# Presentation Road show
# Kempen Benelux Conference
# 23 November 2011 in London

# Profile

- Tax efficient Dutch REIT / Listed on Amsterdam Euronext stock exchange
- Diversified portfolio: offices and retail in the Netherlands and Switzerland, offices and industrials in Belgium
- 276 high yielding properties (9.2% gross yield)
- Tenant profile: small and medium sized companies, approx. 1,900 leases
- €2.3 billion portfolio size / > €0.7 billion market cap.
- Quarterly dividend (> 10.0% yield)
- Financing policy: Financing with 50% debt / Minimal 80% interest fixed

nsi

# Portfolio & market focus

## The Netherlands

* Retail and Offices
* Retail: day to day shopping
  - ➢10,000 m²
  - ➢ Yields > 7% (GIY)

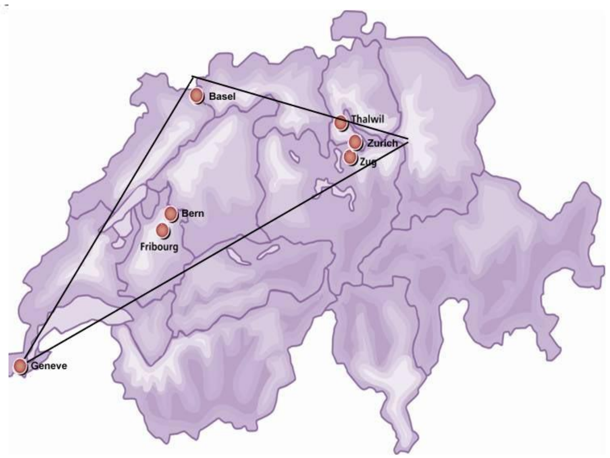
*Offices
  - ➢Focus on Randstad
  - ➢Multi tenant
  - ➢Approx. 5,000 m²
  - ➢Yields > 8% (GIY)

* 232 properties; €1.6 billion

## Belgium

* Offices and Warehouses
* Offices: multi tenant
* Warehouse on logistic axes (North/South and East /West
* 40 properties; €542m

## Switzerland




* Focus on retail
* Day to day shopping centres
* 4 properties: €122m
* Target size portfolio: €300-€400m
* Up or out strategy

# Short term strategy

Integration of companies

Letting of properties

Manage balance sheet:
LTV: short term< 55%
mid term < 50%

Disposal program of non-strategic smaller assets

Asset Management: improve and sell offices

(Selective) retail acquisitions

(Re)development of properties (retail)

Rebalancing portfolio to 50/50 offices/retail

# Integration of companies


**Employees and organisation**

- All employees transferred & integrated

**Processes and methods**

- Re-allocation of commercial responsibilities (7 districts)
- Realization of synergy through process optimization

**Facilities**

- Rotterdam office renewed

**Data and systems**

- Conversion towards NSI system Yardi faster than expected
- New VNOI Forecasting system implemented (IQ)

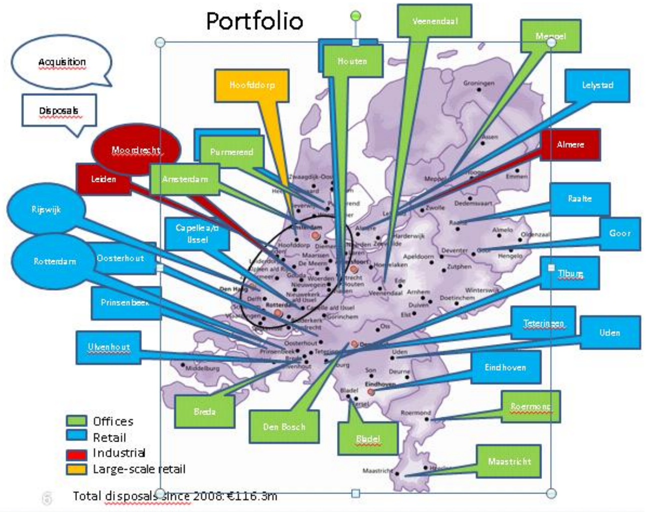
# Letting & balance sheet management

## Letting

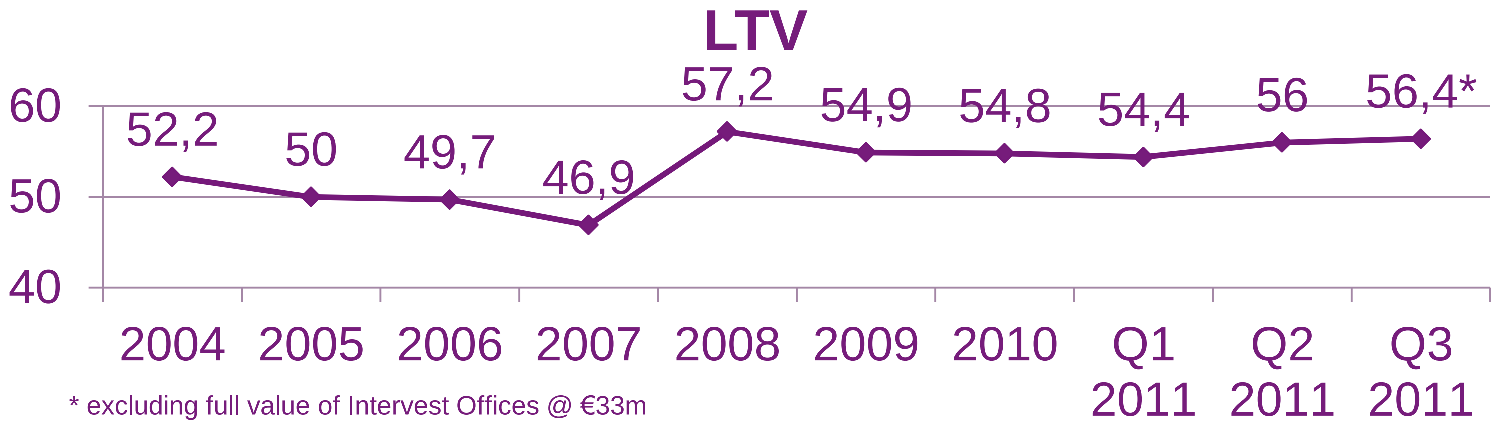
- Primary focus on letting of properties
- Improved letting teams
- CRM
- 35,000 m² in Q3 2011
- 155,000 m² YTD

