NSI Interim Results

Half Year 2020

13 July 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 H1 2020

Operational performance

- **EPRA Vacancy** – 7.8%, like-for-like increase 0.1%
- **Rental growth** – Strong increase in like-for-like net rents 4.0%
- **Rent collection** – Q1: 99.5% → Q2: 95.7%[1]
- **Developments** – 10 year lease agreement signed for Bentinck Huis, The Hague

Financial performance

- **EPRA EPS** – €1.14 per share (-8.3% vs H1 2019 due to disposals)
- **EPRA NAV per share** – Down 6.6% to €44.79
- **Valuation result** – Negative result of 4.1% in H1
- **Interim dividend** – Stable at €1.04 per share

Balance sheet management

- **LTV –** Up 1.8 pp to 29.2%
- **Cost of debt** – Stable at 2.1%
- **Debt maturity** – 5.4 years
- **Committed undrawn credit facilities** – €270m

1) Per 30-6-2020. 96.0% per 10 July.

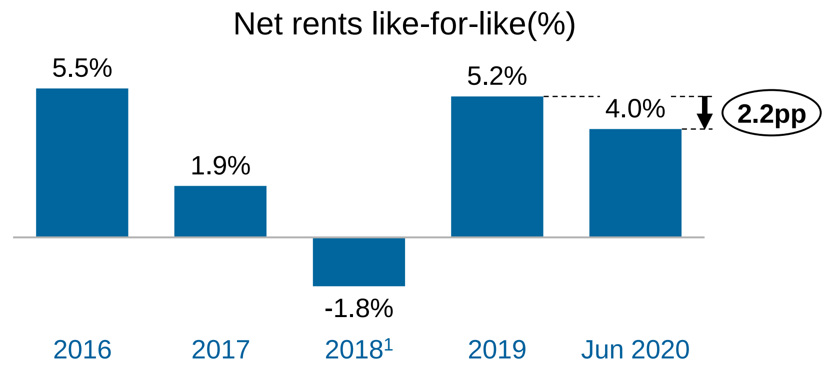
Strong operational performance and sound balance sheet

Key metrics

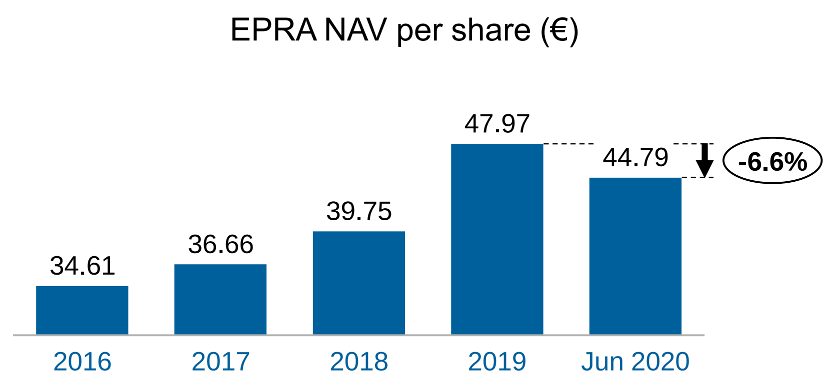
Revenue and earnings	30 Jun 2020	30 Jun 2019	Change %
Operating margin	77.8%	76.3%	1.5pp
Net rents like-for-like	**4.0%**	**1.8%**	**2.2pp**
EPRA Earnings per share (€)	1.14	1.24	-8.3%
Dividend per share (€)	1.04	1.04	0.0%

Balance sheet	30 Jun 2020	31 Dec 2019	Change %
EPRA Vacancy	7.8%	7.1%	+0.7pp
Portfolio revaluation	-4.1%	11.6%	
EPRA NAV per share (€)	**44.79**	**47.97**	**-6.6%**
EPRA NNNAV per share (€)	44.54	47.40	-6.0%
Average cost of debt	2.1%	2.1%	+0.0pp
LTV	29.2%	27.4%	+1.8pp

Increasing rents



Decline in NAV per share



1) Like-for-like NRI growth is reported excluding a € 2.0 m one-off lease termination which applied to the annual statements of 2018.

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Acquisition ONE20

High quality office building renovated in 2015 into a sustainable multi tenant asset

Teleportboulevard 120, Amsterdam

Area:	9,743 sqm
Tenant:	Multi-tenant
Vacancy (at acquisition → current):	31.0% → 25.0%
GIY / Reversionary yield:	3.5% / 6.3%
WAULT:	4.0 years
Energy label:	A
Acquisition price:	€34.0m

Bird view Sloterdijk

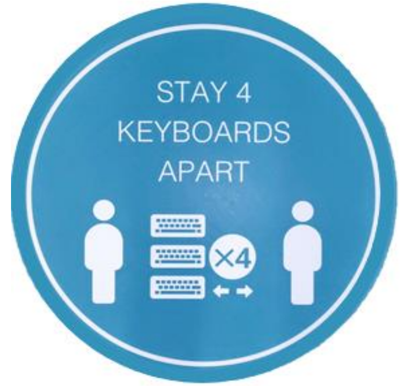
NSI Buildings	
1. Motion	4. Solaris Eclipse
2. Donauweg	5. Donauweg
3. Q-port	6. ONE20

Impressions

Creating a safe work environment
One-off € 400k in costs

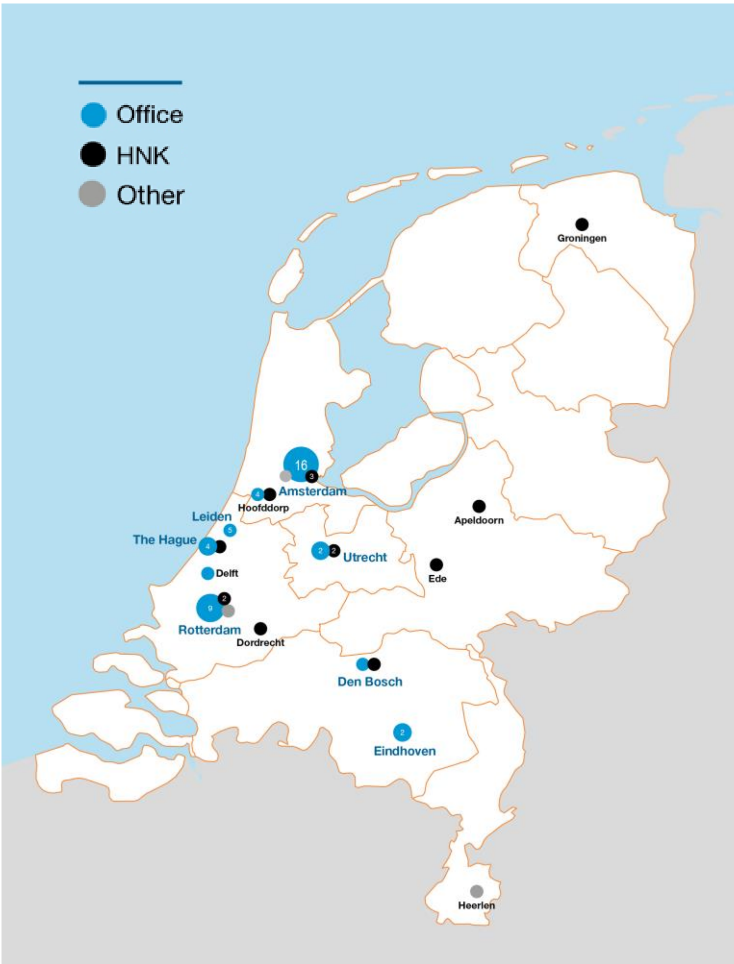
Five rules in our offices

- Keep 1,5 meter distance from others
- Wash your hands as often as possible
- Caugh or sneeze in your elbow cavity
- Follow the proposed routing
- Give each other enough space

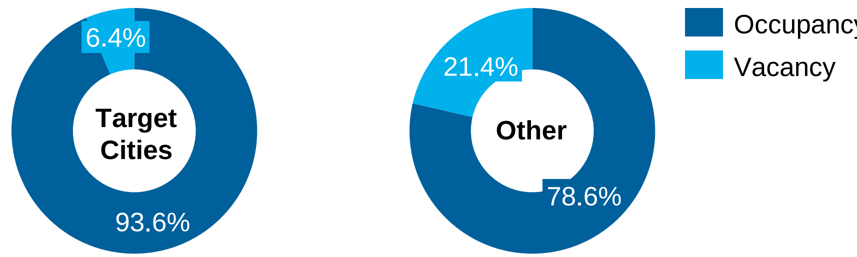


Target cities prove their value
Emphasis on G5 growth locations

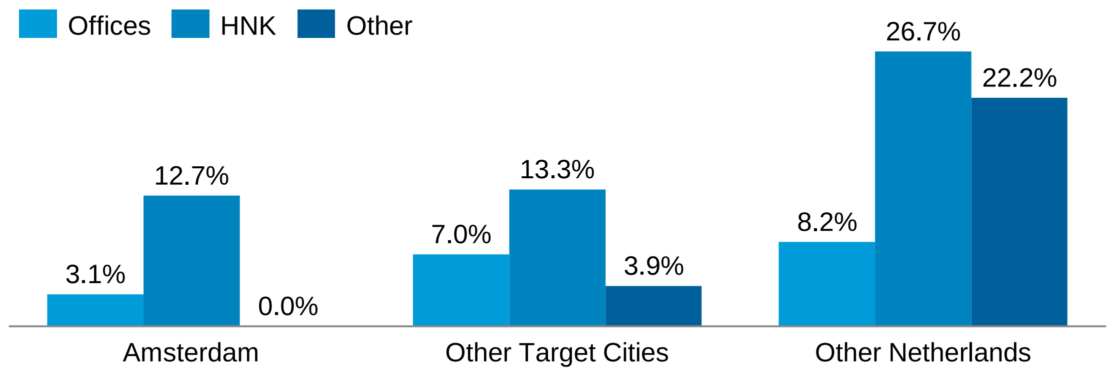
Total portfolio



EPRA vacancy Target Cities vs Other



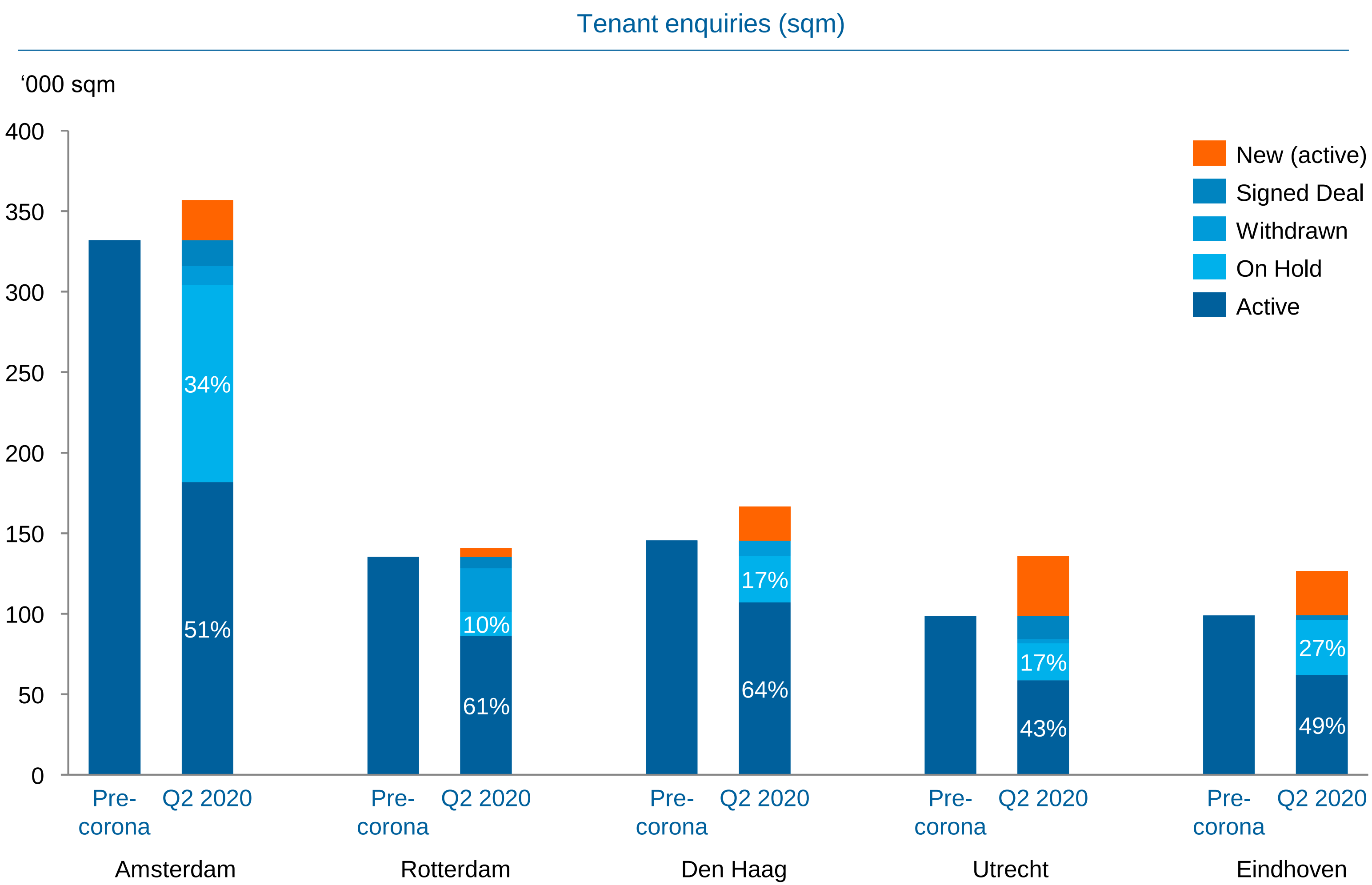
€ 1,135 m | **€ 127 m**



Amsterdam	Other Target Cities	Other Netherlands
51%	**39%**	**10%**

% of portfolio value per segment

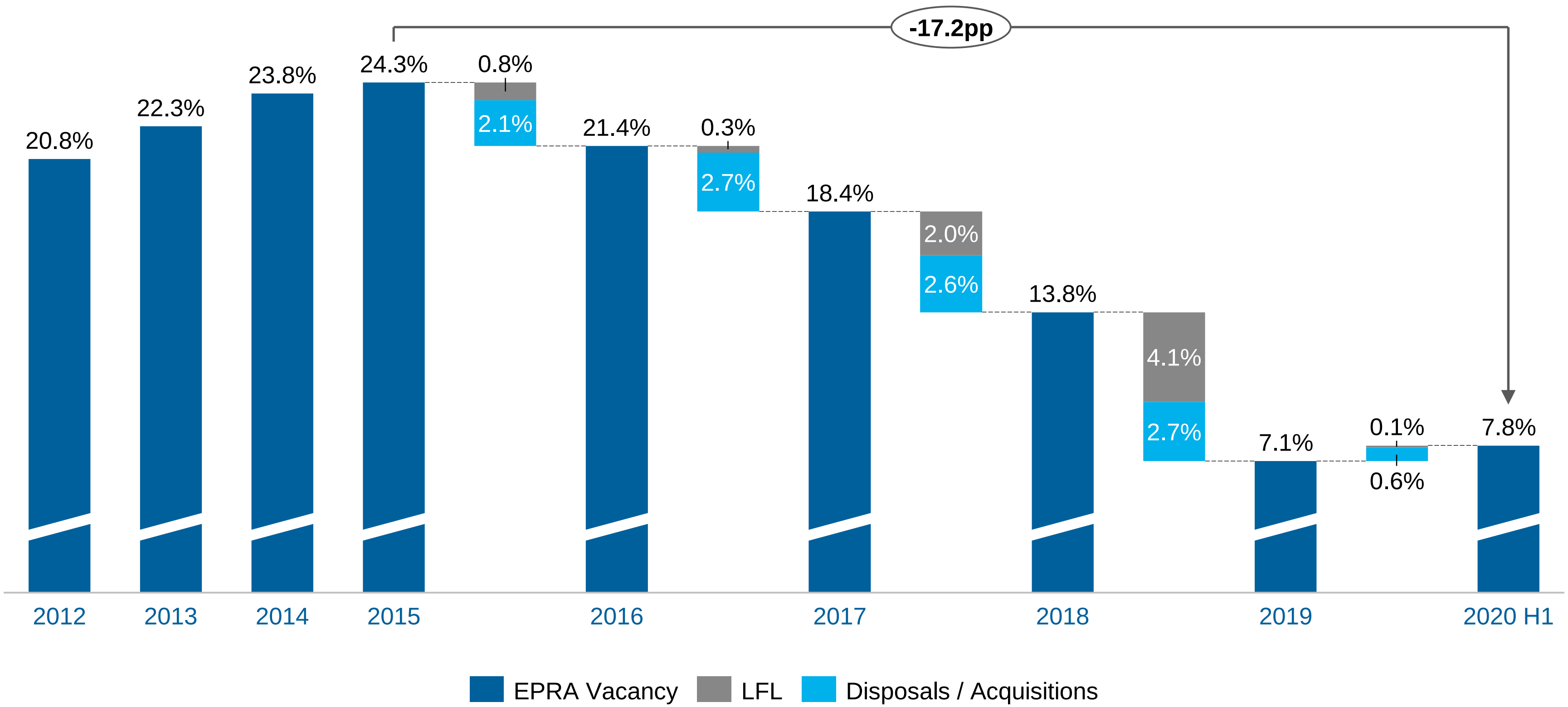
Temporary slowdown in letting activity
2020 tenant enquiries



