NSI N.V.

(*a closed-end investment company with variable capital (beleggingsmaatschappij met veranderlijk kapitaal) under Dutch law, with its corporate seat in Amsterdam, the Netherlands*)

Admission to trading of 75,000,000 new ordinary shares with a nominal value of €0.46 each in the capital of NSI N.V.

On 8 November 2013, NSI N.V. ("**NSI**" or the "**Company**") announced the placement of 75,000,000 new ordinary shares with a nominal value of €0.46 per share (the "**New Ordinary Shares**") at an issue price of €4.00 per New Ordinary Share (the "**Issue Price**") for a total subscription amount of €300,000,000 by means of certain private placements. A group of investors pre-committed to participate in the placement and have subscribed for New Ordinary Shares for an aggregate amount of approximately €220,000,000 (the "**Pre-Placements**"). Through further private placements, the other New Ordinary Shares for an aggregate amount of approximately €80,000,000 have been subscribed for by other investors, as announced by the Company on 11 November 2013 (such placements, the "**Private Placements**" and together with the Pre-Placements, the "**Placement**").

Settlement of the Placement through the issuance of the New Ordinary Shares against payment of the aggregate Issue Price is expected within 3 business days of the date of publication of this Prospectus (the "**Settlement Date**"). The Company will apply for the admission to trading of the New Ordinary Shares ("**Listing**") on NYSE Euronext in Amsterdam ("**Euronext Amsterdam**"). The Company expects that trading in New Ordinary Shares on Euronext Amsterdam will commence at or around 9:00 (CET) on the Settlement Date. The Company's ordinary shares with a nominal value of €0.46 each (the "**Ordinary Shares**") issued and outstanding at the date hereof are traded on Euronext Amsterdam under the symbol "**NISTI**" and with the ISIN NL 0000292324.

This Prospectus contains information in respect of the the Company, the Ordinary Shares and the New Ordinary Shares. Capitalised terms used in this Prospectus have the meanings set out in the section headed "**Definitions**".

This Prospectus constitutes a prospectus for the purposes of article 3(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010, including all relevant implementing measures (the "**2010 PD Amending Directive**") to the extent implemented in the Netherlands), including all relevant implementing measures (the "**Prospectus Directive**") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**FMSA**") and the rules promulgated thereunder. This Prospectus has been filed with and approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**").

The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the "**United States**") or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless they are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available.

Distribution of this Prospectus may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Prospectus are urged to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. NSI disclaims all responsibility for any violation of such restrictions by any person.

This Prospectus is prepared by the Company solely in connection with and for the purpose of the admission of the New Ordinary Shares to trading on Euronext Amsterdam. This Prospectus does not constitute and cannot be deemed to constitute an offer to sell, or the solicitation of an offer to buy, or an offer to subscribe for or othwerwise purchase any Ordinary Shares or any other securities issued by the Company.

This Prospectus is dated 19 November 2013

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1. SUMMARY

*The summary set out below complies with the requirements of the Prospectus Directive and Commission Regulation (EC) No 809/2004 of 29 April 2004 (and amendments thereto) (the "**Prospectus Regulation**"), including the disclosure requirements set out in Annex XXII to the Prospectus Regulation. These requirements apply to the New Ordinary Shares and the summary set out below is addressed to potential investors in the New Ordinary Shares. The Prospectus Regulation specifies a mandatory order for the sections and elements set out below and the use of the designation "not applicable" for any element specified below where either no relevant information falls to be disclosed or the requirement is not applicable for any reason. The titles set out in each of sections A through D below are themselves summaries of the requirements set out in Annex XXII to the Prospectus Regulation. This summary has been prepared on the basis that Annexes I, III and XV to the Prospectus Regulation and certain specialist issuer requirements are applicable to the admission of New Ordinary Shares and, as a result, the elements referred to below are deliberately not consecutively numbered.*

Section A – Introduction and warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the Economic European Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the New Ordinary Shares.
A.2	Consent by NSI to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	Not applicable: there will be no subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	The legal and commercial name of the issuer.	NSI N.V.
B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.	NSI is a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law, having its seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its registered office at Antareslaan 69-75, 2132 JE Hoofddorp, the Netherlands, and registered with the Dutch Chamber of Commerce under number 36040044. NSI is an investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) operating under Dutch law.
B.3	A description of, and key factors relating to, the nature of the issuer's current	NSI is a property investment and management firm. Its Portfolio predominately comprises investments in offices and retail in the Netherlands and Belgium. Besides these

	operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.	core segments, NSI owns a number of residential and industrial properties. The Group's first and most important operational activity is property management. Property management encompasses both NSI's commercial leasing department as well as its technical department. These departments are in a regular dialogue with the tenants (and potential tenants) to deal with the desires of the (potential) tenants and to make sure that the properties are in the best possible technical condition. Main focus point is the reduction of the vacancy rate through a sophisticated system of pipeline management. The second operational activity is asset management, which means the acquisition and disposal of properties, including market analysis and hold/sell analysis. NSI does not invest in all types of real estate. NSI believes that specialisation and focus are essential in order to realise the best possible return from a real estate portfolio. NSI concentrates on retail and offices, aiming for a balanced mix, consistent with development of the asset cycle in both markets. Finally, the third operational activity is the construction & development department. This department is responsible for locating and creating added value in the Portfolio. The activities range from the realisation of expansion opportunities in existing shopping centres or offices – in order to be able to provide a client with a tailor-made solution – to the complete revitalisation of existing locations. Sustainability is a key item in the operational activities of the construction and development department. These operational activities are supported by a small staff of control & administration and legal affairs, HR and PR employees.
B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates.	The financial markets crisis and the global economic downturn that followed have had worldwide negative effects, including in the markets in which the Group's properties are mainly located, the Netherlands and Belgium. The crisis has affected the international debt and equity markets, which has resulted in increased funding cost and a limited availability of financing sources. In the Netherlands, the economic uncertainty has contributed to deterioration in the consumer and investment climate, affecting the real estate market, and in particular the retail and office sectors. Household consumption is under severe pressure due to the decreased purchasing power and disposable income, declining house prices and the deteriorating situation of pension funds and consumer confidence, all of which have put pressure on retailers' profit. This, together with reduced availability of financing, has prompted certain retailers to scale back or postpone their expansion plans, which has made it more difficult for retail property managers to find appropriate tenants. In addition, the economic environment has resulted in office users taking a more critical attitude to total premises costs, making

		them less willing to move to other premises in the absence of discounts, rent-free periods and other incentives. This makes it hard to attract new office tenants, while on the other hand offering opportunities to retain current tenants. In addition, decreases in employment and increases in employees working from home have put downward pressure on demand for office properties. The economic crisis also has had an adverse effect on the market values of real estate, causing a negative revaluation of the Group's properties.
B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group.	NSI is a holding company with no material, direct business operations. The principal assets of NSI are the equity interests it directly or indirectly holds in its operating subsidiaries.
B.6	In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.	Mr. H. Habas, Mr. B. Habas and Mr. Y. Habas (indirectly through Habas H.Z. Investments (1960), Ltd., Habas Star B.V. and Habas Tulip B.V.) together have a shareholding interest of 20.03% and a voting interest of 20.27%. Norges Bank (has a shareholding and voting interest of 3.13%). The percentages are as shown in the register of the AFM. These shareholders do not have other voting rights than other shareholders. The Issuer is not directly or indirectly owned or controlled by any person.
B.7	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period	The following selected consolidated financial information for the years ended 31 December 2012, 2011 and 2010 is derived from NSI's audited consolidated financial statements 2012, 2011 and 2010 that have been incorporated by reference in this Prospectus. The unaudited consolidated financial information for each of the nine months period ended 30 September 2013 and 2012 is derived from NSI's unaudited consolidated interim financial statements that have been incorporated by reference in this Prospectus.

	covered by the historical key financial information.	

Consolidated statement of comprehensive income (x €1,000)

	Up to Q3				
	2013	**2012**	**2012**	**2011**	**2010**
Gross rental income	**109,404**	**120,228**	**160,545**	**119,964**	**103,170**
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Revaluation of investments	-137,907	-98,276	-146,079	-37,753	-24,761
Net result on sales of investment	-1,998	-7,754	-7,870	835	-247
Total net proceeds from investments	**-47,015**	**-2,988**	**-16,615**	**64,579**	**63,677**
Administrative expenses	-6,457	-6,280	-9,023	-13,913	-5,932
- Financing income	227	84	165	71	106
- Financing expenses	-44,117	-41,605	-56,138	-39,846	-33,848
- Result from other investments	-	-	-	-1,278	1,283
- Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Net financing result	-21,631	-60,697	-75,342	-54,661	-32,131
Result from bargain purchase	-		-	68,161	-
Result before tax	**-75,103**	**-69,965**	**-100,980**	**64,166**	**25,614**
Corporate income tax	-153	784	1.199	-887	-530
Result after tax	**-75,256**	**-69,181**	**-99,781**	**63,279**	**25,084**
Exchange-rate differences on foreign participations	-2	70	55	164	554
Total non realised result	**-2**	**70**	**55**	**164**	**554**
Total comprehensive income	**-75,258**	**-69,111**	**-99,726**	**63,443**	**25,638**

Consolidated statement of financial position before profit appropriation (x €1,000)

	30 September		31 December		
	2013	**2012**	**2012**	**2011**	**2010**
Assets					
Real estate investments	1,855,973	2,117,210	2,036,114	2,321,813	1,360,689
Intangible assets	8,499	8,486	8,486	8,509	8,505
Tangible fixed assets	2,949	3,836	3,750	3,890	3,409
Financial derivatives	429	-	666	-	471
Total fixed assets	**1,867,850**	**2,129,532**	**2,049,016**	**2,334,212**	**1,373,074**
Assets held for sale	7,935	37,544	69,977	-	-
Other investments	-	-	-	-	11,835
Debtors and other accounts receivable	24,820	21,554	21,915	13,957	2,305
Cash	12,049	7,601	7,007	4,399	2,885
Total current assets	**44,804**	**66,699**	**98,899**	**18,356**	**17,025**
Total assets	**1,912,654**	**2,196,231**	**2,147,915**	**2,352,568**	**1,390,099**
Shareholders' equity					
Issued share capital	31,372	30,773	31,372	27,732	19,914
Share premium reserve	657,912	658,527	657,912	637,054	451,076
Other reserves	-42,905	88,854	80,683	53,727	85,552
Unallocated result from financial year	-	-			25,084
Retained earnings	-88,480	-75,849	-103,117	62,705	-
Total shareholders' equity attributable to Shareholders	**557,899**	**702,305**	**666,850**	**781,218**	**581,626**
Minority interests	128,740	126,270	122,938	128,402	-
Total shareholders' equity	**686,639**	**828,575**	**789,788**	**909,620**	**581,626**
Liabilities					
Interest bearing loans	916,051	847,931	961,046	1,122,648	669,498
Financial derivatives	56,615	81,133	80,787	62,297	28,455
Deferred tax liabilities	157	670	164	1,678	929
Total long-term liabilities	**972,823**	**929,734**	**1,041,997**	**1,186,623**	**698,882**
Redemption requirement long-term	143,552	306,644	186,273	137,189	44,109

liabilities					
Financial derivatives	1,561	436	-	96	268
Debts to credit institutions	62,683	94,992	86,119	73,727	45,300
Other accounts payable and deferred income	45,396	35,850	43,738	45,313	19,914
Total current liabilities	**253,192**	**437,922**	**316,130**	**256,325**	**109,591**
Total liabilities	**1,226,015**	**1,367,656**	**1,358,127**	**1,442,948**	**808,473**
Total shareholders' equity and liabilities	**1,912,654**	**2,196,231**	**2,147,915**	**2,352,568**	**1,390,099**

Direct and indirect investment result

Management measures the Group's operating performance utilising certain direct and indirect investment result measures. These are supplemental measures of the Group's performance which are used for management purposes and should not be considered in isolation or as an alternative to net result or any other performance measure derived in accordance with IFRS. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies. This section contains financial information that has not been audited. This information has been prepared by NSI's management, on the basis of NSI's internal accounts.[1]

Consolidated direct and indirect investment result (x €1,000)

	Up to Q3				
	2013	**2012**	**2012**	**2011**	**2010**
Gross rental income	109,404	120,228	160,545	119,964	103,170
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Financing income	227	84	165	1,226	106
Financing costs	-43,980	-41,466	-56,011	-39,740	-32,943
Administrative costs	-4,548	-4,539	-6,469	-4,180	-3,346
Direct investment result before tax	**44,589**	**57,121**	**75,019**	**58,803**	**52,502**
Corporate income tax	-92	-231	-327	-165	-104
Direct investment result after tax	**44,497**	**56,890**	**74,692**	**56,638**	**52,398**
Direct investment results attributable to non-controlling interest	-8,421	-8,443	-11,287	-2,608	-
Direct investment result	**36,076**	**48,447**	**63,405**	**56,030**	**52,398**
Revaluation of investments	-139,277	-98,322	-146,219	-37,753	-24,761
Elimination of rental incentives	1,370	46	140	-	-
Revaluation of other investments	-	-	-	-2,433	1,283
Net result on sales of investments	-1,998	-7,754	-7,870	835	-247
Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Exchange-rate differences	-137	-139	-127	-106	-905
Allocated management costs	-1,909	-1,741	-2,554	-1,592	-1,303
Acquisition costs of Merger	-	-	-	-8,141	-1,283
Result from bargain purchase	-	-	-	68,161	-
Indirect investment result before tax	-119,692	-127,086	-175,999	-5,363	-26,888
Corporate income tax	-61	1,015	1,526	-722	-426
Indirect result after tax	**-119,753**	**-126,071**	**-174,473**	**-4,641**	**-27,314**
Indirect result attributable to minority interests	-4,803	1,775	7,951	2,034	-
Indirect investment result	**-124,556**	**-124,296**	**-166,522**	**6,675**	**-27,314**
Total investment result	**-88,480**	**-75,849**	**-103,117**	**62,705**	**25,084**
Data per average outstanding share x €1					
Direct investment result at end of period	0.53	0.76	0.99	1.19	1.26
Indirect investment result at end of period	-1.83	-1.96	-2.59	0.14	-0.66
Total investment result at end of period	**-1.30**	**-1.20**	**-1,60**	**1.33**	**-0.60**

[1] For a discussion on how the Group calculates direct and indirect investment results and their reconciliation to IFRS results, see Section 10.4 (*Operating and financial review - Other key performance indicators: direct and indirect investment result)*

Key figures

	Q3 2013	Q3 2012	2012	2011	2010
Result (x €1,000)					
Gross rental income (up to end of period)	109,404	120,228	160,545	119,964	103,170
Net rental income (up to end of period)	92,890	103,042	137,334	101,497	88,685
Direct investment result (up to end of period)	36,076	48,447	63,405	56,030	52,398
Indirect investment result (up to end of period)	-124,556	-124,296	-166,522	6,675	-27,314
Total investment result (up to end of period)	-88,480	-75,849	-103,117	62,705	25,084
Occupancy rate (in %)	80.7	80.5	81.1	84.1	90.0
Balance sheet (x €1,000)					
Real estate investments[2]	1,863,908	2,154,754	2,106,091	2,321,813	1,358,097
Equity including minority interests	686,639	828,575	789,788	909,620	581,626
Shareholders' equity attributable to Shareholders	557,899	702,304	666,850	781,218	581,626
Net debts to credit institutions (excluding other investments)	1,110,237	1,241,966	1,226,432	1,329,166	744,188
Loan-to-value (net debts to credit institutions/real estate investments in %)	59.6	57.6	58.2	57.2	54.8
Issued share capital					
Ordinary shares with a nominal value of €0,46 at end of period	68,201,841	66,897,112	68,201,841	60,282,917	43,286,677
Average number of outstanding ordinary shares at end of period	68,201,841	63,346,375	64,288,818	46,978,800	41,561,680
Data per average outstanding ordinary shares (x €1)					
Direct investment result	0.53	0.76	0.99	1.19	1.26
Indirect investment result	-1.83	-1.96	-2.59	0.14	-0.66
Total investment result	-1.30	-1.20	-1.60	1.33	0.60
Data per share (x €1)					
Cash dividend	0.19	0.75	0.86	1.19	1.26
Net asset value on 31 December	8.18	10.50	9.78	12.96	13.44
Net asset value according to the EPRA	9.03	11.73	10.95	14.02	14.11
Average stock-exchange turnover (shares per day, without double counting)	153,431	94,672	92,580	77,675	58,713
High price	7.00	9.70	9.70	15.34	16.00
Low price	4.86	5.95	5.95	8.28	13.25
Closing price	5.22	6.37	6.08	9.45	14.98

