL

Strong operational performance

Vacancy rate below market average

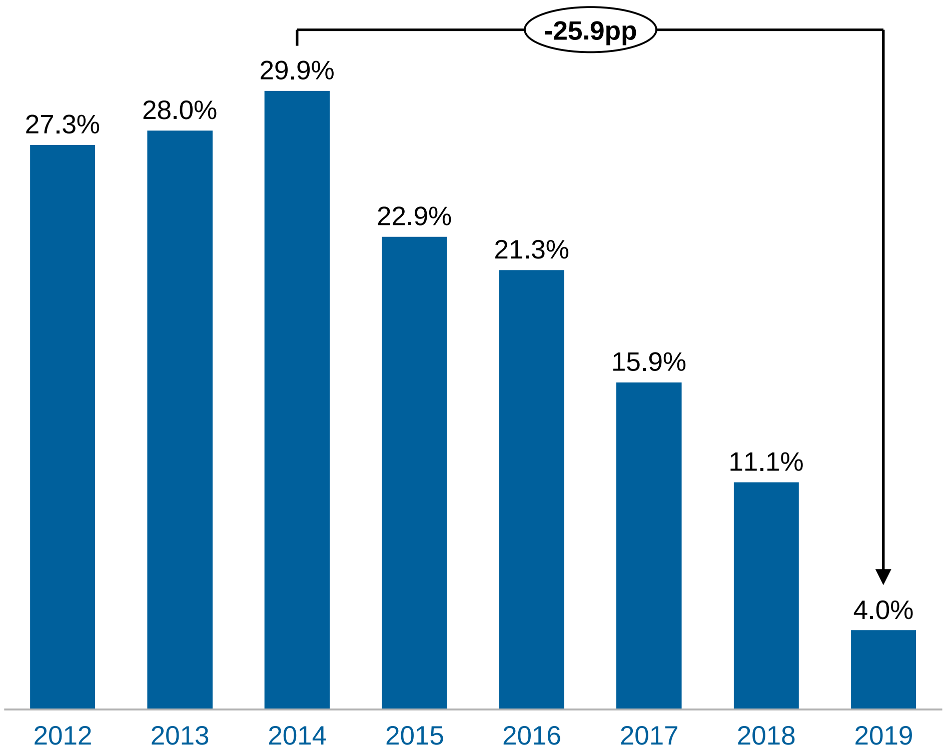
EPRA vacancy rate



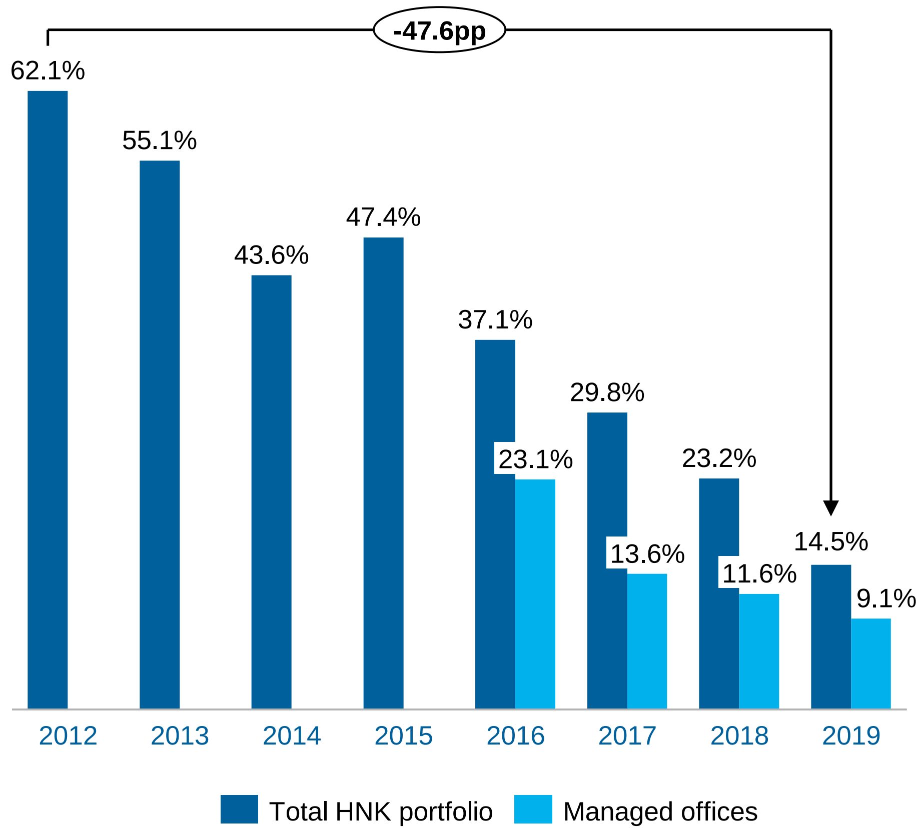
Strong letting results across the portfolio

Vacancy down in all segments

EPRA Vacancy rate Offices

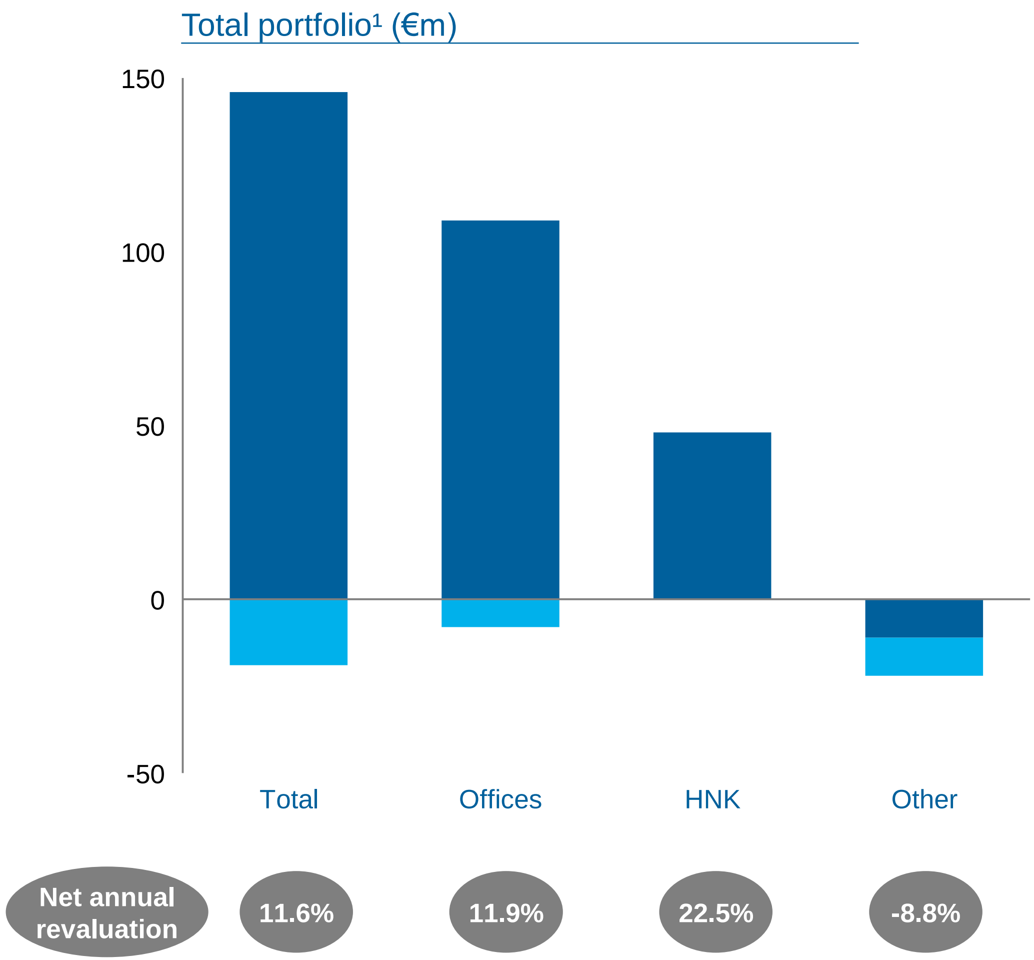


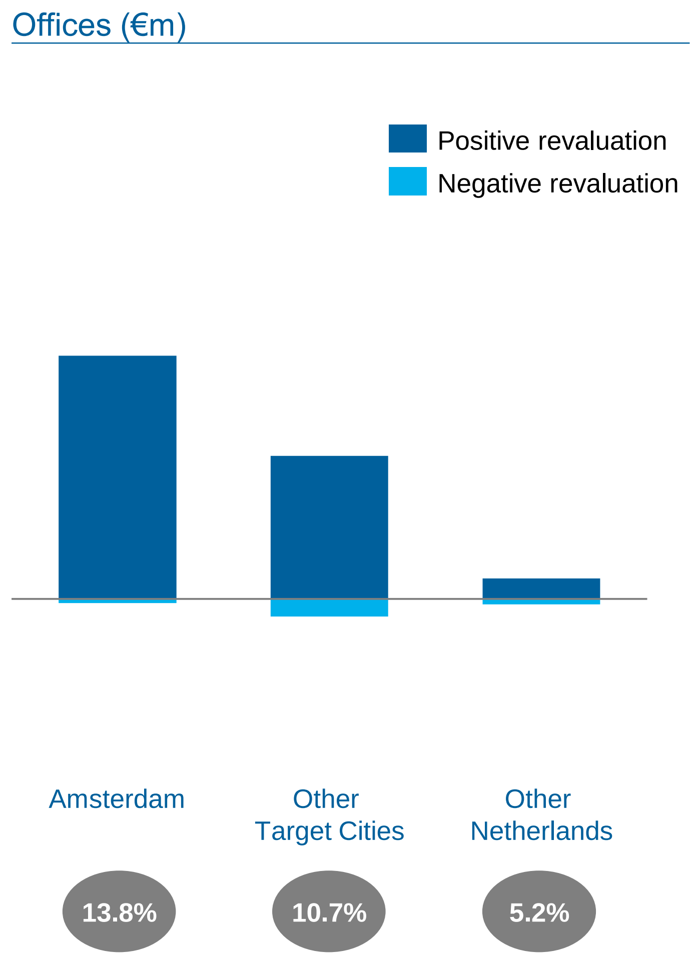
EPRA Vacancy rate HNK



Strong positive revaluations over 2019

Due to strong operational performance and continued yield compression





1) Externally valued on 31 December 2019 by CBRE, Colliers, Cushman & Wakefield and JLL