Source: CBRE

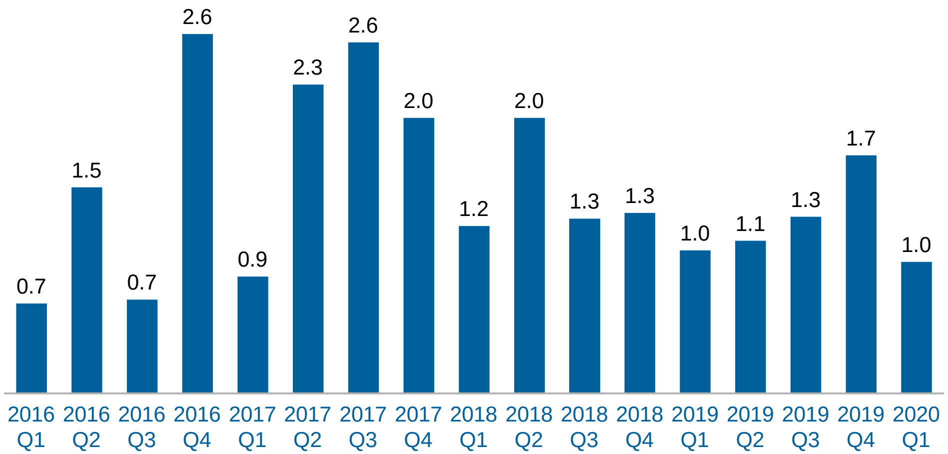
Strong operational performance
Vacancy rate at market average

EPRA vacancy rate

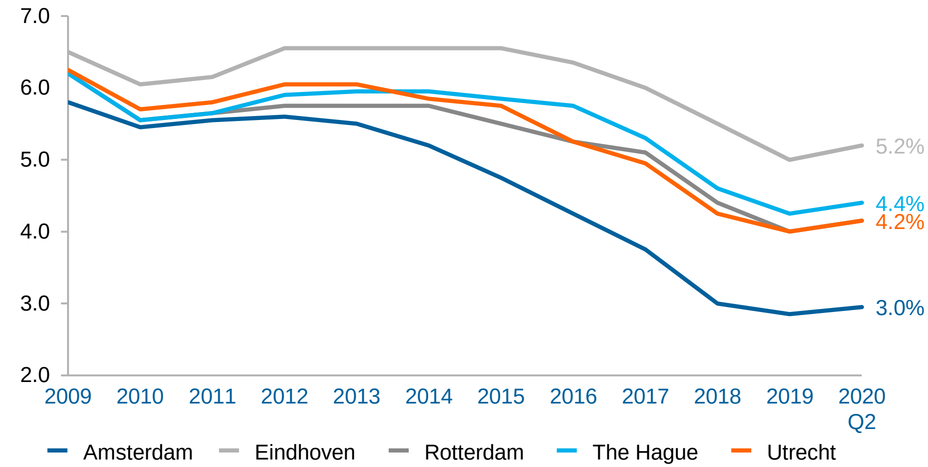


Dutch office market H1 2020

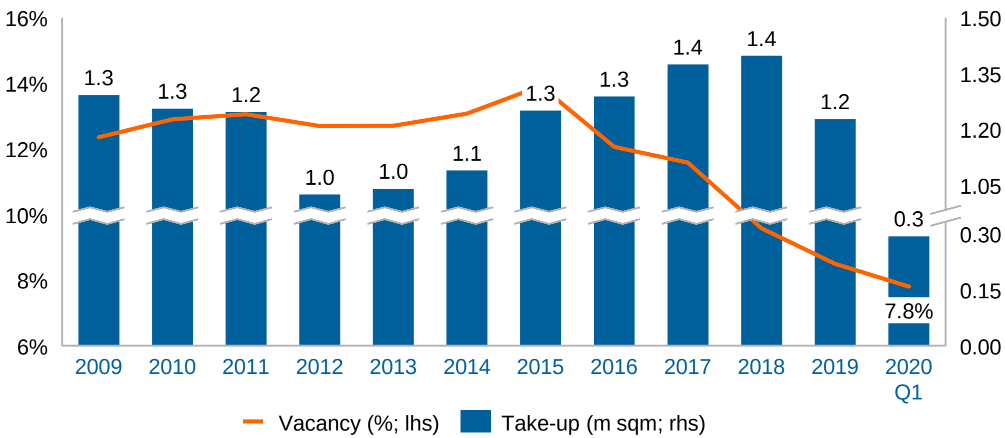
Investment volumes Offices Netherlands (€bn)



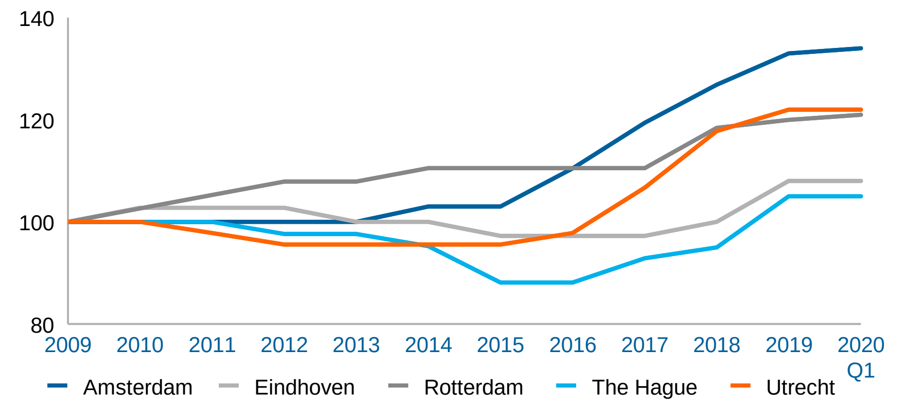
Prime Yields (%)



Vacancy rate and take-up Offices Netherlands



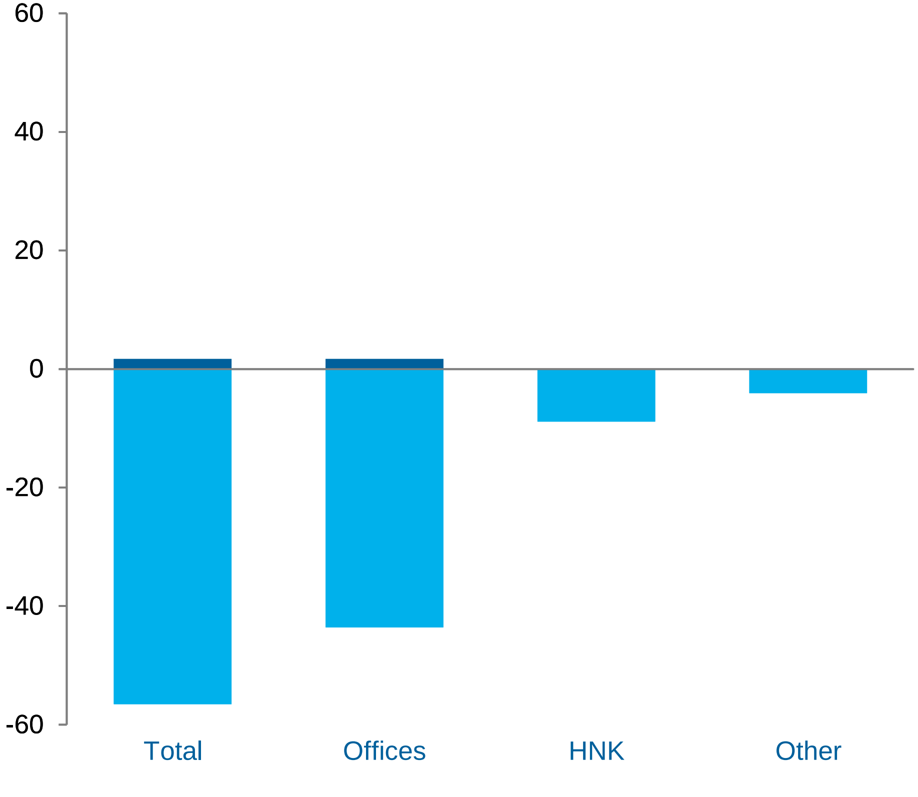
Prime rental growth[1]

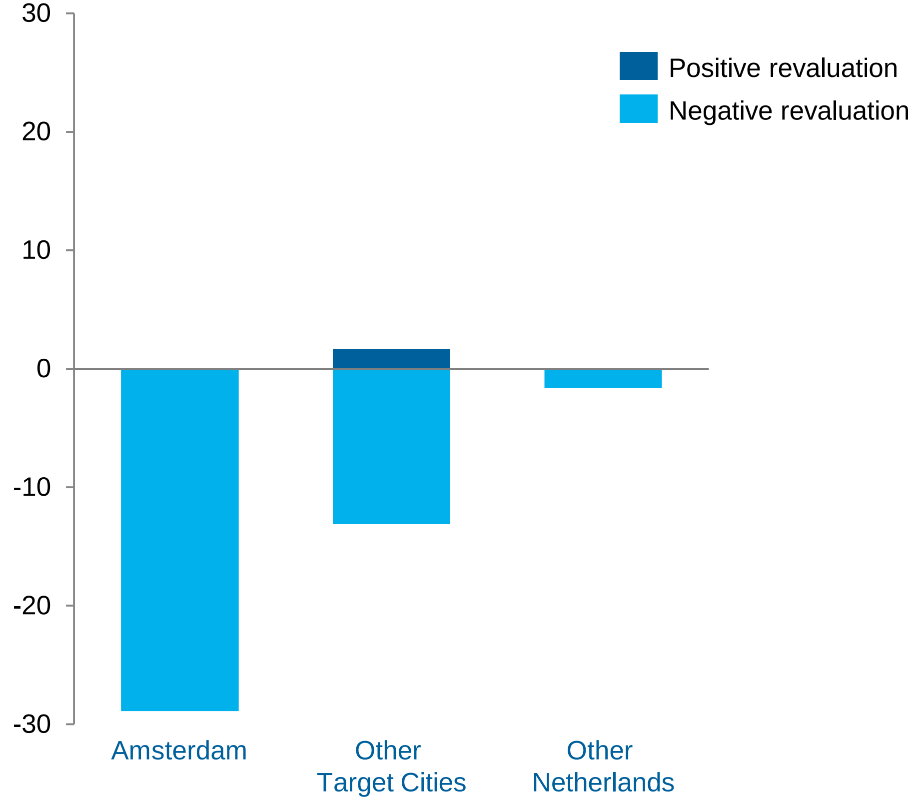


1) Indexed (2009 = 100)
Source: JLL

Negative revaluations over H1 2020

Limited impact on portfolio value





Net revaluation	Total	Offices	HNK	Other	Amsterdam	Other Target Cities	Other Netherlands
	-4.1%	-4.2%	-3.4%	-5.1%	-5.0 %	-3.1%	-4.6%

1) Externally valued on 30 June 2020 by CBRE, Colliers, Cushman & Wakefield and JLL

ESG is an integral part of the strategy

ESG

- EPC score A for 62.7% of the portfolio
- Implementing data analytics to monitor energy consumption
  - Pilot on asset indicates 15% energy savings
- Implementation of digital water meters in portfolio almost completed

UN sustainable Development Goals

Future-proof investments	Energy & Carbon	Health & Wellbeing
Flexible building design	Carbon footprint	Tenants
Sustainability as an integral part of investment decisions	Energy efficiency improvements	Employees
Sustainability innovations	Renewable energy	Communities
Certifications	Environmental awareness	Building facilities and amenities
Promote sustainable use		

Bentinck huis from energy label D to A

- Green roof
- Increase natural lighting ingress by 42%
- Smart sensors
- LED-lighting with control system
- New cooling system with highest energy performance
- Solar panels
- Ventilation and carbon, temperature controllable via app
- Thermal energy storage system

EPRA sBPR SILVER

GRESB®

EPRA sBPR MOST IMPROVED AWARD

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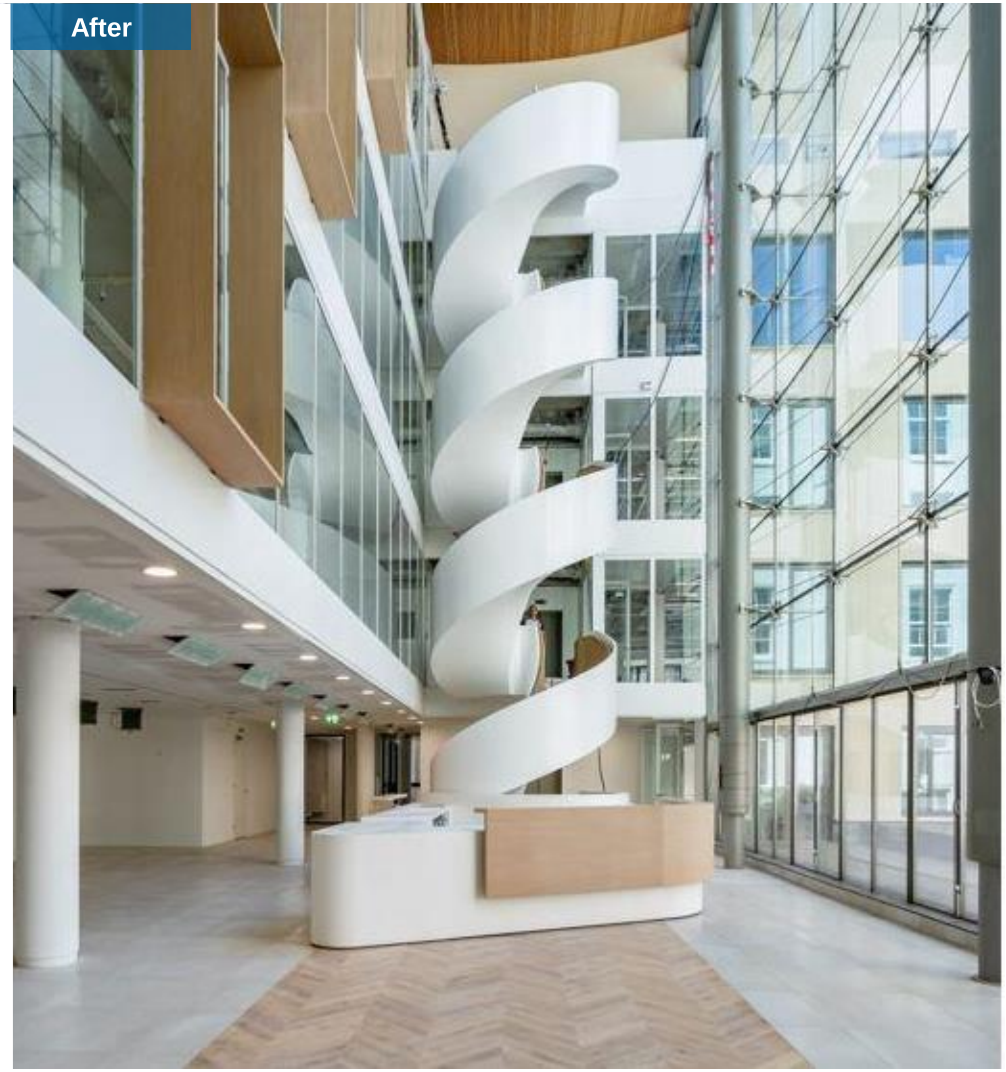
Bentinck Huis refurbishment
Before & after