[2] Including assets held for sale

B.8	Selected key pro forma financial information, identified as such. The selected key pro forma financial information must clearly state the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.	Not applicable.
B.9	Where a profit forecast or estimate is made, state the figure.	Not applicable.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information.	Not applicable.
B.11	If the issuer's working capital is not sufficient for the issuer's present requirements an explanation should be included.	Not applicable.
B.33	Certain information from Annex I of the Prospectus Directive	Please see B.1, B.2, B.5, B.6, B.7, B.8, B.9, B.10, C.3, C.7 and D.2.
B.34	A description of the investment objective and policy, including any investment restrictions, which the collective investment undertaking will pursue with the description of the instruments used.	The investment objective of NSI is to invest funds, exclusively or almost exclusively in immovable property, such that the risks thereof are spread, in order for the returns to be divided amongst the Shareholders. To this end, NSI strives to offer tenants durable accommodation enabling them to operate their business successfully over the long term, and consequently aims to offer institutional and private investors a sustainable return on their invested capital. NSI aims to realise this by investing in offices and retail properties in attractive and high yielding locations and by managing its Portfolio 'best in class'. NSI may amend its investment policy only in compliance with the FMSA. This means that, in principle , a proposal to change this policy must be published in a Dutch newspaper with a nationwide circulation and on NSI's website (www.nsi.nl). The AFM must be separately notified of any such proposal. The change may, in principle, not be given effect until one (1) month has passed after the date of publication of the proposed change.
B.35	The borrowing and/or leverage limits of the collective	The ability of the Group to obtain debt financing is impacted by its qualification as an FII under Dutch corporate tax law and the resulting limitations on the

	investment undertaking.	level of its indebtedness or restrictions contained in its current or future credit agreements.[3]
B.36	A description of the regulatory status of the collective investment undertaking together with the name of any regulator in its country of incorporation.	NSI qualifies as a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law. It has no obligation to redeem or to issue Ordinary Shares. NSI was granted a licence to act as an investment company under the predecessor of the FMSA by DNB on 8 august 1995. This licence was renewed on 13 July 2006 (article 2:65(1)(b) of the FMSA). For the purposes of the FMSA, NSI is self-managed and therefore does not have a separate management company (*beheerder*). NSI is supervised by the AFM with regard to its conduct of business and by DNB with regard to prudential rules.
B.37	A brief profile of a typical investor for whom the collective investment undertaking is designed.	NSI's investments are diversified in asset classes (offices, retail and others) and geographically (The Netherlands and Belgium, but also within these countries. Due to this diversified profile, NSI attracts a wide range of investors. NSI is attractive for an investor who wishes to invest in a closed-end investment company whose dividend policy is focused on the payment of a sustainable dividend with due consideration to the financing and investment requirements of the existing portfolio of such company and with the pay out of 85-100% of the direct result as a basis.
B.38	More than 20% of the gross assets of the collective investment undertaking is (a) invested, directly or indirectly, in a single underlying asset, (b) invested in one or more collective investment undertakings which may in turn invest more than 20% of gross assets in other collective investment undertakings or (c) exposed to the creditworthiness or solvency of any one counterparty, the identity of the entity should be disclosed together with a description of the exposure (e.g. counter-party) as well as information on the market in which its securities are admitted.	Not applicable.
B.39	Investment in excess of 40% of its gross assets in another collective investment undertaking	Not applicable.
B.40	A description of the applicant's	The following parties provide services to the Group for

[3] See Section 15 (*Regulatory matters and tax status of the Group*) for a description of the limitations on the incurrence of debt imposed by the FII status.

	service providers including the maximum fees payable	the following fees: • CB Richard Ellis, who acts as appraiser of the Portfolio for an annual fee of €20,100 (excluding VAT); • Cushman & Wakefield, who acts as appraiser of the Dutch portfolio for an annual fee of €49,000 (excluding VAT); • Cushman & Wakefield, who acts as appraiser for IO for an annual fee of €110,352 (excluding VAT); • DTZ Zadelhoff v.o.f., who acts as appraiser of the Portfolio for an annual fee of €56,000 (excluding VAT); • Jones Lang LaSalle, who acts as appraiser of the Portfolio for an annual fee of €26,800 (excluding VAT); • Stadim, who acts as appraiser for IO for an annual fee of €41,424 (excluding VAT); and • Troostwijk Taxaties B.V., who acts as appraiser of the Portfolio for an annual fee of €111,300 (excluding VAT).
B.41	The identity and regulatory status of any investment manager, investment advisor, custodian, trustee or fiduciary (including and delegated custody arrangements)	For the purposes of the FMSA, NSI is self-managed and therefore does not have a separate management company (*beheerder*).
B.42	A description of how often the net asset value of the collective investment undertaking will be determined and how such net asset value will be communicated to investors.	The Group's real estate investments are carried at fair value. For the Dutch Portfolio, the Group uses an appraisal management system whereby the fair value of all real estate investments is determined internally each quarter. NSI has developed a model for the internal valuation of all properties. This model is directly linked to a real estate and accounting system. These internal valuations are updated quarterly on the basis of market value. When no actual market value in an active market is available, valuations are being determined on the basis of a net initial yield calculation, in which the net market rents are being capitalised. The valuation thus produced is published by NSI in its quarterly reports and in the annual and semi-annual reports. Once every quarter, at least a quarter of the Dutch Portfolio is fully appraised by an independent external appraiser. This means that the whole Dutch Portfolio is appraised externally at least once a year. These external appraisals are the basis for the internal valuations in the quarter the appraisal is performed and are used for comparison and control for the internal valuations during the other quarters. For the Belgian Portfolio, all real estate investments are appraised by an independent external appraiser every

		quarter. External valuations are performed by several expert and reputable appraisers. These valuations are compared with the internal valuations and analysed with regard to the methods and assumptions used and the results thereof[4]. There are certain differences between the reporting on the Group's properties by the appraisers in the Valuation Reports and the description and valuation of those properties by NSI in its financial statements. For the period under review, the discrepancies between internal and external valuations were as follows: 30 September 2013: -0,05%; 31 December 2012: 0.78%; 30 September 2012: 0,54%; 31 December 2011: 0.62% and 31 December 2010: 0.92%).
B.43	In the case of an umbrella collective investment undertaking, a statement of any cross liability that may occur between classes or investment in other collective investment undertaking.	Not applicable.
B.44	Availability historical key financial information	Please refer to B7.
B.45	A description of the collective investment undertaking's portfolio.	NSI's Portfolio predominately comprises investments in offices and retail in the Netherlands and Belgium. Besides these core segments, NSI owns a number of residential and industrial properties. The following table sets out the Portfolio per 30 September 2013.

Portfolio

	Number	**Lettable m²**	**Theoretical Annual Rent (x €1,000)**	**Occupancy rate %**	**Market value (x €1,000)**
The Netherlands	265	1,023,480	132,144	79.1%	1,276,499
Switzerland	1	2,267	462	86.0%	7,935
Belgium	38	640,942	51,022	84.8%	579,474
Total	**304**	**1,666,689**	**183,628**	**80.7%**	**1,863,908**

B.46	An indication of the most recent net asset value per security (if applicable).	The following table sets out the most recent net asset value per share of the Issuer

[4] The Group's valuation methodology is described in note 9 to NSI's 2013 consolidated interim report as per 30 September 2013, in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – Internal valuation*) and in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – External valuation*).

Net Asset Value per share

(x €1)	30 September 2013	30 September 2012	31 December 2012	31 December 2011	31 December 2010
Net asset value per share	**8.18**	**10.50**	**9.78**	**12.96**	**13.44**

Section C – Securities		
C.1	A description of the type and the class of the securities being admitted to trading, including any security identification number.	The securities being admitted to trading are Ordinary Shares in the Company. **Codes for the New Ordinary Shares** Symbol: NISTI International Securities Identification Number ("**ISIN**") code: NL0000292324 Common code: 009524738
C.2	Currency of the securities issue.	The New Ordinary Shares will be denominated in euro.
C.3	The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have not par value.	At the date of this Prospectus, NSI's authorised share capital comprises 216,453,385 Ordinary Shares with a nominal value of €0.46 each. At the date of this Prospectus, 68,201,841 Ordinary Shares were issued and outstanding.
C.4	A description of the rights attached to the securities.	Each New Ordinary Share entitles its holder to cast one vote at NSI's general meeting of Shareholders, being the corporate body, or where the context requires so, the physical meeting (the "**General Meeting**"). There are no voting restrictions, other than that NSI has no voting rights on the Ordinary Shares that it holds in treasury. The New Ordinary Shares will be eligible for any dividends which NSI may declare on Ordinary Shares after the Placement. Existing holders of Ordinary Shares do not have statutory pre-emption rights (*wettelijke voorkeursrechten*) in respect of the New Ordinary Shares.
C.5	A description of any restrictions on the free transferability of the securities.	There are no restrictions on the transferability of the Ordinary Shares under the Articles of Association. However, the transfer of New Ordinary Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions.
C.6	An indication as to whether the securities are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.	Application has been made for admission to listing and trading of the New Ordinary Shares on Euronext Amsterdam. NSI expects that trading in the New Ordinary Shares on Euronext Amsterdam will commence at or around 9:00 (CET) on the Settlement Date. The New Ordinary Shares will be traded on Euronext Amsterdam under the symbol "NISTI", ISIN code NL0000292324 and common code 009524738.
C.7	A description of dividend policy.	The dividend policy of NSI is focused on the payment of a sustainable dividend with due consideration to the financing and investment requirements of NSI's existing Portfolio. The basic principle of the new dividend policy is

		that the pay-out ratio set at a level allow the funding of regular capital requirements from funds of operations. Average capital expenditure requirements in properties are in general between 0-15% of the direct result per year. This means that NSI will typically distribute 85-100% of the direct result as dividend in cash, with the possibility to offer optional stock dividend in case the circumstances are supportive, on a quarterly basis. In addition, NSI has linked the dividend policy to the loan-to-value performance of NSI. The pay-out ratio will be determined by the loan-to-value ratio, until NSI has achieved its loan-to-value target of below 55%. If the Group LTV ratio (post-dividend) is above 55% but below 60%, the pay-out ratio will be 50% of the direct investment result in cash. If the Group LTV ratio (post-dividend) is above 60%, the pay-out ratio will be 50% distributed as stock dividend until the loan-to-value ratio has been reduced to a level below 60%. The dividend pay-out in relation to the Group LTV ratio will be determined on a quarterly basis.[5]

Section D – Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry.	**Risks relating to the Group and the sector in which it operates** 1. The Group is exposed to risks relating to real estate investments. 2. The crisis in the real estate and financial markets and the global economic downturn has had and may continue to have negative consequences for the Group's results of operations and financial condition. 3. The Group is exposed to the risk of revaluations with respect to its properties. 4. The business of the Group may be adversely affected by changes in consumer behaviour, including the Internet shopping trend observed by the Group. 5. 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 the Group is active, could materially adversely affect the businesses, financial condition, operational results or prospects of the Group. 6. The business, results of operations and financial condition of the Group depend on the Group'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. 7. The Group is subject to certain mandatory laws that

[5] See also Section 9.5.1 (*Business – Recent developments – Financing developments*).

		limit its ability to terminate leases. 8. Competition in the property market may adversely affect the Group's revenue and profitability. 9. Real estate valuations are based on methods and other considerations that are not only subject to change but are inherently subjective and uncertain, and valuation reports, such as the ones contained in this Prospectus, may not accurately reflect the value of the real estate at which the properties could actually be sold to which the reports relate. 10. The Group is exposed to risks arising from the illiquidity of the Portfolio. 11. The Group 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. 12. The Group is exposed to risks related to and resulting from the acquisition of real estate properties. 13. Increased maintenance and redevelopment costs could adversely affect the Group's results. 14. The Group is exposed to risks relating to ground leases (*erfpacht*). 15. The Group is exposed to credit risk on rent payments from its tenants. 16. Loss of its managerial staff and other key personnel could hamper the ability of the Group to fulfill its strategies. 17. The Group 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. 18. The Group could be exposed to catastrophic events, such as fire, flooding, landslides and subsiding land. 19. The Group may be liable for environmental issues on or in its properties or may be exposed to environmental claims. 20. The Group 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. 21. If the Group 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. 22. The real estate sector is susceptible to fraud.

		Risks relating to the financing of the Group's activities 1. Access to capital on acceptable terms necessary for maintaining, growing and developing the Group's business and Portfolio may be difficult. 2. The Group 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. 3. 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. 4. The Group may not be successful in achieving its target financing structure. 5. The Group is exposed to interest rate risks. 6. The Group is exposed to interest rate risks and may have exposure in case of the unwinding of certain swaps **Risks relating to the structure of the Group** 1. Uncertainty with regard to the future position of Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V. 2. 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. 3. 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. 4. NSI could suffer adverse consequences if it fails to maintain its status as an FII. 5. A material change in the laws and regulations to which the Group 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 the Group. 6. The AIFMD (as defined below) might alter the regulatory position of the Group. 7. Shareholders may have difficulties protecting their interests as Shareholders as NSI is a closed-end investment company with variable capital under Dutch law. 8. IO operates independently from NSI and NSI may not receive any dividends from IO.

		9. 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.
D.3	Key information on the key risks that are specific to the securities.	**Risks relating to the Ordinary Shares** 1. The market price of the Ordinary Shares may fluctuate and may decline below the Issue Price. 2. 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 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. 3. Issuance of additional equity could lead to a dilution of Shareholders' stakes. 4. 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. 5. Shareholders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro. 6. 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. 7. 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. 8. If securities or industry analysts do not publish research or reports about the Group'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. 9. If settlement of the Placement or Pre-Placement does not take place, there may be consequences for the Group which could have a material adverse effect on the Group's business, its financial condition, results of operations and prospects and the market price of the Ordinary Shares.

Section E – Issue

E.1	The total net proceeds and an estimate of the total expenses of the issue, including estimated expenses charged to the investor by the issuer.	The net proceeds of the Placement after deduction of fees, including placing and underwriting commissions, expenses and applicable taxes (being approximately €11.6 million) will be approximately €288.4 million. These estimated fees and expenses include, amongst other things, the fees due to the AFM, Euronext Amsterdam N.V., the commission of the Placement Agents, and legal and administrative expenses and publication costs.
E.2a	Reasons for the Placement, use of proceeds, estimated net amount of the proceeds.	With the net proceeds of the Placement the Company intends to strengthen its balance sheet and take advantage of potential market opportunities in the Dutch market. NSI intends to use approximately 52% of the net proceeds of the Placement to structurally reduce the Company's debt and to use the remainder for repayment of debt whereby the underlying credit facilities will remain available for the Company to fund future investments when opportunities arise, for example through investments in existing properties or acquisitions.
E.3	A description of the terms and conditions of the Placement.	**Issue Price** €4.00 per New Ordinary Share **Pre-emptive rights** Existing holders of Ordinary Shares do not have statutory pre-emption rights (*wettelijke voorkeursrechten*) in respect of the New Ordinary Shares.
E.4	A description of any interest that is material to the issue including conflicting interests.	The Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking, financial advisory, lending and ancillary activities in the ordinary course of their business with NSI (or any parties related to NSI) for which they have received or may in the future receive customary compensation. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality by internal procedures or applicable rules and regulations (including those issued by the AFM). Additionally, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) may have held, may currently hold and may in the future hold NSI's securities for investment, in the ordinary course of their business.
E.5	Name of the person or entity issueing the security. Lock-up agreements: the parties involved; and indication of the period of the lock up.	Under the Placing and Underwriting Agreement, NSI has agreed with the Placement Agents that it will not (and will procure that no other group company will), without the prior written consent of the Placement Agents, acting jointly, which shall not unreasonably be withheld, at any time prior to the date which is 180 days after the Settlement Date (except for (i) the grant of options under, and the issue of Ordinary Shares pursuant to options granted under, the Company's existing share option schemes, in each case in accordance with normal practice and (ii) the issue of Ordinary Shares by the Company by way of stock-dividend): (a) issue, offer, lend, pledge, sell, contract to sell or

		issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any rights in respect of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any securities of the Company; or (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of securities, in cash or otherwise.
E.6	The amount and percentage of immediate dilution resulting from the Placement.	Existing holders of Ordinary Shares that could not participate in the Placement will suffer a dilution of their proportionate ownership and voting rights of approximately 52% as a direct result of the Placement.
E.7	Estimated expenses charged to the investor by the issuer.	Not applicable: no expenses have been or will be charged to investors by NSI in relation to the Placement.

2. RISK FACTORS

*Before making your investment decision in respect of the Ordinary Shares, you should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties. If any of the following risks actually occurs, the business of NSI together with its group companies (the "**Group**"), results of operations or financial condition or the price of the Ordinary Shares could be materially adversely affected. In that event, the value of the Ordinary Shares could decline and you might lose part or all of your investment. The Group believes that the risks and uncertainties described below are the material risks and uncertainties facing the Group's business. Additional risks and uncertainties presently unknown to the Group or that the Group currently deems immaterial may also have a material adverse effect on the Group's business, results of operations or financial condition and could negatively affect the price of the Ordinary Shares. All of these factors are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously.*

You should also read the detailed information set out elsewhere in this Prospectus and should reach your own views before making a decision with respect to any Ordinary Shares. Furthermore, before making an investment decision with respect to any Ordinary Shares, you should consult your own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with such an investment decision and consider such an investment decision in light of your prospective personal circumstances.

2.1. Risks relating to the Group and the sector in which it operates

2.1.1. The Group is exposed to risks relating to real estate investments.

Investing in real estate is generally subject to various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of the office and retail sectors (including tenants), buyers and sellers of real estate, changes in availability of debt financing, changes in interest rates, real estate tax rates and other operating expenses, environmental laws and regulations, planning laws and other governmental rules and fiscal policies, environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, energy prices, changes in the relative popularity of real estate types and locations leading to an oversupply of space or a reduction in demand for a particular type of real estate in a given market, and risks and operating problems arising out of the presence of certain construction materials.

These factors are discussed in more detail in the risk factors that follow and could, among others, cause fluctuations in rental income or operating expenses, worsening occupancy rates and decreases in the value of real estate investments, any of which could have a material adverse effect on the Group's results of operations and financial condition and, as a result, on the value of and return on Ordinary Shares.

2.1.2. The crisis in the real estate and financial markets and the global economic downturn has had and may continue to have negative consequences for the Group's results of operations and financial condition.