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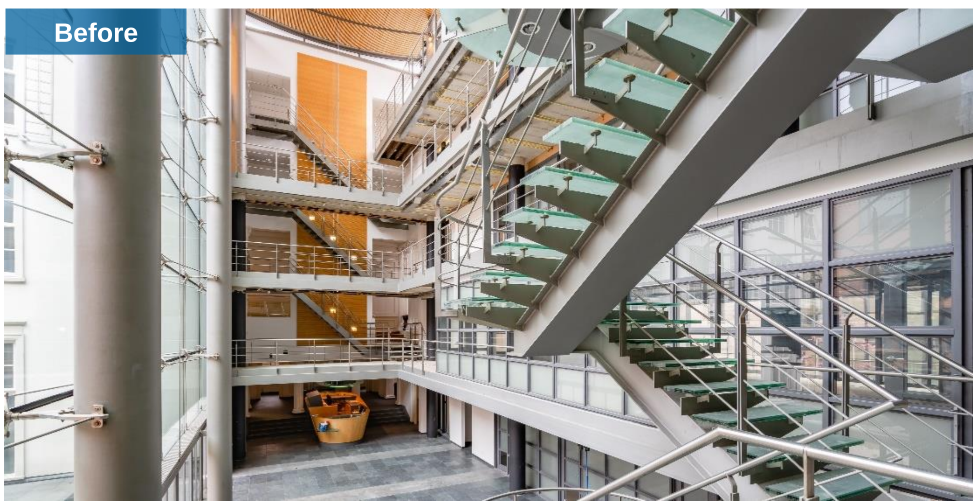
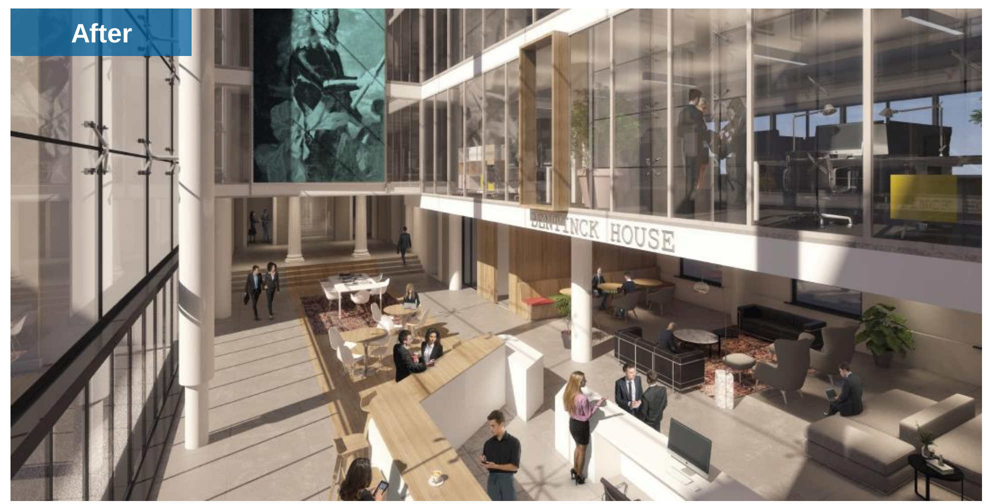
Bentinck Huis refurbishment
Progressing well

Update

- Status: Delivery foreseen early Q2 2020
- Investment € 13.9 m
- Planned capex: € 8.2 m
- Increase in capex due to: - Capitalised interest € 0.4 m
  - Additional fit-out costs € 0.2 m
- Leasing: Negotiations ongoing
- Result: Substantial increase in end value foreseen


After


Before



After

Bentinck Huis

Upgrading from energy D to A label and targeting BREEAM-in-use Excellent

Green roof

New cooling system with highest energy performance

Increase natural light ingress by 42%

Solar panels

Smart sensors

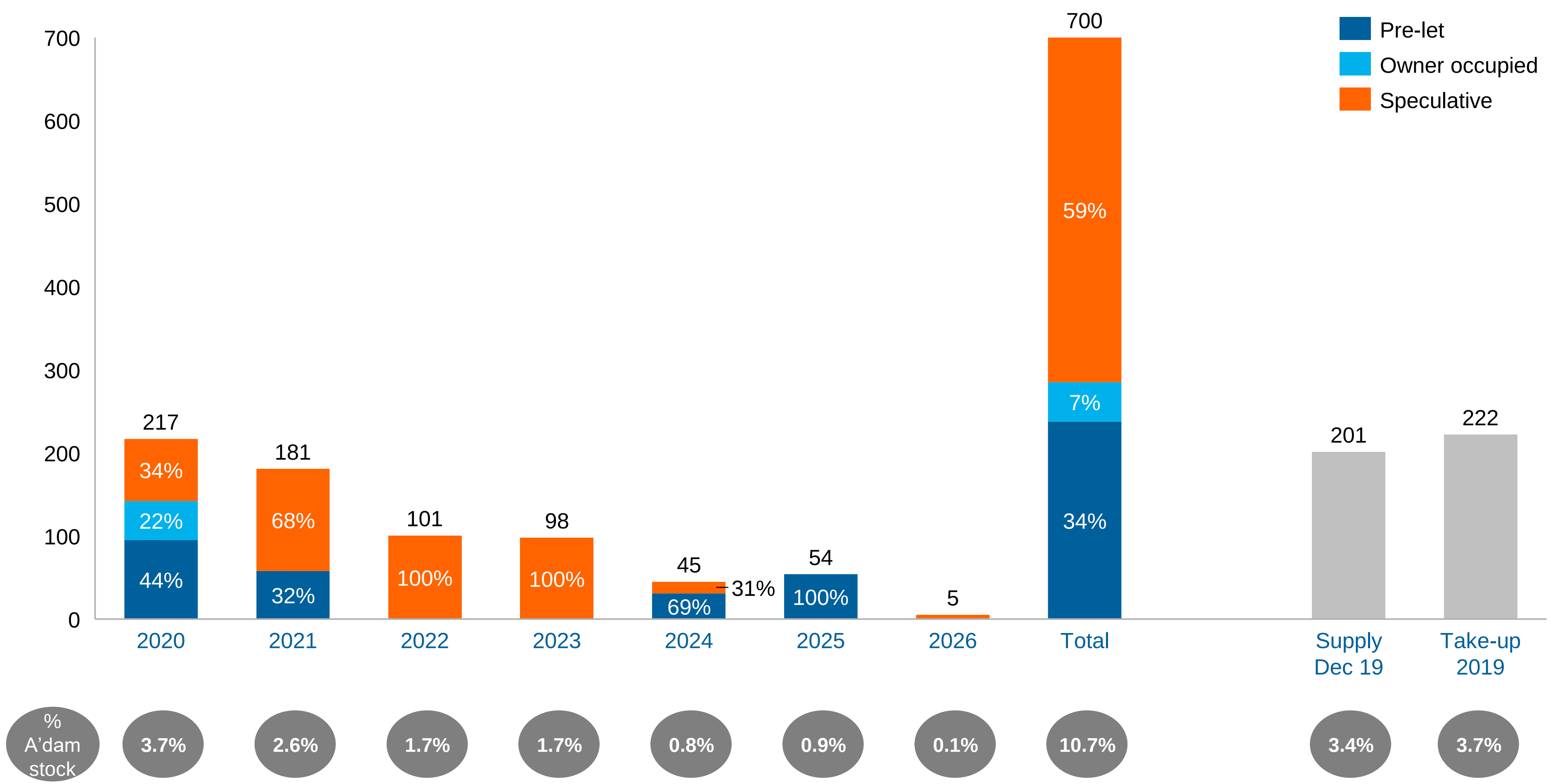
Ventilation and carbon, temperature, and lighting controllable via app

LED-lighting with control system

Thermal energy storage system

Limited development activity in Amsterdam

Amsterdam development pipeline (‘000 sqm)



Source: JLL

Sizeable development pipeline over next decade

Substantial value add potential

	New build area (sqm)	Increase in area (sqm)	Area	Expected Start	Current phase
Near Term					
Vitrum	11,700	TBD	Amsterdam South-Axis	H2 2021	Preliminary design
Laanderpoort	35,000	c. 22,000	Amsterdam South East	Q1 2022	Preliminary design
Medium Term					
Centerpoint	60,000 - 90,000	45,000 - 75,000	Amsterdam South East	Earliest 2023	Feasibility
Motion building	10,000 – 25,000	10,000 – 25,000	Amsterdam Sloterdijk	Earliest 2023	Feasibility
Other (4 projects)				TBD	