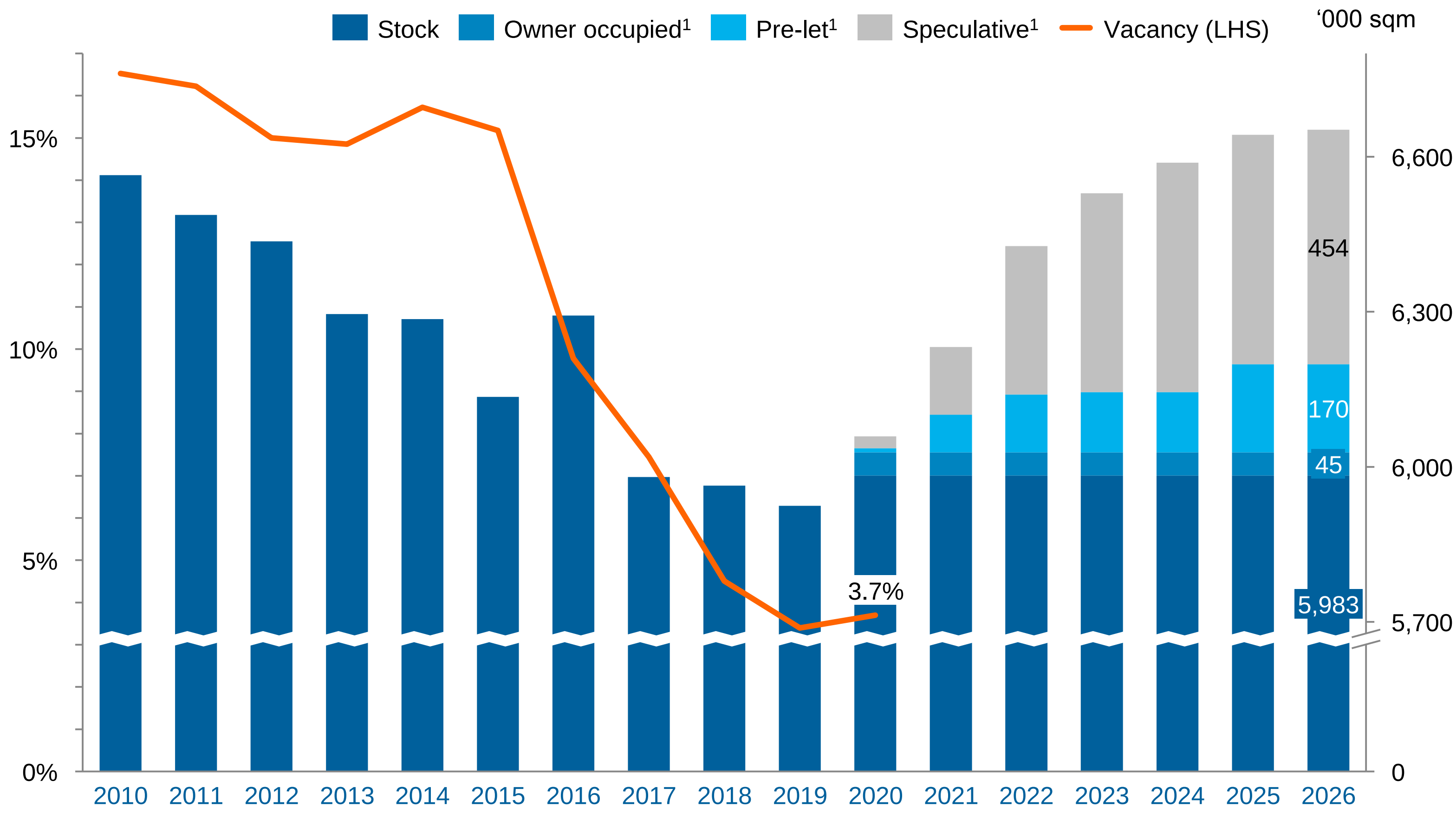


Bentinck Huis refurbishment
Initial expectations vs reality

	Expectations (2018)		Reality (2020)		Result	
Core & Shell Completion date	Q2 2019		Q2 2020		Delay in renovation permit	3 months
					Change in scope of project	3 months
					Fire safety issues	2 months
					COVID-19	2 months
					Aggressive planning	2 months
					Total delay in delivery	**12 months**
Investment	Capex	€ 5.4m	Capex	€ 8.2m	Capitalised interest	€ 0.6m
	Acquisition	€ 13.9m	Acquisition	€ 13.9m	Change in scope (architectural)	€ 1.4m
	Total	**€ 19.3m**	**Total**	**€ 22.1m**	Sustainability ambitions	€ 0.8m
					Total increase in CAPEX	**€ 2.8m**
Yield on Cost	> 7%		Circa 6.5%		Lower due to higher CAPEX & sustainability ambitions	
Leasing strategy	September 2020		December 2020		10-year contract with Rijksvastgoedsbedrijf starting 1-12-2020	
Valuation	€ 22.1m (internal expectation)		€ 26.5m		Exceeding initial internal ERV expectation	
Profit on Cost	14.5%		19.9%			

Amsterdam office market vacancy vs stock

Development pipeline offers potential



1) Cumulative sqm added through developments 2020 - 2026
Source: JLL

Sizeable development pipeline over next decade

Substantial value add potential

	New build area (sqm)	Increase in area (sqm)	Area	Expected Start	Expected delivery	Current phase
Near Term						
Vitrum	11,700	TBD	Amsterdam South-Axis	H1 2022	Q4 2023	Preliminary design
Laanderpoort	35,000	c. 22,000	Amsterdam South East	Q1 2022	Q2 2024	Definition
Medium Term						
Motion building	10,000 – 25,000	10,000 – 25,000	Amsterdam Sloterdijk	Earliest 2023	TBD	Feasibility
Long Term						
Centerpoint			Amsterdam South East	TBD		Recalibration
Other (4 projects)				TBD		

Redevelopment Laanderpoort Amsterdam
87.5% of floor area pre-let

H1 2020 news

- Paul de Ruiter Architects has been commissioned for the project
- Design team contracted
- Sketch design started
- Image below is an impression only

Signed & announced cooperation and lease agreement with ING

- New buildings will total 40,000 sqm
- Expected start construction date Q1 2022
- Estimated construction period 27 months
- Estimated capex € 120m (excluding leasehold correction)
- Circa 6% Yield on Cost

Impression: Paul de Ruiter Architects

Vitrum refurbishment
Modernising iconic bridge building, close to prime South-Axis

H1 2020 news

- Status: Sketch design completed
- Architect commissioned: Cepezed
- Expected start construction date: H1 2022
- Details: Tenant expected to vacate H2 2021

Major refurbishment

- Modernizing façade and office floors
- Large new reception area
- Transforming archive space into office space
- Potential extension being reviewed
- Estimated CAPEX range: € 30m – 40m

Impressions: Cepezed

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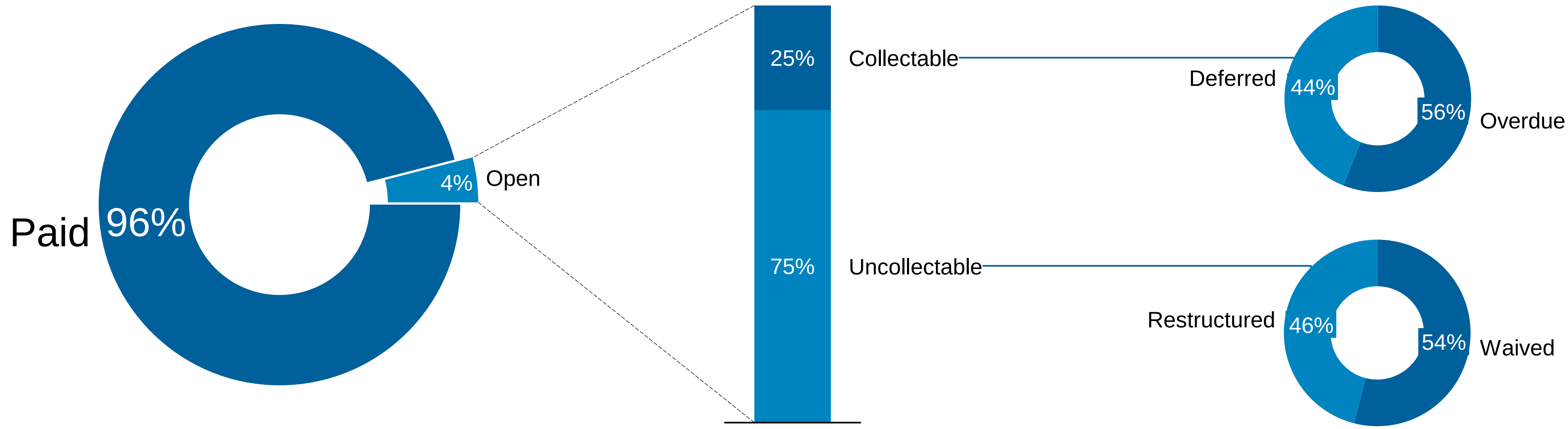
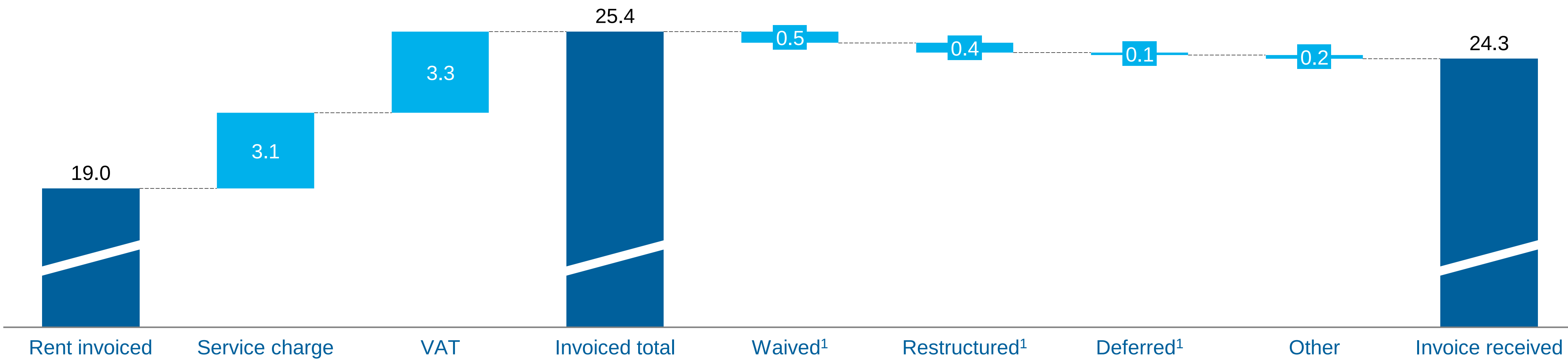
Rent Collection Q2 2020
A customised approach