The financial markets crisis and the global economic downturn that followed have had worldwide negative effects, including in the markets in which the Group's properties are mainly located, the Netherlands and Belgium. The crisis has affected the international debt and equity markets, which has resulted in increased funding costs and a limited availability of financing sources. In the Netherlands, the economic uncertainty has contributed to deterioration in the consumer and investment climate, affecting a range of economic activities, including the real estate market, and in particular the retail and office sectors. Household consumption is under severe pressure due to the decreased purchasing power and disposable income, declining house prices and the deteriorating situation of pension funds and consumer confidence, all of which have put pressure on retailers' profit. This, together with reduced availability of financing, has prompted certain retailers to scale back or postpone their expansion plans, which has made it more difficult for retail property managers to find appropriate tenants. In addition, the economic environment has resulted in office users taking a more critical attitude to total premises costs, making them less willing to move to other premises in the absence of discounts, rent-free periods and other incentives. This makes it hard to attract new office tenants, while on the other hand offering opportunities to retain current tenants. In addition, decreases in employment and increases in employees working from home have put downward pressure on demand for office properties.

The economic crisis also has had an adverse effect on the market values of real estate, causing a negative revaluation of the Group's properties. Furthermore, the economic crisis has negatively affected real estate investments. Due to uncertainties and constraints in the credit markets and the general economic conditions, investments in European real estate in general slowed down considerably in 2010, 2011, 2012 and the first half of 2013 (*source: DTZ Zadelhoff* (*2013*)*, Waar vraag en aanbod elkaar vinden, de markt voor Nederlands commercieel onroerend goed, p. 12-13*). The Dutch economic environment is challenging and macro-economic indicators are pointing towards a persistent negative economic growth in 2013 and cautious recovery starting (in 2014 *Netherlands Bureau for Economic Policy Analysis* (*Centraal Planbureau*, "**CPB**") *–: Economische Vooruitzichten 2013 en 2014, Geactualiseerde Raming 14 augustus 2013*). In the Netherlands, weak consumer confidence has negatively affected retail tenants, and the office sector has experienced high vacancy rates, although the rate by which such vacancies have increased has declined since the beginning of Q4 2012. The situation in Belgium is similar to the Netherlands with the exception that an important part of the Group's Belgian activities is related to logistics properties, classified as *industrial*. This is a property segment that is still performing well despite the unstable general economic climate. Also, NSI may not be able to (fully) pass on the effects of inflation to its tenants.

The current economic crisis and any future market downturns could have further negative consequences for, among other things, the Group's results of operations, asset values, financial condition and equity base. These may in turn impair the Group's ability to comply with the covenants contained in its financing agreements and obtain financing on acceptable terms, and could increase the Group's financing cost. This would negatively affect the refinancing of the Group's existing real estate projects and the Group's new projects and acquisitions, which could jeopardise the Group's future performance. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Limitations on borrowings, restrictions and covenants*).

2.1.3. The Group is exposed to the risk of revaluations with respect to its properties.

In the consolidated financial statements of the Group, the investment properties held by it are recorded as assets based on the fair value method pursuant to the International Financial Reporting Standards as adopted in the European Union ("**IFRS**"). Any gain or loss arising from a change in the fair value of the Group's investment property is recognised as profit or loss for the period in which it arises.

The fair value of the properties of the Group, reflecting their market value, is subject to change. Generally, the market value of real estate properties depends on a variety of factors, some of which are exogenous and may not be within the control of the Group, such as decreasing demand for renting properties or occupancy rates in the markets in which the Group operates or movements in expected investment yields. In addition, many qualitative factors affect the valuation of a property, including the property's expected rental income, its condition and its location. Should the factors considered or assumptions made in valuing a property change, to reflect new developments or for other reasons, subsequent valuations may result in a change, be it upward or downward, of the fair value ascribed to such property. If such valuations reveal significant decreases in fair value compared to prior valuations, the Group will incur significant revaluation losses with respect to such properties. The Group's external debt financings contain certain covenants, such as requirements that the Group's ICR and LTV (both as defined below) may not be less than or greater than, respectively, certain thresholds. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Interest bearing debt*). The Group's compliance with certain covenants is dependent on, amongst others, the fair value of its properties. A decline in the fair value of such properties could affect the Group's compliance with these covenants, which could result in a mandatory refinancing of the existing debt facilities and/or financial distress leading to forced selling of assets, which could have material adverse effects on the Group's financial condition.

Also depending on its extent, a revaluation loss could have a material adverse affect on the business, assets and liabilities, results of operations and financial condition of the Group**.**

Since the start of the financial crisis in 2008, the Group's Portfolio has been affected by negative revaluations, especially the office Portfolio. It is possible that this negative trend will continue during the coming quarters. The negative revaluations are partially due to the increased vacancy rate in the Group's Portfolio, but also illustrate the high vacancy rate in the market generally, primarily as a result of the excess supply in the market. This puts real estate values under persisting pressure. In addition, there are only a few real estate transactions that can serve as a reference for determining market yields and market rents. As a result, assumptions now have greater influence on valuations. See Section 2.1.9 (*Risk factors – Risks relating to the Group and the sector in which it operates - 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, such as the ones contained in this Prospectus, may not accurately reflect the value of the real estate to which the reports relate*) below.

The first three quarters of 2012 were characterised by a very high level of downward revaluations, particularly in the Group's Dutch office Portfolio, which appeared to show a levelling off in the fourth quarter of 2012 but the level again increased in the first three quarters of 2013. The sentiment regarding European real estate and Dutch real estate in particular was negative, as a result of which many international investors resorted to other markets. This sentiment was also perceptible on the financial markets.

In the Dutch Portfolio, negative revaluations were €40.7 million in Q1 2013, €43.0 million in Q2 2013 and € 55.4 million in Q3 2013. Also see Section 10.2 (*Operating and financial review – Key factors affecting results of operations – Portfolio revaluations*) and Section 9.5.2 (*Business – Recent developments - Valuations*).

2.1.4. The business of the Group may be adversely affected by changes in consumer behaviour, including the Internet shopping trend observed by the Group.

Retail tenants have historically accounted for a significant portion of the Group's total rental income, representing 28.3% in 2012, 38.3% in 2011 and 42.0% in 2010. This may expose the Group to risks associated with changes in consumer behaviour, such as the advance of Internet shopping. The turnover in online spending in the Netherlands is estimated to have increased by 8% in the first half of 2013.[6] Even though the Group also sees opportunities for retailers to take advantage of/benefit from the Internet shopping trend (e.g. by combining web-based and physical locations) and for logistics companies (that store and ship goods acquired over the internet), the continued increasing use of Internet shopping generally adversely affects the business of the retailers and negatively influences the Group's business and results of operations.

2.1.5. 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 the Group is active, could materially adversely affect the businesses, financial condition, operational results or prospects of the Group.

Changes in supply and demand for real estate, including a contraction of the property market in the case of a continuing or further economic downturn in the markets in which the Group is active, both in retail and office properties, may negatively influence the occupancy rates of the Group's properties, the rent rates, and the level of demand and prices for such properties. In addition, such a downturn could result in an increased number of tenants facing bankruptcy. Please see also Section 2.1.15 (*Risk factors – Risks relating to the Group and the sector in which it operates - The Group is exposed to credit risk on rent payments from its tenants*) below. Similarly, the demand for shopping and office space may decrease as a result of an increase in available space and heightened competition for "quality" tenants. This would result in higher capital expenditure required to contract or retain tenants, lower rental income, lower rent rates and address higher vacancy rates and delays by existing tenants in the renewal of expiring lease agreements and shorter lease periods. In relation to the Group's shopping centres, loss of key or

[6] Source: Tritac.com

anchor tenants could also result in additional tenants deciding to leave as a result of reduced footfall. Furthermore, the Group may bear maintenance costs or investments for properties it cannot rent out, which would lower earnings and have a negative impact on the financing position of the Group. Any of the factors above could materially adversely affect the businesses, financial condition, operational results or prospects of the Group.

2.1.6. The business, results of operations and financial condition of the Group depend on the Group'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's ability to manage occupancy rates and vacancy risk of the Group's properties depends in large part on the condition of the markets in which the Group operates. Negative changes in any of the factors affecting the property market and its occupancy rates, including the economic situation, have affected and may in the future adversely affect the business of the Group.

Moreover, in Europe the office real estate market, and to a lesser extent the retail real estate market, is marked by excess capacity and rising vacancy rates. In the Netherlands, representatives of the parties operating in the real estate sector and certain government parties, including the Dutch government, signed an agreement called Office Vacancy Action Plan (*Aanpak Leegstand Kantoren*) focused on achieving a well-functioning office market and reducing excess capacity. However, due to the excess supply of offices, the market remains a tenant's market, which puts pressure on the rents.

The ability of the Group to manage occupancy rates and vacancy risk is also dependent upon the remaining terms of the current lease agreements, the financial position of current tenants and the attractiveness of its properties to current and prospective tenants. In order to retain current tenants and attract new tenants the Group may be required to offer reductions in rent, lease incentives, capital expenditure programs to renew, renovate and refurbish properties and other terms in its lease contracts that make such leases less favourable to the Group. The Group may not be successful in maintaining or increasing occupancy rates or successfully negotiating favourable terms and conditions in its leases. A failure to do so could have a material adverse effect on the business, financial condition and results of operations of the Group. Especially where larger tenants leave, cancel or do not renew a contract this may be the case.

As a result of these economic and market conditions, and partly as a result of the Merger with VastNed O/I, the Group's occupancy rates have decreased gradually over the last four years (2010: 90.0%; 2011: 84.1%; Q3 2012: 81.8%; 2012: 81.1%). However, In Q1 2013 the occupancy rate of the total Portfolio increased to 81.3% and continued to increase to 81.5% at the end of Q2 2013 before a decrease to 80.7% at the end of Q3 2013. The Group might not be able to maintain and increase overall occupancy rates in the future.

There can be no assurance that any of the factors described above will not continue in the future to have negative consequences for, among other things, the Group's results of operations, asset values, financial condition, the occupancy ratio and prospects. Also see Section 10.2 (*Operating and financial review – Key factors affecting results of operations - Duration and structure of tenant leases and occupancy rates*).

2.1.7. The Group is subject to certain mandatory laws that limit its ability to terminate leases

The lease of retail property in the Netherlands is subject to certain mandatory laws regarding tenant protection. Under these laws, the lease of retail property requires an initial lease period of at least 5 years, with an automatic extension up to 10 years in total. There are only limited possibilities for the landlord to terminate the lease after the first 5 years. Retail leases for a period of 2 years or shorter are excluded from this rule. The applicability of this legal regime limits the ability of the Group to terminate leases and adversely affects the flexibility to terminate, extend or amend lease agreements with such counterparties, which flexibility may be of particular relevance where properties are, or are to be, renovated or redeveloped.

2.1.8. Competition in the property market may adversely affect the Group's revenue and profitability.

One of the primary areas of focus of the Group is the active management of its real estate portfolio (the "**Portfolio**") through the renewal of leases with existing tenants and the acquisition of new tenants. The Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Other than the requirement for capital, there are few barriers to enter the property market. Some of the Group's competitors may have properties that are newer, better located or in superior condition to its properties or may have different operating models offering additional services to tenants. The competition for tenants may negatively affect the Group's ability to attract new tenants and retain existing tenants. It may also negatively influence the terms of its leases, including the amount of rent that the Group charges and the incentives to tenants that it provides, thereby adversely affecting the Group's business and results of operations.

In respect of retail properties, dominance of a shopping centre in a particular area is an important factor that determines the shopping centre's ability to compete for tenants. If there are several dominant centres in the same area, competition is more intense. As a result of the ongoing economic downturn in the Group's home markets, NSI is experiencing increased competition for tenants.

In addition to competition for tenants, the Group faces competition in acquiring and selling properties, including from property developers, property funds and property users. Some of the Group's competitors may have access to greater or less expensive sources of capital than the Group or may have more resources with which to pursue acquisitions. If competition for acquiring properties were to increase, the Group might have to pay higher prices for acquisitions and/or reduce the pool of properties that meets its investment criteria. Any increase in the number of properties on the markets or a general decreased interest for properties may adversely affect the price the Group is able to obtain for sales of its properties as well as increase the time required to conduct any such sales. Due to competitive pressure, the Group might be unable to make new investments or the Group might make investments at inflated prices.

2.1.9. Real estate valuations are based on methods and other considerations that are not only subject to change but are inherently subjective and uncertain, and valuation reports, such as the ones contained in this Prospectus, may not accurately reflect the value of the real estate at which the properties could actually be sold to which the reports relate.

The valuation of real estate is to a certain extent subjective due to the individual nature of each property and characteristics of the local, regional and national real estate markets, which change over time and may be affected by various factors and the valuation methods used. In addition, the Group's properties in the Netherlands are valued by six different external appraisers. In Belgium there are two external appraisers, one specialised in offices and one in logistics properties. As a result, valuations are subject to uncertainty and change. Furthermore, the lower number of real estate transactions in the recent past due to the economic crisis has made valuations less certain, as there is a limited number of comparisons. The methods for preparing the valuation reports included in this Prospectus (the "**Valuation Reports**") used by the appraisers may change, which may have an impact on the valuations of the Portfolio and the Valuation Reports. For example, changes in the lump sum valuation approach for vacant units could have a significant effect on the Group's valuation. In addition, valuations in the Valuation Reports, as well other valuations of the Portfolio, may not reflect actual sales prices even if any such sales were to occur shortly after the date of this Prospectus. To the extent that real estate included in the Valuation Reports has been overvalued, the Group may be required to write down the value of such real estate as recorded on the Group's balance sheet. Such a write down could have a material adverse effect on the Group's financial condition and profitability and, as a result, on the value of and return on Ordinary Shares.

The Group's real estate investments are carried at fair value. For the Dutch Portfolio, the Group uses an appraisal management system whereby the fair value of all real estate investments in the Netherlands is determined internally each quarter. NSI has developed a model for the internal valuation of all properties. This model is directly linked to the Group's real estate and accounting system. These internal valuations are updated quarterly on the basis of market value. When no actual market value in an active market is available, valuations are being determined on the basis of a net initial yield calculation, in which the net market rents are being capitalised. For instance, the value of the real estate investments implies an average net yield of 8.3% (2012: 8.0%). If the yields applied in the calculation to determine the valuation of real estate investments as per 30 September 2013 would be 100 basis points lower than those currently used, the value of the real estate investments would increase by 13.6% (2012: 14.2%). NSI's equity would in this case increase by €253.2 million (2012: €299.7 million). The loan-to-value would then decrease from 59.6% (2012: 58.2%) to 52.4% (2012: 51.0%). In case the net yield would have been 100 basis points higher, the opposite would apply. The valuation thus produced is published by NSI in its quarterly reports and in the annual and semi-annual reports.

Once every quarter, at least a quarter of the Dutch Portfolio is fully appraised by an independent and certified external appraiser. This means that the whole Dutch Portfolio is appraised externally at least once a year. These external appraisals are the basis for the internal valuations in the quarter the appraisal is performed and are used for comparison and control for the internal valuations during the other quarters. For the Belgian Portfolio, all real estate investments are appraised by an independent and certified external appraiser every quarter. External valuations are performed by several expert and reputable appraisers. These valuations are compared with the internal valuations and analysed with regard to the methods and assumptions used and the results thereof.

The Group's valuation methodology is described in note 9 to NSI's 2013 consolidated interim report as per 30 September 2013, Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – Internal valuation*) and in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – External valuation*). There are certain differences between the reporting on the Group's properties by the external appraisers in the Valuation Reports and the description and valuation of those properties by NSI in its financial statements. For the period under review, the discrepancies between internal and external valuations were as follows: 30 September 2013: -0.05%; 31 December 2012: 0.78%; 30 September 2012: 0.54%; 31 December 2011: 0.62% and 31 December 2010: 0.92%).

The valuation of the Group's Portfolio in the Netherlands is complicated by the market circumstances in the Netherlands, As there is a lack of real estate lease and/or sale transactions, there is no consistent real estate valuation benchmark (even when considering matters such as yield). This uncertainty makes it challenging to irrefutably valuate the Group's real estate investments in the Netherlands. Through its valuation methodology of continuously using both internal and external appraisals the Group aims to mitigate this risk.

The range of the yields, as used for the calculation of the property values, has grown over the first three quarters of 2013 (30 September 2013: between 5.7% and 17.0%; 31 December 2012: between 5.4% and 14.0%) as the value of the higher yielding properties declined faster than the values of the lower yielding properties.

While the methodologies set out above aim to provide a reliable value for the whole Portfolio on a quarter-by-quarter basis, there can be no assurance that such values will be accurate or that methods of valuation currently under discussion within the Group will not result in changes to current valuations.

2.1.10. The Group is exposed to risks arising from the illiquidity of the Portfolio.

The market for the types of properties the Group owns or is likely to acquire in the future has its limitations in terms of liquidity. Were the Group required to liquidate parts of the Portfolio on short notice for any reason, including raising funds to support its operations or repay outstanding indebtedness, or exiting an investment the Group no longer wishes to own, the Group may not be able to sell any portion of the Portfolio on favourable terms. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. Any such shortfall could have a material adverse effect on the business, financial condition or results of operations of the Group.

2.1.11. The Group 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.

The Group intends to acquire new properties and to sell, refurbish or expand its existing properties in order to optimise the value of the Portfolio**.** The ability of the Group to engage in acquisitions, disposals, refurbishments or expansions may be limited by its ability to identify appropriate properties, as well as by conditions beyond its control, such as the availability of attractively priced properties, the condition of the property market or changes in governmental and municipal regulations, including in relation to obtaining required licences. In addition, the ability of the Group to acquire additional properties may be limited by an inability to obtain financing on terms attractive to it, conditions with which the Group is required to comply in order to maintain its status as a fiscal investment institution (*fiscale beleggingsinstelling*) under Dutch corporation tax law ("**FII**") or restrictions contained in its current or future credit agreements. With respect to refurbishing existing properties, the Group introduced the HNK Formula in 2012 and intends to further roll out the HNK concept in the coming years The Group has communicated that it aims to develop HNK conversions of 10-15% of the total Portfolio in the next three (3) to four (4) years. See also Section 9.5.5 (*Business – Recent developments - HNK Formula (Het Nieuwe Kantoor)*). Although the Group believes the HNK will meet the growing demand for full service and flexible leasing in the Dutch market, there can be no assurance that the focus on HNK will bring the anticipated benefits. Each acquisition, disposal, refurbishment and expansion will entail uncertainties and risks, including the risk that such project may not be completed after the Group has invested significant amounts of time and money. The upfront investments made by the Group are substantial and the investments start generating rental income only after a certain period of time because of the long-term nature of the redeveloping work. The actual income from rent and the occupancy rates might turn out to be lower than anticipated.