8	Projects
€ 700m	Capital Expenditure
6.0% - 6.5%	Expected average yield on cost
85%	Amsterdam (all-up costs)

Proximity to major train station

88%	Within 5 minutes
8%	Between 5 and 10 minutes
4%	Between 10 and 15 minutes

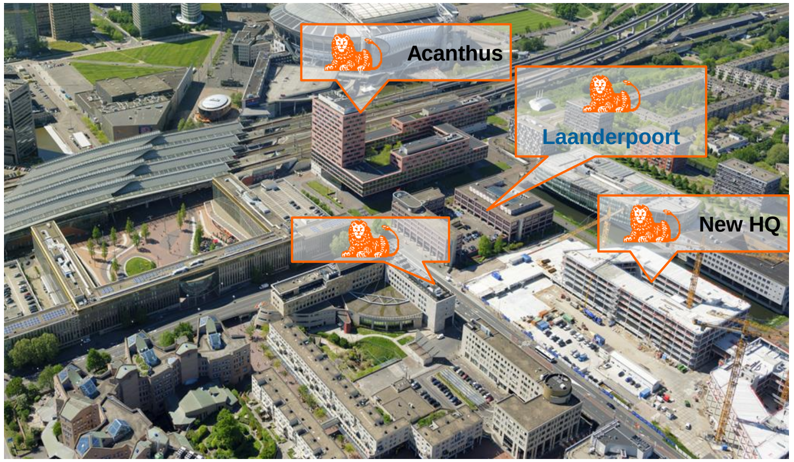
Redevelopment Laanderpoort Amsterdam

87.5% of floor area pre-let

Building a new office & shared facilities on ING campus

- Signed & announced cooperation and lease agreement with ING
- New buildings will total 35,000 sqm
  - 31,000 sqm to be rented by ING for 15-years
  - 4,000 sqm HNK concept
- Expected start date Q1 2022
- Estimated construction period 27 months
- Estimated capex € 120m (excluding leasehold correction)
- Circa 6% Yield on Cost

35,000 sqm lettable floor area split over two buildings



Vitrum refurbishment

Modernising iconic bridge building, close to prime South-Axis

Preparing for planning application

• Status:	Finalizing design
• Expected start date:	Mid 2021
• Details:	RGB lease until June 2021
	Major refurbishment of circa € 30m:
	- Modernising façade and office floors
	- Large new reception area
	- Transforming archive space into office space
	Potential extension being reviewed
	Substantial increase in rental values foreseen

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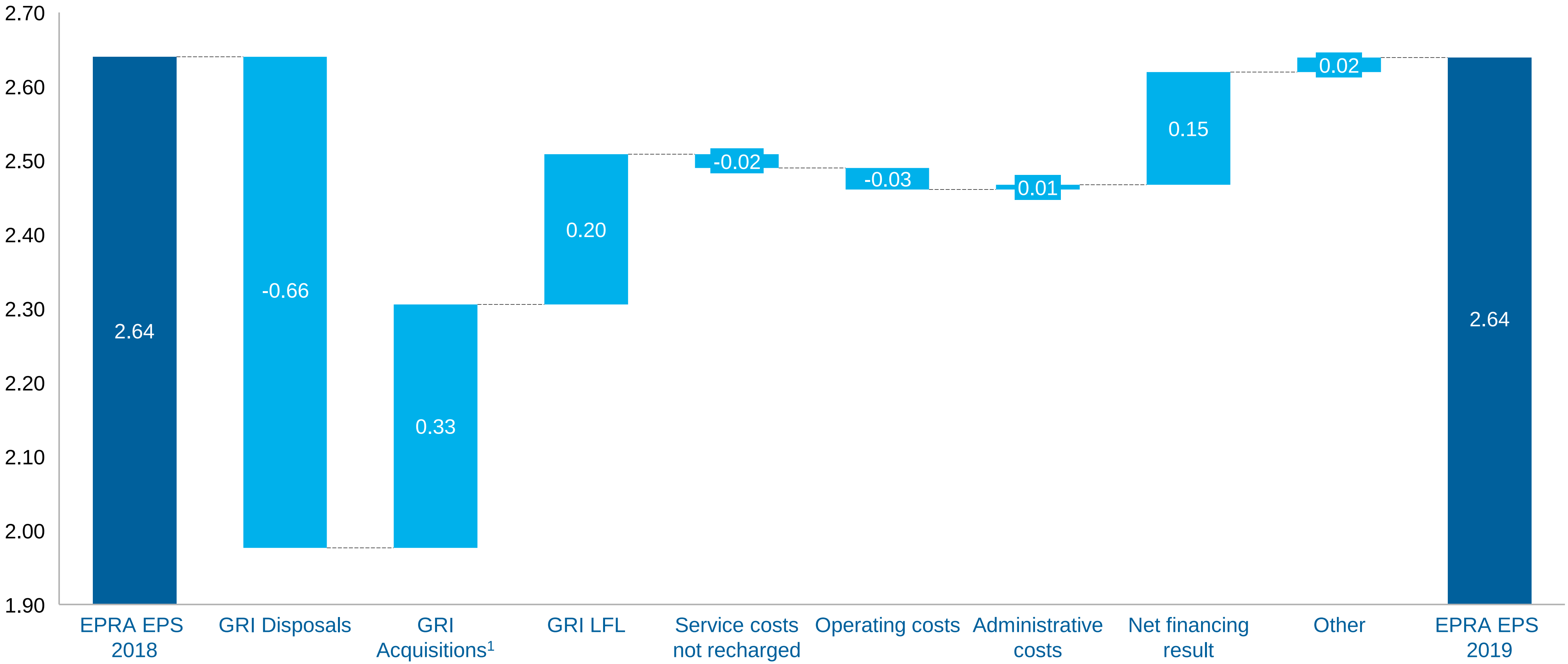
EPRA Earnings

	2019	2018	Change %
Gross rental income	82.8	83.7	-1.1%
Service costs not recharged	-1.6	-1.2	29.4%
Operating costs	-14.0	-13.3	5.6%
Net rental income	**67.2**	**69.2**	**-2.9%**
Administrative costs	-7.9	-7.9	0.0%
Net financing result	-9.8	-12.5	-21.3%
Direct investment result before tax	**49.4**	**48.8**	**1.4%**
Corporate income tax	-0	-0	-97.6%
Direct investment result / EPRA earnings	**49.4**	**48.7**	**1.4%**
Direct investment result / EPRA earnings per share	2.64	2.64	0%

EPRA Earnings

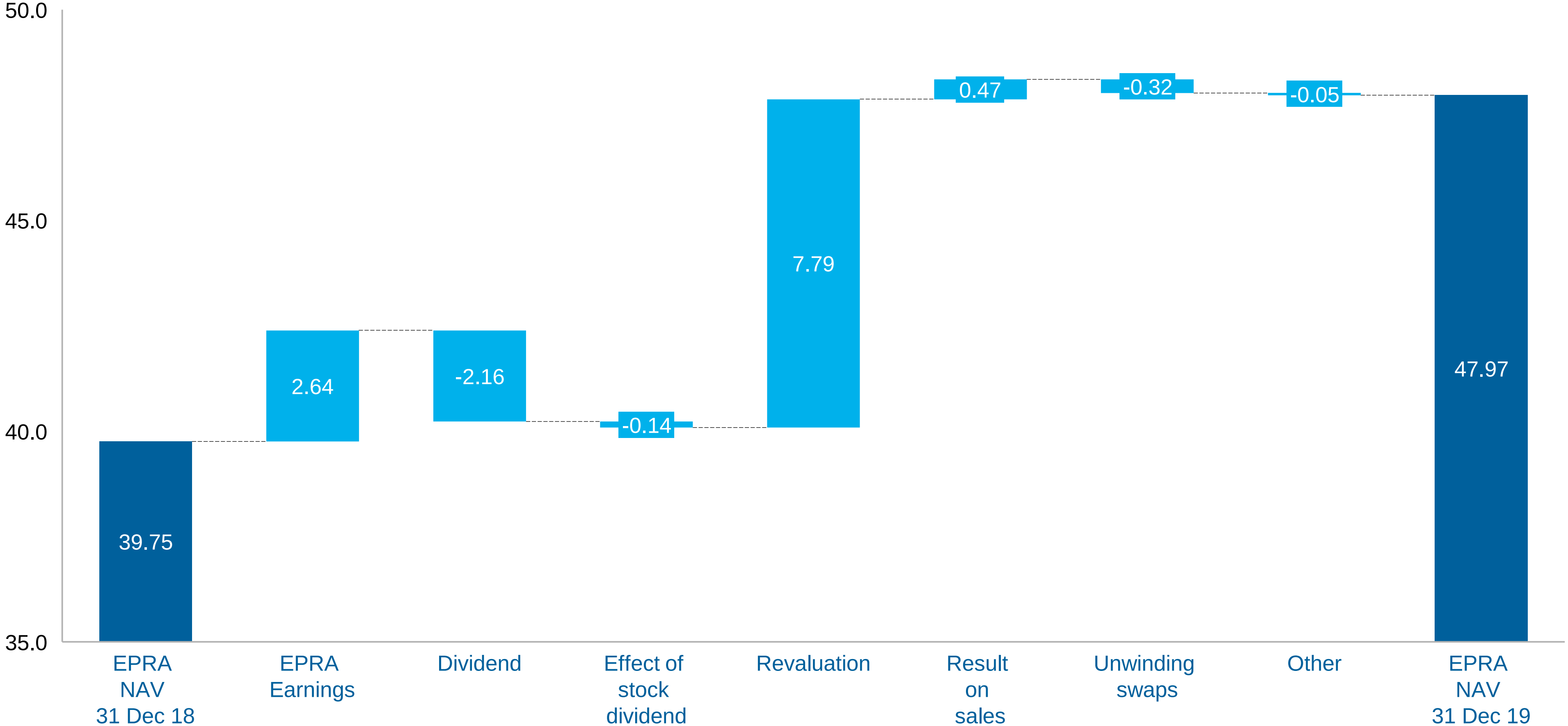
(€ per share)