Rent collection bridge Q2 2020

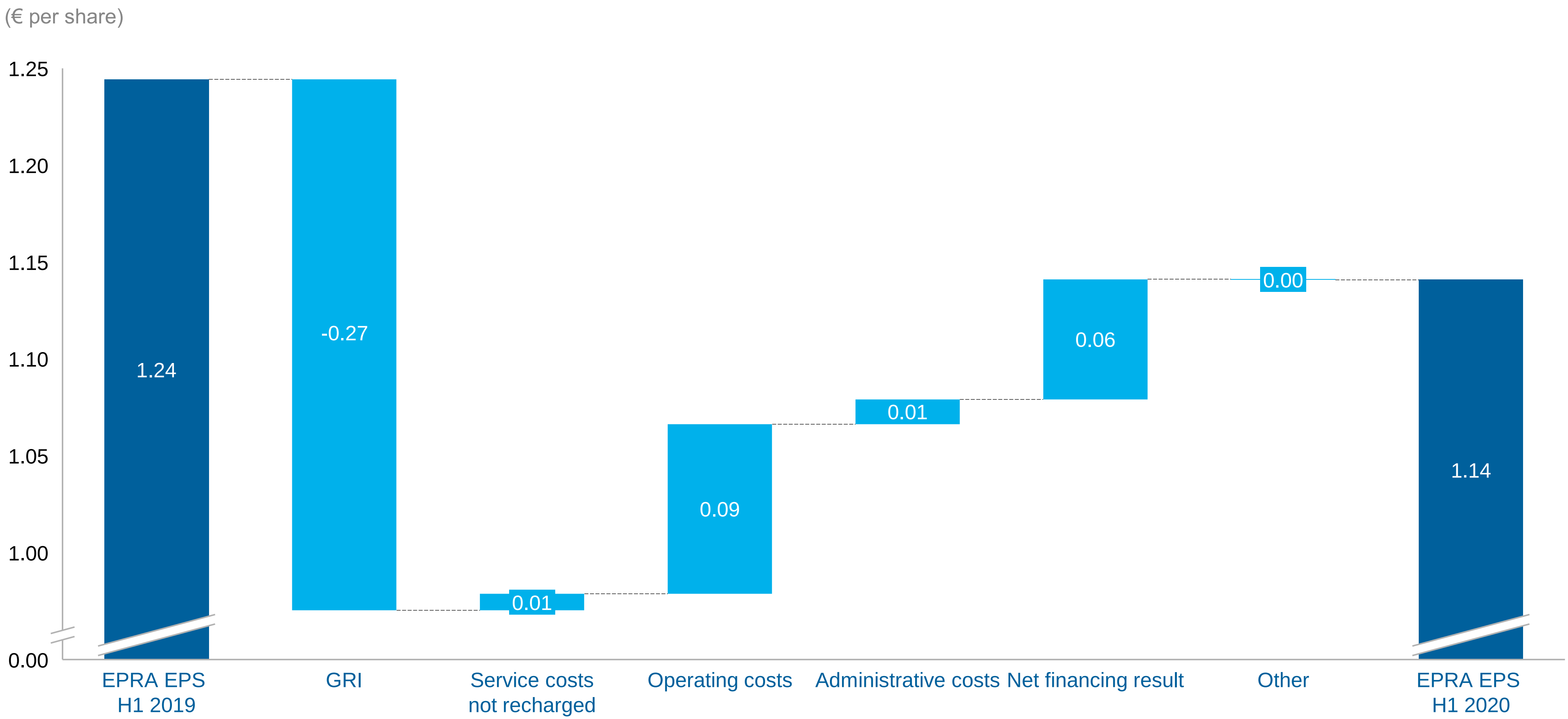


1) Incl VAT & S/C
2) Per 30-6-2020

EPRA Earnings

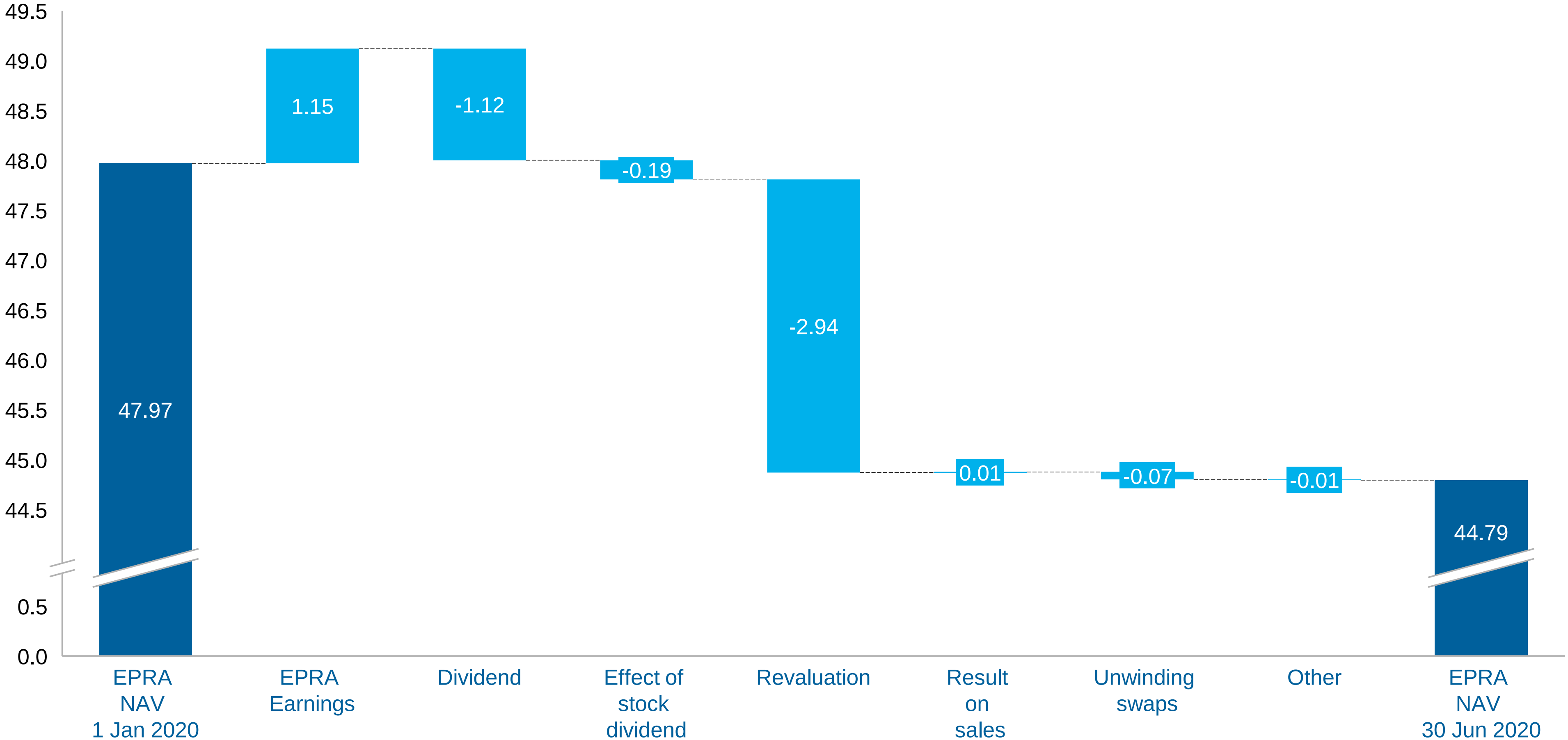
	H1 2020	H1 2019	Change %
Gross rental income	37.9	42.1	-10.0%
Service costs not recharged	-0.8	-1.0	-14.2%
Operating costs	-7.6	-9.0	-16.1%
Net rental income	**29.5**	**32.2**	-8.1%
Administrative costs	-3.6	-3.8	-4.0%
Net financing result	-4.1	-5.2	-20.4%
Direct investment result before tax	**21.8**	**23.2**	-6.1%
Corporate income tax	0	0	
Direct investment result / EPRA earnings	**21.8**	**23.2**	-6.1%
Direct investment result / EPRA earnings per share	1.14	1.24	-8.3%

EPRA Earnings



EPRA NAV

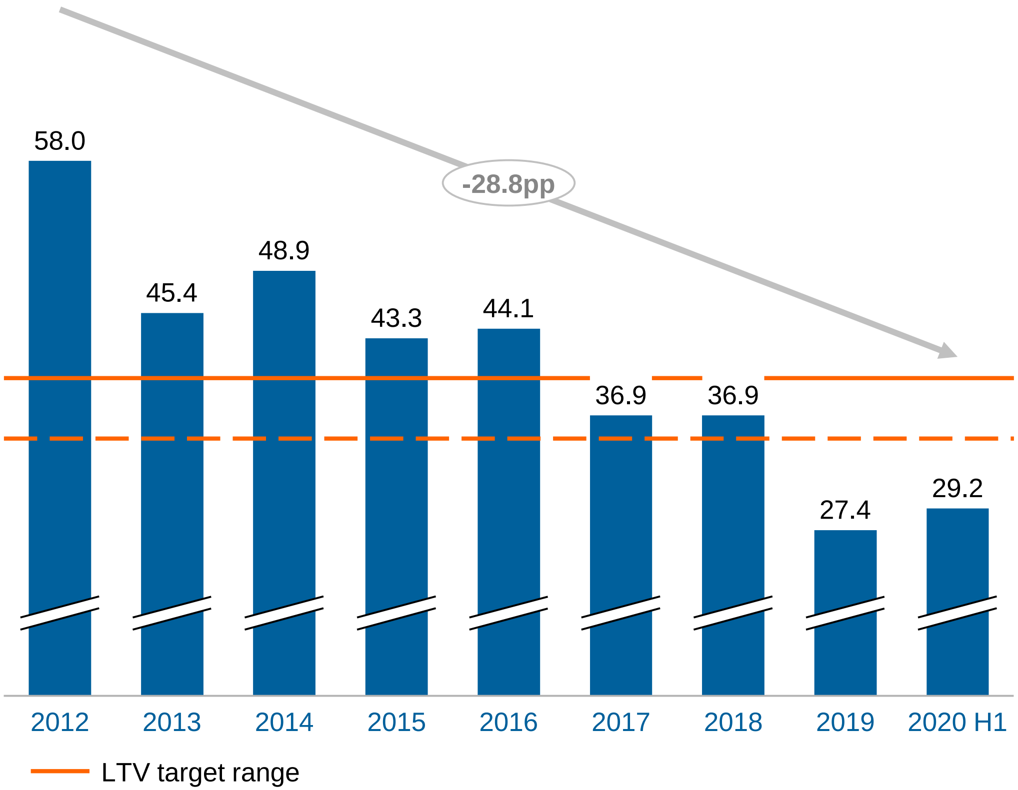
(€ per share)



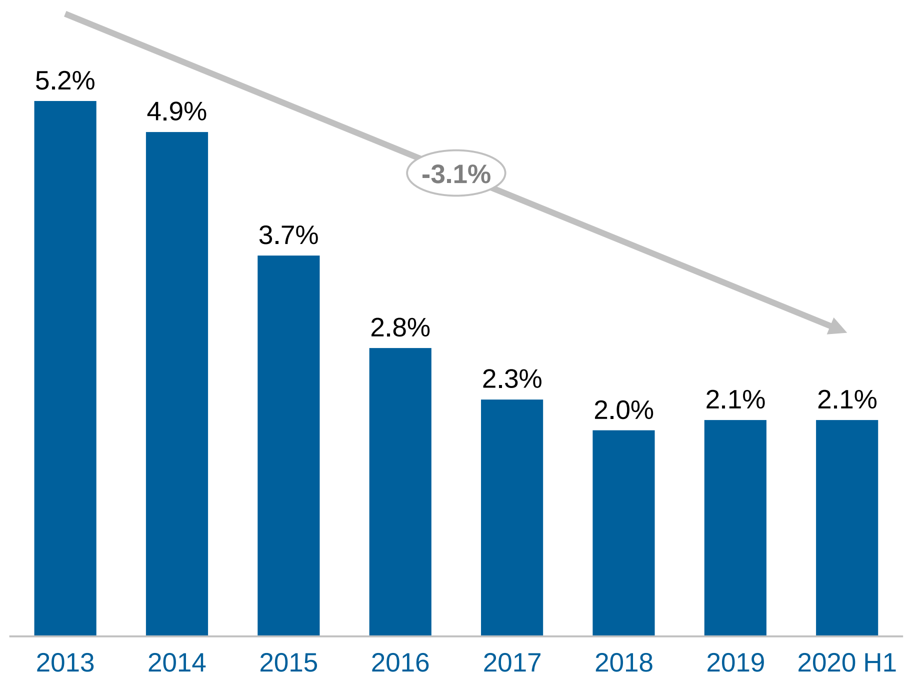
Balance sheet de-risked, cost of debt stable

Significant capacity to invest remains

Loan-to-value



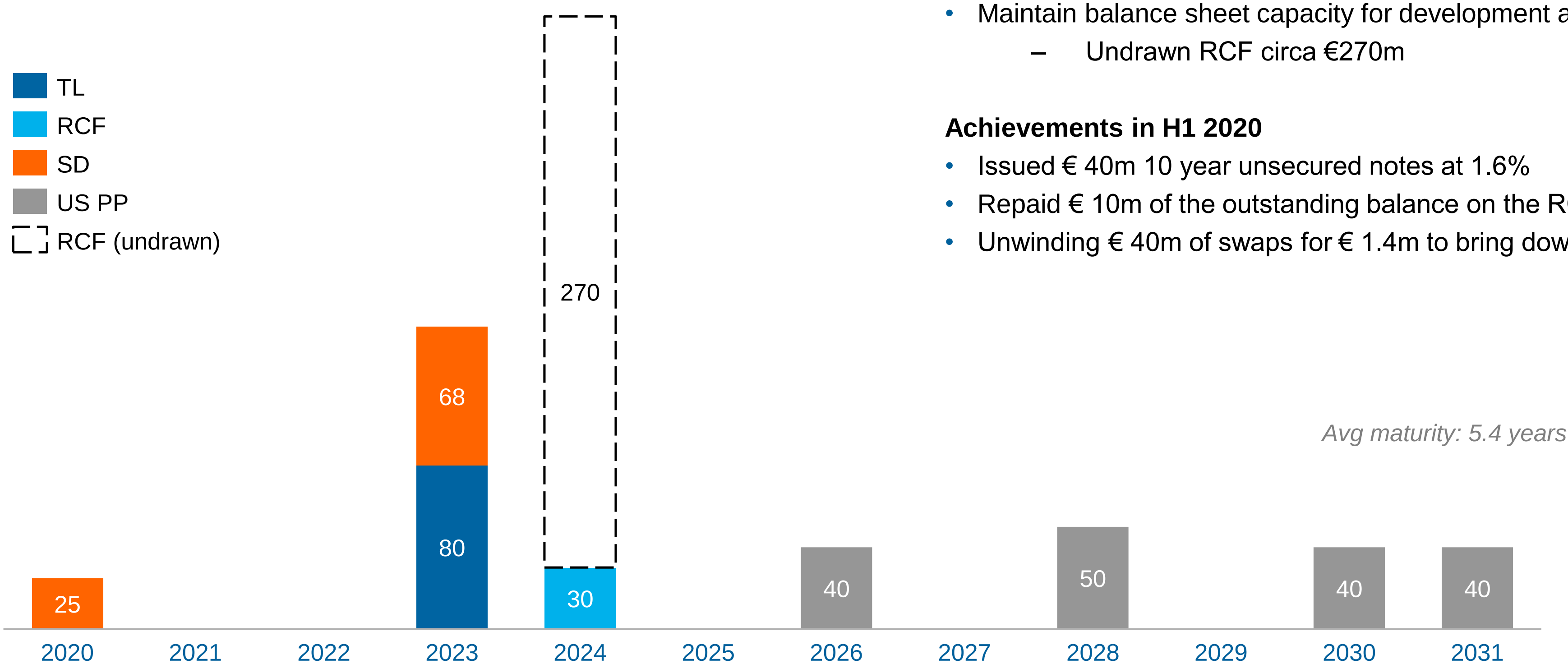
Cost of debt



Lower leverage and better-quality portfolio puts NSI in strong position

Extending maturities to prepare for next phase

Loans maturity profile Jun 2020 (€m)[1]



Strategy and achievements

Strategy

- Further extending and diversifying maturities
- Further diversifying funding sources
- Refinancing 2020 secured debt with unsecured facilities
- Maintain balance sheet capacity for development and acquisitions
  - Undrawn RCF circa €270m

Achievements in H1 2020

- Issued € 40m 10 year unsecured notes at 1.6%
- Repaid € 10m of the outstanding balance on the RCF
- Unwinding € 40m of swaps for € 1.4m to bring down volume hedge

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

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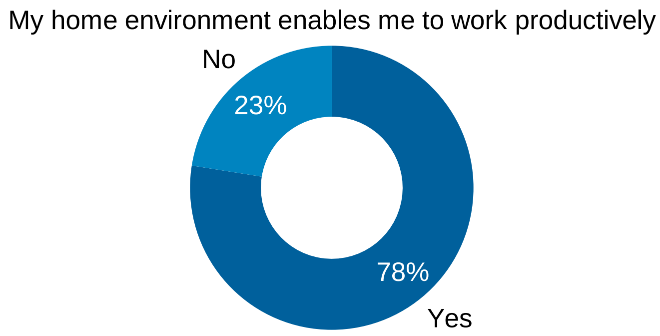
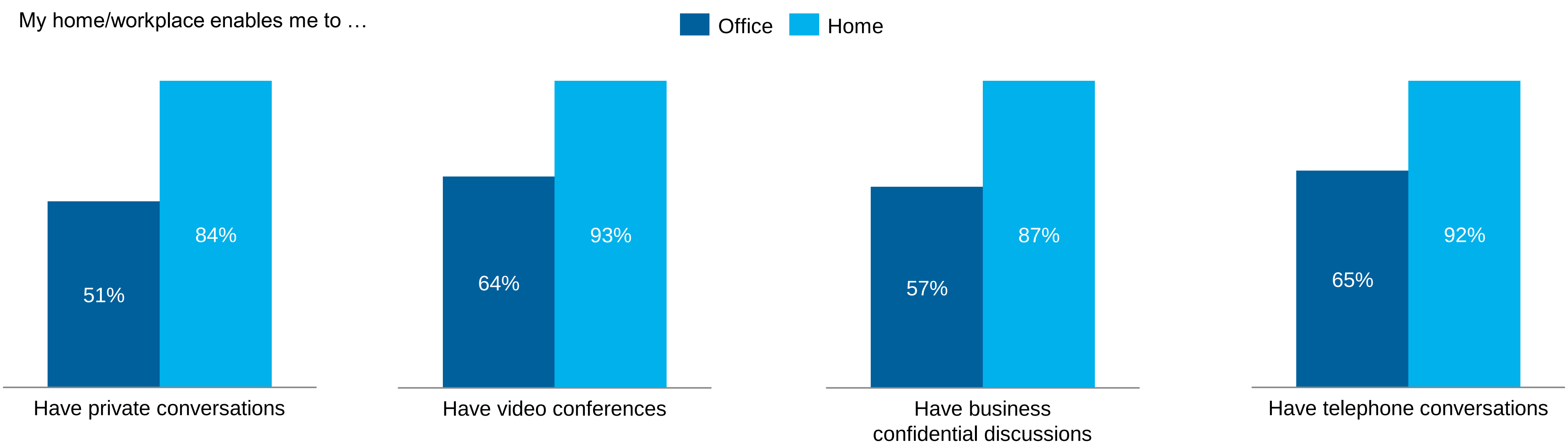
Leesman survey
Working from home experiment

Working from home

1. On average, employees' home working experience appears to be relatively good
2. The largest benefits are in support of different types of conversations while the main challenges are in social interaction and feeling connected



