Transaction presentation

8 November 2013

Contents

1 TRANSACTION

Transaction

Transaction	▪ Raising of €300 million by placing 75 (seventy five) million new shares (Shares) in a private placement to qualified investors in the Netherlands and certain other jurisdictions (Placement)
Structure and Price	▪ A group of investors, including CBRE Clarion Securities and Cohen & Steers UK Limited have pre-committed to participate for a total amount of approx. €220 million at €4.00 per Share ▪ The remainder is underwritten by ABN AMRO, ING and Rabobank ▪ The Shares will rank pari passu in all respects with NSI's existing issued ordinary shares, including the final dividend over the year 2013
Use of proceeds	▪ The proceeds of the Placement will be used to strengthen the company's balance sheet and take advantage of potential market opportunities in the Dutch market ▪ As a result of the Placement, the loan to value (LtV) ratio will reduce from approx. 60% to approx. 45% as at September 2013 on a pro forma basis
Financing terms	▪ Agreement in principle with lending banks involved in the Placement on more favorable financing terms to lower average costs of funds ▪ Negotiations with other lending banks initiated

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2 RATIONALE

Strengthen the balance sheet and take advantage of potential market opportunities

Recapitalizing the company

- NSI has expressed to be highly committed to reduce its LtV to below 55%
- Dutch real estate landscape has changed completely: availability of real estate financing decreased and costs increased, while property values have been declining
- We have been deleveraging by disposing assets, which also means selling rental income, and retaining dividends to manage our LtV
- Due to the long lasting crisis, this route has not allowed us to deliver on our commitment to reduce our LtV - the contrary occurred despite our efforts and achievements to dispose assets (€86 million in 2012, €115 million in 2013 YTD)
- We have a strong operational platform, but financial condition limits our ability to execute our strategy
- Position largest shareholder complicated the process
- Currently, we see first signs that investment market is gaining momentum and a returning appetite amongst investors for the Dutch real estate market. This provides a good opportunity to recapitalize the company now
- We have carefully considered all alternatives available to the company, and are of the opinion that a pre-placement with a group of reputable investors and the remainder underwritten by the banks, is the only 'deal-certain' route
- This transaction enables us to minimize the execution risk and provides certainty of funds within the shortest possible timeframe
- It creates headroom to seize market opportunities, creating a strong long term basis for all shareholders

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NSI perfectly positioned to leverage platform

High yielding portfolio	▪ Portfolio of €1.9 billion consisting mainly of offices and retail properties in the Netherlands, and offices and industrial in Belgium ▪ Netherlands: a balanced mix between retail properties mostly in local shopping centres and more cyclical, high-yielding offices ▪ Belgium: through Intervest Offices & Warehouses, NSI invests primarily in up-to-date buildings that are strategically located outside municipal centres
Strong and diversified tenant base	▪ Focus on attractive loyal SMEs and corporates, large national (food) retailers, government-linked institutions and, in particular in Belgium, large logistic companies ▪ Local/regional character further characterised by underlying variations in duration and size of lease agreements
Strong and scalable organisational platform	▪ Distinct and scalable operating model, positions NSI to take advantage of potential future growth opportunities, based on three pillars: - Dedicated letting platform - Property and asset management - Innovation
Proven track record in redevelopment and new business	▪ Strong track record of adding value within its portfolio through redevelopment and rebranding - Technical optimisation (such as measures to reduce energy consumption) - Operational optimisation (such as layout of the properties and interior styling) ▪ New FII regulation, once adopted, will enable NSI to provide services to tenants
Experienced management team	▪ Management Board has over 50 years of combined professional and real estate experience ▪ Turned NSI into a professionally managed organisation with a strong tenant focus in culture and business processes ▪ Successfully managed NSI through the downturn by divesting assets to focus NSI's portfolio, introducing new concepts such as the HNK Formula and reducing debt exposure

Evolving to improved capital structure

1 **Intention to maintain LtV sustainably below 50%**

- Reducing term loans and committed revolving credit facilities
- Reducing committed revolving credit facilities, providing flexibility to re-use these funds for future investments
- LtV of approx. 45% as at 30 September 2013 on a pro forma basis, following completion of the Placement

2 **Reducing average costs of funds**

- NSI and the lending banks involved in the Placement agreed on more favorable financing terms to lower its average costs of funds
- NSI will initiate negotiations with other lending banks

3 **Create the fundament to move to a solid financing structure**

- LtV level < 50% opens opportunities for non secured financing
- Diversify funding base
- Extending maturities