2.1.12. The Group is exposed to risks related to and resulting from the acquisition of real estate properties.

The Group acquires real estate properties from time to time and intends to continue doing so in future. There can be no assurance that due diligence examinations carried out by the Group in connection with any properties it considers acquiring or has acquired in the past will reveal or have revealed all of the risks associated with such property, or the full extent of such risks. When the Group acquires or owns a property, the property may be subject to hidden material defects or deficiencies in the title to the property or otherwise, which were not apparent at the time of acquisition, including structural damage, environmental hazards, legal restrictions or encumbrances and non-compliance with existing building standards or health and safety or other administrative regulations. Although the Group typically obtains warranties from the seller of a property with respect to certain legal or factual issues, these warranties may not cover all of the problems that may arise following the purchase and may not fully compensate the Group for any diminution in the value of such property or other loss it may suffer. In addition, it may be difficult or impossible to enforce warranties against a seller for various reasons, including the insolvency of the seller or the expiration of such warranties.

2.1.13. Increased maintenance and redevelopment costs could adversely affect the Group's results.

Generally, as properties age they require increased maintenance, refurbishment and redevelopment costs. Numerous factors, including the age of the relevant building, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment, modernisation and decontamination required to remove and dispose of any hazardous materials (e.g. asbestos). If the Group does not carry out maintenance, refurbishment and redevelopment activities with respect to its properties, these properties may become less attractive to tenants (or require a higher capital expenditure to contract or retain tenants) and the Group's rental income may decrease, affecting the results and financial condition of the Group.

2.1.14. The Group is exposed to risks relating to ground leases (erfpacht).

The Group holds 17.3%, measured in m², of its properties under ground leases, with the land being owned by another party, usually a municipality. The weighted average maturity of such ground leases as at 30 September 2013 was 21.9 years. The conditions of the ground lease agreement, such as its term and the payment obligations, are a parameter for the value of the property. The ground lease agreement may contain provisions leading to the loss of the ground leased property if the Group is in serious breach of the ground lease agreement. Furthermore, the Group may face changes in the terms and conditions of the ground lease agreement, for example with respect to payment obligations to the owner of the property. Unfavourable changes may limit the Group's ability to sell the ground leased property and may decrease its value. The Group may be required to write down the value of such asset as recorded on the Group's consolidated balance sheet. Such a write down could have a material adverse effect on the Group's consolidated balance sheet and profitability and, as a result, on the value of and return on Ordinary Shares.

2.1.15. *The Group is exposed to credit risk on rent payments from its tenants.*

At 30 September 2013, the Group was a party to approximately 1,650 lease contracts, of which approximately 633 related to retail, 852 to offices, 130 to industrial and 38 to residential leases. As at 30 September 2013, approximately 0.6% of its gross rental income is identified by the Group as outstanding receivables from doubtful debtors, for which percentage the Group has taken provisions (31 December 2012: 0.5%). The amounts payable to the Group under its leases with tenants that are not secured (by deposits, bank guarantees or corporate guarantees) bear the risk that its tenants will be unable to pay such amounts when due. Although the Group has a diversified tenant base and no single lessee accounted for more than 2.6% of total Portfolio rentals in 2012, it may suffer from a decline in revenues and profitability in the event a number of its significant tenants are unable to pay rent owed when due or seek bankruptcy protection. The Group is not insured against this credit risk**.** The creditworthiness of a tenant can decline over the short or medium term. If a tenant seeks bankruptcy protection, the Group may be subject to delays in receipt of rental and other contractual payments, if it is able to collect such payments at all, and the Group may not be able to terminate the tenant's lease which also prevents the Group from leasing out the property to a new tenant. The Group may not be able to limit its potential loss of revenues from tenants who are unable to make their lease payments. See also Section 10.2 (*Operating and Financial Review – Key factors affecting results of operations – Financial and real estate markets*).

2.1.16. *Loss of its managerial staff and other key personnel could hamper the ability of the Group to fulfil its strategies.*

The Group believes that its performance, success and ability to fulfil its strategic objectives depends on retaining its current executives and members of its managerial staff and other key personnel who are experienced in the markets and business in which the Group operates. Changes in its managerial staff could have an adverse effect on the Group and on the results of its operations. The Group might find it difficult to recruit suitable employees, both for expanding its operations and for replacing employees who may resign or recruiting such suitable employees may entail substantial costs both in terms of salaries and other incentive instruments.

2.1.17. *The Group 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.*

The Group promotes security and safety of consumers and tenants in its properties. However, due to high visibility and presence of large numbers of people, the Group's properties may be targets for terrorism and other forms of violence. Any terror or violent attack on a property of the Group or a similar property owned by someone else may harm the conditions of the Group's tenants and may, apart from any direct losses, harm the property investments of the Group. These attacks may directly or indirectly affect the value of the Portfolio.

Even where the Group is insured against losses due to such attacks, certain losses resulting from these types of events may be uninsurable or not insurable to the full extent of the loss suffered. Moreover, any of these events could lower consumer confidence and, for example, spending in the Group's shopping centres or increase volatility and uncertainty in the worldwide financial markets and economy. Adverse economic conditions resulting from these types of events could reduce demand for space in the Group's properties and thereby reduce the value of these properties and rental income.

2.1.18. *The Group could be exposed to catastrophic events, such as fire, flooding, landslides and subsiding land.*

Some of the Group's properties are located in areas with a risk of catastrophic events, such as fire, flooding, landslides and subsiding land, such as the problems in the soil below shopping centre 't Loon in Heerlen, the Netherlands. See Section 9.5.4 (*Business - Recent developments - Reconstruction of the shopping centre 't Loon*). These may result in severe damages to the Group's properties. Moreover, such events may create economic and political uncertainties, which could have a negative effect on economic conditions in the regions in which the Group operates and, more specifically, on its business, financial condition, operational results or prospects in ways that cannot be predicted.

2.1.19. *The Group may be liable for environmental issues on or in its properties or may be exposed to environmental claims.*

The operations and properties of the Group are subject to various laws and regulations in the countries where it operates concerning the protection of the environment, including but not limited to regulation of air, soil and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety. The Group may be required to pay for clean-up costs (and in specific circumstances, for aftercare costs) for any contaminated property it currently owns or owned in the past. As a property owner, the Group may also incur fines or other penalties for any deficiencies in environmental compliance and may be liable for remedial costs or exposed to environmental claims. In addition, contaminated properties may experience decreases in value. Although the Group, in connection with property acquisitions, typically obtains a guarantee that the property is suitable from an environmental point of view for the envisaged use, the Group may not be able to successfully claim under these guarantees.

NSI believes that none of its properties currently require immediate material remediation or decontamination. However, environmental authorities could disagree with respect to any of the properties and the Group could be required to initiate costly, extensive and time-consuming clean up at one or more of its properties. Such requirements could make the relevant properties unattractive to potential tenants or buyers, delay capital improvements on such properties, and have a material adverse effect on the business, results of operation and financial condition of the Group.

2.1.20. *The Group 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.*

The Group seeks to maintain insurance policies covering its properties and employees with policy specifications and insured limits which the Group believes are customary for the real estate business in its markets. The Group's properties are largely covered against property damages and third party liability. There are, however, certain types of risks that are generally not or not fully insured against, such as damages caused by armed conflict, civil war and riots, nuclear catastrophe, terrorism, flood, earthquake and volcanic eruption or other *force majeure* events and civil liability for environmental damages.

The occurrence of a significant event not or not fully insured or indemnified against or the failure of the Group to meet its insurance payment obligations could result in a loss of all or a portion of the capital invested in a property, as well as the anticipated future revenue from that property. Alternatively, an event may be covered by insurance but related costs or losses may only be reimbursed after considerable lapse of time. In addition, the Group may not be able to maintain adequate insurance coverage in the future at commercially reasonable rates with acceptable terms.

2.1.21. *If the Group 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.*

NSI has obtained a licence from the AFM under the FMSA for its activities as an investment institution. In this respect, NSI is required to comply with the ongoing requirements under the FMSA. The FMSA and other applicable laws and regulations and their interpretation may change from time to time. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Moreover, failure to comply with the applicable laws and regulations could result in fines or other sanctions, including the revocation of the licence.

In addition, the Group has obtained several other licences and permits for its properties from, *inter alia*, municipalities. Some of these licences are issued for a limited period of time and may not be renewed, or, if they are renewed, their terms may be changed. These licences contain a number of requirements regarding the way the Group conducts its business. Failure to meet these requirements could result in fines or other sanctions including, ultimately, revocation of licences. Moreover, the Group may be required to obtain licences where it wishes to expand into new areas of businesses and it may not be able to obtain these licences.

2.1.22. The real estate sector is susceptible to fraud.

Certain activities in the real estate sector have been subject to allegations of embezzlement of cash in connection with arranging large scale real estate transactions. The Group is currently not aware of any such fraud taking place within its business. However, even though the Group has taken precautionary measures to reduce the risk as much as possible, the Group may become the target of fraud or other illicit behaviour in any of the markets in which it operates. This may have a material adverse effect on the Group's reputation, business and financial condition.

2.2. Risks relating to the financing of the Group's activities

2.2.1. Access to capital on acceptable terms necessary for maintaining, growing and developing the Group's business and Portfolio may be difficult.

In the ordinary course of business, the Group makes significant capital expenditures for the acquisition, (re)development and maintenance of projects or properties. The Group has so far financed its capital expenditures through operating cash flows and raising debt and equity. Average costs of debt funding for NSI increased from 4.8% (at 31 December 2012) to 5.3% (at 30 September 2013). This is mainly caused by the refinancing of debt at the current market prices, resulting in higher margins that come into effect, thereby negatively affecting the Group's net income.

Even though NSI's average costs of debt funding are expected to decrease as a result of the Placement and use of proceeds thereof (see Sections 5 (*Use of Proceeds*) and 10.5 (*Operating and financial review – Liquidity and capital resources*)), the ability of the Group to obtain financing and the terms of such financing will continue to depend on several factors, some of which are beyond its control, such as general economic conditions, the availability of credit from financial institutions, and the global and European monetary policy. Regulatory changes (including pursuant to the implementation of Basel III and Solvency II) may adversely affect the Group's cost of financing and the Group's access to financing in the future. The reducing stimulus of central banks and governments may also cause the costs of new financing to rise, which may adversely affect the Group's access to future financing at favourable terms. In addition, a deterioration in the Group's business results or financial condition could lead to higher financing costs. The Group may not be able to obtain financing and any financing that it can obtain may not have terms acceptable to it (whether privately or through a public transaction). Moreover, there may be a risk that the Group's financial counterparties will not be able to provide funds under the facilities agreed with the Group.

In addition, the ability of the Group to obtain debt financing may be constrained by its qualification as an FII under Dutch corporation tax law and the resulting limitations on the level of its indebtedness or restrictions contained in its current or future credit agreements. See Section 15 (*Regulatory matters and tax status of the Group*) for a description of the limitations on the incurrence of indebtedness imposed by the FII status.

The Group's ability to raise equity financing is also dependent on market conditions, economic circumstances and/or investor appetite, which could lead to liquidity problems.

Failure to obtain financing due to any of the factors above could have an adverse effect on the business, financial condition and results of operations of the Group. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources*).

2.2.2. *The Group 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.*

The Group's total net indebtedness at 30 September 2013 was €1,110 million. Even though after completion of the Placement and use of proceeds thereof the Group's total net indebtedness will decrease (see Sections 5 (*Use of Proceeds*) and 10.5 (*Operating and financial review – Liquidity and capital resources*)). This level of indebtedness will continue to require NSI to dedicate a substantial portion of its cash flow from operations to make interest and principal payments on its indebtedness and will also require the timely refinancing of certain of short term liabilities before their respective maturity dates. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Cash flow analysis*).This reduces the available liquidity and therefore the availability of the Group's cash to fund working capital and make capital expenditures and limits the Group's flexibility in acquisitions and other growth possibilities and its ability to pay dividends. This level of indebtedness also increases the Group's vulnerability to general adverse economic and industry conditions and limits the Group's ability to obtain future financing. The Group is also restricted by the covenants in its financing instruments, which contain certain loan-to-value requirements and may restrict the Group in performing its business operations. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Interest bearing debt*).

Furthermore, a deterioration of the Group's liquidity or an increase of its indebtedness may affect the Group's ability to attract business, to enter into partnership agreements, to procure materials, services and products from suppliers and to retain services from subcontractors on favourable terms. As a result, such deterioration or increase could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

2.2.3. *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's financing arrangements contain financial covenants that require NSI, among other things, to maintain certain financial ratios. In the event that NSI breaches certain covenants under its current financing this may lead to a step-up in respect of the interest rate and/or annual amortization quotes and thereby increase NSI's payment obligations significantly. In addition, NSI may even be required to immediately repay the respective borrowings in whole or in part, together with any related costs. In such a situation, NSI may be forced to sell some or all of its assets unless it has sufficient cash resources or other credit facilities available to make such repayments. In addition, a lender may be able to sell such assets or procure their sale to the extent that NSI's assets serve as collateral for such borrowings. NSI may also be required to suspend payment of its dividends in case of breaches of covenants under its current financing agreements. Furthermore, a breach of covenants could lead to a liquidity shortage as the lenders may refuse any drawdowns under the Group's working capital facilities. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Interest bearing debt*). All of the foregoing could have a material adverse effect on NSI's business, financial condition and results of operations.

Parts of NSI's financing arrangements also contain cross-default provisions. In case of a default under one financing arrangement, the existence of cross-default provisions in other financing arrangements might trigger defaults under those arrangements. If such cross-default provisions are triggered, this could result in substantial losses for NSI and could significantly reduce its access to capital, which could have a material adverse effect on its business, financial condition and results of operations.

2.2.4. *The Group may not be successful in maintaining its target financing structure.*

The Group is committed to reducing its LTV ratio to below 55% in the short term. Based on the expected net proceeds from the Placement of €288.4 million, the Group LTV would have been 44.9% as at 30 September 2013. However, there can be no assurance that the Group will be able to maintain this LTV level in the future. This will be dependent on several factors, including operational results which are amongst others driven by general economic conditions, and the Group's future cash flows and cash management.

2.2.5. The Group is exposed to interest rate risks and may have exposure in case of the unwinding of certain swaps.

As a result of the Group's policy to hold investments for the long term, the loans used to fund such investments are also taken out with long maturities (in principle five years or longer). Because most of the loans are initially on a floating interest basis, the Group uses interest rate swaps to manage its interest rate risk. The policy is to have between 70% and 80% of its interest costs swapped to fixed interest. The Group uses interest rate derivatives for this purpose, none of which contain margin call obligations. As at 30 September 2013, the fair value of the Group's financial derivatives amounted to €57.7 million (-€ 81.6 million as at 30 September 2012) . See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Financial derivatives*).

At 30 September 2013, fixed-rate borrowings accounted for approximately 93.3% of the Group's interest-bearing debt (net after swaps). If the variable interest rate as of 30 September 2013 were to rise 1.0%, the interest expenses for the remainder of 2013, with no changes to the Portfolio or the funding including margins, would increase by €0.2 million in the Group's result.

In addition, if the Company sells a property and repays part of a loan with the proceeds of such sale, there may be a mismatch between the derivatives that the Group uses and the loans for which they are taken out. If that happens the Group may be required to settle such swap or otherwise unwind them. Such settlement or unwinding may be at terms that are not to the benefit of the Group. This could result in the Group incurring significant costs or face liabilities in respect of such swaps.

2.3. Risks relating to the structure of the Group

2.3.1. Uncertainty with regard to the future position of Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V.

There currently is uncertainty with regard to the future position of Habas H.Z. Investments (1960) Ltd. as a substantial Shareholder of NSI. The recent events set out in Section 12.4 (*Major Shareholders and related party transactions - Major Shareholders*) might have a negative influence on the market price of the Ordinary Shares. Furthermore, a sale of Habas H.Z. Investments (1960) Ltd.'s interest in NSI could have an adverse effect on the market price of the Ordinary Shares.

2.3.2. 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 is a holding company with no material, direct business operations. The principal assets of NSI are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, NSI is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of NSI's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, legal or contractual limitations. As an equity investor in its subsidiaries, NSI's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that NSI is recognised as a creditor of such subsidiaries, NSI's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to NSI's claims.

2.3.3. 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.

As of the date of this Prospectus, NSI qualifies as an FII under Dutch corporation tax law, see Section 15 (*Regulatory matters and tax status of the Group*). As such, NSI has the intention of paying and is obliged to pay a dividend at least once a year to holders of Ordinary Shares ("**Shareholders**") in accordance with the applicable provisions of Dutch law. Under these provisions NSI must at least distribute its profits determined in accordance with applicable tax accounting standards within eight months following the end of the relevant accounting period.

The ability of NSI to pay and maintain cash dividends is based on many factors, including its ability to renew current tenant leases and attract new tenants, its ability to negotiate favourable lease terms and conditions, operating expense levels, the level of demand for its properties, its financial position, its compliance with the terms of debt financing arrangements and actual results that may vary substantially from estimates. In addition, the dividend policy of NSI is linked to its LTV ratio. The amount of dividend paid out to the Shareholders is determined by the LTV ratio for as long as the LTV ratio is above 55%, a policy the Group implemented to enable NSI to continue to invest in its Portfolio, even in a downward market. However, in light of the Placement, the stock dividend over the third quarter has been foregone. See also Section 6.3 (*Dividends and dividend policy – Dividend policy*).