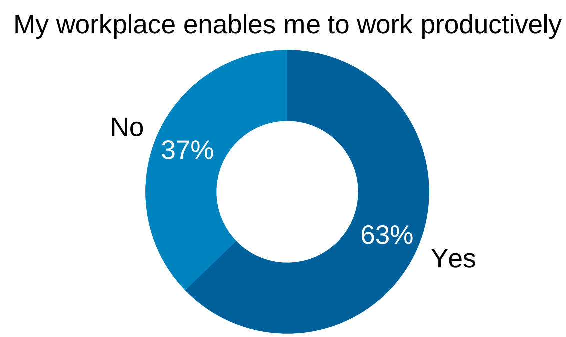


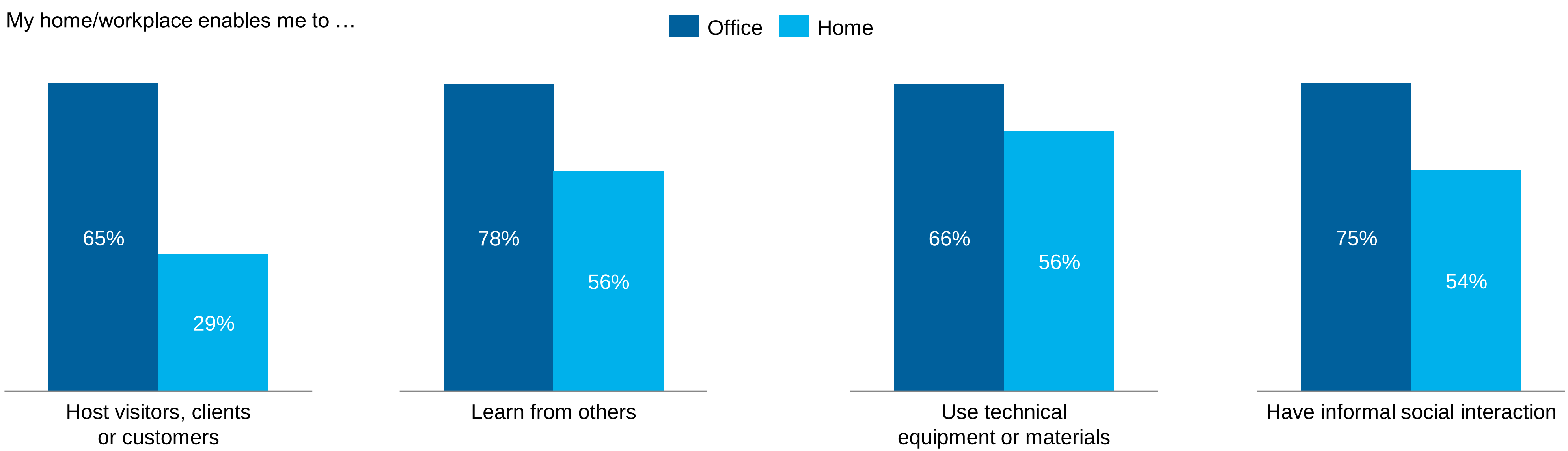
Source: Leesman survey

Leesman survey
Working from home experiment

Working at the office

1. Expectations towards the office may have changed while people have been working from home
2. The experience provided in the workplace will have an impact on an employee's desire to return to the office





Source: Leesman survey

Final remarks

- Per 10 July 90.4% of rent collected for Q3 and July
- EPRA EPS guidance for 2020 reinstated: €2.30 - €2.40
- Interim dividend confirmed at € 1.04
- Strong balance sheet a highly valuable asset
- Market evidence in H2 as liquidity returns to investment markets
- WFH experiment continues - a flexible mindset is necessary

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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

Significant improvement in Key Performance Indicators 2016 - 2020

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

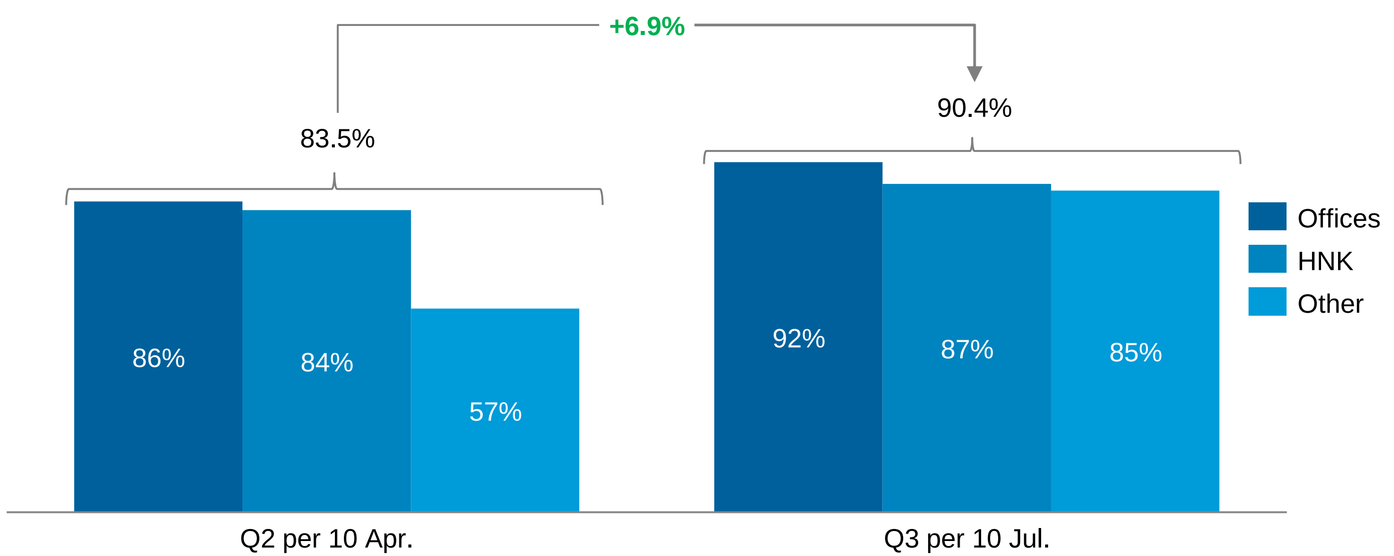
	Jun 2020	Dec 2016		
Vacancy rate	7.8%	21.4%	↓	13.6pp
Number of Assets (#)	63	165	↓	102
Average asset Value (€m)	20.0	7.0	↑	13.0
% of assets in offices[1]	94%	66%	↑	28pp
% of office assets[1] in G4	80%	46%	↑	34pp
LTV	29.2%	44.1%	↓	14.9pp
EPRA EPS[2] (€)	1.14	2.64		Stable
DPS (€)	1.04	1.04[3]		Stable

1) Offices and HNK as % of total portfolio
2) Half year EPS compared to full year
3) Interim dividend

Rent collection Q3 2020

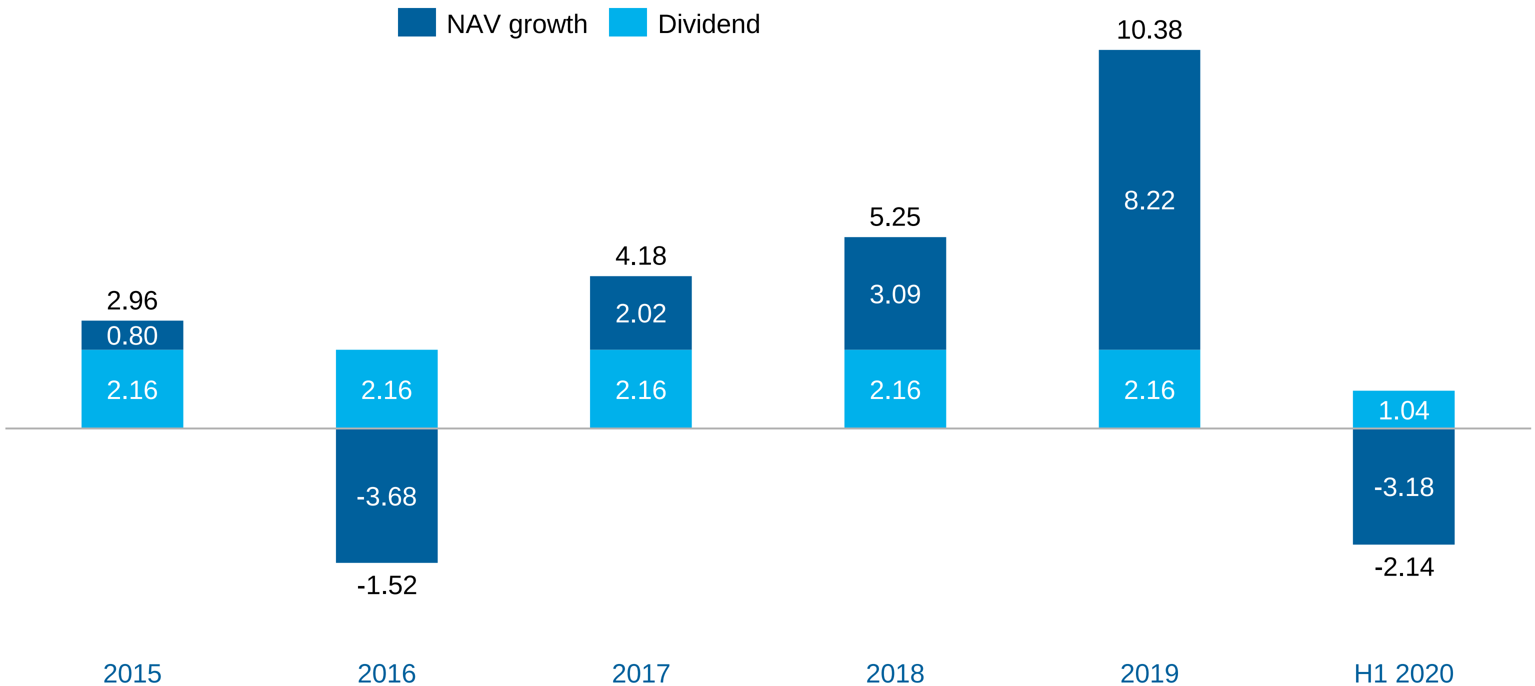
Rent collection in Q3 up compared to Q2 in first 10 days

2020	Q2 per 10 Apr.	Q3 per 10 Jul.
Offices	86.3%	92.3%
HNK	83.9%	86.5%
Other	56.6%	84.8%
TOTAL	83.5%	90.4%



Corona pandemic decreases returns
Excellent performance in the past 3 years

Total return per share (€)

