

PURPOSE AND POSITIONING OF NSI



PURPOSE

NSI's stated purpose is: "We enable our customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations".

This purpose has served as a clear guide to all our decisions and initiatives in recent years, both with respect to real estate and services. In everything we have consistently worked back from the customer's needs to the real estate and services.

Two years of covid and WFH have undoubtedly accelerated a host of long existing trends for the office sector. Corporates appreciate even more now what the office is ultimately for: a great place for collaboration, identity and culture, but also, a way to attract talent by way of offering modern, healthy, high quality, sustainable space, preferably in vibrant locations, with a good mix of workstations, meeting rooms, collaborative space and focus rooms, complemented by a variety of amenities.



We see an ongoing trend where larger tenants are upgrading to better locations, with a clear focus on sustainability, health and well-being. Lease flexibility appears to be less of an issue. We also expect owners of office buildings will increasingly have to offer at least a minimum level of services, be it reception services, F&B services, cleaning, booking systems, furniture etc.

As such, providing the right space in the right location, with services to match, remains the key to success. With this in mind, our purpose should continue to serve us well and sets out a clear path for the years ahead in terms of how we need to position the business and approach real estate and services.



REAL ESTATE POSITIONING

In recent years we have acquired assets in only a select number of locations. In our view the right location is a well-connected, vibrant, diverse, location, where people want to work, live and play. This is where both corporates and start-ups want to be, because of the proximity to their wider network and available talent pool. We exited a variety of provincial assets, smaller assets and monofunctional locations, which did not fit this view.

This has left NSI to be a focussed real estate investor/developer, only active in Amsterdam and selected other key cities in The Netherlands, with a strong emphasis on inner city locations and locations at or near the main transport hubs, which are - or will become - vibrant multi-functional locations.

We pursue a long term total return strategy, through active asset management, large scale refurb, asset repositioning and (re) development, always with a clear focus on sustainability and underpinned - where appropriate - by regular asset rotation.

The portfolio at present centres almost entirely on offices. Our focus in offices is on highly sustainable and adaptable buildings, with sufficient scale to be able to offer services on a profitable basis, but we may also own or acquire assets that in time can be redeveloped to offer all this (or can profitably be converted to alternative use).

Going forward the focus will be much more on the location, the future potential of that location and our ability to strengthen the attractiveness of these locations. We therefore no longer restrict ourselves solely to offices. As part of our Capital Markets Day in April we will highlight several mixed-use and residential development opportunities already embedded in our portfolio.