## Acquisitions & disposals

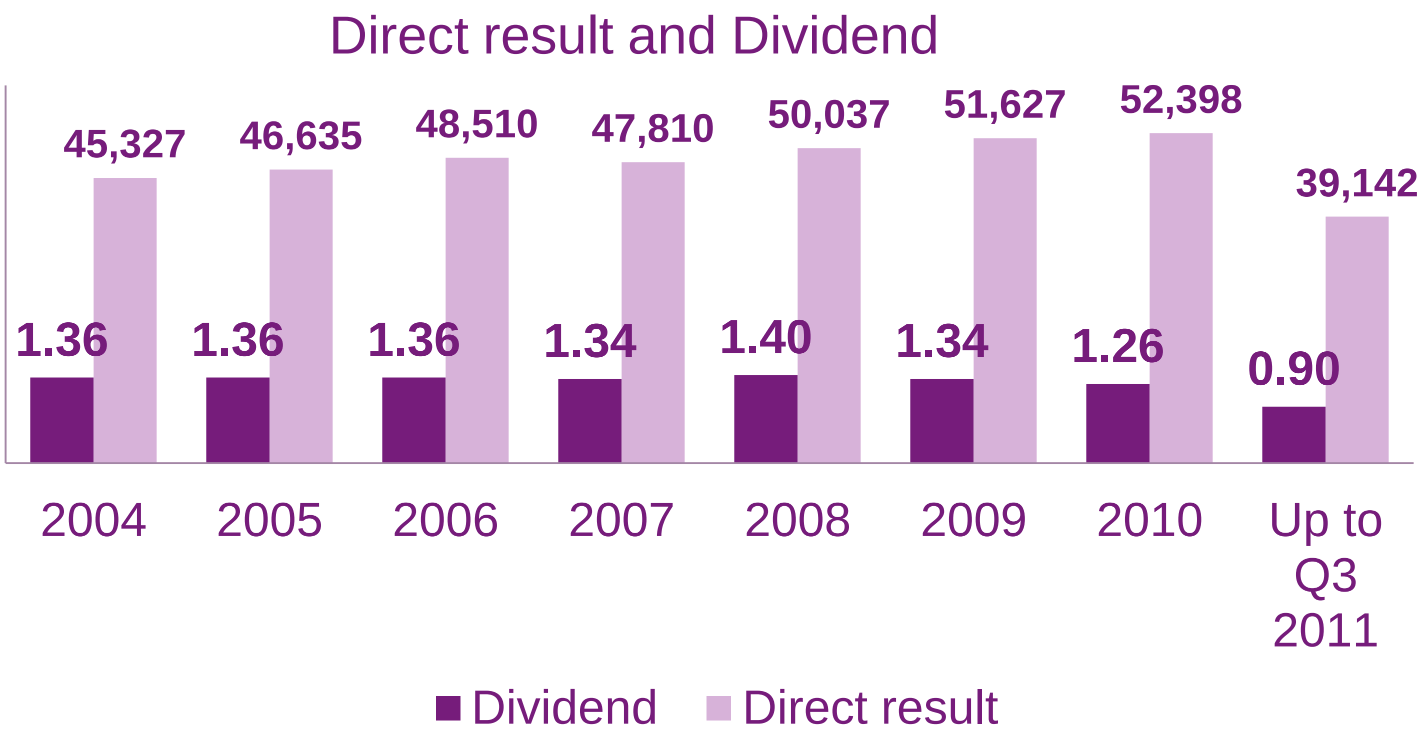
- €74.4m disposals in 2009
- €78.2m disposals in 2010
- € 11.7m disposals and €953m acquisitions in 2011
- Disposal program smaller assets in 2012



# Short term strategy: managing LTV




* excluding full value of Intervest Offices @ €33m




nsi

# Rebalancing portfolio

## Selective retail acquisitions

In de Boogaard
Rijswijk
10,516 m²
€38.7m
CR €2,970,000
OCR 96%
GIY 7.7%

Zuiderterras
Rotterdam
10,365 m²
€24.0m
CR €1,789,000
OCR 97%
GIY 7.5%

## (Re)development of properties

Rozemarijndonk
Spijkenisse
1,150 m²
Investments €1.85m
Extra rent €200,000
IR €300,000