Real estate investment market sentiment

- **Investment market starts moving again**
  - investment volume is increasing (CBRE European Investment Quarterly Q3 2013)
  - international investors are returning (CBRE European Investment Quarterly Q3 2013)

Market Turnover (€ million)	Q3 2013	Q3 2012	Change %
NL	1,213	744	63.1
Europe Total	35,509	29,411	20.7

- **Lack of funding the missing ingredient to fuel a broader recovery**

- **Well capitalized players benefit from current market opportunities**
  - more opportunistic acquisitions are taking place
  - well capitalized funds teaming up with operationally strong parties (e.g. Goldman Sachs/ OVG)

Source: CBRE Research, Property Data

Market momentum

Property	Location	Date	Buyer	Value (€m)[1]	Size (sqm)	(€/sqm)
Atrium	Amsterdam	Jun-2013	Victory Advisors	95.0	33,900	2,800
Akzo Toren	Amsterdam	Mrt-2013	Union Investment (Unilmmo)	80.0	15,200	5,300
UBS EVA portfolio	Amsterdam, Schiphol, Cappel a/d IJssel, Arnhem	Apr-2013	Victory Advisors	80.2	84,300	950
Admiraal de Ruyter	Amsterdam	Feb-2013	HIH Global Invest	30.8	7,300	4,200
Marina Offices	Amsterdam (IJdock)	Mrt-2013	Union Investment	19.5	5,800	2,230
Multiple offices (8) CBRE Dutch Office fund	Amsterdam, Rotterdam, Den Bosch	Sep-2013	JV OVG/ Goldman Sachs	120.0	62,000	1,935
De Kroon	The Hague	May-2013	Real IS	38.0	2,400 retail 9,000 offices	
Som & Ito	Amsterdam	Oct-2013	Tishman	240.0	49,500	4,850
HQ Siemens	The Hague	Sep-2013	PingProperties	61.3	30,000	2,040
Axa portefeuille	Amsterdam, The Hague, Arnhem, Rijswijk, Rotterdam	Jun-2013	PPF Real estate	140.0	100,000	1,400
Rietlandgebouwen	Amsterdam IJ-oevers		Raiffeisen Immobilien Kapitalanlage Gesellschaft	28.8	10,000	2,900

Significant number of transactions in 2013

Mid-market segment starts to move

Source: NSI
1. Market estimates

Current dividend policy

- Pay out ratio is geared at funding regular capital requirements
  - Average capital expenditure requirements in general 10-15% of direct result

- Financial prudency to secure future investments
  - Aligning dividend policy with exceptional market circumstances by linking dividend policy to LtV performance

- Meeting REIT criteria for profit distribution

LtV	Pay out of direct result
< 55%	85-100%
55%> LtV < 60%	50% in cash
> 60%	50% in stock

- LtV post (theoretical) Q3 interim dividend > 60%; in light of the Placement interim dividend Q3 foregone

- The Placement will bring the LtV to below the 55% threshold in the dividend policy, which corresponds with a pay-out ratio of 85 to 100% in cash going forward

Q3 highlights

Financial

- Revaluation real estate portfolio year to date - €139.3 million, in Q3 revaluations were - €59.3 million
- Asset sales of €115.7 million year to date, representing annualized gross rental income of €9.3 million

(€ million[1])	Q3 '13	YTD
Gross rental income	35.8	109.4
Direct investment result	10.6	36.1
Indirect investment result	(55.8)	(124.6)
Real estate investments		1,863
Occupancy rate		80.7%
Loan to Value		59.6%
Direct investment result per share (€)	0.16	0.53
Interim dividend per share (€)	-	0.19

Retail NL
26% of portfolio

- Occupancy rate from 92% to 89.7% mainly due to disposal of fully let retail centres
- De Esch (Rotterdam), Kersenboogerd (Hoorn) and Overwhere (Purmerend) sold in Q3
- Revaluation of - €15.9 million, due to reconstruction shopping centre 't Loon and anticipated expiries in large scale retail portfolio

Offices NL
38% of portfolio

- 4th consecutive quarter of improvement occupancy to 73.1% as at 30 September 2013 (72.8% as at 30 June 2013)
- Stable like-for-like rent development (0.2%) Q3 2013 vs Q2 2013
- Steadily outperforming market in take up
- Revaluation of €37.4 million due to more strict view on properties that have been largely vacant over a longer period
- HNK Hoofddorp opened in September
- HNK Utrecht to be opened in November, first contract signed (625 sqm)
- One year after the launch, the 'managed offices' of HNK Rotterdam are fully let