1) Impact of acquisitions in 2018 € 0.25 and 2019 € 0.08

EPRA NAV

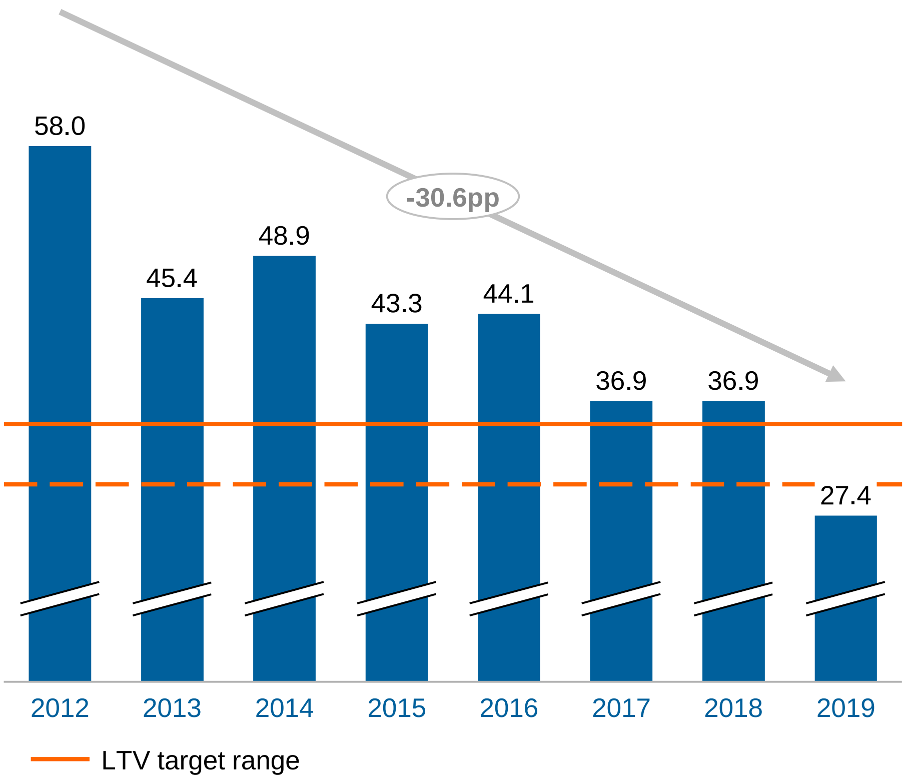
(€ per share)



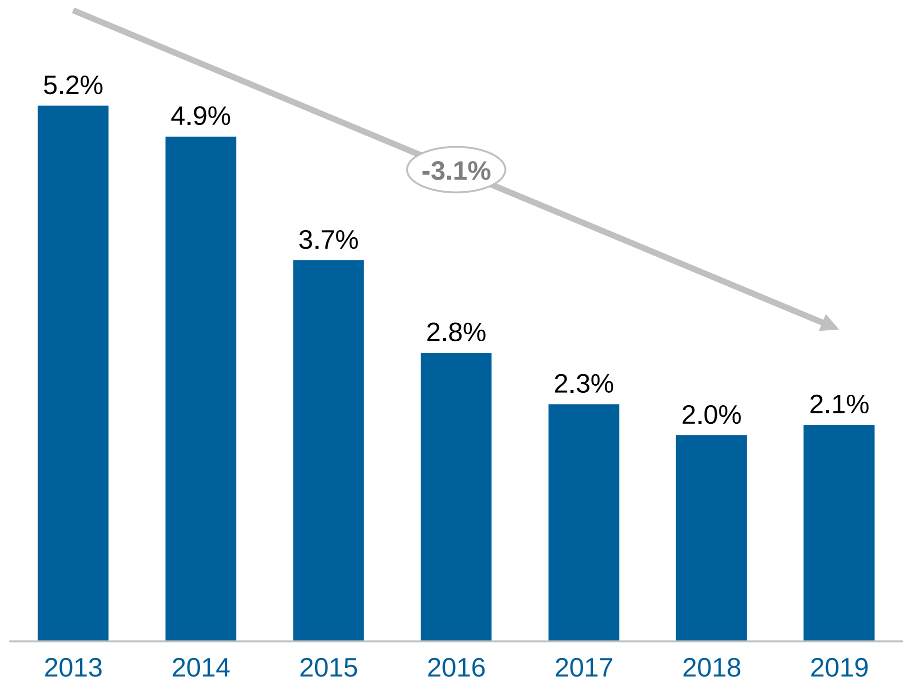
Balance sheet de-risked, cost of debt stable

Significant capacity to invest

Loan-to-value



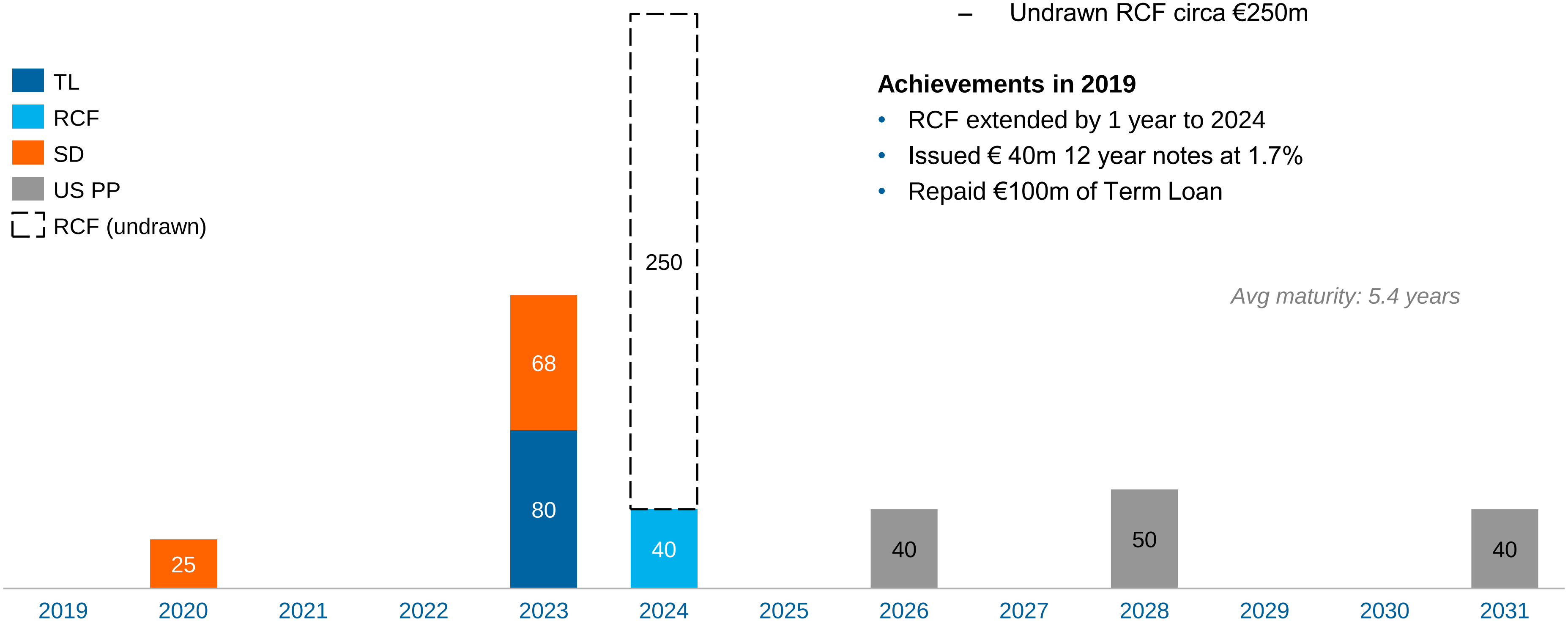
Cost of debt



Lower leverage and better-quality portfolio resulting in lower financing costs

Extending maturities to prepare for next phase

Loans maturity profile Dec 2019 (€m)[1]



Strategy and achievements

Strategy

- Further extending and diversifying maturities
- Further diversifying funding sources
- Maintain balance sheet capacity for development and acquisitions
  - Undrawn RCF circa €250m