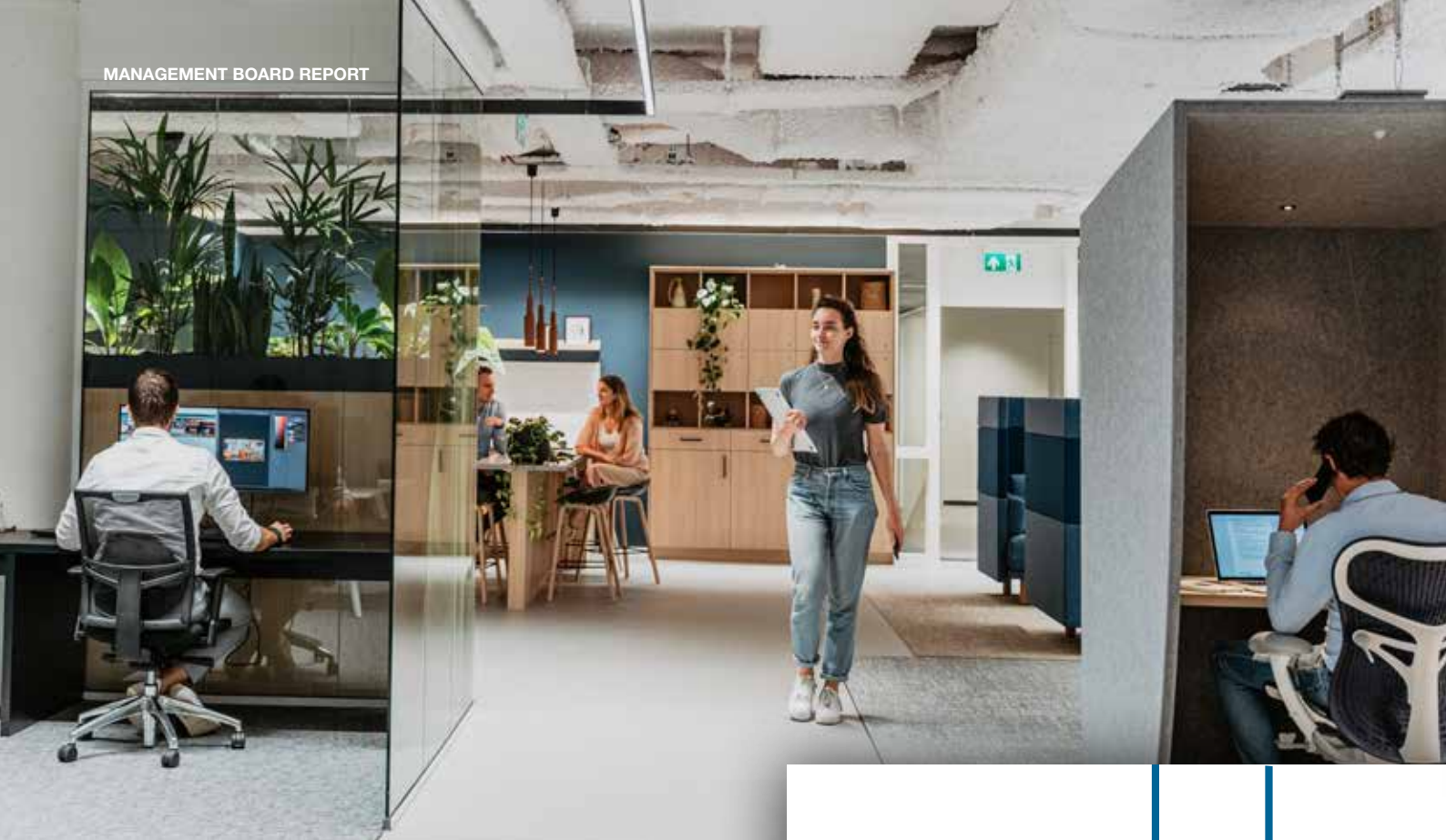


SERVICE POSITIONING

Our in-house team regularly reviews for every individual asset what level of services is appropriate and how these should be organised, based on location, size, (potential) tenant profile and market dynamics. This will range from the full package, typically offered via a serviced-office operator, to just basic cleaning.

We have the in-house team and partnerships to be able to offer the full package, if appropriate. If a building fits the profile, we could decide to provide this service package ourselves, by using our in-house HNK serviced-office operator brand, or it may be that contracting a third party serviced-office operator such as, say, WeWork, Spaces or Scalehub is better suited for a building.

For multi-tenant buildings where a smaller selection of services is deemed appropriate, we aim to start introducing NSI itself as a brand, with a clear brand promise as owner/operator of the building.



 HNK

HNK is our in-house serviced office concept, currently operating a total of 11 buildings in the NSI portfolio. HNK offers a variety of workspaces, including workstations, meeting rooms with full AV equipment, managed offices (up to 20 work stations) and custom offices (20 workstations or more). Managed offices can be leased on a flexible basis and come with a number of services included, such as furniture, greenery, a personal WiFi network, unlimited coffee and tea, cleaning services, and access to the HNK Office App. Custom offices have a minimum lease term of 12 months and come with an extensive menu card for tailor-made services, such as furniture, F&B services, cleaning services, and IT facilities.

HNK’s distinctive strength as operator is the ability to genuinely incorporate sustainability in all its activities, by virtue of owning the buildings it operates. As we control all sustainability efforts, HNK can pro-actively meet the increasing demands from its customers – a key differentiating feature that arguably very few other serviced-office operators can offer or promise.

In 2021 we defined a new brand positioning for HNK, based on the functionalities and experiences our customers want, with a strong focus on sustainability, well-being, and comfort. As part of the new brand positioning the Customer Excellence team has re-mapped the ultimate customer journey, established a brand manual and set the intended customer experiences: customers need to feel welcome, connected, truly supported and energized. This is the core of HNK culture.



In 2021 HNK also established a new program of requirements, with clear central design principles and standards for locations, spaces, fit-out, technology, systems and connectivity. This has been translated in a new service and product design, which we intend to launch in 2022 at HNK Scheepsvaartkwartier and at a new to open HNK at Amsterdam Sloterdijk (Motion building). By operating an HNK we typically achieve higher overall rents. Over the past two years we sold three unprofitable HNKs: HNK Dordrecht, HNK Apeldoorn and HNK Groningen. In 2022 we are opening new HNKs near transport hubs at Amsterdam Sloterdijk and Rotterdam Alexander. We are also looking at opening a HNK at Eindhoven CS in 2023 (Kennedyplein).

MOVING TO A NEW SEGMENTATION IN Q1 2022

Having completed our asset rotation in full, with the disposal of our last retail and non-core provincial assets, we consider it appropriate to adjust our segment reporting, to better reflect the positioning of NSI and how the business will evolve over the period ahead.

An HNK is in our view not materially different from any other multi-tenanted building. Perhaps HNK operates with a slightly shorter WAULT, but this does not capture how long tenants generally tend to stay (our existing MO tenants have already been tenants on average for 4 years), and with

a vacancy rate more or less in line with our other multi-tenanted buildings it is increasingly difficult to argue HNK has a distinctly different risk-return profile.

As such, as per the next quarter, Q1 2022, we will be switching to a new segmentation. We will no longer report Office, HNK and Other, but instead will switch to Amsterdam, Other G4 and Other Netherlands. For transparency reasons, we already show what the new segments would look like per 31 December 2021 below.

	A'dam	Other G4	Other NL	TOTAL
Number of properties	23	15	14	52
Market value (€ m)	792	356	207	1,355
Ann. contract rent (€ m)	37	23	16	76
Lettable area (sqm k)	177	124	107	409

We will provide relevant supplemental vacancy information on HNK for reason of transparency, for the remainder of this year.