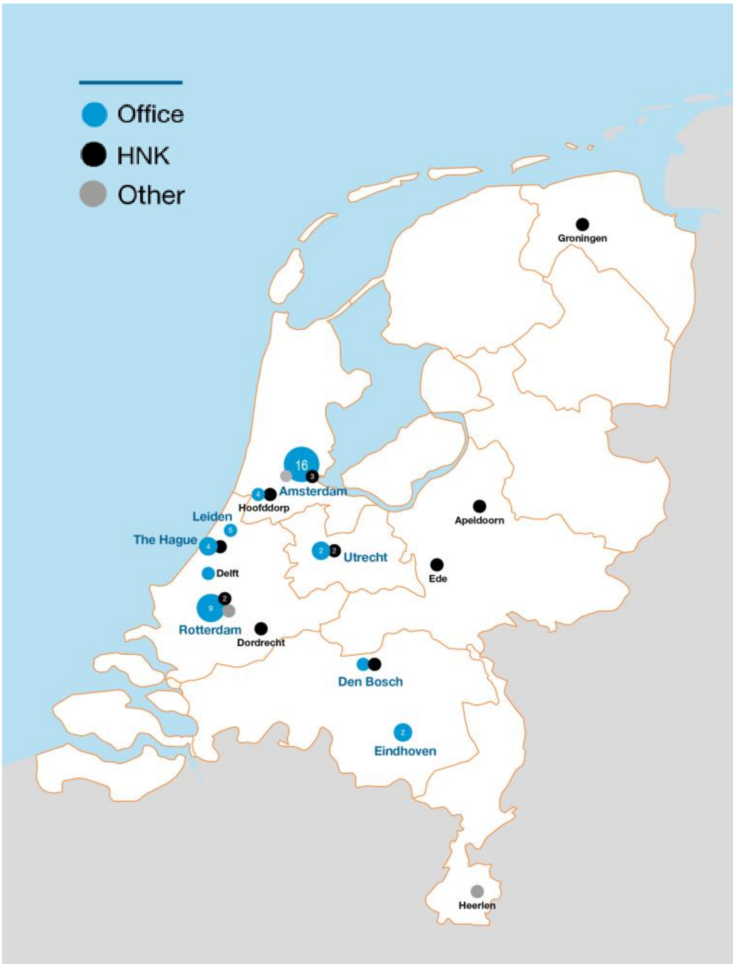


Total return	7.9%	-4.0%	12.1%	14.3%	26.1%	-4.5%

A concentrated portfolio in growth locations

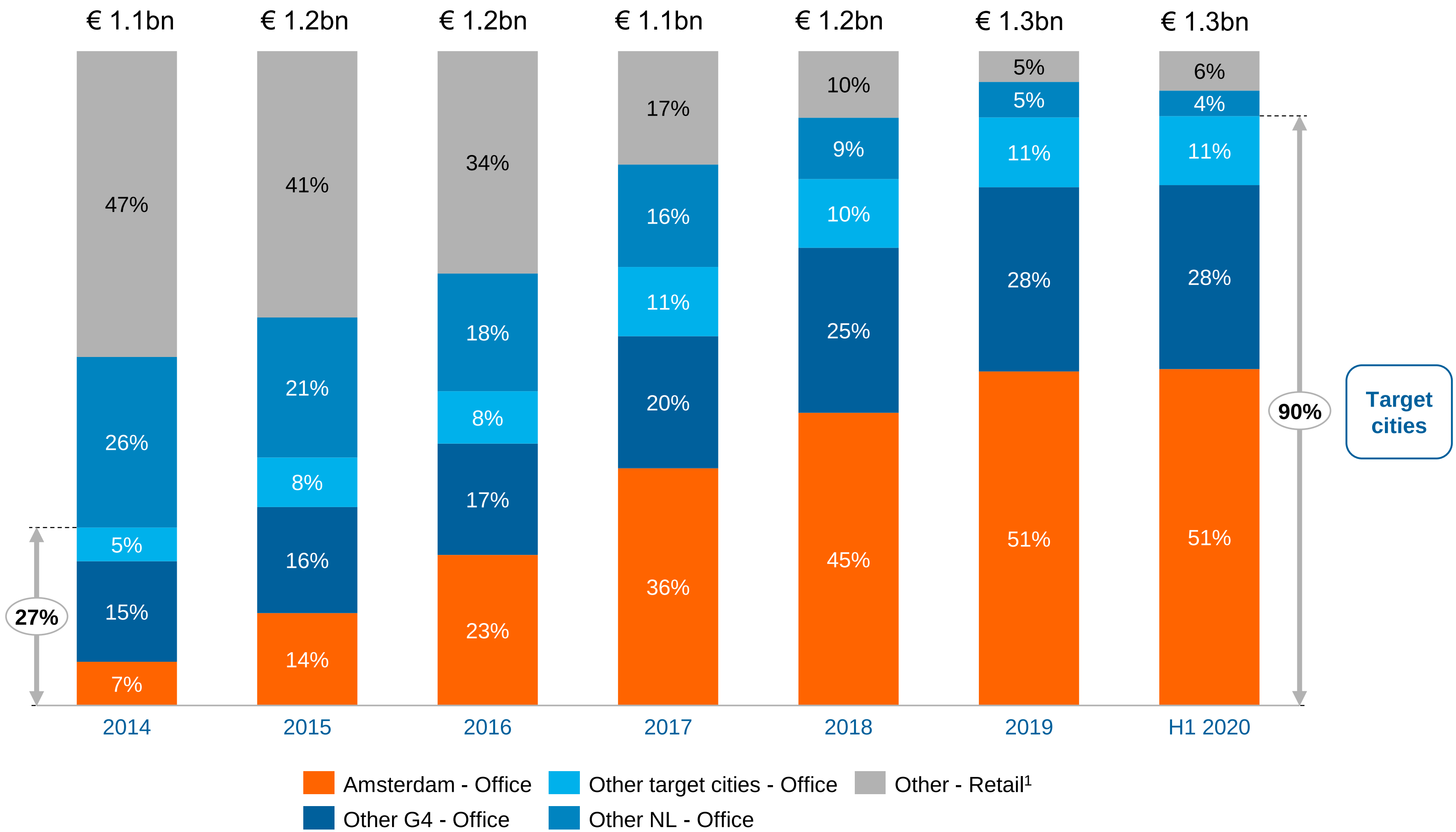
Emphasis on G5 growth locations

Total portfolio	Disposals 2016-2019



NSI portfolio composition – increasing focus

Emphasis on G5, especially Amsterdam

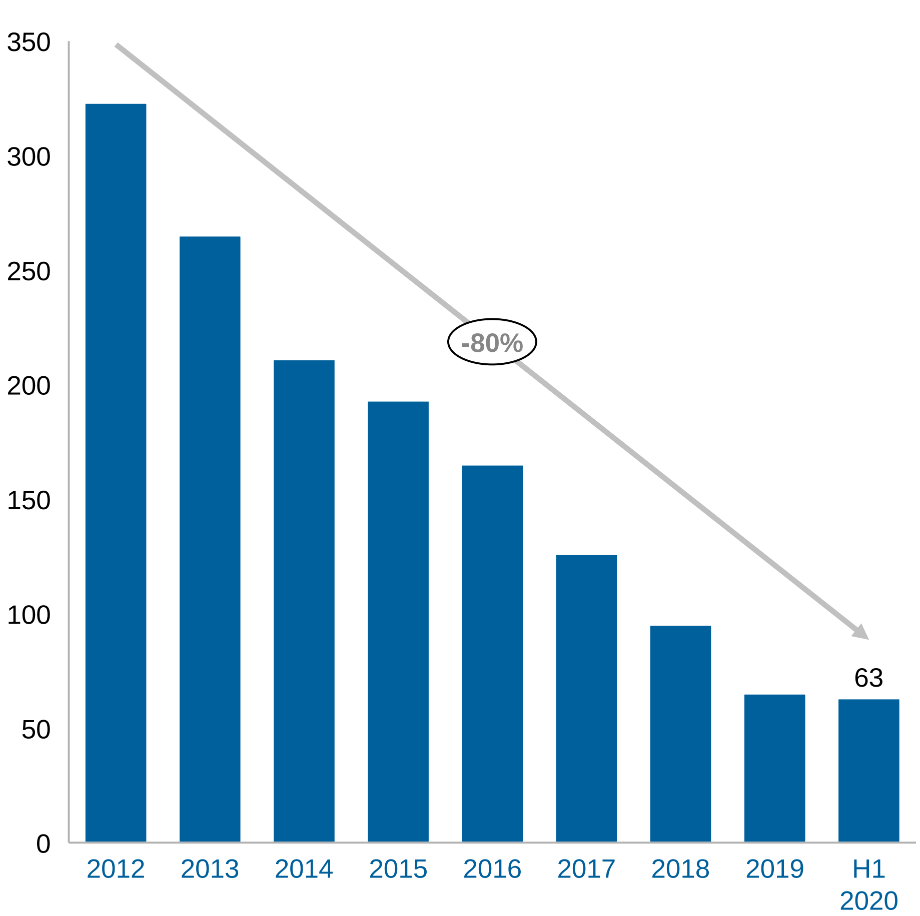


1) Per H1 2020 two office assets have been classified as: “Other – Retail” explaining the relative increase in this category in H1 2020. These assets are Solaris Eclipse & Koningin Wilhelminaplein in Amsterdam.

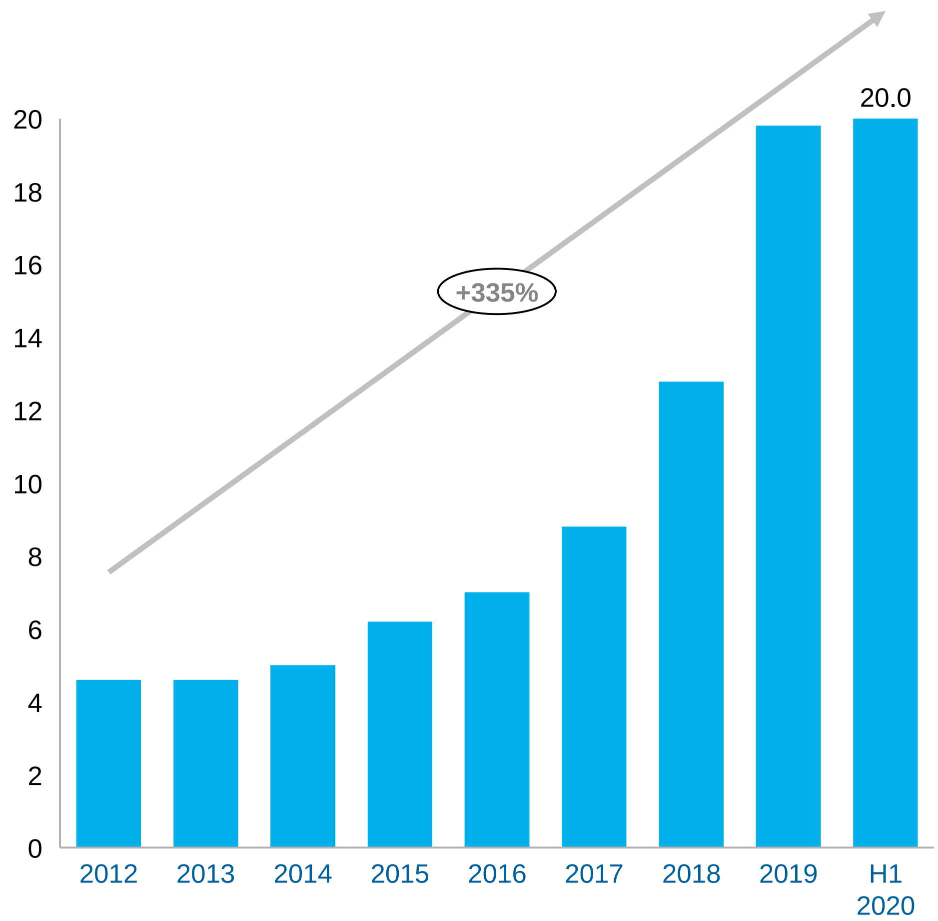
A more concentrated portfolio of larger assets

Average asset size target > € 20m

Number of assets

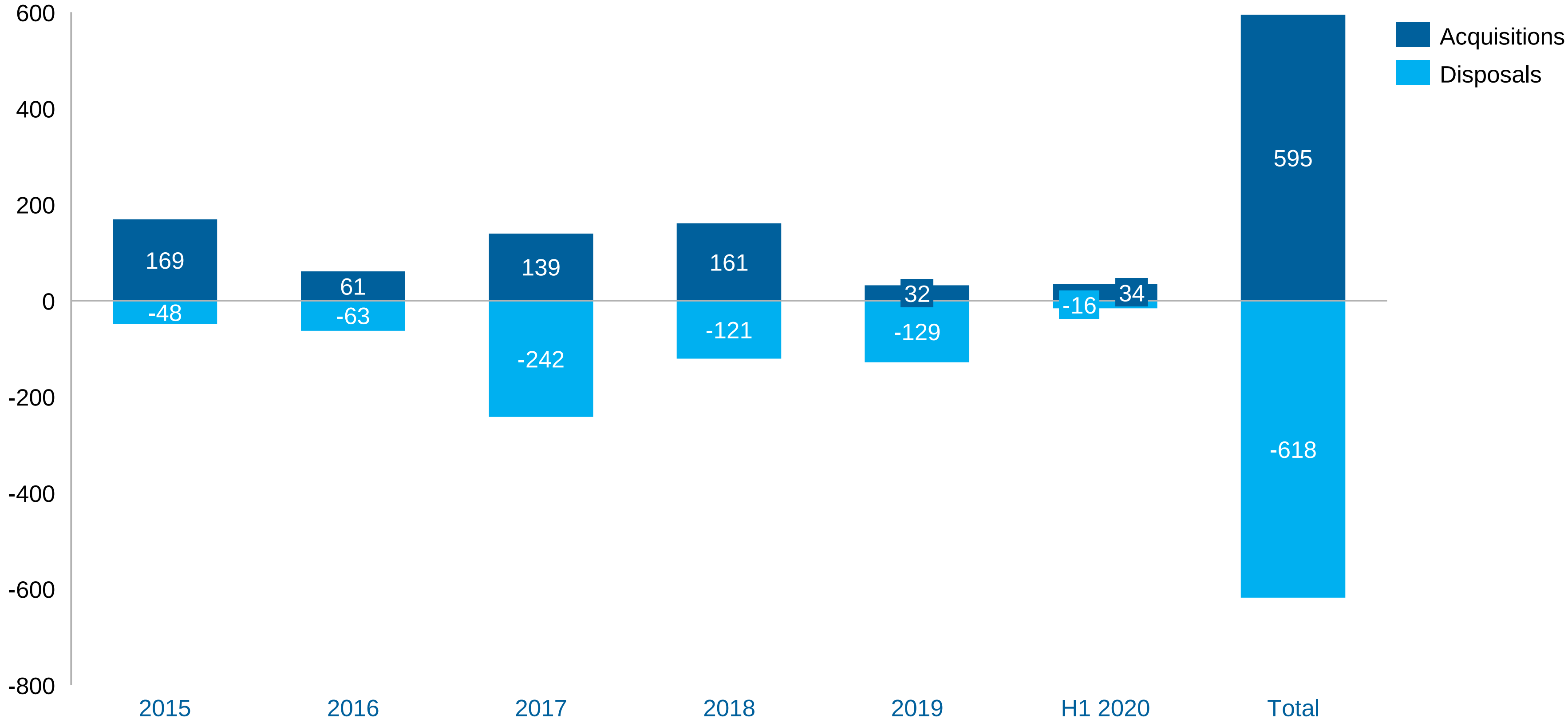


Average asset value (€m)



Over € 1.2bn of transaction volume in 5 years
Average transaction volume over € 200m p.a.

Annual transaction volumes (€m)



Acquisitions 2017-2020

Uniceflaan 1
Utrecht
12,079
20.5
2017

Bijlmerdreef 100
Amsterdam
13,300
33.8
2017

Parnassusweg 101
Amsterdam
11,700
45.0
2017

Archimedesweg 6
Leiden
7,239
17.5
2017

Kennedyplein 101
Eindhoven
6,642
13.6
2017

Kingsfordweg 43-117
Amsterdam
12,709
36.8
2018

Lange Voorhout 7
The Hague
6,048
13.9
2018

Radarweg 60
Amsterdam
16,231
47.3
2018

Jacobsweerd 200 - 4402
Utrecht
14,396
52.1
2018

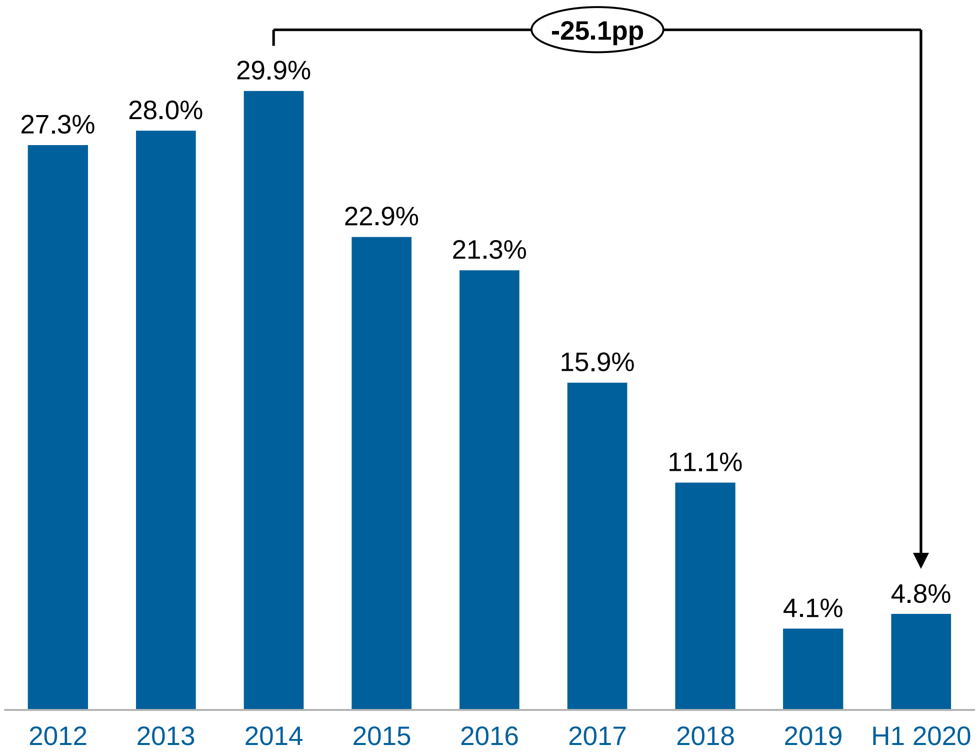
Archimedesweg 30
Leiden
2,686
5
2019

Derkinderenstraat 2-24
Amsterdam
8,315
23.7
2019

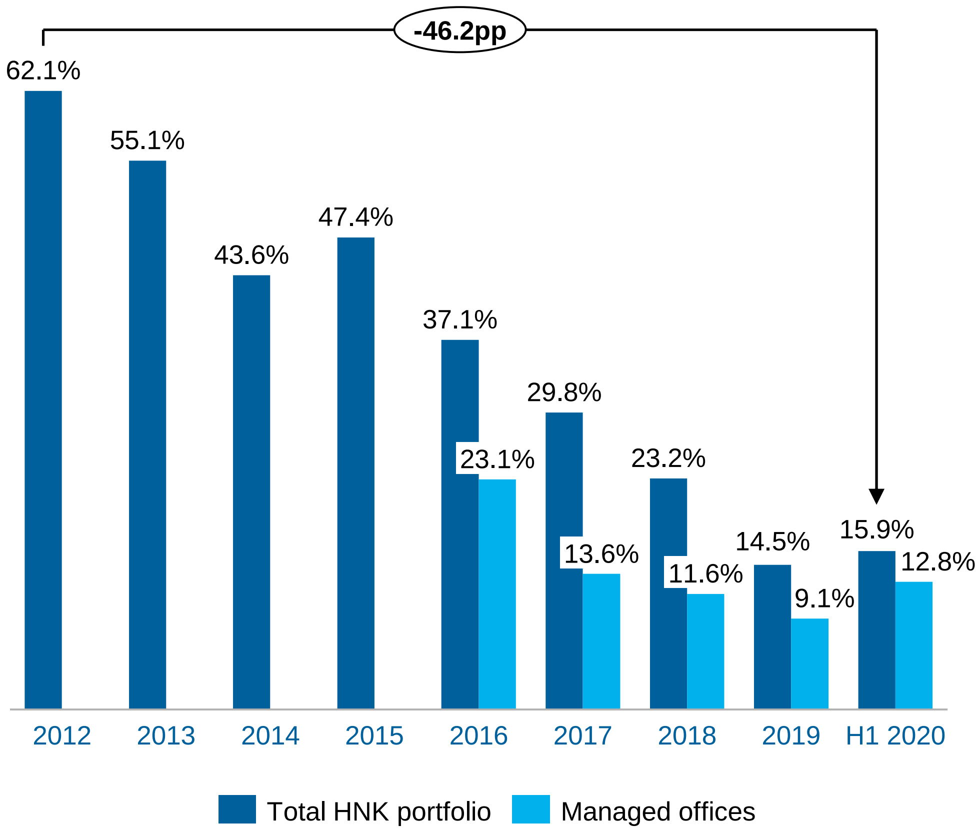
Teleportboulevard 120
Amsterdam
9,722
34.0
2020

Increase in EPRA vacancy due to COVID-19
Flexible offices respond quicker

EPRA Vacancy rate Offices



EPRA Vacancy rate HNK



Key portfolio metrics

	30 June 2020				Dec 2019	Change
	Offices	HNK	Other	TOTAL		
Number of properties[1]	45	14	4	63	65	-3.1%
Market value (€)[2]	932	255	76	1,262	1,287	-1.9%
Annual contracted rent[3]	55	19	7	82	81	0.6%
Market rent[4]	62	23	7	92	92	-0.3%
Lettable area (sqm k)	302	127	53	482	491	-2.0%
Average rent / sqm	203	187	155	194	188	3.3%
EPRA vacancy[5]	4.8%	15.9%	7.3%	7.8%	7.1%	0.7 pp
EPRA net initial yield	4.6%	4.5%	6.4%	4.7%	4.6%	0.1 pp
Reversionary yield	6.9%	9.0%	9.4%	7.5%	7.3%	0.2 pp
Wault (years)	4.2	3.2	5.1	4.0	4.2	-4.6%

1) Two office assets were reclassified in 2020 to the category “Other” due to usage as community college and student housing complex.
2) Reported in the balance sheet at book value including right of use leasehold (IFRS 16), excluding lease incentives and part of NSI HQ.
3) Before free rent and other lease incentives.
4) Excluding ERV for investment properties under construction (Donauweg, Amsterdam and Bentinck Huis, The Hague)
5) In line with EPRA-guidelines EPRA vacancy excludes Donauweg, and Bentinck Huis, which are currently under construction.