A change in the LTV ratio could affect the ability of NSI to pay or maintain dividends. Therefore, NSI can give no assurance as to its ability to pay cash dividends. NSI also cannot give any assurance that the level of cash dividends will be maintained or will increase over time or that increases in demand for its properties or rental rates will increase the cash available for dividends. See also Section 6 *(Dividends and dividend policy*). The failure to pay, maintain or increase cash dividends may adversely affect the price of Ordinary Shares.

2.3.4. NSI could suffer adverse consequences if it fails to maintain its status as an FII.

To maintain its FII status, NSI must meet certain activity restrictions, leverage restrictions, shareholder requirements, profit distribution obligations and management and control restrictions. The ability to meet the conditions required for the FII status depends upon NSI's ability to successfully manage its assets and indebtedness on an ongoing basis. NSI may not continue to meet the existing requirements in the event of a change in NSI's financial condition, or otherwise, and the applicable requirements may change in the future in a manner that would make the FII status unavailable to NSI. Changes may also occur in the composition of Shareholders, which are beyond its control, such that it is no longer able to fulfil all the requirements of its status as an FII.

In the event any of the requirements for the FII status are breached, NSI will lose the FII status as of the start of the fiscal year in which such breach occurred. In the event that NSI breaches the requirement for the timely distribution of its distributable profits, NSI will lose the FII status as of the start of the fiscal year the profits of which were supposed to have been timely distributed.

If NSI fails to qualify as an FII or loses the FII status, it becomes a regular corporate tax payer which, among other things, would result in future profits derived from going concern income and/or capital gains being taxed at the general Dutch corporate income tax rates (the main rate currently being 25%). The loss of NSI's status as an FII would have an adverse effect on NSI's results of operations and financial position, and hence on the price of the Ordinary Shares.

2.3.5. A material change in the laws and regulations to which the Group 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 the Group.

The Group must comply with a variety of laws and regulations, including planning, zoning, environmental, health and safety, licence requirements, tax and other laws and regulations. The Group may be required to pay penalties for non-compliance with the laws and regulations of local, regional and national authorities as well as authorities of the European Union (the "**EU**") to which it is subject. A material change in the applicable laws and regulations, including in relation to Dutch real estate transfer tax ("**RETT**") rates, the FII regime or the Investment company with fixed capital (*Beleggingsvennootschap met vast kapitaal*) ("**Bevak**") regime, or in the interpretation or enforcement of such laws and regulations, could force the Group to alter its business strategy or operations, leading to additional costs or loss of revenue, which could materially adversely affect the business, results of operation and financial condition of the Group.

2.3.6. The AIFMD (as defined below) might alter the regulatory position of the Group.

The Alternative Investment Fund Managers Directive (the "**AIFMD**") entered into force on 21 July 2011. Its objective is to create a framework for the direct regulation and supervision of alternative investment fund managers at an European level. Transposition was completed in the Netherlands on 22 July 2013. Several organisations, such as the European Public Real Estate Association (the "**EPRA**"), are arguing that listed property companies, such as NSI, must be excluded from the scope of the AIFMD. Since the European Commission has not yet determined whether, amongst others, listed real estate investment companies will fall within that scope, it is currently uncertain whether NSI will fall within the scope of the AIFMD. If the AIFMD should become applicable to NSI, this could affect NSI's regulatory position and requirements with regard to matters such as liquidity management, valuation and leverage. In addition, NSI could then become obliged to appoint a depositary. Such requirements could have a material adverse effect on its results of operations and financial condition.

2.3.7. Shareholders may have difficulties protecting their interests as Shareholders as NSI is a closed-end investment company with variable capital under Dutch law.

Dutch law and the articles of association of NSI (the "**Articles of Association**") govern issues regarding the legal organisation, internal constitution, corporate authority and liability of members of the management board (*raad van bestuur*) of NSI (the "**Management Board**") and the supervisory board (*raad van commissarissen*) of NSI (the "**Supervisory Board**"). NSI qualifies as a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law. As a consequence, among other things, Shareholders do not have statutory pre-emption rights (*wettelijke voorkeursrechten*) with respect to an issue of Ordinary Shares and the Management Board may decide to issue Ordinary Shares without a resolution of the General Meeting, which could more easily result in dilution of the holdings of NSI's Shareholders, including retail Shareholders.

2.3.8. IO operates independently from NSI and NSI may not receive any dividends from IO.

NSI owns a 54.0% interest in Intervest Offices & Warehouses nv ("**IO**") and IO is consolidated in NSI's financial statements. Even though NSI is a substantial shareholder and has adequate representation on the supervisory board of IO, NSI does not control the operational activities of IO. IO is a listed company on NYSE Euronext in Brussels with its own management board and runs its operational activities as an independent entity. See Section 9.7.1 (*Business strategy - Strategy of IO*). As such, there may be a risk that the activities of IO are not consistent or in line with the investment activities of NSI. In addition, NSI's dividend income from its investment in IO is uncertain as NSI only receives dividend income from its investment in IO in case IO pays dividends.

2.3.9. 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.

As the shares in IO are listed on NYSE Euronext in Brussels, the value of NSI's investment in IO is subject to market fluctuations, which fluctuations are not within the control of NSI. If NSI would therefore wish to sell its shares in IO, the proceeds of any such sale may be affected by such fluctuations. Furthermore, because the shares in IO are relatively illiquid, as the daily trading in such shares is limited, it may be more difficult for NSI to conduct such sale at the current market price. Moreover, the shares that NSI holds in IO are subject to a right of pledge under NSI's financing documentation. See Section 10.5 (*Operating and financial review – Liquidity and capital resources - Indebtedness*). If NSI is to sell its shares in IO, the proceeds of such sale would have to be applied towards repayment of any outstanding amounts under such financing documentation. Furthermore, under the terms and conditions of one of NSI's loans, NSI is obligated to post additional collateral in the form of cash deposits when the aggregate value of the underlying collateral, which consists of certain of NSI's properties and its shares in IO, decreases below a certain level.

2.4. Risks relating to the Ordinary Shares.

2.4.1. The market price of the Ordinary Shares may fluctuate and may decline below the Issue Price.

The market price of the Ordinary Shares at the time of the Placement may not be indicative for the market price of the Ordinary Shares in the future. The market price of the Ordinary Shares may fluctuate, depending upon many factors beyond NSI's control. The market price of the Ordinary Shares may be significantly affected by, amongst others, the following factors: (i) NSI's actual or anticipated operational results, (ii) the level of NSI's debt, (iii) future issues of Ordinary Shares or rights to acquire Ordinary Shares, (iv) changes in, or NSI's failure to meet, securities analysts' expectations, (v) general market conditions and (vi) the factors listed in Section 2.1 (*Risk factors - Risks relating to the Group and the sector in which it operates*). As a result of these or other factors, the Ordinary Shares may trade at prices significantly below the Issue Price and the net asset value of the Group's investments.

The market price of the Ordinary Shares is also subject to fluctuations in response to the Placement and the investor perception of the success and impact of the Placement. NSI cannot assure that the market price of the Ordinary Shares will not decline

2.4.2. 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 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.

In addition to the current Shareholders with a substantial interest in NSI, because the Ordinary Shares are admitted to listing and trading on Euronext Amsterdam, one or more existing Shareholders, or third parties, might acquire (further) Ordinary Shares which can result in such Shareholder or third party acquiring a substantial interest in NSI in the future. It may be possible for one or more Shareholders with a substantial interest, such as Mr. H. Habas, Mr. B. Habas and Mr. Y. Habas (together) or certain of the investors participating in the Placement, to exercise significant influence over, amongst others, certain decision making processes and the strategy of the Group. Although depending in part on the attendance rates of Shareholders at the General Meeting, if a Shareholder holds or Shareholders hold, either alone or together, a substantial interest in NSI, it may be possible for such Shareholder or Shareholders to exercise significant influence over certain corporate and other matters which require the approval of the General Meeting, including the election and removal of members of the Management Board and Supervisory Board. Especially with respect to the suspension and dismissal of members of the Management Board and Supervisory Board, such Shareholder or Shareholders may be able to exercise significant influence given that a resolution of the General Meeting to that effect can only be passed with a majority of at least two thirds of the votes cast which majority must also represent more than half of the issued share capital of NSI. See Section 11.2.3 (*Management, employees and corporate governance – Management Board - Appointment, suspension and dismissal*) and Section 11.3.2 (*Management, employees and corporate governance – Supervisory Board - Appointment, suspension and dismissal*). It is possible that the interests of such Shareholder or Shareholders differ from the interests of other (minority) Shareholders in the General Meeting and this concentration of ownership could adversely affect the market price and trading volume of the Ordinary Shares or delay or prevent a change of control that could otherwise be beneficial to other (minority) ShareholdersSee Section 12.4 (*Major Shareholders and related party transactions - Major Shareholders*).

2.4.3. Issuance of additional equity could lead to a dilution of Shareholders' stakes.

NSI may in the future require additional capital. The raising of additional equity through, for example, the issuance of Ordinary Shares in the future could lead to a dilution of Shareholders' stakes in NSI, also because Shareholders do not have statutory pre-emption rights (*wettelijke voorkeursrechten*) with respect to an issue of Ordinary Shares and the Management Board may decide to issue Ordinary Shares without a resolution of the General Meeting. The acquisition of or participation in other companies in return for newly issued Ordinary Shares or the issuance of Ordinary Shares to members of the Management Board or to employees under future stock option plans or other similar plans could also lead to such dilution.

2.4.4. *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.*

If any major Shareholder sells a substantial number of Ordinary Shares, or a consensus is formed in the market that such sale might happen, the market price for the Ordinary Shares could be adversely affected.

2.4.5. *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 Ordinary Shares are priced in euro, and will be quoted and traded in euro. In addition, any dividends that NSI may pay will be declared and paid in euro. Accordingly, Shareholders resident in non-euro jurisdictions may be subject to risks arising from adverse movements in the value of their local currencies against the euro, which may reduce the value of the New Ordinary Shares, as well as that of any dividends paid.

2.4.6. *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.*

NSI is incorporated and exists under Dutch law. Accordingly, the rights and obligations of the holders of Ordinary Shares may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholder rights by holders of Ordinary Shares outside the Netherlands may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of NSI's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

2.4.7. *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.*

The ability of Shareholders outside the Netherlands to bring an action against NSI may be limited under law. NSI is a public company with limited liability incorporated under Dutch law. The rights of Shareholders are governed by Dutch law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-Dutch corporations. It may be difficult for a Shareholder outside the Netherlands to prevail in a claim against NSI or to enforce liabilities predicated upon non-Dutch securities laws.

A Shareholder outside the Netherlands may not be able to enforce a judgement against some or all of the members of NSI's Supervisory Board and Management Board. A vast majority of the members of NSI's Supervisory Board and Management Board are residents of the Netherlands. Consequently, it may not be possible for a Shareholder outside the Netherlands to effect service of process upon members of NSI's Supervisory Board and Management Board within such Shareholder's country of residence, or to enforce against members of NSI's Supervisory Board and Management Board judgements of courts of such Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder outside the Netherlands will be able to enforce any judgement in civil and commercial matters or any judgements against members of NSI's Supervisory Board and Management Board who are residents of the Netherlands or countries other than those in which judgement is made. In addition, Dutch or other courts may not impose civil liability on members of NSI's Supervisory Board or Management Board in any original action based solely on foreign securities laws brought against NSI or members of its Supervisory Board and Management Board in a court of competent jurisdiction in the Netherlands or other countries.

2.4.8. If securities or industry analysts do not publish research or reports about the Group'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.

The trading market for the Ordinary Shares is influenced by the research and reports that industry or securities analysts publish about the Group's business or its industry. If one or more of the analysts who cover the Group or its industry downgrade the Ordinary Shares, the market price of the Ordinary Shares could decline. If one or more of these analysts ceases coverage of the Group or fails to regularly publish reports on it, the Group could lose visibility in the financial markets, which could cause the market price of the Ordinary Shares or trading volume to decline.

2.4.9. If settlement of the Placement or Pre-Placement does not take place, there may be consequences for the Group which could have a material adverse effect on the Group's business, its financial condition, results of operations and prospects and the market price of the Ordinary Shares.

The subscription agreements and Placing and Underwriting Agreement entered into in connection with the Placement provide that settlement of the New Ordinary Shares to be issued in connection with Placements must take place within three business days after the date of publication of this Prospectus. Settlement of the New Ordinary Shares subscribed for in the Private Placements is not subject to any additional conditions. Settlement of the New Ordinary Shares subscribed for in the Pre-Placements is as at the date hereof subject only to the additional condition that the underwriting commitments of each of the Placement Agents are and remain in full force and effect in accordance with the terms of the Placing and Underwriting Agreement. The obligations of each of the Placement Agents in respect of the Placement are subject to the satisfaction of certain conditions set out in the Placing and Underwriting Agreement. If any of these conditions is not met or (if capable of waiver) waived by the Placement Agents or if certain circumstances occur prior to payment for and delivery of the New Ordinary Shares, the Placement Agents will be allowed to terminate the Placing and Underwriting Agreement. See also Section 13.3 (*The Placement and Listing – Placing and Underwriting Agreement*).

If settlement of the Placement or Pre-Placements does not take place, for example as a result of a termination of the Placing and Underwriting Agreement by the Placement Agents, the Company will not receive the anticipated net proceeds of approximately EUR 288.4 million, which will have a number of consequences. The Group will not be able to realise the anticipated improvements of its financial covenants, such as the Group's ICR and LTV ratios (both as defined below) and will continue to be bound by these and other covenants as set out in its current debt financing arrangements. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources*).

If settlement of the Placement or Pre-Placements would not take place, the Company would need to sell properties through an asset disposal programme. The Group may be unsuccessful in selling properties and sales of properties may not be realised at or above book value. Against this background, sales of properties may not always result in an improvement of LTV, ICR or other relevant ratios. In addition, any sales of properties will lead to an outflow of rental income and may limit business opportunities for the Group.

Whether or not the Company will be able to comply with certain of its covenants also depends on, amongst others, the development of the fair value of its properties and the applicable covenant levels under the relevant debt financing arrangements. A continuing decline in the fair value of its properties may result in the Group not complying with these covenants. Renegotiations of these covenants and other terms and conditions of the Company's current debt financing arrangements will be required if and when the Company does not comply with these covenants. A breach of its covenants could cause an event of default and, if unremedied, result in higher interest payments or penalties or accelerate the repayment of some or all of the Group's indebtedness. To avoid or remedy a breach of these covenants, the Group could also be required (i) to raise equity or debt capital from alternative sources, which may not be available or may not be available on commercially acceptable terms, (ii) to reduce investments in the maintenance and quality improvements of the Portfolio and/or (iii) to limit future dividend distributions.

The aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects and the market price of the Ordinary Shares.

3. IMPORTANT INFORMATION

3.1. General

Potential investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Section 5:23 of the FMSA, should such supplement be published.

NSI does not undertake to update this Prospectus, unless required pursuant to Section 5:23 of the FMSA, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made in connection with the Listing, this information or representation may not be relied upon as having been authorised by or on behalf of NSI. The delivery of this Prospectus at any time after the date of this Prospectus will not, under any circumstances, create any implication that there has been no change in the Group's business or affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any time since its date.

Potential investors are expressly advised that an investment in the New Ordinary Shares entails certain risks (see also Section 2 (*Risk Factors*)) and that they should therefore carefully review the entire Prospectus (including information which has been incorporated by reference). Furthermore, before making an investment decision with respect to any of the New Ordinary Shares, potential investors should consult their stockbroker, intermediary, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the New Ordinary Shares and consider such an investment decision in light of their personal circumstances.

NSI does not undertake to update this Prospectus, unless required pursuant to Section 5:23 of the FMSA and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Placement, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made in connection with the Placement or the Listing, that information or representation may not be relied upon as having been authorised by or on behalf of NSI, a Placement Agent, the Listing and Settlement Agent or any of their respective affiliates. The delivery of this Prospectus at any time after the date of this Prospectus will not, under any circumstances, create any implication that there has been no change in the Group’s affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of the Placement Agents, the Listing and Settlement Agent or any of their respective affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as authorised, a promise or representation by or on behalf of the Placement Agents, the Listing and Settlement Agent or any of their respective affiliates or any of their respective directors, officers or employees or any other person as to the past, present or future.

The Placement Agents and the Listing and Settlement Agent, each in any of their respective capacities in connection with the Placement, accept no responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made (whether written or orally) by either itself or on its behalf in connection with NSI, the Placement or the New Ordinary Shares. Accordingly, the Placement Agents and the Listing and Settlement Agent disclaim any and all liability, whether arising in tort or contract or otherwise, in respect of this Prospectus and/or any such statements.

Although the Placement Agent and the Listing and Settlement Agent are party to certain agreements pertaining to the Placement and each of the Placement Agents has or might enter into financing arrangements with NSI, this should not be considered as a recommendation by any of them to invest in Ordinary Shares or New Ordinary Shares.

3.2. Responsibility statement

This Prospectus is made available by NSI. NSI accepts sole responsibility for the information contained in this Prospectus. NSI declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

3.3. Presentation of financial and other information

3.3.1. IFRS information

The historical consolidated financial information contained or incorporated by reference in this Prospectus, including the audited consolidated financial statements as of and for each of the financial years ended 31 December 2012, 2011 and 2010 and the reviewed condensed consolidated interim financial information as of and for each of the nine months ended 30 September 2013 and 30 September 2012 and, except where stated otherwise, the financial data contained in Sections 1 (*Summary*), 7 (*Capitalisation and indebtedness*), 8 (*Selected historical financial and business information*) and 10 (*Operating and financial review*) have been prepared in accordance with IFRS.