Keizerslanden
Deventer
To be build 7,660 m²
Renovation 7,300 m²
Parking 200
Residential 40
Investment €23.0m

nsi

# Retail & Office market

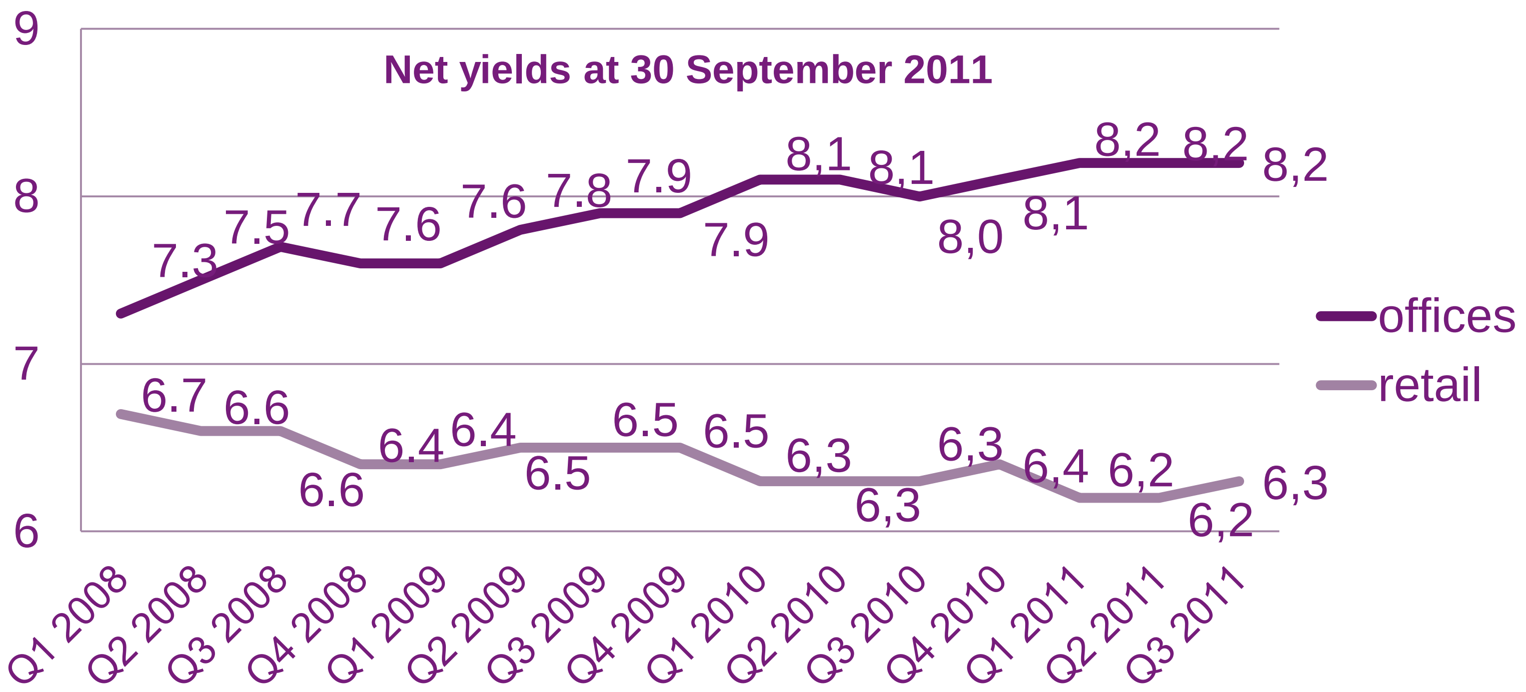
‘t Loon Heerlen

Solaris Eclipse Amsterdam

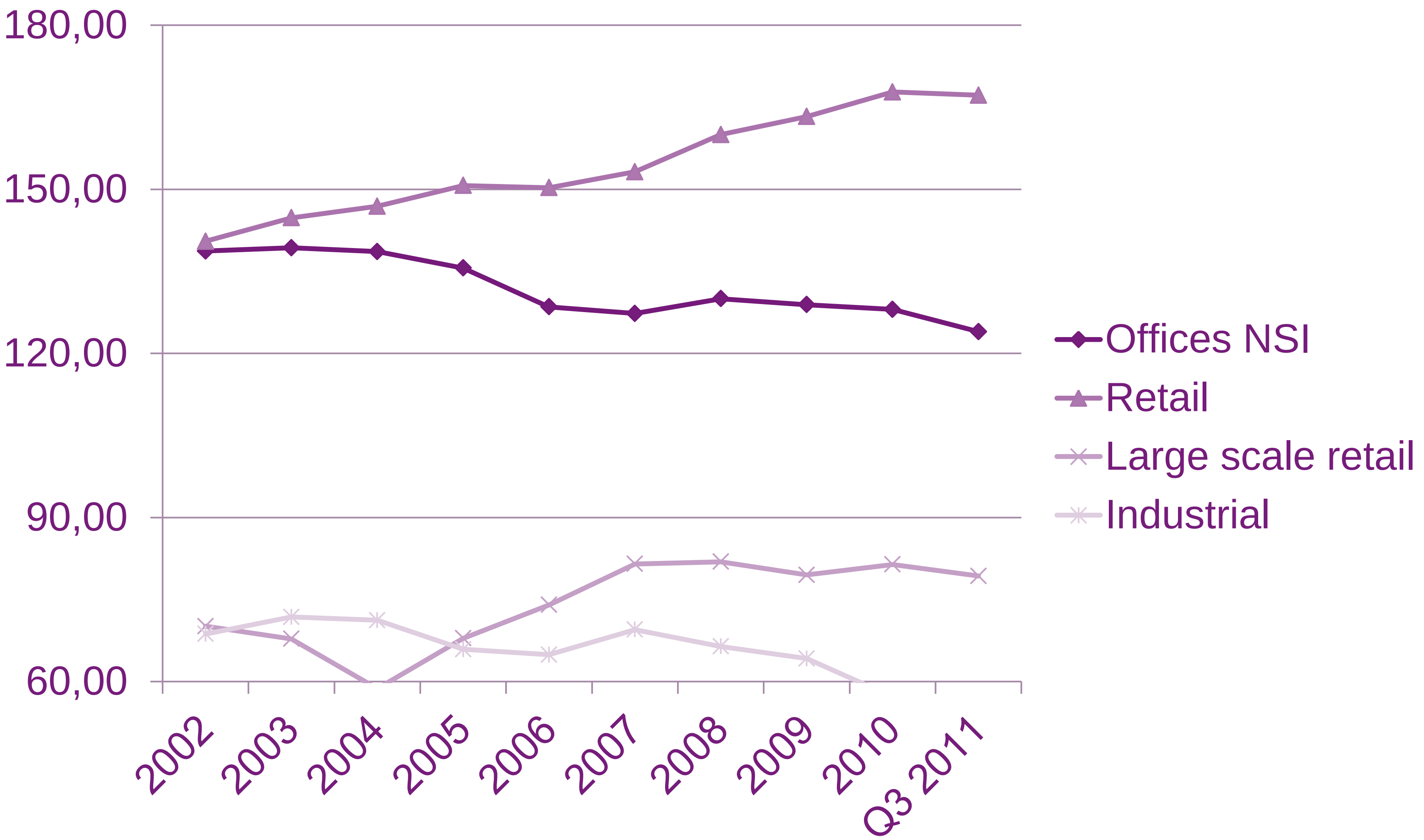
nsi

# Revaluation results Netherlands

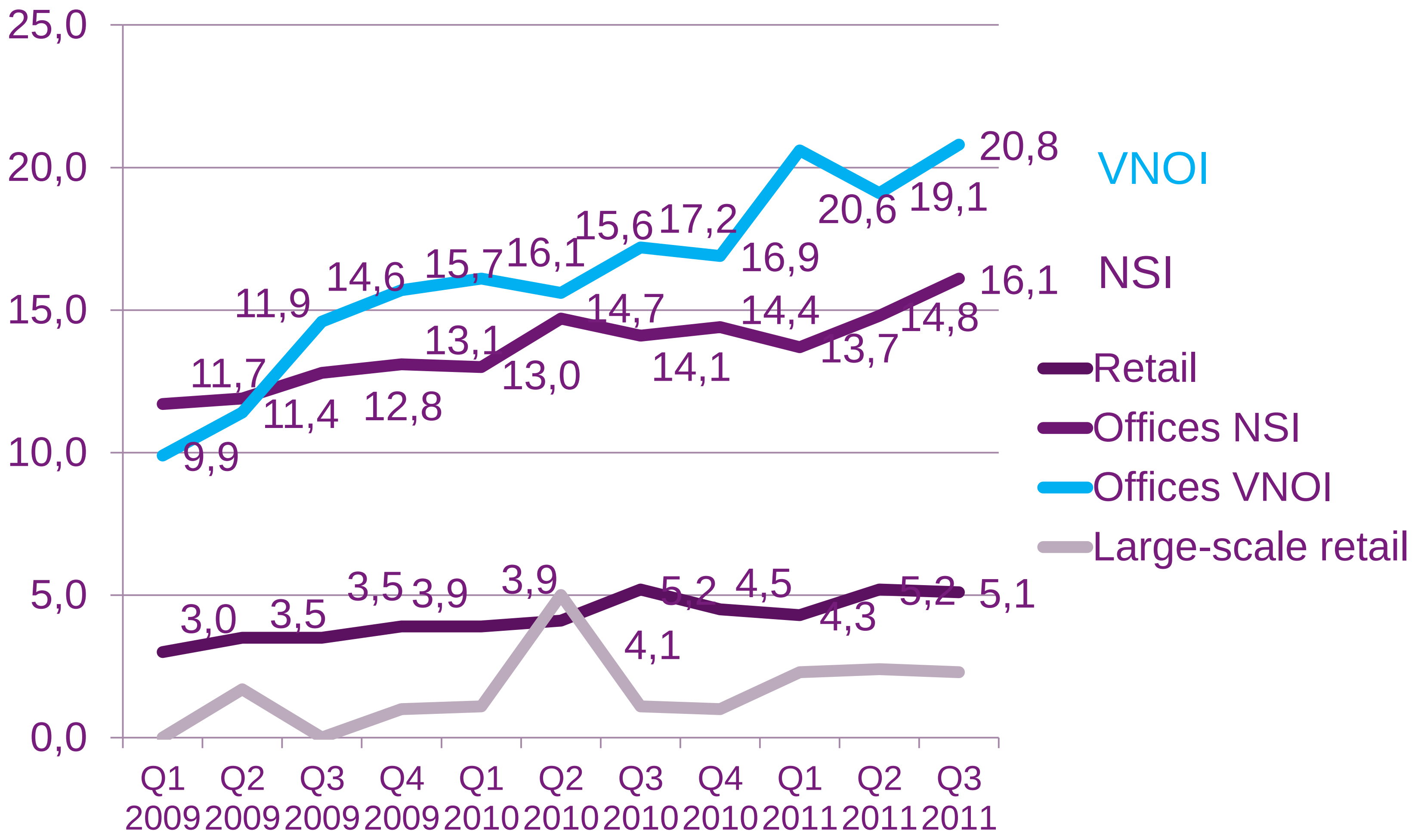
| | Q3 2011 | Q2 2011 | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 | | Q4 2009 | Q3 2009 | Q2 2009 | Q1 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (x €1,000) **NSI/VNOI** | | | | | | | | | | | | |
| Offices/ Industrials | - 10,946 | - 18,492 | - 15,548 | - 9,169 | - 17,002 | - 8,729 | - 14,315 | | - 10,956 | - 7,943 | - 20,937 | - 48,050 |
| Retail | 317 | 925 | 1,661 | 1,067 | - 206 | - 2,647 | - 607 | | - 4,146 | - 229 | - 446 | - 3,099 |