Belgium
31% of portfolio

- Slightly decreased occupancy rate at 84.8% (30 June 2013: 85.3%)
- Redevelopment logistic sites Neerland 1 and Wilrijk progressing according to plan and to be completed by Mid December 2013

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Consolidated direct and indirect investment result

(x €1,000)	Q3 2013	Q2 2013	Q1 2013	Up to Q3 2013
Gross rental income (GRI)	35,792	36,537	37,075	109,404
Service costs not recharged to tenants	- 984	- 1,228	- 1,136	- 3,348
Operating costs	- 4,384	- 4,535	- 4,247	- 13,166
Net rental income	**30,424**	**30,774**	**31,692**	**92,890**
Administrative costs	- 1,461	- 1,562	- 1,525	- 4,548
Financing income	71	48	108	227
Financing costs	- 15,640	- 14,373	- 13,967	- 43,980
Direct investment result before tax	**13,394**	**14,887**	**16,308**	**44,589**
Corporate income tax	- 26	- 49	- 17	- 92
Direct investment result attributable to non-controlling interests	- 2,763	- 2,782	- 2,876	- 8,421
Direct investment result	**10,605**	**12,056**	**13,415**	**36,076**
Indirect investment result	**- 55,835**	**- 34,148**	**- 34,573**	**- 124,556**
Total investment result	**- 45,230**	**- 22,092**	**- 21,158**	**- 88,480**

Key observations

- Gross rental income Q3 €35.8 million vs Q2 2013 €36.5 million mainly as result of disposals (€5.6 million on annual basis)
- Like-for-like rental growth almost stable (-0.2%)
- Continued focus on cost discipline. Slight decrease operating costs in Q3 (€4.4 million) vs Q2 (€4.5 million) and service costs not recharged in Q3 (€1.0 million) vs Q2 (€1.2 million)
- Administrative costs slightly decreased to €1.5 million (up to Q3 2013: €4.5 million)
- Financing costs increased in Q3 2013 up to €44.0 million vs €41.5 million up to Q3 in 2012 due to higher margins and financing costs. This was partially offset by lower Euribor rates, hedging costs and a reduction in outstanding loans
- Financing costs Q3 (€15.6 million) vs Q2 €14.4 million increased due to new financing agreement taking effect
- Negative indirect result mainly due to downward revaluations of €139.3 million (Q3: €58.3 million) mainly related to Dutch offices portfolio (up to Q3: €139.1 million, Q3: €55.4 million)
- LtV increased from 58.9% at 30 June 2013 to 59.6% as per 30 September 2013
- ICR as per 30 September was 2.1 (30 June 2013: 2.3)

Balance sheet

(x €1,000)	30-09-2013	30-06-2013	31-12-2012
Real estate investments	1,863,908	1,948,626	2,106,091
Shareholders' equity	686,639	735,400	789,788
Shareholders' equity NSI	557,899	609,269	666,850
Debts to credit institutions (excluding derivatives)	1,110,237	1,148,577	1,226,432
Loan to value (%)	59.6	58.9	58.2
Average interest rate (%)	5.3	5.2	4.8
Average maturity loans (years)	2.6	2.6	2.3
Fixed interest debt (%)	93.3	91.1	88.5
Interest coverage ratio	2.1	2.3	2.5
NAV per share	8.18	8.93	9.78
EPRA NAV per share	9.03	9.85	10.95