The Merger

The Merger is reflected in NSI's audited consolidated financial statements as of and for the year ended 31 December 2011 as follows: (i) VastNed O/I's results for the three months ended 31 December 2011 are included; and (ii) the balance sheet at year-end 2011 fully includes and reflects VastNed O/I's assets and liabilities transferred to the Group upon effectuation of the Merger. Except as otherwise stated, the operating and financial review is based on the consolidated financial statements of the Group prepared in accordance with IFRS. See Section 10 (*Operating and financial review).*

3.3.2. Non-IFRS information

This Prospectus presents certain measures that are not measures defined by IFRS, such as direct and indirect investment result and like-for-like net rental income. These are supplemental measures of the Group's performance which are used for management purposes and should not be considered in isolation or as an alternative to net result, shareholders' equity, net rental income or any other performance measure derived in accordance with IFRS. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

Direct and indirect investment result

The Management Board believes that using the direct investment result measure enables it to better assess the underlying operating performance of the Group, after adjusting principally for gains or losses on sales of investment property and revaluation effects (including on deferred taxes and result of associates), which are driven by market conditions outside of the Group's control. Management believes that this allows investors to measure and judge the ability of the business to generate underlying cash flows. Direct and indirect investment result are defined as follows:

- Direct investment result consists of the rental income less operating costs, non-recharged service costs, administrative costs, direct financing costs, the corporate income tax over the direct investment result payable over the period under review, as well as the proceeds and costs attributable to the minority interest.

- Indirect investment result consists of the revaluation of the real estate investments, the net result on sales of investments, movements in the fair value of derivative instruments, exchange-rate differences, allocated management costs, movements in the deferred tax liabilities and the share in these item attributable to the minority interest. Besides these, the 2011 indirect investment result also contains the result from a bargain purchase, as a result from business combinations and related merger costs.

The Group presents direct and indirect investment results in its ongoing financial reporting and intends to use these measures going forward. For further information on reconciliation of direct and indirect investment result to measures reported in the Group's consolidated financial statements, see Section 8.3 (*Selected historical financial and business information – Direct and indirect investment result*).

Like-for-like net rental income

Section 10 (*Operating and financial review*) shows movements between years in "like-for-like" net rental income. The like-for-like presentation compares net rental income in a given year to net rental income in the prior year by taking into account net rental income derived only from properties that were part of the Portfolio in both years. This method excludes net rental income that is attributable to properties that were added to or removed from the Portfolio as a result of acquisitions or divestments. Growth in like-for-like net rental income is attributable primarily to the indexation of rents, rent increases in excess of indexation, property re-lettings and lease renewals.

Direct and indirect investment result and like-for-like net rental income are intended only to supplement performance indicators in accordance with IFRS, and not to replace them. These measures should always be used together with the performance indicators provided for by IFRS and not in isolation, because their ability to convey meaningful information is limited in various respects. In particular, direct investment result does not reflect changes in valuation of the Group's properties, which can vary substantially from period to period and can have a negative effect on net result reported under IFRS.

3.3.3. ***Rounding and negative amounts***

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in the text or a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

Negative amounts are shown by "-" or "negative" before the amount or are shown between brackets.

3.3.4. ***Currency***

All references in this Prospectus to "**Euro**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union ("**Eurozone**").

3.3.5. ***Exchange rates***

The Group's financial statements are presented in euro. Accordingly, when the Group prepares consolidated financial statements, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euro at applicable exchange rates.

3.4. **Information in valuation reports**

The Group's real estate investments are carried at fair value. For the Dutch Portfolio, the Group uses an appraisal management system whereby the fair value of all real estate investments is determined internally each quarter. NSI has developed a model for the internal valuation of all properties. This model is directly linked to the Group's real estate and accounting system. These internal valuations are updated quarterly on the basis of market value. When no actual market value in an active market is available, valuations are being determined on the basis of a net initial yield calculation, in which the net market rents are being capitalised. The valuation thus produced is published by NSI in its quarterly reports and in the annual and semi-annual reports.

Once every quarter, at least a quarter of the Dutch Portfolio is fully appraised by an independent and certified external appraiser. This means that the whole Dutch Portfolio is appraised externally at least once a year. These external appraisals are the basis for the internal valuations in the quarter the appraisal is performed and are used for comparison and control for the internal valuations during the other quarters. For the Belgian Portfolio, all real estate investments are appraised by an independent and certified external appraiser every quarter. External valuations are performed by several expert and reputable appraisers. These valuations are compared with the internal valuations and analysed with regard to the methods and assumptions used and the results thereof.

The Group's valuation methodology is described in note 9 to NSI's 2013 Consolidated interim report as per 30 September 2013, in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – Internal valuation*) and in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – External valuation*). There are certain differences between the reporting on the Group's properties by the appraisers in the Valuation Reports and the description and valuation of those properties by NSI in its financial statements. For the period under review, the discrepancies between internal and external valuations were as follows: 30 September 2013: -0.05%; 31 December 2012: 0.78%; 30 September 2012: 0.54%; 31 December 2011: 0.62% and 31 December 2010: 0.92%.

There is a difference of approximately €16.4 million (or 0.78%) between the aggregate Portfolio valuation by the external appraisers as per the dates of the relevant valuation set out in the Valuation Reports compared to the aggregate Portfolio valuation published by NSI in its 2012 annual report. These differences are caused by (i) deviations between NSI's internal valuations calculated on the basis of the model referred to above and the external valuations calculated on the basis of the external appraisers' models; and (ii) the fact that certain of the external valuations are of a more recent date than the internal valuations published by NSI in its 2012 annual report.

Differences between the aggregate Portfolio valuation by external appraisers, as attached in Section 21 (*Valuation Reports*), with the aggregate Portfolio valuation published by NSI per 30 September 2013 are caused by deviations between NSI's internal valuations calculated on the basis of the model referred to above and the external valuations calculated on the basis of the external appraisers' models. In addition:

- the line item real estate investments in NSI's interim report per 30 September 2013 includes Pérolles 2000, NSI's last property in Switzerland, that was sold on 4 October 2013, with a book value of €8.5 million. This property is not included in any Valuation Report;

- the property at the Antareslaan in Hoofddorp which partly serves as NSI's head office, is included in the CB Richard Ellis Valuation Report for an amount of €3.4 million. However, because this property is only partly available for letting to third parties, only 50% of the value of the property is included in the line item real estate investments in NSI's interim report per 30 September 2013;

- as described in Section 9.5.4 (*Business – Recent developments – Reconstruction of the shopping centre 't Loon*), NSI, as member of the owners' association, was forced to cooperate in the partial demolition of shopping centre 't Loon. An amount of €4.6 million being a part of insurance damages to be received is included in the line item real estate investments in NSI's interim report per 30 September 2013. These insurance damages to be received are not included in any Valuation Report;

- the line item real estate investments in NSI's interim report per 30 September 2013 includes the property Point West in Amsterdam for an amount of €7.1 million. This property is not included in any Valuation Report because this former office building is in the process of being converted into a hotel, making an external valuation irrelevant at this point in time; and

- the Valuation Report of Cushman & Wakefield Belgium is based on valuation of the properties no additional costs payable by the purchaser (*vrij op naam*). This amount is then converted to fair value in NSI's interim report per 30 September 2013 by applying the formula: fair value = the value based on additional cost payable by the purchaser less (the value based on additional cost payable by the purchaser times 2.5 divided by 102.5). (*Fair value = waarde VON – (waarde VON x 2.5/102.5)).*

Finally, the aggregate number of properties included in NSI's interim report per 30 September 2013 is 304, comprising 256 commercial properties and 48 residential units. The aggregate number of properties included in the Valuation Reports is 278. The difference of 26 properties is explained as follows:

(i) the 48 residential units, situated in one apartment complex in Rotterdam, are individually accounted for in NSI's interim report per 30 September 2013, but are included in the Valuation Report of Troostwijk Taxaties B.V. as one (1) single property:

(ii) the Belgian office portfolio consists of a.o. 6 business parks (in Vilvoorde, Strombeek-Bever, Edegem, Groot-Bijgaarden and Mechelen (2)); in NSI's interim report per 30 September 2013 each of these business parks is included as one (1) single property whereas the Valuation Report by Cushman & Wakefield Belgium lists each of the buildings located on these business parks as one (1) single property, as a result of which 29 properties are included in this Valuation Report; and

(iii) the properties Pérolles 2000 and Point West are included in the 256 commercial properties in NSI's interim report per 30 September 2013, but are not reflected in the Valuation Reports for the reasons set out above.

3.5. Market and industry information

All references to market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, organisations, analysts, publicly available information, or NSI based on its own knowledge of its sales and markets.

Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. The market and industry information on which the sources used by NSI state to have based themselves and on which NSI has based itself for its own analysis, date back to 30 September 2013 and earlier, as more recent information is either not available yet or cannot be used in isolation because this would distort the overall result of the analysis.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data, industry statistics and publicly available information. All assumptions, estimates and expectations of NSI underlying its statements have been based on careful analysis and are honestly held. NSI cannot guarantee that a third party using different methods to assemble, analyse, or compute market data, would obtain or generate the same results.

The information in this Prospectus that has been sourced from independent sources has been accurately reproduced and, as far as the Group is aware and able to ascertain from the information published by that independent source, no facts have been omitted that would render the reproduced information incomplete, inaccurate or misleading.

3.6. No incorporation of website

The contents of NSI's website (www.nsi.nl), including any websites accessible from hyperlinks on this website do not form part of, and are not incorporated by reference into, this Prospectus.

3.7. Potential Conflict of Interest

The Placement Agents and the Listing and Settlement Agent, which are regulated in the Netherlands by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") and the AFM, are acting exclusively for NSI and for no one else in relation to the Placement and the Listing and will not be responsible to anyone other than to NSI for giving advice in relation to, respectively, the Placement and the Listing.

The Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking, financial advisory, lending and ancillary activities in the ordinary course of their business with NSI (or any parties related to NSI) for which they have received or may in the future receive customary compensation. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality by internal procedures or applicable rules and regulations (including those issued by the AFM). Additionally, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) may have held, may currently hold and may in the future hold NSI's securities for investment, in the ordinary course of their business.

At the moment, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) are financial advisors to NSI and lenders under NSI's financing arrangements. As a result of acting in these capacities, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) have received and may continue to receive customary compensation.

As a result of acting in the capacities described above, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) may have interests that may not be aligned, or could potentially conflict, with the interests of (prospective) investors or holders of Ordinary Shares or with the interests of the Group.

3.8. Notice to investors

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, purchase of, or trade in the Ordinary Shares may be restricted by law in certain jurisdictions, other than the Netherlands, including, but not limited to, the United States. In relation to Ordinary Shares, persons (including, without limitation, financial intermediaries, custodians, nominees and trustees) are required to inform themselves and consult their professional advisers about all applicable restrictions and conditions, to observe such restrictions and conditions, to obtain any necessary authorisations, approvals or consents and to pay any issue, transfer or other taxes due. Any failure to comply with any of these restrictions or conditions may constitute a violation of the securities laws of such jurisdiction. NSI nor its advisers accept any liability for any violation by any such person of any such restriction or condition. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Ordinary Securities issued under the Placement in any jurisdiction. If a person is in any doubt as to his position he should consult his professional adviser without delay. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in, any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations.

The contents of this Prospectus are not to be considered or interpreted as legal, commercial, investment, financial or tax advice. Each prospective investor should consult his own stockbroker, intermediary, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Ordinary Shares, in order to consider such investment decision in light of such prospective investor's personal circumstances. NSI does not accept or assume any responsibility or liability for any violation by any person of any such restrictions.

3.9. Enforcement of civil liabilities

The ability of Shareholders in certain countries other than the Netherlands to bring an action against NSI may be limited under law. NSI is a public company with limited liability (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. All of the members of the Management Board and Supervisory Board named herein are non-residents of the United States. All or a substantial proportion of the assets of these persons and of NSI are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or NSI or to enforce against them in courts in the United States a judgement obtained in such courts.

The United States and the Netherlands are currently not party to a treaty providing for the reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Accordingly, a judgement rendered by a court in the United States will not be automatically recognised and enforced by the Dutch courts (or *vice versa*). However, under current practice, if a person has obtained a final and conclusive judgement for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to such judgement insofar as it finds that the jurisdiction of the court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, except to the extent that such judgement contravenes Dutch public policy.

4. FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that reflect NSI's intentions, beliefs or current expectations and projections. Forward-looking statements include statements regarding the Group's future result of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the market in which the Group operates as well as all statements that are not historical facts. NSI has tried to identify forward-looking statements by using words such as "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "could", "hope", "seek", "plan", " foresee ", "aim", "objective", "potential", "goal" "strategy", "target", "continue" and similar expressions or their negatives. Forward-looking statements may be found principally in this Prospectus in Sections 2 (*Risk factors*), 5 (*Use of proceeds*), 6 (*Dividends and dividend policy*), 9 (*Business*) and 10 (*Operating and financial review*) and elsewhere.

The forward-looking statements are based on NSI's beliefs, assumptions and expectations regarding future events and trends that affect the Group's future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Group or are within the Group's control. If a change occurs, the Group's business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. Important events and factors that could cause those differences include, but are not limited to:

- changes in the general economic and political conditions in the countries in which the Group operates, including, for example, interest rates and employment rates, consumer confidence and spending and inflation;
- lower occupancy rates and vacancy at the Group's properties;
- the Group's ability to retain major tenants and renew related contracts;
- changes in the Group's strategy or investment policies and objectives;
- adverse changes in the fair value of the Portfolio;
- changes in yields and the values of, or returns on, investments that the Group makes;
- the Group's leverage and ability to obtain additional financing or refinance existing indebtedness on reasonable terms;
- the Group's ability to generate sufficient cash to satisfy working capital requirements and service its existing and future indebtedness;
- the Group's ability to find and acquire properties which fit the Group's investment criteria and to find purchasers for the Group's projects and properties it is prepared to sell;
- the implementation of new tax and accounting rules and standards;
- government intervention resulting in changes to the regulatory environment in countries where the Group operates;
- the Group's ability to satisfy the conditions required to maintain the FII status;
- increased competition within the real estate markets in the countries or markets in which the Group operates;
- changes in interest rates as well as the Group's ability to implement its hedging strategy in relation to such changes;
- force majeure occurrences; and
- other factors described in this Prospectus, including those set forth in Sections 2 (*Risk factors*), 9 (*Business*) and 10 (*Operating and financial review*).

Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. NSI urges investors to read the Sections 2 (*Risk factors*), 9 (*Business*) and 10 (*Operating and financial review*) for a more complete discussion of the factors that could affect the Group's future performance and the market in which the Group operates. In light of the possible changes to NSI's beliefs, assumptions and expectations, the forward-looking events described in this Prospectus may not occur. Additional risks not known to NSI or that NSI has not considered material as of the date of this Prospectus could also cause the forward-looking events discussed in this Prospectus not to occur. Except as otherwise required by applicable securities laws and regulations, NSI undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Prospectus.

5. USE OF PROCEEDS

The net proceeds of the Placement after deduction of fees, including placing and underwriting commissions, expenses and applicable taxes (being approximately €11.6 million) will be approximately €288.4 million. These estimated fees and expenses include, amongst other things, the fees due to the AFM, Euronext Amsterdam N.V., the fees and commissions of the Placement Agents, and legal and administrative expenses and publication costs.

With the net proceeds of the Placement the Company intends to strengthen its balance sheet and take advantage of potential market opportunities in the Dutch market.

NSI intends to use approximately 52% of the net proceeds of the Placement to structurally reduce the Company’s debt and to use the remainder for repayment of debt whereby the underlying credit facilities will remain available for the Company to fund future investments when opportunities arise, for example through investments in existing properties or acquisitions.

To that effect, the Company will use net proceeds of the Placement as follows. Approximately €151.0 million of the net proceeds of the Placement will be used repay, reduce and/or cancel certain of its term loans and revolving credit facilities to structurally reduce NSI's outstanding debt and costs in relation thereto. Furthermore, NSI intends to use approximately €18.7 million the net proceeds to redeem outstanding interest rate derivative instruments with an aggregate nominal value of up to €354.8 million to reflect the reduction of the debt in respect of which these instruments were entered into originally.

NSI expects to use the remaining net proceeds of approximately €118.7 million to reduce outstanding debt on certain of its revolving credit facilities and working capital facilities, whereby, as set out above, it is the Company's intention that the underlying credit or capital facilities will remain available for the Company to fund future investments when opportunities arise. Through these repayments, NSI intends to lower the aggregate costs related to these facilities.

The final use of proceeds on the basis as set out above, and the terms, conditions and timing thereof will, amongst others, depend on the outcome of further discussions and negotiations between NSI and its financing banks.

6. DIVIDENDS AND DIVIDEND POLICY

6.1. General

NSI may only make distributions to Shareholders in so far as NSI's shareholder equity exceeds the sum of the paid up and called up part (*gestorte en opgevraagde deel*) of the issued share capital plus the reserves that must be maintained pursuant to Dutch law or the Articles of Association. NSI's current Articles of Association contain no statutory reserves. Profits are distributed after the adoption by the General Meeting of the annual accounts from which it appears that said distributions are permitted. The profit and the distributable reserves are at the disposal of the General Meeting. The Management Board may, with due observance of the Articles of Association, and with the approval of the Supervisory Board, resolve upon the distribution of interim dividend to the extent the profits so permit.

6.2. Dividend history

The following table sets forth NSI's distribution of dividends relating to the financial years indicated.