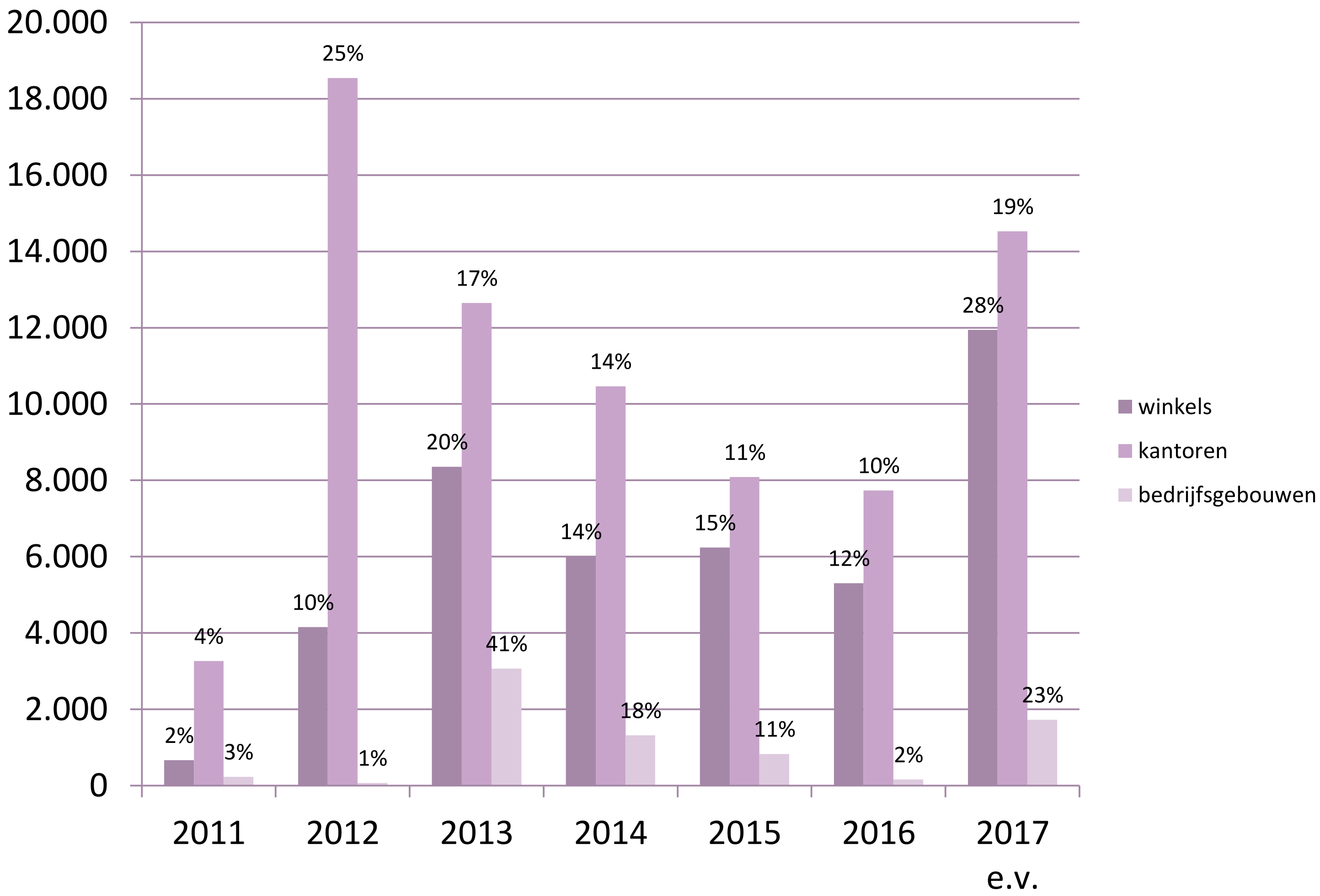
# Market rent development average rent/m²