Offices split

	30 June 2020				Dec 2019	Change
	Amsterdam	Other Target Cities	Other NL	TOTAL		
Number of properties[1]	16	24	5	45	46	-2.2%
Market value (€)[2]	554	359	18	932	945	-1.4%
Annual contracted rent[3]	31	23	2	55	54	1.9%
Market rent[4]	35	24	2	62	61	0.6%
Lettable area (sqm k)	144	145	13	302	309	-2.0%
Average rent / sqm	230	178	158	203	194	4.9%
EPRA vacancy[5]	3.1%	7.0%	8.2%	4.8%	4.1%	0.7 pp
EPRA net initial yield	4.4%	4.8%	7.0%	4.6%	4.5%	0.1 pp
Reversionary yield	6.5%	7.3%	10.7%	6.9%	6.7%	0.2 pp
Wault (years)	3.9	4.7	3.0	4.2	4.5	-5.6%

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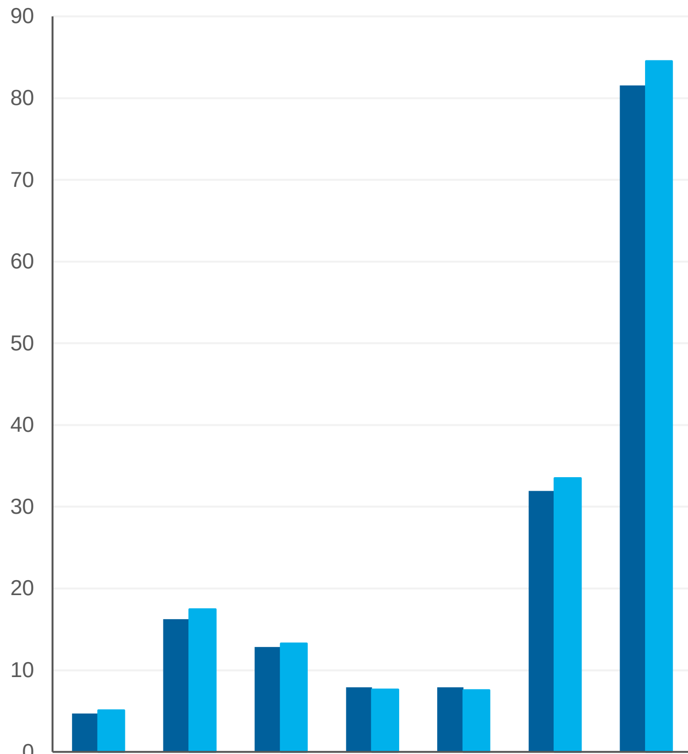
Yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Q2 2020	Dec. 2019	Q2 2020	Dec. 2019	Q2 2020	Dec. 2019
Offices	4.6%	4.5%	6.2%	6.0%	6.9%	6.7%
HNK	4.5%	4.6%	7.5%	7.5%	9.0%	8.8%
Other	6.4%	5.8%	9.2%	8.8%	9.4%	9.4%
TOTAL	4.7%	4.6%	6.6%	6.4%	7.5%	7.3%
Target Cities	4.5%	4.4%	6.3%	6.1%	7.1%	6.9%
Other	6.4%	6.1%	9.9%	9.4%	10.9%	10.6%

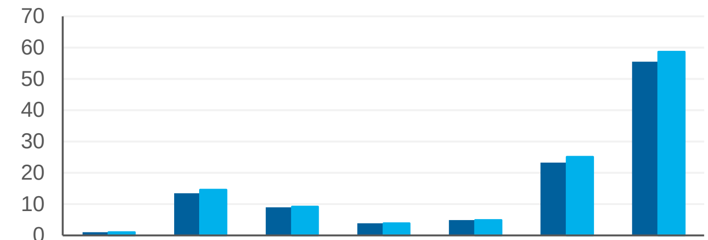
Expiries and reversion

Total portfolio (€m)



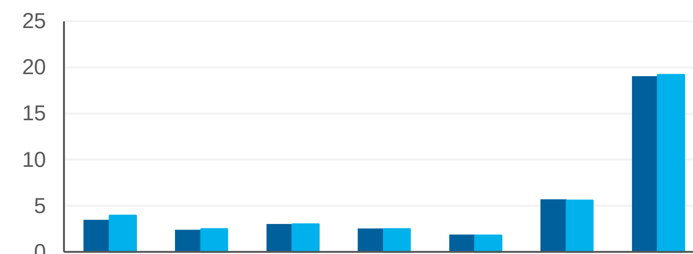
	2020	2021	2022	2023	2024	> 2024	TOTAL
Contract rent	4,707	16,222	12,844	7,908	7,907	31,945	81,534
ERV	5,095	17,450	13,272	7,621	7,569	33,500	84,508
# Contracts	343	139	100	66	55	104	807
Reversionary potential	8.2%	7.6%	3.3%	-3.6%	-4.3%	4.9%	3.6%

Offices portfolio (€m)



	2020	2021	2022	2023	2024	> 2024	TOTAL
Contract rent	1,030	13,498	8,968	3,889	4,862	23,248	55,495
ERV	990	14,641	9,166	3,901	4,908	25,090	58,696
# Contracts	18	43	36	22	24	46	189
Reversionary potential	-3.9%	8.5%	2.2%	0.3%	1.0%	7.9%	5.8%

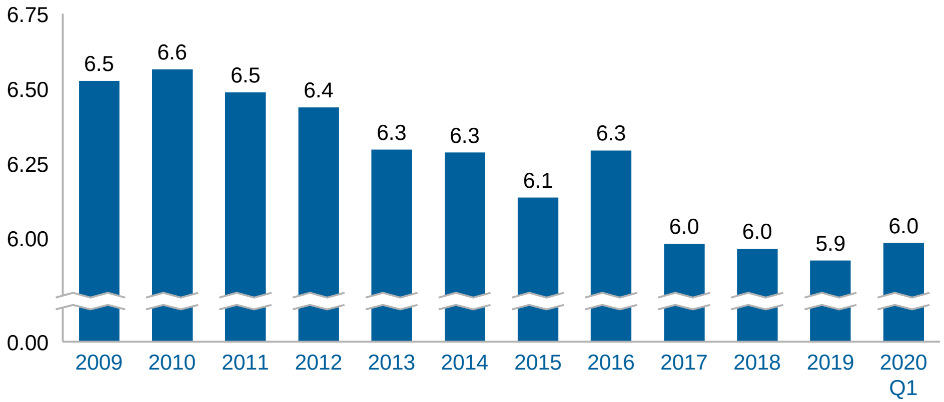
HNK portfolio (€m)



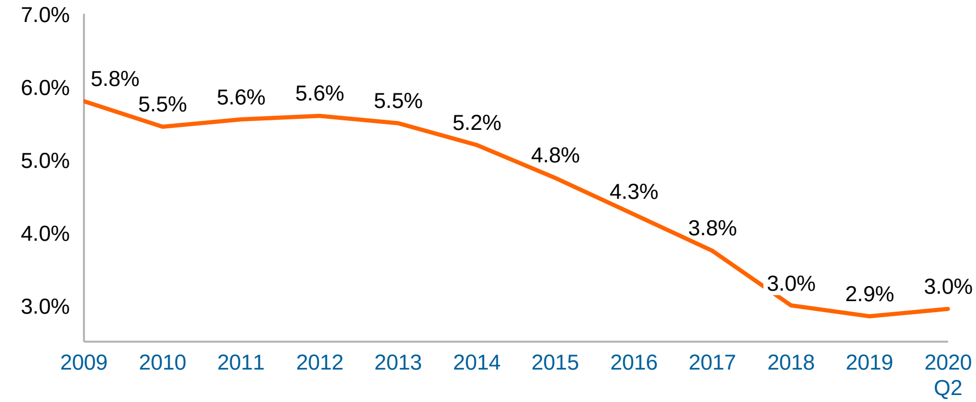
	2020	2021	2022	2023	2024	> 2024	TOTAL
Contract rent	3,492	2,401	3,017	2,537	1,891	5,708	19,046
ERV	3,918	2,463	2,984	2,461	1,783	5,581	19,190
# Contracts	281	88	56	31	23	43	522
Reversionary potential	12.2%	2.6%	-1.1%	-3.0%	-5.7%	-2.2%	0.8%

Amsterdam office market

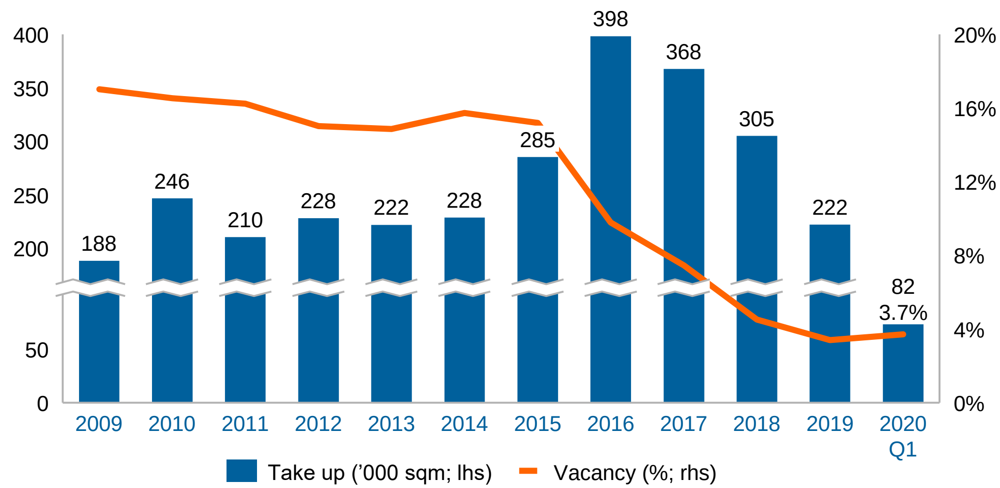
Stock (m sqm)



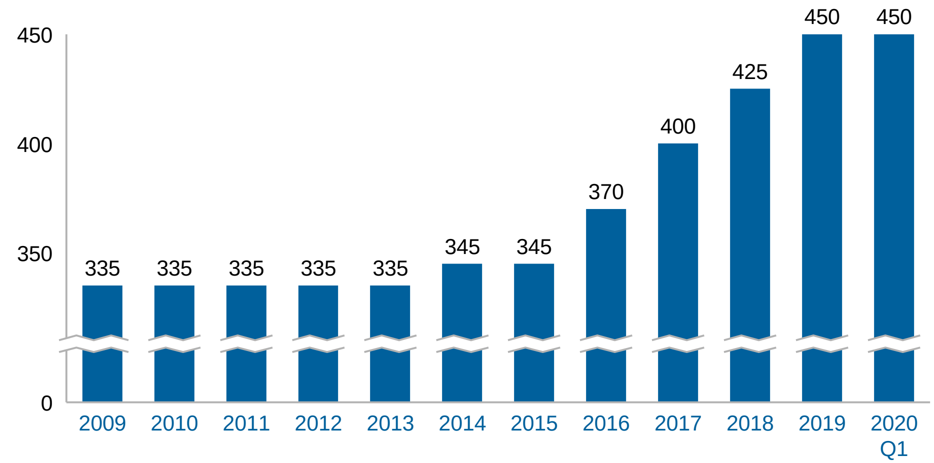
Prime yields



Vacancy rate and Take-up



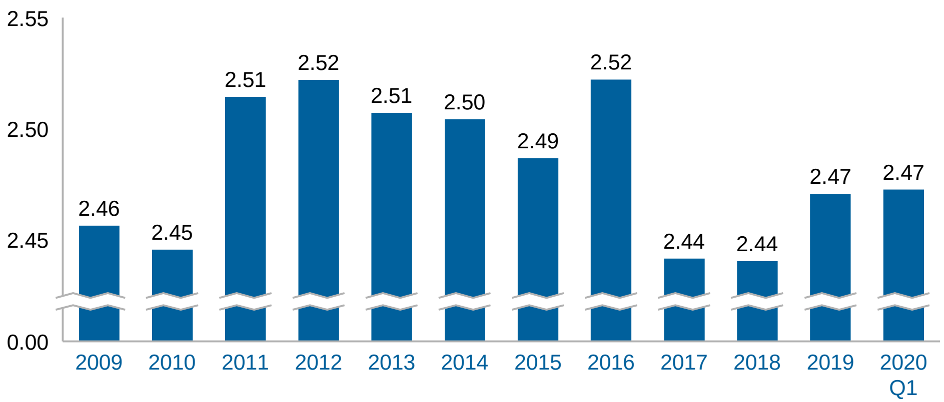
Prime rent (€)



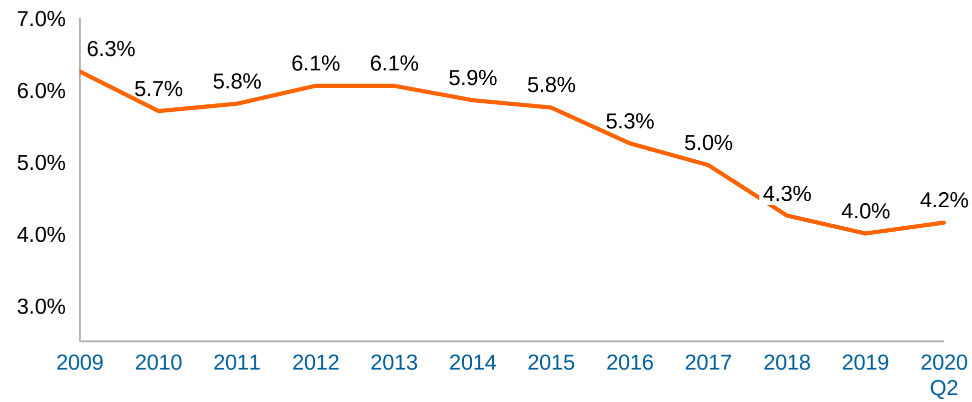
Source: JLL

Utrecht office market

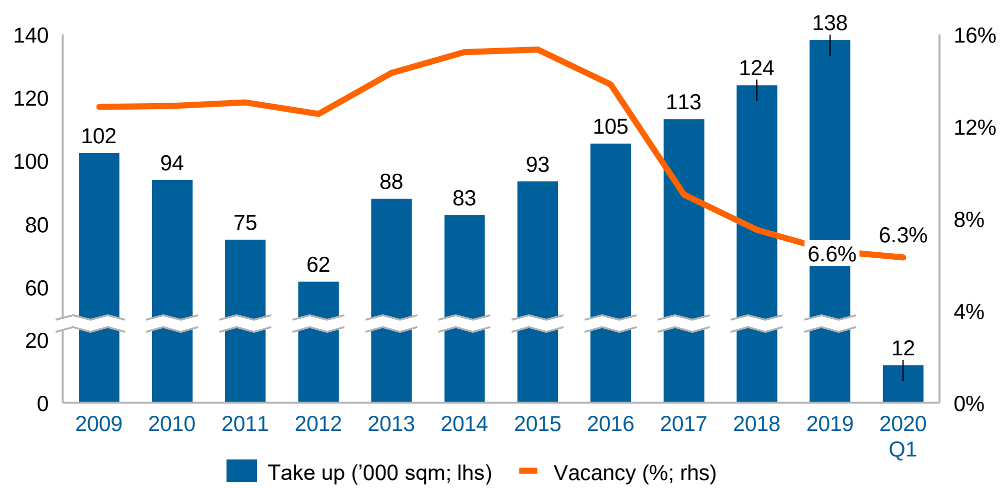
Stock (m sqm)