Achievements in 2019

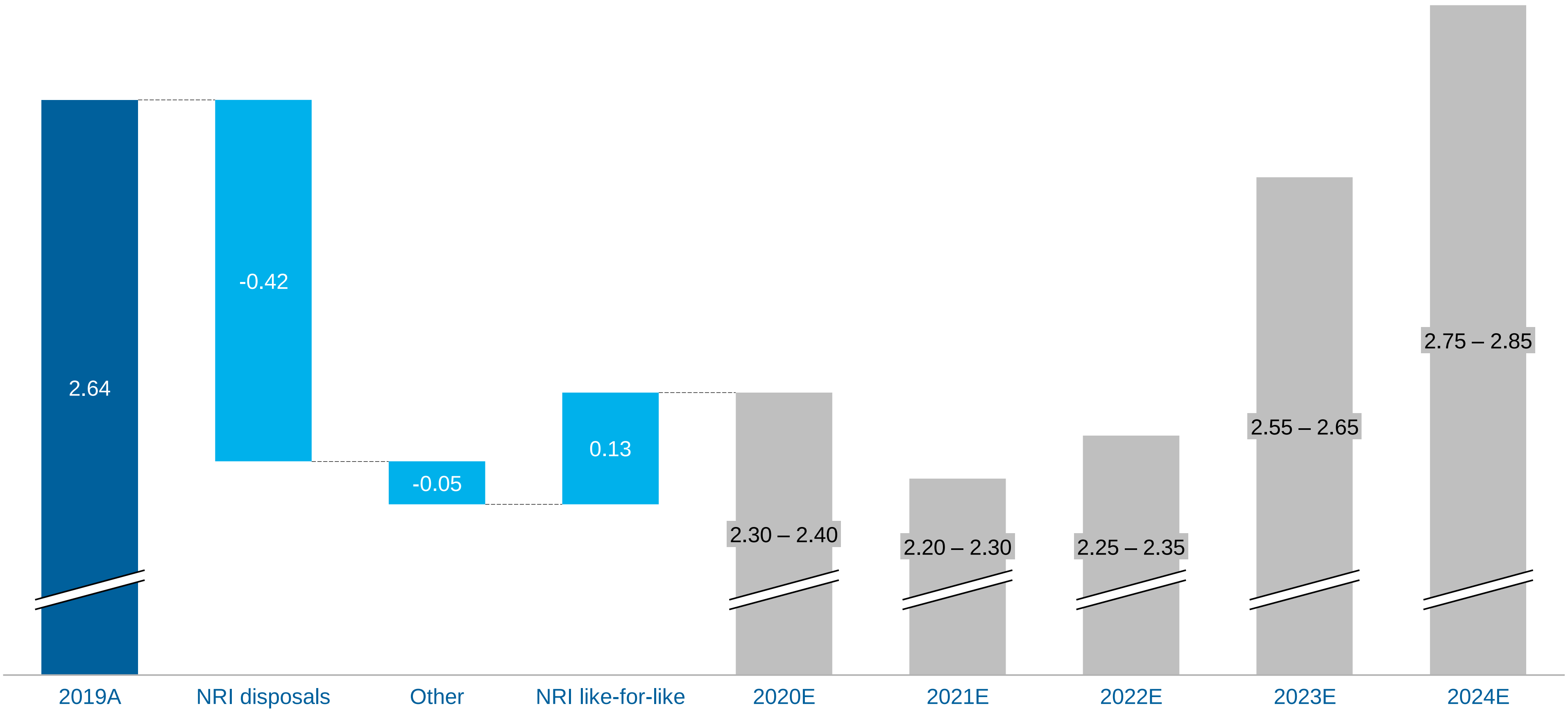
- RCF extended by 1 year to 2024
- Issued € 40m 12 year notes at 1.7%
- Repaid €100m of Term Loan

Avg maturity: 5.4 years

1) TL: Term Loan
RCF: Revolving Credit Facility
SD: Secured Bank Debt
USPP: US Private Placements

Indicative EPRA EPS trajectory 2021-2024

Capital growth will compensate for temporary EPS dip



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Final remarks

- Strong operational performance set to continue in 2020
- Like-for-like NRI growth expected above 3%
- Excellent balance sheet to fund developments and acquisitions
- EPRA EPS 2020 €2.30 - €2.40
- Intention to maintain dividend at - at least - €2.16

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Strategy set out in February 2017 executed

A clear focus

Positioning

A focus entirely on Dutch offices…

- ✓ **Location** – Economic growth centres *(Amsterdam, The Hague, Rotterdam, Utrecht, Eindhoven, Den Bosch, Leiden and selective others)*
- ✓ **Potential** – Larger, high quality, high margin, more efficient assets with growth potential

Execution

Offering an attractive risk-adjusted total return…

- ✓ **Active asset management** – Manage vacancy and consistently explore value-add and (re)development initiatives
- ✓ **Disciplined capital recycling** – Pro-actively and consistently trade assets to improve the overall risk-return profile of the business

Control

Underpinned by operational and financial leadership…

- ✓ **Platform** – Investing in people, systems and optimising processes
- ✓ **Transparency** – Clear accountability to all stakeholders
- ✓ **Cost efficiency** – Lower EPRA cost ratio

Asset rotation January 2015 – December 2019

A more concentrated, higher quality portfolio of larger assets

Acquisitions

	# Assets	# Tenants	Total purchase cost (€m)		Net contract rent (€m)	NIY	WAULT (years)
Total Offices	20	46	560		33	5.9%	5.6

Disposals

	# Assets	# Tenants	Net sales proceeds (€m)	Book profit / (loss) (€m)	Net contract rent (€m)	NIY	WAULT (years)
Total Offices	104	207	235	19	15	6.3%	3.1
Total Other	63	421	366	(3)	26	7.2%	3.9
Total disposals	**167**	**628**	**601**	**16**	**41**	**6.8%**	**3.3**

Delta	**(147)**	**(582)**	**41**		**(8)**	**(0.9)**	**2.3**

Asset rotation 2019

Acquisitions	# Assets	# Tenants	Total purchase cost (€m)		Net contract rent (€m)	NIY	WAULT (years)
Total Offices	2	7	30.8		1.5	4.7%	5.3
Reversed disposal other	1	0	0.8		0	0	0

Disposals	# Assets	# Tenants	Net sales proceeds (€m)	Book profit / (loss) (€m)	Net contract rent (€m)	NIY	WAULT (years)
Total Offices	21	39	76.3	9.5	4.7	6.1%	3.0
Total Other	9	74	52.3	(0.8)	4.1	8.1%	4.3
Total disposals	**30**	**113**	**128.5**	**8.7**	**8.8**	**6.9%**	**3.8**

	# Assets	# Tenants			Net contract rent (€m)	NIY	WAULT (years)
Delta	**(27)**	**(106)**	**97**		**(7.3)**	**(2.2)**	**1.5**

Acquisitions 2016-2019






	Teleportboulevard 121	**Uniceflaan 1**	**Bijlmerdreef 100**	**Parnassusweg 101**	**Archimedesweg 6**	**Kennedyplein 101**
	Amsterdam	Utrecht	Amsterdam	Amsterdam	Leiden	Eindhoven
Area (sqm)	22,918	12,079	13,300	11,700	7,239	6,642
Price (€m)	57.0	20.5	33.8	45.0	17.5	13.6
Year	2016	2017	2017	2017	2017	2017






Kingsfordweg 43-117	**Lange Voorhout 7**	**Radarweg 60**	**Jacobsweerd 200 - 4402**	**Archimedesweg 30**	**Derkinderenstraat 2-24**
Amsterdam	The Hague	Amsterdam	Utrecht	Leiden	Amsterdam
12,709	6,048	16,231	14,396	2,686	8,315
36.8	13.9	47.3	52.1	5	23.7
2018	2018	2018	2018	2019	2019

Key portfolio metrics

	Dec 2019				Dec 2018	Change
	Offices	HNK	Other	TOTAL		
Number of properties	48	14	3[1]	65	95	-31.6%
Market value (€m)[2]	964	262	61	1,287	1,214	6.0%
Annual contracted rent (€m)[3]	56	20	6	81	87	-6.4%
ERV (€m)[4]	63	23	6	92	102	-9.6%
Lettable area (sqm k)	317	127	47	491	603	-18.5%
Average rent / sqm	191	190	155	188	179	5.1%
EPRA vacancy[5]	4.0%	14.5%	10.1%	7.1%	13.8%	-6.7 pp
EPRA net initial yield	4.5%	4.6%	6.3%	4.6%	5.2%	-0.6 pp
Reversionary yield	6.5%	8.8%	9.8%	7.1%	8.5%	-1.4 pp
Wault (years)	4.5	3.1	5.8	4.2	4.4	-3.2%

1) At the end of 2019 four retail assets, all part of the Zuidplein shopping centre in Rotterdam, have been consolidated into one asset.
2) Reported in balance sheet at book value incl. right of use leasehold (IFRS 16), excl. lease incentives and part of NSI HQ (own use).
3) Before free rent and other lease incentives.
4) Excluding ERV for investment properties under construction (Bentinck Huis and Donauweg)
5) In line with EPRA-guidelines EPRA vacancy rate excludes Bentinck Huis and Donauweg, which are currently being redeveloped.