# Vacancy in portfolio (%)



# Expiration of rental contracts 30 September 2011




nsi

# NSI’s approach

Oevel België

# Lease strategy

- Multi tenant over single tenant
  - Spread the risk
  - Accelerate occupancy rate improvement
  - Aiming at smaller and medium sized business
- Improving of lettability by increasing quality and sustainability
- Flexible leasing schemes at certain dedicated locations

nsi

# Client focus – understanding your business

- Retail
  - Retail specialists and local centre managers
- Offices
  - Tenant retention
    - Local teams
    - CRM
  - Vacancy management
- In-house technical management

nsi

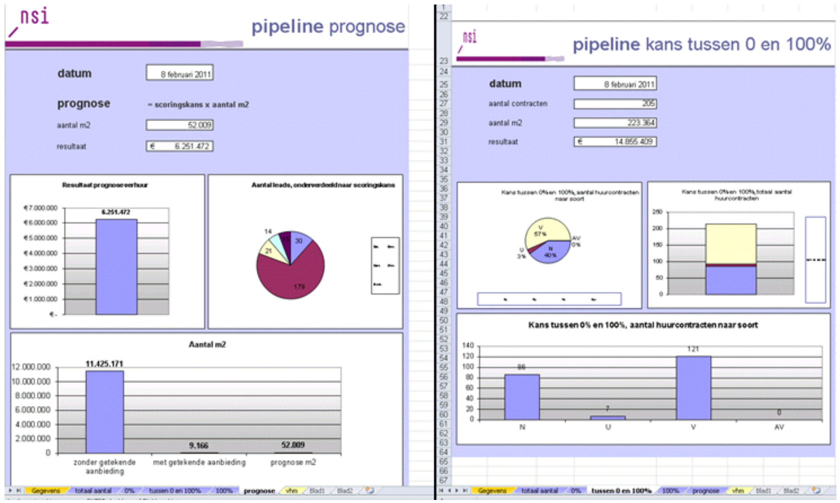
# CRM – knowing your clients

Tailor made software to monitor and improve:

- Reletting of properties (tenant retention)
- Leasing of vacant space (vacancy management)

Over 10 KPIs for both activities:

- Visits per property, agent, employee
- Relettings per employee, agent, property
- Renewal offers per employee
- Forecast per property (and estimated success %)

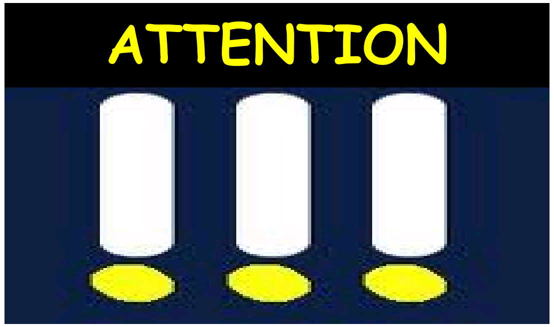


# VACANCY MANAGEMENT

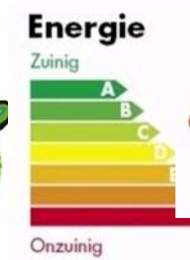
## 100%  ON VACANCY



- **Full Focus:**
  - 1 full time vacancy manager 100 %


- **All Vacancy must be:**
  - Clean
  - Accessible
  - Turn key model office
  - Fiber glass connection
  - Energy label




- **Alternative solution:**
  - Transformation
  - Redevelopment
  - Thematic leasing


# Letting activities

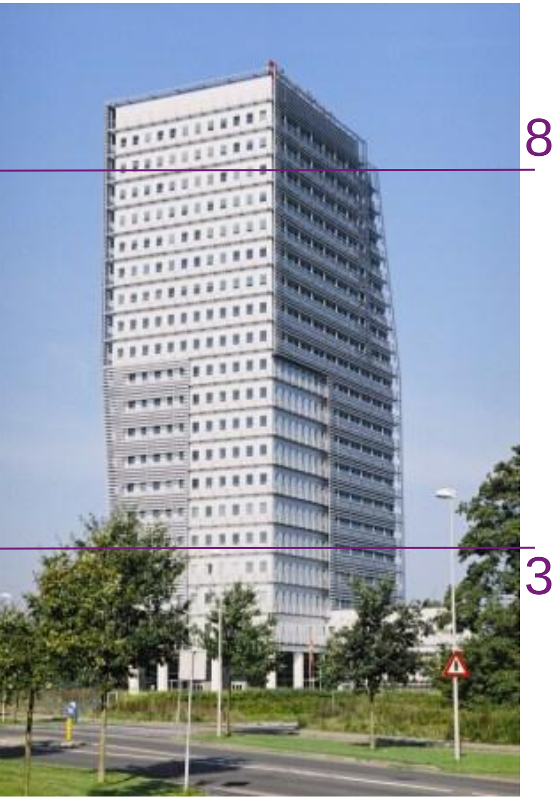
| Retail | |
|---|---|
| Up to Q3 2011 | **56,995 m²**<br>**of which new 8,473 m²** |
| **Large contracts:** | |
| Aldi Vastgoed, Alphen a/d Rijn | 1,150 m² |
| | |
| | |
| | |
| | |
| | |
| | |
| Total amount | €6.4m |