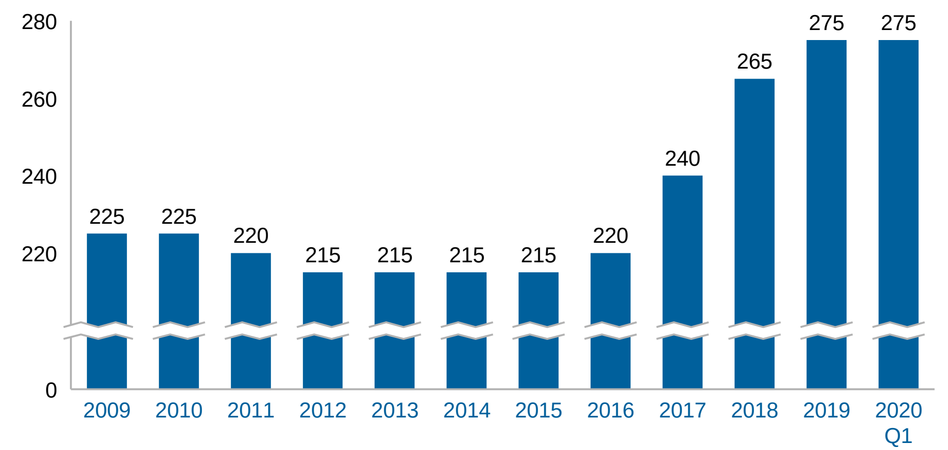
Prime yields



Vacancy rate and Take-up



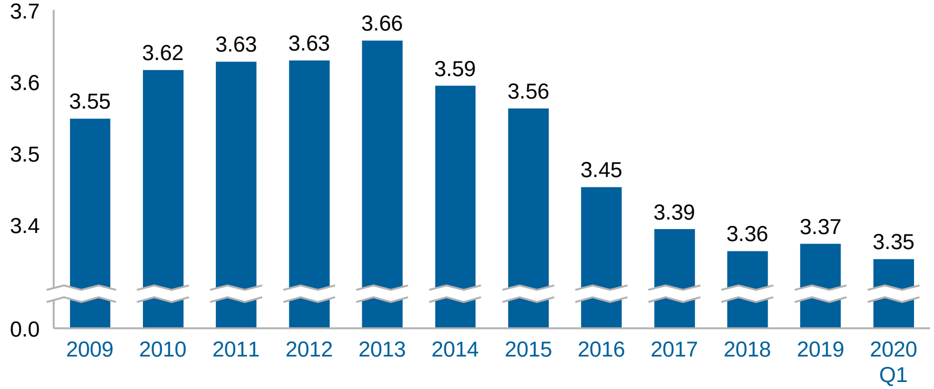
Prime rent (€)



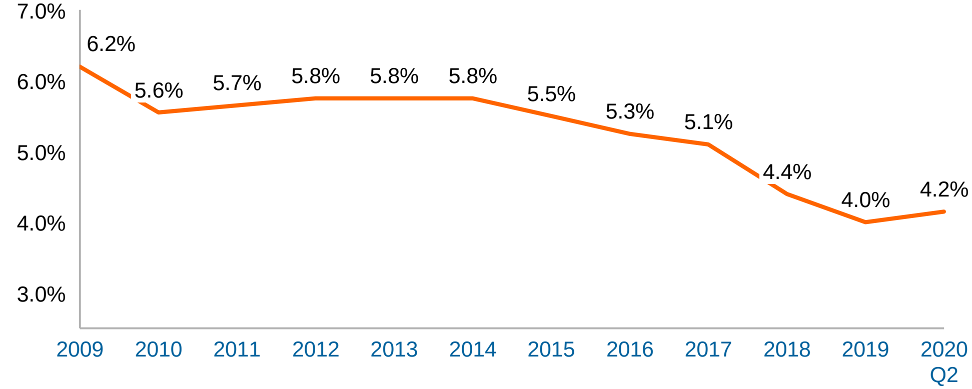
Source: JLL

Rotterdam office market

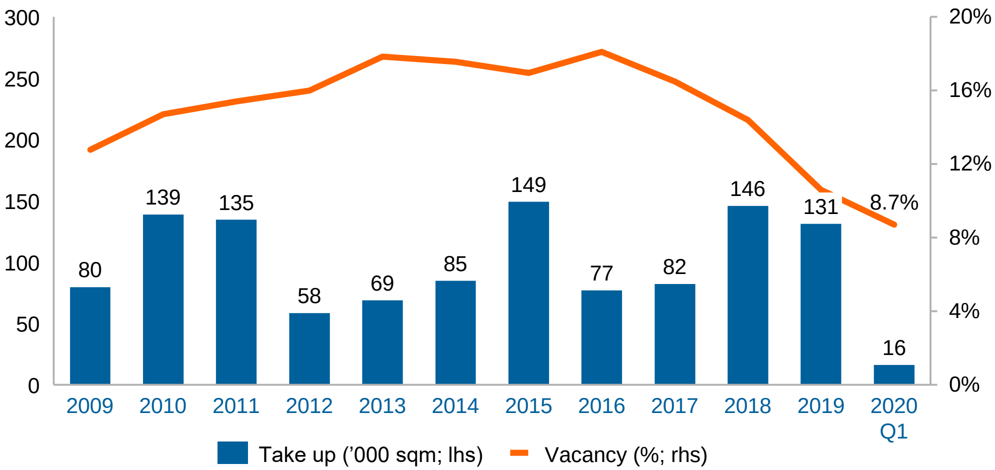
Stock (m sqm)



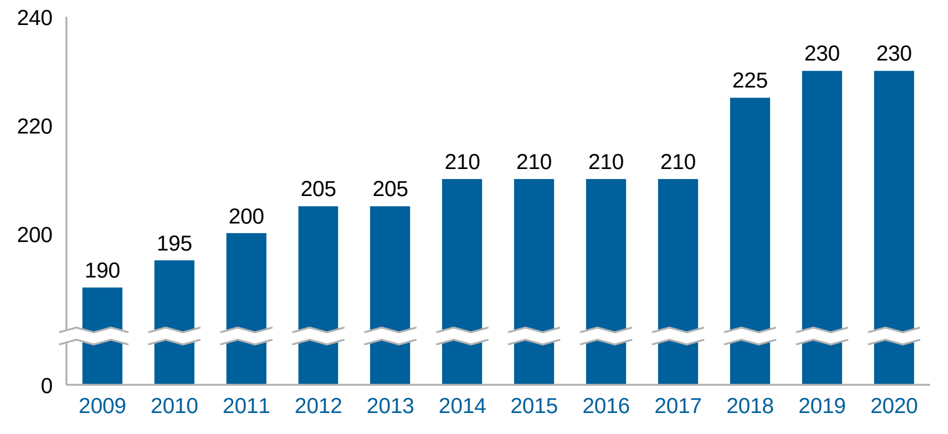
Prime yields



Vacancy rate and Take-up



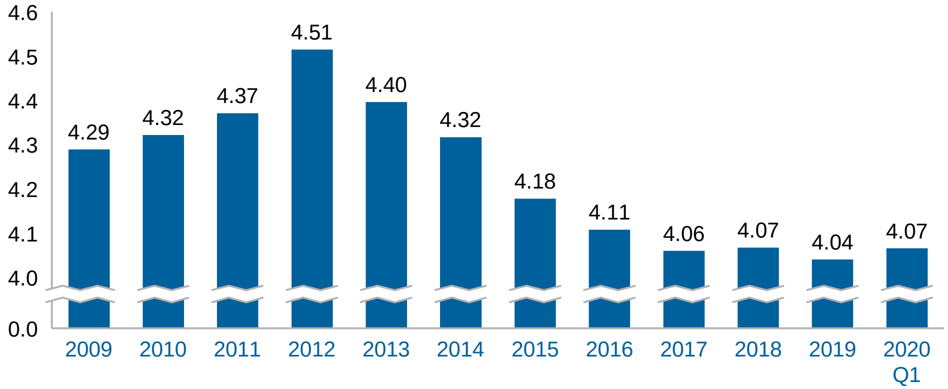
Prime rent (€)



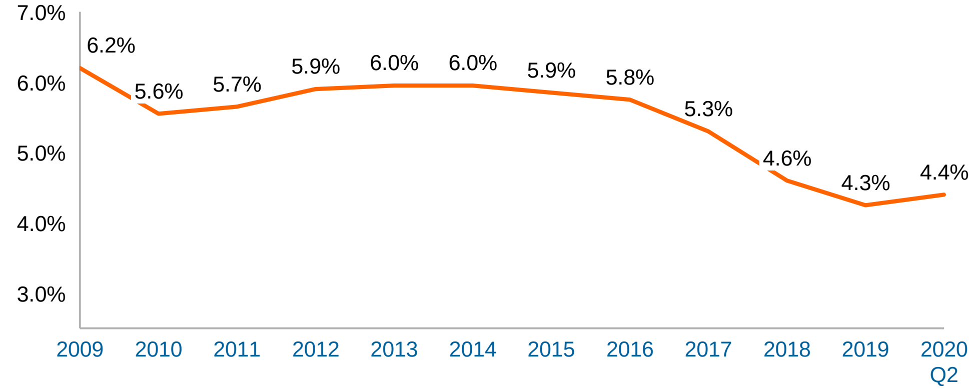
Source: JLL

The Hague office market

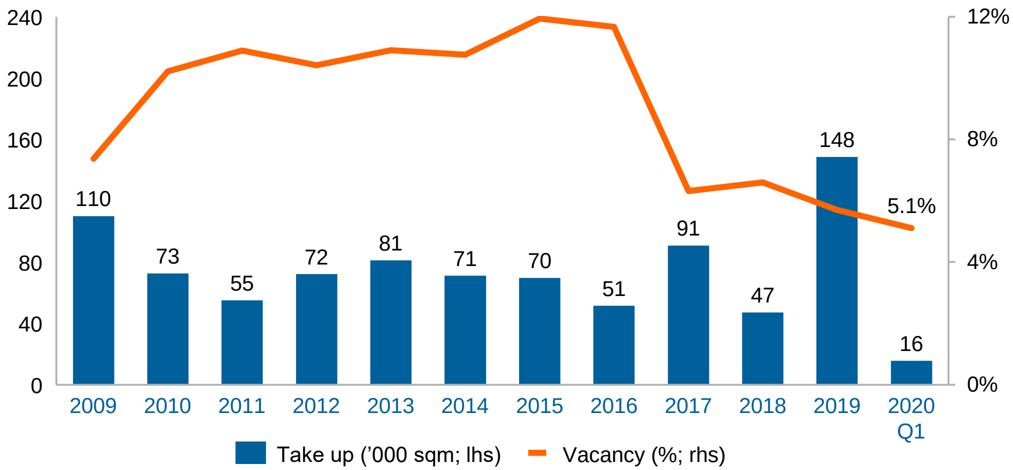
Stock (m sqm)



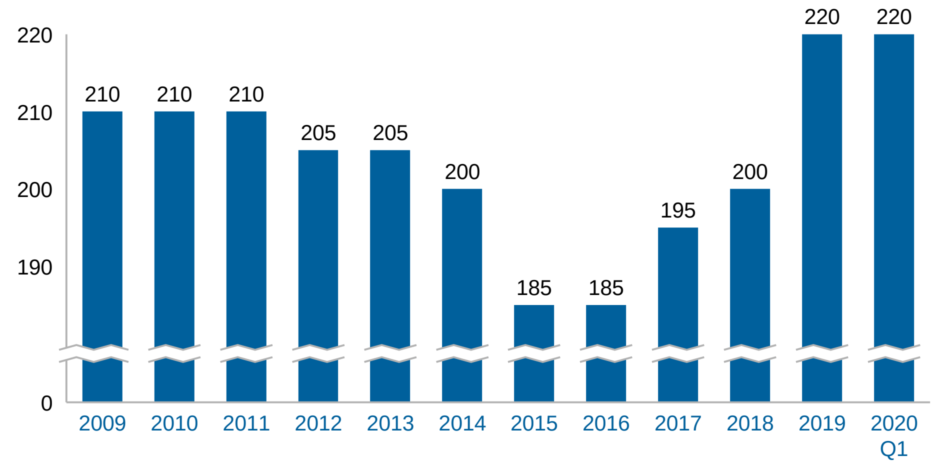
Prime yields



Vacancy rate and Take-up



Prime rent (€)



Source: JLL

Segment information
Income statement HY 2020

(€ m)	Offices			HNK			Other	Corporate[1]	TOTAL
	Amsterdam	Other Target Cities	Other NL	Amsterdam	Other Target Cities	Other NL			
Gross rental income	14.4	10.5	0.9	2.4	4.6	1.7	3.4		37.9
Service costs not recharged	-0.1	-0.2	-0.1	-0.1	-0.1	-0.2	-0.1		-0.8
Operating costs	-1.4	-2.4	-0.1	-0.6	-1.6	-0.7	-0.9		-7.6
Net rental income	**12.9**	**8.0**	**0.8**	**1.7**	**2.9**	**0.8**	**2.4**		**29.5**
Revaluation of investment property	-29.1	-11.5	-1.6	-2.8	-4.1	-2.4	-4.1		-55.6
Net result on sale of investment property		0.0	-0.2		0.5		-0.1		0.1
Net result from investment	**-16.1**	**-3.5**	**-1.1**	**-1.1**	**-0.8**	**-1.6**	**-1.8**		**-26.0**
Administrative costs								-3.6	-3.6
Other income and costs								-0.2	-0.2
Net financing result								-4.9	-4.9
Result before tax	**-16.1**	**-3.5**	**-1.1**	**-1.1**	**-0.8**	**-1.6**	**-1.8**	**-8.7**	**-34.6**
Corporate income tax								-0	-0
Total result for the year	**-16.1**	**-3.5**	**-1.1**	**-1.1**	**-0.8**	**-1.6**	**-1.8**	**-8.7**	**-34.6**
Other comprehensive income									
Total comprehensive income for the year	**-16.1**	**-3.5**	**-1.1**	**-1.1**	**-0.8**	**-1.6**	**-1.8**	**-8.7**	**-34.6**

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

Balance sheet

(€ m)	30 June 2020	31 December 2019
Real estate investments	1,253	1,263
Assets classified as held for sale	0	16
Other assets	13	11
Cash and cash equivalents	2	1
Total assets	**1,268**	**1,291**
Shareholders' equity	858	903
Interest bearing loans	345	316
Debts to credit institutions	0	13
Other liabilities	65	59
Total liabilities	**410**	**388**
Total shareholders' equity and liabilities	**1,268**	**1,291**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