Offices split

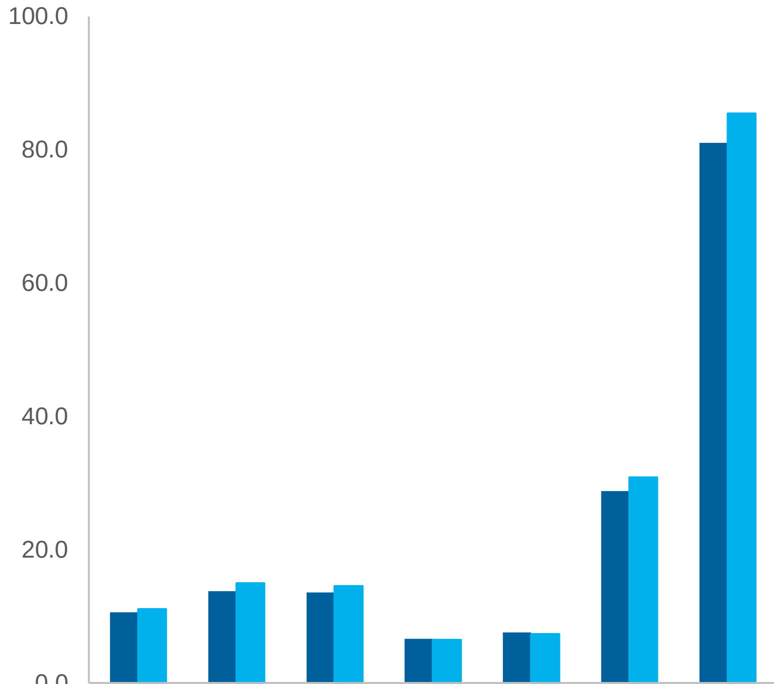
	Dec 2019				Dec 2018
	Amsterdam	Other Target Cities	Other NL	TOTAL	
Number of properties	17	24	7	48	67
Market value (€ m)	563	366	35	964	881
Market value asset (€ m)	33	15	5	20	13
Market value (€ psm)	3,936	2,530	1,205	3,042	2,233
Ann. contract rent (€ m)	30	22	3	56	59
Average rent / sqm	220	174	125	191	179
Reversion	14.2%	2.3%	-1.3%	8.6%	2.3%
Lettable area (sqm k)	143	145	29	317	394
ERV (€ m)	35	24	4	63	68
EPRA vacancy	1.3%	7.2%	9.3%	4.0%	11.1%
EPRA net initial yield	4.2%	4.6%	7.1%	4.5%	5.1%
Reversionary yield	6.3%	7.1%	10.2%	6.7%	7.8%
Wault	4.3	4.8	3.8	4.5	4.6

Yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec 2018	Dec 2019	Dec 2018	Dec 2019	Dec 2018	Dec 2019
Offices	5.1%	4.5%	6.8%	6.0%	7.8%	6.7%
HNK	4.6%	4.6%	8.0%	7.5%	10.8%	8.8%
Other	6.9%	6.3%	8.9%	9.7%	9.2%	9.8%
TOTAL	5.2%	4.6%	7.2%	6.4%	8.5%	7.3%
Target Cities	4.8%	4.4%	6.6%	6.0%	7.8%	6.9%
Other	7.0%	6.4%	9.8%	9.9%	11.2%	10.9%

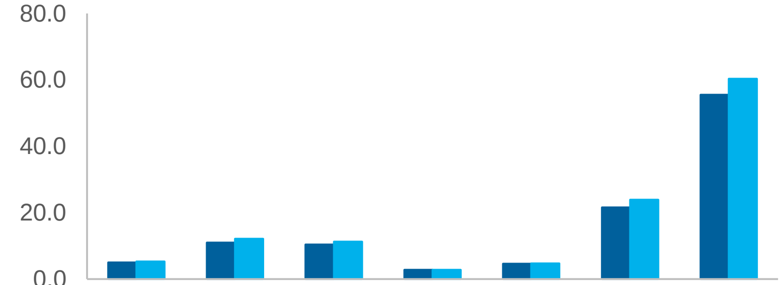
Expiries and reversion

Total portfolio (€m)



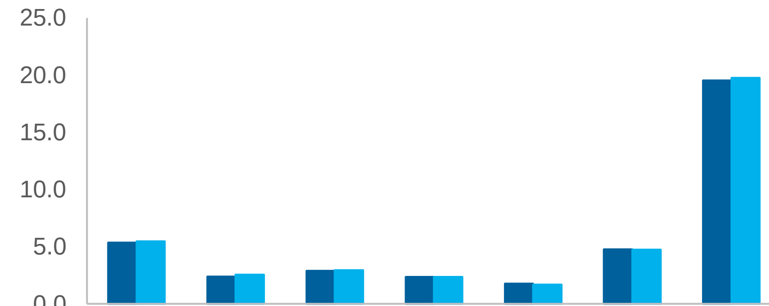
	2020	2021	2022	2023	2024	2024+	Total
Contract rent	10.6	13.8	13.6	6.7	7.6	28.8	81.1
ERV	11.1	15.0	14.6	6.5	7.4	30.9	85.4
# Contracts	455	149	141	97	102	126	810
Reversion	4.8%	8.9%	6.9%	-2.4%	-2.6%	7.2%	5.4%

Offices portfolio (€m)



	2020	2021	2022	2023	2024	2024+	Total
Contract rent	5.0	11.0	10.4	2.8	4.7	21.7	55.6
ERV	5.3	12.1	11.3	2.8	4.8	24.0	60.3
# Contracts	36	44	36	19	24	40	199
Reversion	5.6%	10.0%	8.5%	1.7%	2.7%	10.7%	8.6%

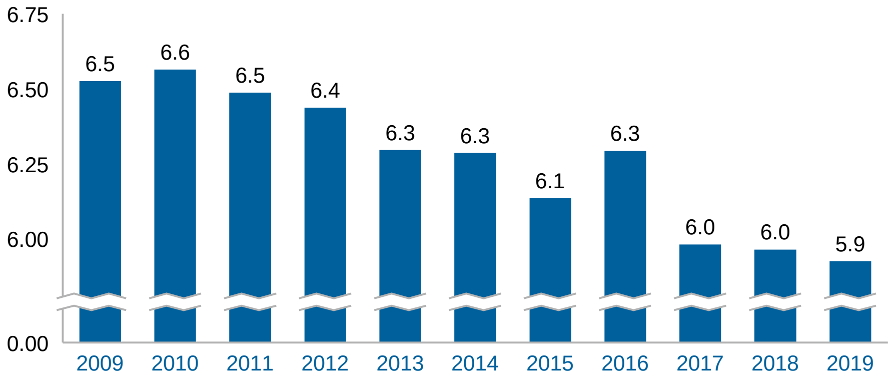
HNK portfolio (€m)



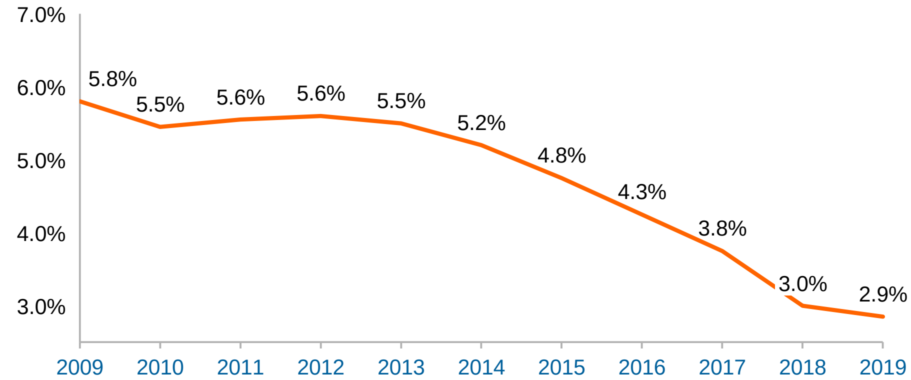
	2020	2021	2022	2023	2024	2024+	Total
Contract rent	5.3	2.4	2.9	2.4	1.8	4.8	19.5
ERV	5.5	2.6	2.9	2.4	1.7	4.7	19.8
# Contracts	375	51	51	24	24	32	557
Reversion	2.0%	7.4%	1.6%	-0.8%	-3.7%	-0.7%	1.1%

Amsterdam office market

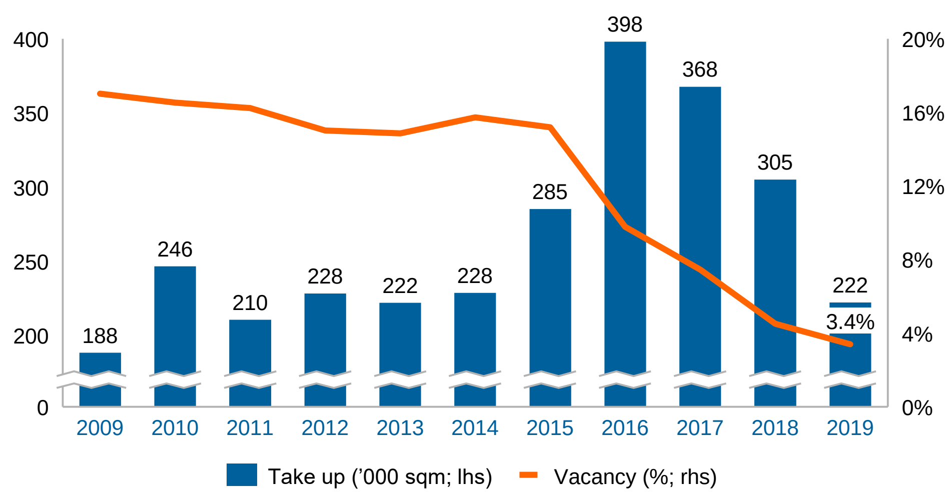
Stock (m sqm)