| Offices | |
|---|---|
| Up to Q3 2011 | **97,505 m²**<br>**of which new 37,132 m²** |
| **Large contracts:** | |
| Ziggo BV, Zwolle | 4,557 m² |
| Ista Nederland BV, Schiedam | 2,125 m² |
| Fluke Europe BV, Son | 2,110 m² |
| Cegedium Nederland BV, Naarden | 1,057 m² |
| Ontwikkelingsbedrijf Rotterdam | 3,827 m² |
| Fossil. Doetinchem | 1,362 m² |
| Waterschap Veluwe, Apeldoorn | 2,454 m² |
| Total amount | €12.3m |

nsi

# Example: La Tour, 14,000 m² office building

- Q2 2010:
  - E&Y leaves
  - occupancy rate drops below 30%
- Q4 2010:
  - dedicated commercial manager hired
  - Multi tenant lease strategy
- Q3 2011: 85% let
- Negligible investments



85%

30%

nsi

# Example: Rode Olifant, 10,000 m² listed office building

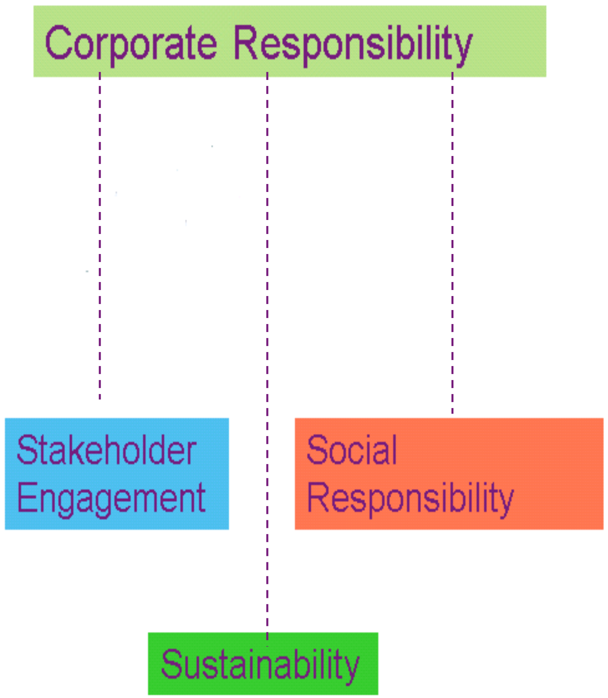
- 100% vacant since 2007
- VNOI's strategy: single tenant
- Q3 2011: NSI decides for a multi tenant strategy
- €6m = €600 / m2 investment
- €1.7-2.5m rental income
- €7-9m value increase in a 1-3 year period

nsi

# Sustainability

**Corporate Responsibility**

- Limited resources/future generations
- PR
- Better performance




# Sustainability – sample projects

**Cooperation with RGD (Governmental Leasing Agency)**

- **Quick Win**
- **Energy efficiency labels**

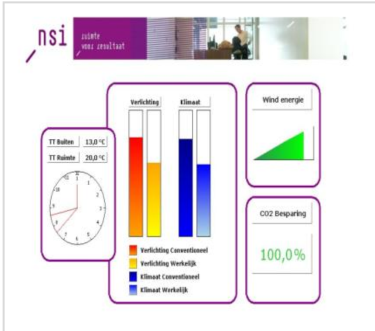
**Status**

- **9 properties (total value 29.500 m$^2$) with label**
- **2 properties below level C**
- **In cooperation with tenant : study for improvement**
- **For all properties Quick Win analysis**

# NSI’s sustainable office – practice what you preach

Existing office made sustainable

- Extremely efficient lighting (LED)
- Presence detection / day light / timer
- Energy generation on location (wind and solar)
- Continuous monitoring of energy generation and consumption
- Improvement from energy label F to A (in 8 weeks)
- 16% energy generation on location + ‘green’ purchase
- 40% energy savings
- 37% decrease of $CO_2$-emission (90% with ‘green’ purchase)

# Financials


Fribourg Pérolles


Silvergate Zug

# Consolidated balance sheet

| (x €1,000) | NSI Up to Q3 2011 | VNOI Up to Q3 2011 | Combined Up to Q3 2011 |
|---|---|---|---|
| Total fixed assets | 1,363,083 | 946,869* | 2,309,952 |
| Total current assets | 16,278 | 16,493 | 32,771 |
| Total assets | 1,379,361 | 963,362 | 2,342,723 |
| | | | |
| Total equity attributable to shareholders | 550,210 | 367,902** | 918,112 |
| Total long-term liabilities | 616,408 | 477,716 | 1,094,124 |
| Total current liabilities | 212,743 | 117,744 | 330,487 |
| **Total equity and liabilities** | **829,151** | **963,362** | **2,342,723** |

* excluding full value of Intervest Offices @ €33m
** including minority share

# VNOI – NSI Accounting 'Specials'

- Release payments by tenants
  - NSI: Q1 2010: La Tour (E&Y) €2.0m fully to P&L
  - VNOI: Q3 2010 Tibotec (Belgium) €5.5m to provisions with amortization through P&L
    Q3 2011 provision reversed to 2010 for €2.7m
- (Asset) valuation of Intervest Offices: significantly lower on corporate level
- Hedge accounting: partially adopted by VNOI, will not be adopted by NSI