	2013	2012	2011	2010	2009
Interim dividend Q1	0.10	0.26*	0.30	0.38	0.35
Interim dividend Q2	0.09	0.25*	0.30	0.28	0.33
Interim dividend Q3	0.00	0.24*	0.30	0.30	0.34
Final dividend		0.11	0.29*	0.30	0.32
Total		**0.86**	**1.19**	**1.26**	**1.34**

* The final dividend of the financial year ending 2011 and the interim dividends for Q1, Q2 and Q3 2012 were distributed in cash, in stock or as a combination of both, at the discretion of each individual Shareholder. The other dividends listed in this table were distributed in cash only. As of the final dividend of 2012, a new dividend policy applied as set out in Section 6.3 (*Dividend Policy*), below.

6.3. Dividend policy

NSI is obliged to pay a dividend at least once a year to Shareholders in accordance with the provisions of Dutch law applying to FIIs. Under these provisions, NSI must at least distribute its profits determined in accordance with applicable tax accounting standards within eight months following the end of the relevant accounting period. For more details on the FII regime see also Section 15.2.1 (*Regulatory matters and tax status of the Group – Tax Status – FII Regime*).

In the annual General Meeting held on 26 April 2013, the General Meeting approved the new dividend policy of NSI. The new dividend policy is focused on the payment of a sustainable dividend with due consideration to the financing and investment requirements of NSI's existing Portfolio. According to the new dividend policy, 85%-100% of the direct result will be distributed as dividend on a quarterly basis. This allows the Group to fund the average capital expenditure requirements in properties, which generally amount to between 0-15% of the direct result per year. Furthermore, to safeguard the necessary funds to invest, the dividend policy has been linked to the LTV (as defined below) performance of the company. In the new dividend policy, the pay-out ratio of dividends will be adjusted based on the Group LTV ratio, until NSI has achieved its Group LTV target of below 55%. If the Group LTV ratio (post-dividend) is above 55% but below 60%, the pay-out ratio will be 50% of the direct investment result in cash. If the Group LTV ratio (post-dividend) is above 60%, the pay-out ratio will be 50% distributed as stock dividend until the Group LTV ratio has been reduced to a level below 60%. The dividend pay-out in relation to the Group LTV ratio will be determined on a quarterly basis. See also Section 9.5.1 (*Business – Recent developments – Financing developments*). The Group LTV ratio as per 30 September 2013 was 59.6% before dividend distribution. After a (theoretical) dividend distribution, the LTV post-dividend would have exceeded the 60% treshold. According to the dividend policy, the Company was due to pay dividends in shares over the third quarter. However, in light of the Placement, the stock dividend over the third quarter has been foregone. The Placement is expected to bring the Group LTV ratio to below the 55% threshold. As the Company is, in principle, required to annually distribute its taxable profits to its shareholders, it must obtain a ruling for the Dutch Tax authorities if the dividend policy gives rise to a deviation from this principle. The Group obtained this ruling on 1 November 2012. The ruling allowes NSI to fiscally depreciate certain properties in order to lower the fiscal result and thus the obligation to distribute profits. See also Section 15.2.1 (*Regulatory matters and tax status of the Group – Tax Status – FII Regime*).

The General Meeting approved that the new dividend policy is effective as of the final dividend over the financial year ended 31 December 2012. Based on this new dividend policy, the final dividend for 2012 was determined at €0.11 per share in cash, which equals 50% of the direct result per share over Q4 2012 on the basis of a loan-to-value ratio (post-dividend) of 58.2% per 31 December 2012. The Management Board declared an interim distribution for Q1 2013 of €0.10 per share in cash, which equals 50% of the direct result per share over Q1 2013 on the basis of a LTV (post-dividend) of 58% per 31 March 2013.

6.4. Dividend ranking of the New Ordinary Shares

The New Ordinary Shares will, upon issue, rank equally in all respects with the currently outstanding Ordinary Shares. The New Ordinary Shares will be eligible for any dividend payment which NSI may declare on Ordinary Shares following the issuance of the New Ordinary Shares.

6.5. Manner and time of dividend payments

Payment of any dividend on Ordinary Shares in cash will be made in Euro. Any dividends will be paid to Shareholders through Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**"), the Dutch centralized securities custody and administration system, and credited automatically to the Shareholders' accounts. NSI may give Shareholders the choice to receive their dividend either in cash or in Ordinary Shares. Typically, Shareholders will then need to record their choice by the date announced in the dividend payment advertisement.

Dividends and other distributions (irrespective of their form) on Ordinary Shares will typically be paid to those in whose name the Ordinary Shares are registered on the day on which the decision to pay the dividend or other distribution is taken. Dividends and other payments are payable as from a day determined by the Management Board with the approval of the Supervisory Board.

There are no restrictions under Dutch law in respect of holders of Ordinary Shares who are non-residents of the Netherlands. See also Section 16 (*Shareholder taxation*).

6.6. Uncollected dividends

A claim for any declared dividend lapses five years after the date on which those dividends were released for payment. Any dividend that is not collected by Shareholders within this period reverts to NSI.

6.7. Taxation of dividends

Dividend payments on the Ordinary Shares are generally subject to withholding tax in the Netherlands, see Section 16 (*Shareholder taxation*).

7. CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's consolidated capitalisation and indebtedness, calculated in accordance with IFRS, as of 30 September 2013 and adjusted to reflect the Placement and use of proceeds as if the Placement and use of proceeds had been completed on such date. This table should be read in conjunction with the consolidated financial statements of the Group, including the notes thereto, incorporated by reference in this Prospectus and the information in Section 5 (*Use of proceeds)*, Section 8 (*Selected historical financial and business information*) and Section 10 (*Operating and financial review*).

The adjusted capitalisation and indebtedness table below is unaudited and has been prepared for illustrative purposes only and, because of its nature, does not provide an accurate representation of NSI's capitalisation and indebtedness following completion of the Placement.

	30 September 2013			
	Actual (x €1,000)	**As adjusted for the Placement**	**As adjusted for use of proceeds**	**As adjusted for the Placement and use of proceeds**
Guaranteed	0	0	0	0
Secured*	134,347	0	-33,500	100,847
Unguaranteed / unsecured	73,449	0	-1,100	72,349
Total current debt	207,796	0	-34,600	173,196
Guaranteed	0	0	0	0
Secured*	699,079	0	-236,225	462,854
Unguaranteed / unsecured	273,587	0	-17,600	255,987
Total non-current debt (excluding current portion of long-term debt)	**972,666**	**0**	**-253,825**	**718,841**
Issued share capital	31,372	34,500	0	65,872
Share premium reserve	657,912	265,500	0	923,412
Other reserves	-42,905	-11,575	0	-54,480
Unallocated result from financial year	-88,480	0	0	-88,480
Shareholders' equity attributable to shareholders	**557,899**	**288,425**	**0**	**846,324**
Non-controlling interest	128,740	0	0	128,740
Shareholders' equity	**686,639**	**288,425**	**0**	**975,064**
Total capitalisation	**1,867,101**	**288,425**	**-288,425**	**1,867,101**
Cash	12,049	0	0	12,049
Liquidity	**12,049**	**0**	**0**	**12,049**
Current financial receivable	**429**	**0**	**0**	**429**
Current bank debt	62,683	0	0	62,683
Current portion of non-current debt	143,552	0	0	143,552
Other financial debt	1,561	0	0	1,561
Current debt	207,796	0	0	207,796
Net current financial indebtedness	**195,318**	**0**	**0**	**195,318**
Non-current bank loans	**972,666**	**0**	**-253,825**	**718,841**
Non-current financial indebtedness	972,666	0	**-253,825**	718,841
Net financial indebtedness	**1,167,984**	**0**	**-253,825**	**914,159**
Net indebtedness	**1,168,413**	**0**	**-253,825**	**914,588**

* Security is provided with respect to properties, the items inextricably linked with the properties and rental receivables.

The Company does not have any indirect or contingent indebtedness.

8. SELECTED HISTORICAL FINANCIAL AND BUSINESS INFORMATION

The selected historical financial and business information of the Group shown in the tables below should be read in conjunction with the information contained in Sections 2 (*Risk factors*), 3.3 (*Presentation of financial and other information*), 5 (*Use of proceeds*), 7 (*Capitalisation and indebtedness*), 9 (*Business*), and 10 (*Operating and financial review*) and the consolidated financial statements of the Group, including the notes thereto, incorporated by reference in this Prospectus and other financial data appearing elsewhere in this Prospectus.

8.1. Introduction on historical financial and business information in respect of Merger

The Merger is reflected in NSI's audited consolidated financial statements as of and for the year ended 31 December 2011 as follows: (i) VastNed O/I's results for the three months ended 31 December 2011 are included; and (ii) the balance sheet at year-end 2011 fully includes and reflects VastNed O/I's assets and liabilities transferred to the Group upon effectuation of the Merger. Except as otherwise stated, this operating and financial review is based on the consolidated financial statements of the Group prepared in accordance with IFRS.

8.2. IFRS consolidated financial information

The audited consolidated financial information for the Group set forth below as of and for the financial years ended 31 December 2012 and 2011 and the unaudited consolidated financial information for the Group as of and for the nine months ended 30 September 2013 and 30 September 2012 has been derived from, should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements, including the notes thereto, incorporated by reference in this Prospectus, which have been prepared in accordance with IFRS. The financial information for the Group set forth below as of and for the financial year ended 31 December 2010 has been extracted from the audited financial information of the Group as of and for the financial year ended 31 December 2011.

Consolidated statement of comprehensive income (x €1,000)

	Up to Q3				
	2013	**2012**	**2012**	**2011**	**2010**
Gross rental income	**109,404**	**120,228**	**160,545**	**119,964**	**103,170**
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Revaluation of investments	-137,907	-98,276	-146,079	-37,753	-24,761
Net result on sales of investment	-1,998	-7,754	-7,870	835	-247
Total net proceeds from investments	**-47,015**	**-2,988**	**-16,615**	**64,579**	**63,677**
Administrative expenses	-6,457	-6,280	-9,023	-13,913	-5,932
- Financing income	227	84	165	71	106
- Financing expenses	-44,117	-41,605	-56,138	-39,846	-33,848
- Result from other investments	-	-	-	-1,278	1,238
- Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Net financing result	-21,631	-60,697	-75,342	-54,661	-32,131
Result from bargain purchase	-	-	-	68,161	-
Result before tax	**-75,103**	**-69,965**	**-100,980**	**64,166**	**25,614**
Corporate income tax	-153	784	1.199	-887	-530
Result after tax	**-75,256**	**-69,181**	**-99,781**	**63,279**	**25,084**
Exchange-rate differences on foreign participations	-2	70	55	164	554
Total non realised result	**-2**	**70**	**55**	**164**	**554**
Total comprehensive income	**-75,258**	**-69,111**	**-99,726**	**63,443**	**25,638**

Consolidated statement of financial position before profit appropriation (x €1,000)

	30 September		31 December		
	2013	2012	2012	2011	2010
Assets					
Real estate investments	1,855,973	2,117,210	2,036,114	2,321,813	1,360,689
Intangible assets	8,499	8,486	8,486	8,509	8,505
Tangible fixed assets	2,949	3,836	3,750	3,890	3,409
Financial derivatives	429	-	666	-	471
Total fixed assets	**1,867,850**	**2,129,532**	**2,049,016**	**2,334,212**	**1,373,074**
Assets held for sale	7,935	37,544	69,977	-	-
Other investments	-	-	-	-	11,835
Debtors and other accounts receivable	24,820	21,554	21,915	13,957	2,305
Cash	12,049	7,601	7,007	4,399	2,885
Total current assets	**44,804**	**66,699**	**98,899**	**18,356**	**17,025**
Total assets	**1,912,654**	**2,196,231**	**2,147,915**	**2,352,568**	**1,390,099**
Shareholders' equity					
Issued share capital	31,372	30,773	31,372	27,732	19,914
Share premium reserve	657,912	658,527	657,912	637,054	451,076
Other reserves	-42,905	88,854	80,683	53,727	85,552
Unallocated result from financial year	-	-			25,084
Retained earnings	-88,480	-75,849	-103,117	62,705	-
Total shareholders' equity attributable to Shareholders	**557,899**	**702,305**	**666,850**	**781,218**	**581,626**
Minority interests	128,740	126,270	122,938	128,402	-
Total shareholders' equity	**686,639**	**828,575**	**789,788**	**909,620**	**581,626**
Liabilities					
Interest bearing loans	916,051	847,931	961,046	1,122,648	669,498
Financial derivatives	56,615	81,133	80,787	62,297	28,455
Deferred tax liabilities	157	670	164	1,678	929
Total long-term liabilities	**972,823**	**929,734**	**1,041,997**	**1,186,623**	**698,882**
Redemption requirement long-term liabilities	143,552	306,644	186,273	137,189	44,109
Financial derivatives	1,561	436	-	96	268
Debts to credit institutions	62,683	94,992	86,119	73,727	45,300
Other accounts payable and deferred income	45,396	35,850	43,738	45,313	19,914
Total current liabilities	**253,192**	**437,922**	**316,130**	**256,325**	**109,591**
Total liabilities	**1,226,015**	**1,367,656**	**1,358,127**	**1,442,948**	**808,473**
Total shareholders' equity and liabilities	**1,912,654**	**2,196,231**	**2,147,915**	**2,352,568**	**1,390,099**

Consolidated cash flow statement (x €1,000)

	Up to Q3				
	2013	2012	2012	2011	2010
Result after tax	-75,256	-69,181	-99,781	63,279	25,084
Adjusted for:					
- Results from bargain purchase	-	-	-	-68,161	-
- Acquisition costs of Merger	-	-	-	8,141	-
- Revaluation of real estate investments	139,277	98,322	146,219	37,753	24,545
- Revaluation other investments	-	-	-	2,433	-1,283
- Net result on sales of investments	-1,998	7,754	7,870	-835	247
- Book profit on sale of tangible fixes assets	-	-	-19	-	-
- Net financing expenses	21,631	60,697	75,342	54,661	34,697
- Deferred tax liabilities	-7	-1,015	-1,526	722	427
- Depreciation	538	389	667	474	409
Cash flow from operating activities	159,441	166,147	228,553	35,188	59,042
Movement in debtors and other accounts receivable	-2,905	-7,597	-7,958	-1,740	118
Movements in other liabilities, accrued expenses and deferred income	1,394	-6,309	-1,968	-10,763	682
Dividends received	-	-	-	1,155	-
Financing income	227	84	165	71	106
Financing expenses	-43,831	-44,621	-55,619	-41,737	-35,788
Cash flow from operations	**39,070**	**38,523**	**63,392**	**45,453**	**49,244**
Acquisition costs of Merger acquired cash and debts to credit institutions	-	-	-	-21,359	-
Purchases of real estate and investments in existing properties	-12,387	-21,419	-30,474	-24,327	-72,012

	Up to Q3				
	2013	2012	2012	2011	2010
Proceeds of sale of real estate investments	117,229	83,287	93,041	5,363	11,032
Acquisition of other investments	-	-	-	-	-10,552
Proceeds of sale of other investments	-	-	-	9,402	-
Investments in tangible fixed assets	-563	-344	-537	-273	-818
Divestments of tangible fixed assets	16	31	83	15	10
Investments in intangible assets	-50	-	-33	-	-200
Cash flow from investments activities	**104,245**	**61,555**	**62,080**	**-31,179**	**-72,540**
Dividend paid	-27,883	-35,712	-43,861	-57,073	-52,659
Costs related to optional dividend	-8	-68	-91	-	-
Share issue	-	24,348	24,348	-	53,819
Repurchase of own shares	-	-502	-502	-685	-
Settlement of derivatives	-	-	-898	-	-
Drawdown of loans	31,835	30,043	58,544	41,193	56,797
Redemptions of loans	-118,723	-136,382	-172,963	-24,785	-53,146
Cash flow from financing activities	**-114,779**	**-118,273**	**-135,423**	**-41,350**	**4,811**
Net cash flow	**28,536**	**-18,195**	**-9,951**	**-27,076**	**-18,485**
Exchange-rate differences	-58	132	167	163	593
Cash and accounts payable to credit institutions as of 1 January	-79,112	-69,328	-69,328	-42,415	-24,523
Cash and debts to credit institutions as of 31 December	**-50,634**	**-87,391**	**-79,112**	**-69,328**	**-42,415**

8.3. Direct and indirect investment result

The Management Board measures the Group's operating performance utilising certain direct and indirect investment result measures. These are supplemental measures of the Group's performance which are used for management purposes and should not be considered in isolation or as an alternative to net result or any other performance measure derived in accordance with IFRS. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies. See Section 3.3.2 (*Presentation of financial and other information – Non-IFRS* information). For further information on Management's use of the direct and indirect investment measures and movements in these measures during the periods under review, see Section 10.4 (*Operating and financial review - Other key performance indicators: direct and indirect investment result).*

This Section contains financial information that has not been audited. This information has been prepared by NSI's management, on the basis of NSI's internal accounts. The following table sets forth the calculation of direct and indirect investment result for the periods indicated:

Consolidated direct and indirect investment result (x €1,000)

	Up to Q3				
	2013	2012	2012	2011	2010
Gross rental income	109,404	120,228	160,545	119,964	103,170
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Financing income	227	84	165	1,226	106
Financing costs	-43,980	-41,466	-56,011	-39,740	-32,943
Administrative costs	-4,548	-4,539	-6,469	-4,180	-3,346
Direct investment result before tax	**44,589**	**57,121**	**75,019**	**58,803**	**52,502**
Corporate income tax	-92	-231	-327	-165	-104
Direct investment result after tax	**44,497**	**56,890**	**74,692**	**56,030**	**52,398**
Direct result attributable to minority interests	-8,421	-8,443	-11,287	-2,608	-
Direct investment result	**36,076**	**48,447**	**63,405**	**56,030**	**52,398**
Revaluation of investments	-139,277	-98,322	-146,079	-37,753	-24,761
Elimination of rental incentives	1,370	46	-	-	-
Revaluation of other investments	-	-	-	-2,433	1,283
Net result on sales of investments	-1,998	-7,754	-7,870	835	-247
Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Exchange-rate differences	-137	-139	-127	-106	-905
Allocated management costs	-1,909	-1,741	-2,554	-1,592	-1,303
Acquisition costs of Merger	-	-	-	-8,141	-1,283
Result from bargain purchase	-	-	-	68,161	-
Indirect investment result before tax	-119,692	-127,086	-175,999	5,363	-26,888
Corporate income tax	-61	1,015	1,526	-722	-426

	Up to Q3				
	2013	2012	2012	2011	2010
Indirect result after tax	**-119,753**	**-126,071**	**-174,473**	**4,641**	**-27,314**
Indirect result attributable to minority interests	-4,803	1,775	7,951	2,034	-
Indirect investment result	**-124,556**	**-124,296**	**-166,522**	**6,675**	**-27,314**
Total investment result	**-88,480**	**-75,849**	**-103,117**	**62,705**	**25,084**
Data per average outstanding share x €1					
Direct investment result at end of period	0.53	0.76	0.99	1.19	1.26
Indirect investment result at end of period	-1.83	-1.96	-2.59	0.14	-0.66
Total investment result at end of period	**-1.30**	**-1.20**	**-1,60**	**1.33**	**-0.60**

8.4. Other data and key ratios

This Section contains financial information that has not been audited. This information has been prepared by NSI's management, on the basis of NSI's internal accounts. The table below shows other data and key ratios for the Group as of and for the financial years ended 31 December 2012, 2011 and 2010 and for the nine months ended 30 September 2013 and 30 September 2012.