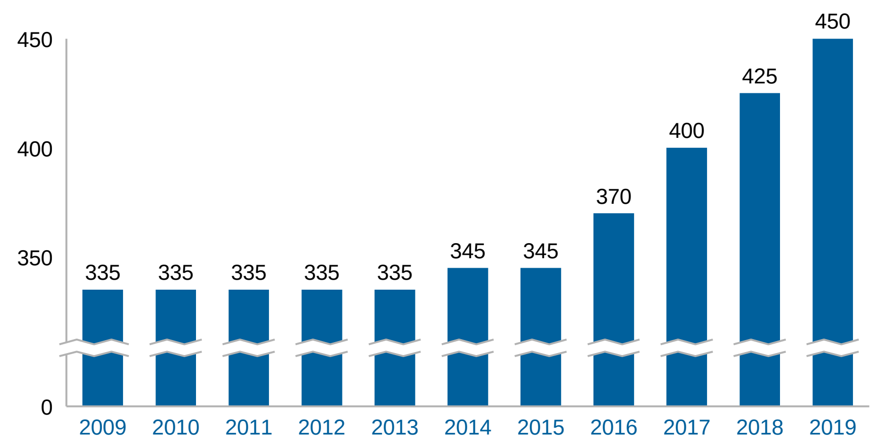
Prime yields



Vacancy rate and Take-up



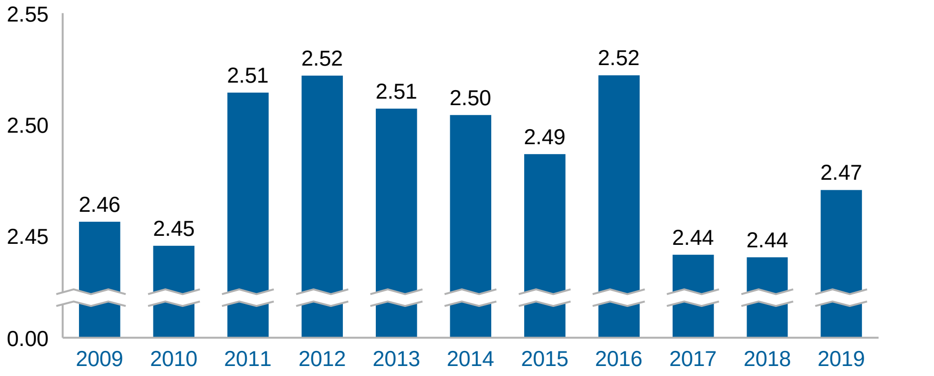
Prime rent (€)



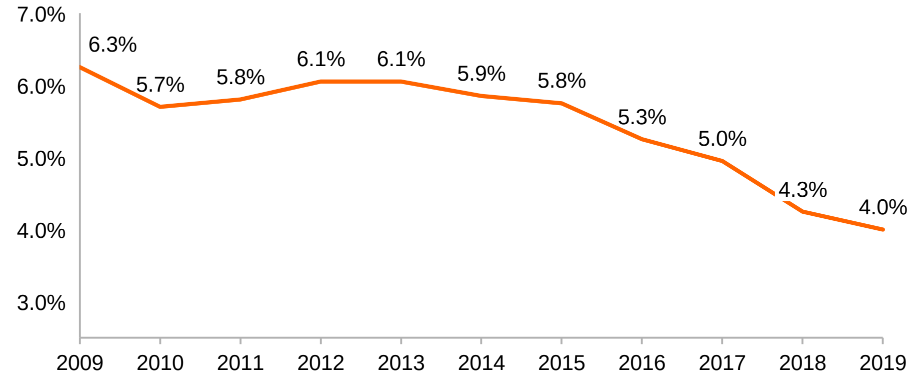
Source: JLL

Utrecht office market

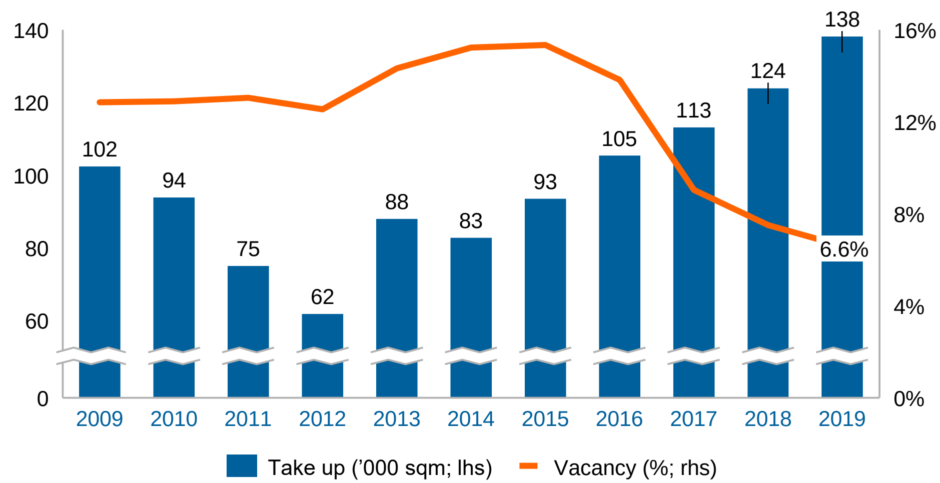
Stock (m sqm)



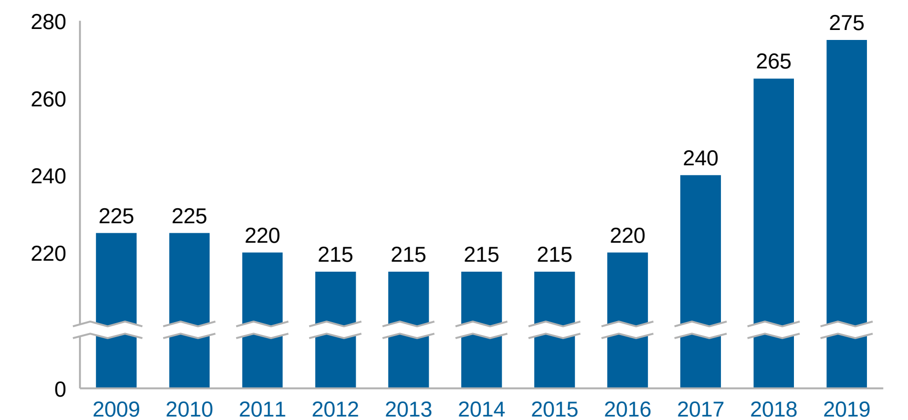
Prime yields



Vacancy rate and Take-up



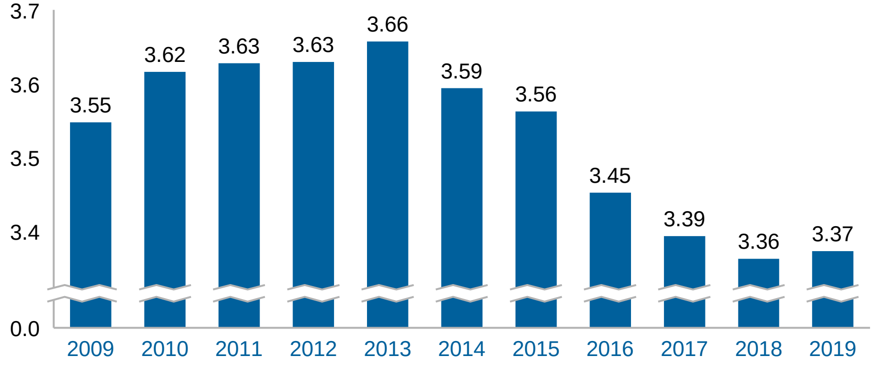
Prime rent (€)



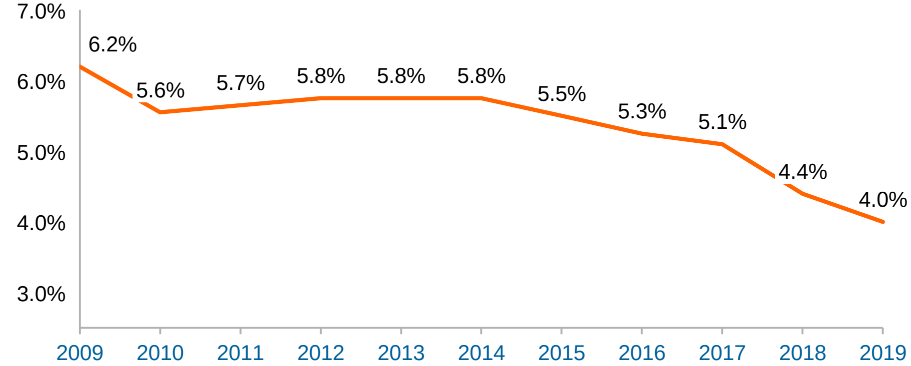
Source: JLL

Rotterdam office market

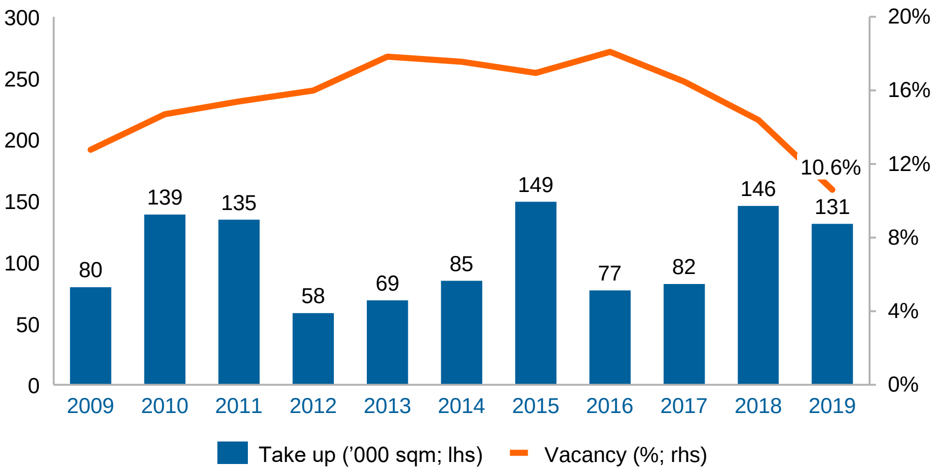
Stock (m sqm)