# Total result

| | NSI Up to Q3 2011 | VNOI Up to Q3 2011 | Combined Up to Q3 2011 |
|---|---|---|---|
| Gross rental income | 77,389 | 56,047 | 133.436 |
| Service costs not recharged | - 1,282 | - 1,362 | - 2.644 |
| Operating costs | - 10,814 | - 6,389 | - 17.203 |
| **Net rental income** | **65,293** | **48,296** | **113.589** |
| Revaluation of investments | - 18,873 | - 25,938 | - 44.811 |
| Net result on investments | 707 | - 19,812 | - 19,105 |
| **Total net proceeds from investments** | **47,127** | **2,546** | **49,673** |
| Administrative costs | - 4,964 | - 9,240 | - 14,204 |
| Net financing results | - 33,296 | - 24,814 | - 58,110 |
| **Result before tax** | **8,867** | **- 31,508** | **- 22,641** |
| Corporate income tax | 660 | 2,753 | 3,413 |
| **Result after tax** | **8,207** | **- 34,261** | **- 26,054** |
| **Investment result attributable to non-controlling interests** | **-** | **- 6.244** | **- 6,244** |
| Exchange-rate differences on foreign participations | 159 | - | 159 |
| **Total result attributable to shareholders** | **8,366** | **- 40.505** | **- 32,139** |

# Consolidated direct investment result

| | NSI<br>2011<br>x €1,000 | VNOI<br>2011<br>X 1,000 | Combined<br>2011<br>x €1,000 |
|---|---|---|---|
| Gross rental income | 77,389 | 56,047 | 133,436 |
| Service costs not recharged | - 1,282 | - 1,362 | - 2,644 |
| Operating costs | - 10,814 | - 6,389 | - 17,203 |
| Net rental income | 65,293 | 48,296 | 113,589 |
| Financing result | - 23,738 | - 21,629 | - 45,367 |
| Administrative costs | - 2,361 | - 4,306 | - 6,667 |
| Direct investment result before tax | 39,194 | 22,361 | 61,555 |
| Corporate income tax | 52 | 241 | 293 |
| **Direct investment result after tax** | **39,142** | **22,120** | **61,262** |
| **Direct investment result attributable to minority interests** | **-** | **- 7,460** | **- 7,460** |
| **Direct investment result attributable to shareholders** | **39,142** | **14,660** | **53,802** |

nsi

# Operating costs

| x €1,000 | NSI 2011 | VNOI 2011 | Combined 2011 |
|---|---|---|---|
| Municipal taxes | 2,706 | 1,038 | 3,744 |
| Insurance premiums | 483 | 127 | 610 |
| Maintenance costs | 1,883 | 2,699 | 4,582 |
| Contributions to owners' associations | 453 | - | 453 |
| Property management | 2,322 | 1,681 | 4,003 |
| Rental costs | 2,104 | 805 | 2,909 |
| Other expenses | 863 | 39 | 902 |
| **Total** | **10,814** | **6,389** | **17,203** |

nsi

# Consolidated indirect investment result

| x €1,000 | NSI 2011 | VNOI 2011 | Combined 2011 |
|---|---|---|---|
| Revaluations of investments | - 18,873 | - 25,938 | - 44,811 |
| Net result on sales of investments | 707 | - 19,812 | - 19,105 |
| Result other investments | - 2,603 | - | - 2,603 |
| Merger costs | - 1,584 | - 4,934 | - 6,578 |
| Movements in market value of financial derivatives | - 6,862 | - 3,185 | - 10,047 |
| Exchange-rate differences | - 93 | - | - 93 |
| Allocated management costs | - 1,019 | - | - 1,019 |
| **Indirect investment result before tax** | **- 30,327** | **- 53,869** | **- 84,196** |
| Corporate income tax | 608 | 2,512 | 3,120 |
| **Indirect investment result** | **- 30,935** | **- 56,381** | **- 87,316** |
| **Indirect investment result attributable to minority interest** | **-** | **1,216** | **1,216** |
| **Indirect investment result attributable to shareholders** | **- 30,935** | **- 55,165** | **- 86,100** |

nsi

# Financial ratios

| x €1,000 | NSI Up to 2011 | VNOI Up to 2011 | Combined Up to 2011 |
|---|---|---|---|
| Investments | 1,348,991 | 935,382* | 2,284,373* |
| Shareholders' equity | 551,029 | 255,212 | 806,241 |
| Debts to credit institutions (excluding derivatives) | 760,228 | 539,131 | 1,299,359 |

| | NSI Up to 2011 | VNOI Up to 2011 | Combined Up to 2011 |
|---|---|---|---|
| Loan to value (%) | 56.4 | 57.3* | 56.9* |
| Average interest rate (%) | 4.1 | 4.7 | 4.4 |
| Average maturity loans | 1.8 | 2.9 | 2.1 |
| Fixed interest loans (%) | 91.7 | 89.3 | 90.7 |
| Interest coverage ratio | 2.7 | 2.0 | 2.4 |
| NAV | 12.73 | 13.41 | 13.34 |
| EPRA NAV | 13.58 | 14.50 | 14.31 |

* excluding full value of Intervest Offices @ €33m

nsi

# Duration loans