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APPENDIX

Summary risk factors

Risks relating to NSI and the sector in which it operates

- NSI is exposed to risks relating to real estate investments.
- The crisis in the real estate and financial markets and the global economic downturn has had and may continue to have negative consequences for NSI's results of operations and financial condition.
- NSI is exposed to the risk of revaluations with respect to its properties.
- The business of NSI may be adversely affected by changes in consumer behaviour, including the Internet shopping trend observed by the NSI.
- A decreased demand for, or an increased supply of, properties and/or a further contraction of the market for properties in case of a continuing or future economic downturn in markets in which NSI is active, could materially adversely affect the businesses, financial condition, operational results or prospects of NSI.
- The business, results of operations and financial condition of NSI depend on NSI's ability to manage occupancy rates and vacancy risk through the execution of leases with new tenants and the renewal of leases by its existing tenants.
- NSI is subject to certain mandatory laws that limit its ability to terminate leases.
- Competition in the property market may adversely affect NSI's revenue and profitability.
- Real estate valuations are based on assumptions, methods and other considerations that are not only subject to change but are inherently subjective and uncertain, and valuation reports, may not accurately reflect the value of the real estate at which the properties could actually be sold to which the reports relate.
- NSI is exposed to risks arising from the illiquidity of the portfolio.
- NSI may not be able to successfully engage in acquisitions, disposals, refurbishments or expansions of properties, and the HNK Formula might not bring the anticipated benefits.
- NSI is exposed to risks related to and resulting from the acquisition of real estate properties.
- Increased maintenance and redevelopment costs could adversely affect NSI's results.
- NSI is exposed to risks relating to ground leases (*erfpacht*).
- NSI is exposed to credit risk on rent payments from its tenants.
- Loss of its managerial staff and other key personnel could hamper the ability of NSI to fulfil its strategies.
- NSI is exposed to risks related to the safety of consumers and tenants in shopping centres, office buildings and other locations, including acts of terrorism and violence.

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Summary risk factors

Risks relating to NSI and the sector in which it operates (continued)

- NSI could be exposed to catastrophic events, such as fire, flooding, landslides and subsiding land
- NSI may be liable for environmental issues on or in its properties or may be exposed to environmental claims
- NSI may suffer losses which are not or not fully covered by insurance, not or not fully reimbursed or only reimbursed after considerable lapse of time
- If NSI loses or is unable to obtain licences necessary for its operations or expansion, it may not be able to carry on its business or parts of its current or planned businesses
- The real estate sector is susceptible to fraud

Risks relating to the financing of NSI's activities

- Access to capital on acceptable terms necessary for maintaining, growing and developing NSI's business and portfolio may be difficult
- NSI has substantial indebtedness and is restricted by the covenants of its financing instruments, which could materially adversely affect is business, results of operations, financial condition
- A breach of covenants under NSI's financing arrangements could entail increased interest payments, a forced sale of assets or a suspension of dividend payments, and cross-default provisions may exacerbate existing risks
- NSI may not be successful in achieving its target financing structure
- NSI is exposed to interest rate risks
- NSI is exposed to interest rate risks and may have exposure in case of the unwinding of certain swaps

Risks relating to the structure of NSI

- NSI is a holding company with no operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations
- NSI may not be able to pay, or maintain levels of, cash dividends and the failure to do so could adversely affect the price of the ordinary shares
- NSI is a holding company with no operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations
- NSI may not be able to pay, or maintain levels of, cash dividends and the failure to do so could adversely affect the price of the ordinary shares

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Summary risk factors

Risks relating to the structure of NSI (continued)

- NSI could suffer adverse consequences if it fails to maintain its status as an FII
- A material change in the laws and regulations to which NSI is subject, including in relation to RETT rates, the FII regime or the Bevak regime, or in the interpretation or enforcement of such laws and regulations, could materially adversely affect the business, results of operations and financial condition of NSI
- The Alternative Investment Fund Managers Directive might alter the regulatory position of NSI
- Shareholders may have difficulties protecting their interests as shareholders as NSI is a closed-end investment company with variable capital under Dutch law
- Intervest Offices & Warehouses (IO) operates independently from NSI and NSI may not receive any dividends from IO
- The value of NSI's investment in IO is subject to market fluctuations. If NSI wishes to sell its shares in IO it may not be able to do so, or it may not be entitled to the full proceeds in case of such sale

Risks relating to the ordinary shares of NSI

- The market price of the ordinary shares may fluctuate
- In case a shareholder holds or shareholders hold, either alone or together, a substantial interest in NSI, it might be possible for such a shareholder or shareholders to exercise significant influence over certain corporate matters which require the approval of the NSI's General Meeting. It is possible that the interests of such shareholder or shareholders differ from the interests of other (minority) shareholders in the General Meeting
- Issuance of additional equity could lead to a dilution of shareholders' stakes
- The sale of a substantial number of ordinary shares by one of the major shareholders could adversely affect the market price for the ordinary shares
- Shareholders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro
- The rights and obligations of holders of ordinary shares are governed by Dutch law and may differ in some respects from the rights and obligations of holders of shares governed by the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the shareholder rights under the laws of such other jurisdictions
- The ability of shareholders outside the Netherlands to bring actions or enforce judgements against NSI or members of its Supervisory Board and Management Board may be limited
- If securities or industry analysts do not publish research or reports about NSI's business, or if they change their recommendations regarding the ordinary shares adversely, the market price and trading volume of the ordinary shares could decline

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