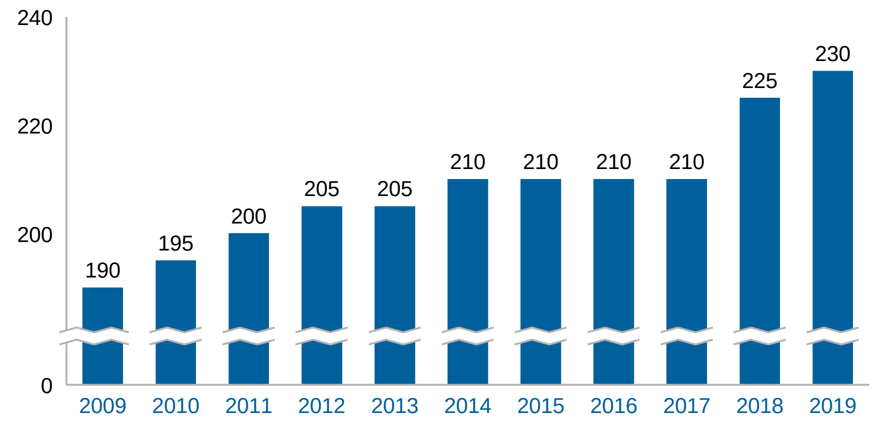
Prime yields



Vacancy rate and Take-up



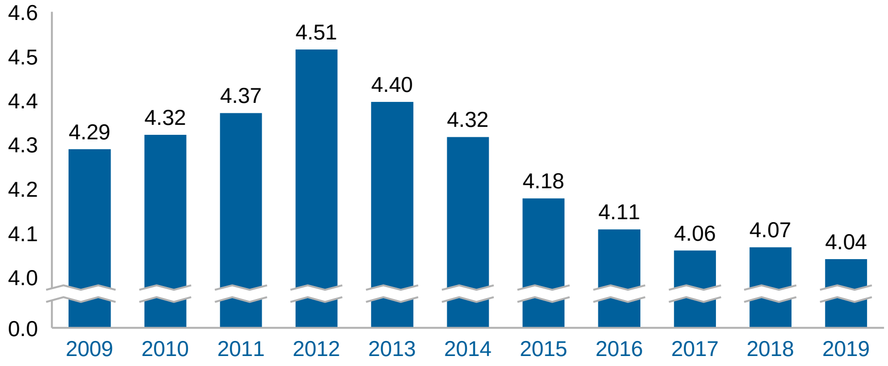
Prime rent (€)



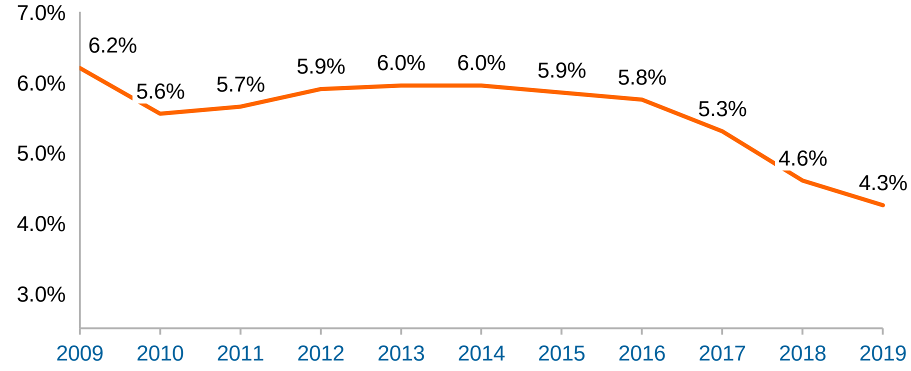
Source: JLL

The Hague office market

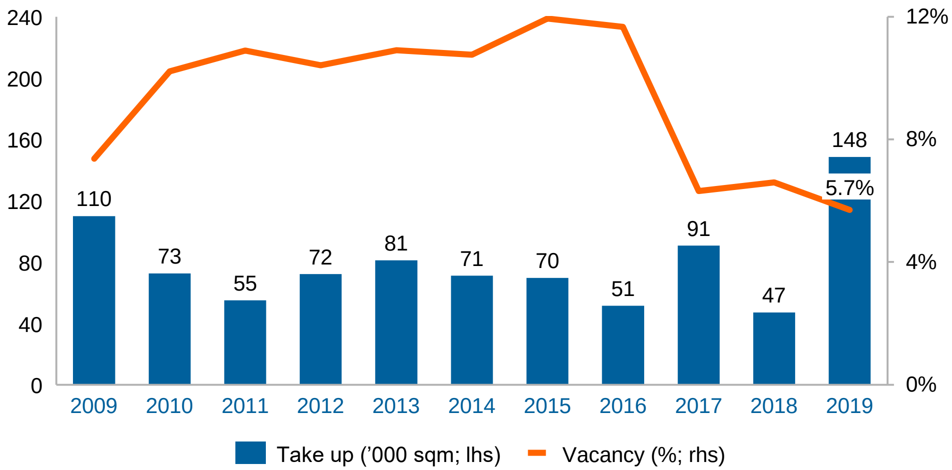
Stock (m sqm)



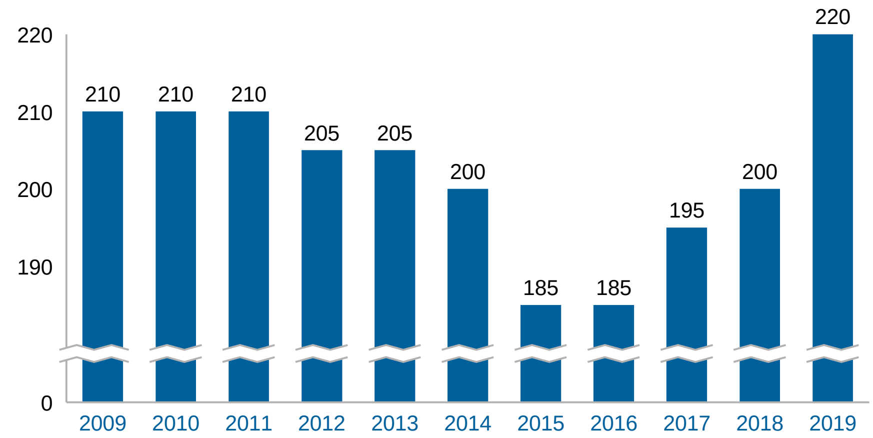
Prime yields



Vacancy rate and Take-up



Prime rent (€)



Source: JLL

Segment information

Income statement FY 2019

	Offices			HNK					
(€ m)	Amsterdam	Other Target Cities	Other NL	Amsterdam	Other Target Cities	Other NL	Other	Corporate[1]	TOTAL
Gross rental income	27.4	21.9	6.3	4.8	9.2	3.4	9.8		82.8
Service costs not recharged	-0.4	-0.4	0.3	-0.1	-0.5	-0.3	-0.1		-1.6
Operating costs	-2.9	-3.9	-1.0	-0.8	-2.3	-0.8	-2.3		-14.0
Net rental income	**24.1**	**17.6**	**5.6**	**3.8**	**6.4**	**2.3**	**7.4**		**67.2**
Revaluation of investment property	67.9	36.0	4.2	21.0	23.2	3.2	-11.0		144.6
Net result on sale of investment property	1.4	3.2	5.0				-0.8	0	8.7
Net result from investment	**93.4**	**56.7**	**14.9**	**24.9**	**29.6**	**5.6**	**-4.4**	**0**	**220.6**
Administrative costs								-7.9	-7.9
Other income and costs								-1.4	-1.4
Net financing result								-15.0	-15.0
Result before tax	**93.4**	**56.7**	**14.9**	**24.9**	**29.6**	**5.6**	**-4.4**	**-24.3**	**196.3**
Corporate income tax								-0	-0
Total result for the year	**93.4**	**56.7**	**14.9**	**24.9**	**29.6**	**5.6**	**-4.4**	**-24.3**	**196.3**
Other comprehensive income									
Total comprehensive income for the year	**93.4**	**56.7**	**14.9**	**24.9**	**29.6**	**5.6**	**-4.4**	**-24.3**	**196.3**

1) The segment "Corporate" reflects costs and revenues that are not directly tied to properties

Balance sheet

(€ m)	31 December 2019	31 December 2018
Real estate investments	1,263	1,203
Assets classified as held for sale	16	4
Other assets	11	10
Cash and cash equivalents	1	0.2
Total assets	**1,291**	**1,217**
Shareholders' equity	903	733
Interest bearing loans	316	436
Debts to credit institutions	13	10
Other liabilities	59	36
Total liabilities	**388**	**483**
Total shareholders' equity and liabilities	**1,291**	**1,217**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