Key figures

	Up to Q3				
	2013	2012	2012	2011	2010
Result (x €1,000)					
Gross rental income	109,404	120,228	160,545	119,964	103,170
Net rental income	92,890	103,042	137,334	101,497	88,685
Direct investment result	36,076	48,447	63,405	56,030	52,398
Indirect investment result	-124,556	-124,296	-166,522	6,675	-27,314
Total investment result	-88,480	-75,849	-103,117	62,705	25,084
Occupancy rate (in %)	80.7	80.5	81.1	84.1	90.0
Balance sheet (x €1,000)					
Real estate investments at end of period[7]	1,863,908	2,154,754	2,106,091	2,321,813	1,358,097
Shareholders' equity at end of period	686,639	828,575	789,788	909,620	581,626
Shareholders' equity attributable to Shareholders	557,899	702,304	666,850	781,218	581,626
Net debts to credit institutions (excluding other investments) at end of period	1,110,237	1,241,966	1,226,432	1,329,166	744,188
Loan-to-value (net debts to credit institutions/real estate investments in %) at end of period	59.6	57.6	58.2	57.2	54.8
Issued share capital					
Ordinary shares with a nominal value of €0,46 at end of period	68,201,841	66,897,112	68,201,841	60,282,917	43,286,677
Average number of outstanding ordinary shares at end of period	68,201,841	63,346,375	64,288,818	46,978,800	41,561,680
Data per average outstanding ordinary shares (x €1)					
Direct investment result at end of period	0.53	0.76	0.99	1.19	1.26
Indirect investment result at end of period	-1.83	-1.96	-2.59	0.14	-0.66
Total investment result at end of period	-1.30	-1.20	-1.60	1.33	0.60
Data per share (x €1)					
Cash dividend at end of period	0.19	0.75	0.86	1.19	1.26
Net asset value on 31 December	8.18	10.50	9.78	12.96	13.44
Net asset value according to the EPRA	9.03	11.73	10.95	14.02	14.11
Average stock-exchange turnover (shares per day, without double counting)	153,431	94,672	92,580	77,675	58,713
High price during period	7.00	9.70	9.70	15.34	16.00
Low price during period	4.86	5.95	5.95	8.28	13.25
Closing price at end of period	5.22	6.37	6.08	9.45	14.98

[7] Including assets held for sale

9. BUSINESS

9.1. Overview

NSI is one of the leading property investment and management firms in the Netherlands. Focus of new investments lies in the Netherlands. NSI has a 54.0% interest in IO, a Belgian real estate investment trust (*vastgoedbevak*) listed on NYSE Euronext in Brussels, with a Portfolio of offices and industrial properties in Belgium NSI's consolidated Portfolio comprises of offices, retail, industrial and residential properties in the Netherlands and in Belgium, at 30 September 2013 valued at approximately €1.9 billion in aggregate (see Section 9.8 (*Business – Overview of the Portfolio*)). This Portfolio resulted in an annual gross rental income of €73.6 million for 2012 and realised a direct investment result of €36.1 million over the first nine months of 2013.

NSI is a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law and operates under licence of the AFM as an investment company under article 2:65(1)(b) of the FMSA. As of 8 August 1995, NSI is subject to supervision by the AFM and the DNB.

NSI qualifies as an FII for purposes of Dutch corporation tax law. The Ordinary Shares are listed on Euronext Amsterdam and are incorporated on the AMX (MidCap)-index, de Global Property Research (GPR)-index and the European Public Real Estate Association (EPRA)-index.

NSI has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its principal place of business at Antareslaan 69-75, 2132 JE Hoofddorp. NSI is registered with the trade register of the Chamber of Commerce under number 36040044.

9.2. Investment objective and investment policy

The investment objective of NSI is to invest funds, exclusively or almost exclusively in immovable property, such that the risks thereof are spread, in order for the returns to be divided amongst the Shareholders. To this end, NSI strives to offer tenants durable accommodation enabling them to operate their business successfully over the long term, and consequently aims to offer institutional and private investors a sustainable return on their invested capital. NSI aims to realise this by investing in offices and retail properties in attractive and high yielding locations and by managing its Portfolio 'best in class'.

9.3. Profile of a typical investor

NSI's investments are diversified in asset classes (offices, retail and others) and geographically (The Netherlands and Belgium, but also within these countries. Due to this diversified profile, NSI attracts a wide range of investors. NSI is attractive for an investor who wishes to invest in a closed-end investment company whose dividend policy is focused on the payment of a sustainable dividend with due consideration to the financing and investment requirements of the existing portfolio of such company and with a pay out of 85-100% of the direct result as a basis. Sustainable in this respect means a consistent level of dividends of which NSI expects to be able to distribute in the long-term.

9.4. Brief history

NSI was incorporated as Nieuwe Steen Investments N.V. by notarial deed executed on 25 August 1992. NSI was granted a licence to act as an investment company under the predecessor of the FMSA by DNB on 8 August 1995. This licence was renewed on 13 July 2006 (article 2:65(1)(b) of the FMSA). The Ordinary Shares are listed on Euronext Amsterdam since 3 April 1998. Until 2008, NSI invested exclusively in properties located in the Netherlands. NSI made its first foreign investment in 2008 in the form of real estate investments in Switzerland. However, in December 2011, NSI decided to exit the Swiss market. At the date of this Prospectus all of the Group's Swiss assets have been disposed of. See also Section 9.5.3 (*Business – Recent developments – Disposal of assets*).

As result of the merger with VastNed O/I (the "**Merger**") on 14 October 2011, by which the estimated value of the Group's Portfolio increased from approximately €1.4 billion to approximately €2.3 billion, NSI obtained a significant number of offices and logistics properties in Belgium through a majority interest in IO (currently NSI holds an interest of 54.0% in IO).

9.5. Recent developments

9.5.1. *Financing developments*

A continued priority in the first nine months of 2013 has been to strengthen the balance sheet, reduce the loan-to-value ratio and refinance maturing loans. NSI has been succesfull in refinancing maturing loans. However, the continuing downward trend in revaluations resulted in an increase of the loan-to-value. See also Section 9.5.2 (*Business – Recent developments – Valuations*).

The Placement

NSI announced the Placement on 8 November 2013. See also Section 5 (*Use of proceeds*) and Section 13 (*The Placement and Listing*).

Refinancing

In June 2013, NSI fully refinanced its largest debt facility of €260 million representing nearly 30% of NSI's loan book. The new syndicated facility matures in 2017, extending the average maturity profile of the total loan portfolio of NSI from 2.1 years to 2.8 years. NSI managed to refinance over €790 million (90%) of its outstanding Dutch debt portfolio over the last six quarters. The international syndicate, was coordinated by ING Real Estate Finance, and consists of the mandated lead arrangers ING, Rabobank and ABN AMRO, as well as Belfius and Banque LBLux. This major financing agreement involves NSI's largest credit facility. This transaction was one of the main priorities and significantly extends the average maturity of NSI's loan portfolio from 2.3 to 2.6 years. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources*).

New dividend policy.

In 2013, the General Meeting approved the introduction of a new dividend policy. The basic principle of the new dividend policy is that the pay-out ratio set at a level allow the funding of regular capital requirements from funds of operations. The General Meeting approved to link its dividend policy to the loan-to-value performance of NSI. The pay-out ratio will be determined by the Group LTV ratio, until NSI has achieved its target to reduce its LTV ratio below 55%. If the Group LTV ratio (post-dividend) is above 55% but below 60%, the pay-out ratio will be 50% of the direct result in cash. If the Group LTV ratio (post-dividend) is above 60%, the pay-out ratio will be 50% distributed as stock dividend. The Group LTV as per 30 September 2013 was 59.6% before dividend distribution. After a (theoretical) dividend distribution, the Group LTV ratio post-dividend would have exceeded the 60% treshold. According to the dividend policy, NSI was due to pay dividends in shares over the third quarter. However, in light of the Placement, the stock dividend over the third quarter has been foregone. See also Section 6 (*Dividends and dividend policy*).

9.5.2. *Valuations*

Despite stabilising market rents and slightly improving occupancy rates in NSI's offices market, yields remained under pressure in the first nine months of 2013 due to lack of transactions as market evidence. The downward revaluation of the Dutch Portfolio amounted to €139.1 million in the first nine months of 2013, of which €100.2 million related to the Dutch office Portfolio and €33.0 million related to the Dutch retail Portfolio. The value of the Belgian Portfolio increased by €0.6 million in the first nine months of 2013. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources*).

The number of real estate transactions (both in terms of signed leases as well as property sales) has significantly decreased in recent years, most notably in 2012. As a result, less comparable transactions are available for the purpose of determining market yields and market rents. Due to the lack of clear comparable transactions, the influence of assumptions on valuations has increased. This in turn increases volatility on valuations in the market. NSI makes use of a number of well-established external appraisers, values all its properties internally each quarter and rotates external appraisers over time and properties. See also Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – Internal valuation*) and Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – External valuation*).

Set out below is a table reflecting the (unaudited) revaluations of the Group's Portfolio in the Netherlands and Belgium per sector in recent years.

Revaluation Dutch Portfolio (x €1,000)	**Q3 2013**	**Q2 2013**	**Q1 2013**	**2012**	**2011***	**2010***	**2009***	**2008***
Offices	-37,463	-29,394	-33,313	-102,090	-31,400	-21,435	-37,875	-44,871
Retail	-15,939	-11,716	-5,296	16,424	-622	-1,179	-7,920	7,770
Industrial	-1,983	-1,865	-1,980	-6,094	-1,351	-2,416	-5,504	-4,367
Residential	-20	-	-85	-155	135	-1,747	44	-248
Total	**-55,405**	**-42,975**	**-40,674**	**-124,763**	**-33,238**	**-26,777**	**-51,255**	**-41,716**

* In accordance with IFRS the figures prior to the Merger with VastNed O/I (over the period 2008- first three quarters of 2011) have not been amended and represent only NSI. As of the fourth quarter of 2011 all results of NSI and VastNed O/I are fully consolidated.

Revaluation Belgian Portfolio	**Q3 2013**	**Q2 2013**	**Q1 2013**	**2012**	**2011**
Offices	-3,722	-14,730	-1,913	-21,899	2,555
Industrial	-128	20,240	198	7,946	-6,126
Total	**-3,850**	**5,510**	**-1,715**	**-13,953**	**-3,571**

For the impact of these revaluations see Section 10.3 (Operating and financial review – Comparison of results of operations for the nine month periods ended 30 September 2013, 30 September 2012 and financial years ended 31 December 2012, 2011 and 2010 – Revaluation of investments).

9.5.3. *Disposal of assets*

In December 2011, NSI announced its intention to dispose of the Swiss Portfolio. In 2008, NSI entered the Swiss property market under very different circumstances. The prospects for Switzerland were very positive at the time based on higher stability and relative higher returns compared to the Netherlands. In part due to the appreciating Swiss franc, it is no longer possible to purchase new real estate at acceptable prices. This limits the possibilities for the growth that is necessary to support the organisation and to have critical mass in the market as announced in the press release dated 15 December 2011. NSI no longer perceives Switzerland as a core market, which is why NSI will withdraw from there in the near future. At the end of June 2012, NSI realised 70% of its intent by selling the Silvergate office building in Thalwil and the Perolles-centre shopping centre in Fribourg. In April 2013, NSI sold Hertizentrum in Zug. The process of selling the last remaining Swiss property (a 2,267 m² office in Fribourg) was completed on 4 October 2013.

In addition, NSI continues its disposal strategy of non-strategic assets and assets of which the value potential under NSI's management has been optimised.

9.5.4. *Reconstruction of the shopping centre 't Loon*

In December 2011, a part of the shopping centre ‘t Loon in Heerlen was demolished on orders of the municipality after a partial and sudden subsidence of a column in the parking garage. NSI, with all involved parties, worked together to reopen the shopping centre on 11 February 2012, which was approximately 10 weeks after the initial reports. Although from the very beginning it was clear that the calamity was not caused by overdue maintenance or structural defects, but the result of a rather unique problem caused by an underground mineshaft, the owners association, of which NSI also forms part, commissioned a thorough and in-depth investigation by an independent team of experts. The conclusion of the investigative team is that the sudden subsidence was caused by fractures in the subsoil due to mining operations conducted at very shallow depths at the site in the past. Over a period of many years, groundwater and soil found its way through these originally impermeable soil layers to the cavity in the mine shaft. It is possible that the rising mine water also had a role in this. This combination of factors ultimately caused a sinkhole to appear; a sudden subsidence of the upper soil layer. In addition, the investigation demonstrated that no further instability has been measured in the subsoil since the subsidence in December 2011, thus securing the safety of the ‘t Loon shopping centre. This was an important conclusion for NSI to proceed with its redevelopment plans.

These redevelopment plans were accelerated when C&A, a key anchor tenant, committed to the new configuration of the shopping centre. NSI signed a lease with C&A for 4,000 m² with a 10-year term. NSI will use the renovation as an opportunity for optimising and modernising the shopping centre, for example by seeking that the layout of the shopping centre will attract a maximum flow of visitors, but also by modernising the building. The renovation plans for the shopping centre ‘t Loon have been finalised and the required permit applications were submitted in January 2013. The plans call for the renovated and modernised ‘t Loon shopping centre to be completed in January 2014.

NSI has incurred losses due to the occurrence of the sinkhole and the consequential demolition order. The majority of these losses are related to the decreasing real estate value of the demolished part and loss of rental income. The losses resulting from the demolition are currently under determination by experts. The loss of rental income amounted to €1.5 million during the period from December 2011 to December 2012 and €2.2 million in the period from December 2011 to September 2013. NSI will seek compensation for its losses from the municipality of Heerlen, the insurance companies involved and the former mining company. At the date of this Prospectus, no tenants of the shopping centre ‘t Loon have brought any claims against NSI.

9.5.5. ***HNK Formula (Het Nieuwe Kantoor)***

In April 2012, NSI signed a strategic partnership with SKEPP, the initiator and operator of the "New Office" (*Het Nieuwe Kantoor*) formula (the "**HNK Formula**"). NSI is using the HNK Formula to focus on tenants for whom service and flexibility are important, but who are also looking for an inspiring and bustling site that is inviting in terms of coming to work and as a meeting place. In addition to offering choice and flexibility in terms of surface area and term, the HNK Formula offers IT facilities, meeting accommodations, flexible workstations, support services and is always turnkey. This way NSI reaches a number of segments, such as the growing group of self-employed workers without employees and the SMEs, the growth engine of the Dutch economy. NSI believes the HNK Formula is a compelling business case. The HNK Formula anticipates on a growing demand for full service and flexible leasing in the Dutch market and the changing housing needs of corporate due to changes in way of working. The Management Board believes it offers a lower risk due to a spread of contract expiries and results in higher rental fees per m² compared to a traditional model. Since the tenants only pay for what they actually use, the HNK Formula offers lower housing costs at attractive locations.

In June 2013, the HNK Formula won the SpringwrQ award for most innovative leasing concept in the Dutch market.

The first building, transformed on the basis of the HNK Formula, was opened in October 2012 in Rotterdam. Het Nieuwe Kantoor Rotterdam is vested in the 18,000 m² building along the Het Vasteland in Rotterdam, close by the bustling Scheepvaartkwartier (Shipping District). NSI aims to transform approximately 10-15% of its Dutch office Portfolio into HNK Formula offices in the next three (3) to four (4) years, whereby NSI will focus on the larger cities. NSI aims to invest in the HNK Formula an amount of €5.0 million in 2013, €3.0 million in 2014 and €5.0 million in 2015. NSI aims to increase the rental income resulting from properties redeveloped in accordance with the HNK Formula from €0.5 million in 2013, to €2 million in 2014 and to €3 million in 2015.

In July 2013, HNK Hoofddorp was opened. Hoofddorp is a hub location, close to Schiphol Airport and Amsterdam, where HNK offers flexible leases to companies wishing to lease and work efficiently. HNK Hoofddorp offers total office space of approximately 3,500 m², of which NSI's head office occupies approximately 1,900 m². The transformation of HNK Utrecht was finalised early November 2013. Opening is expected to take place early January 2014.

9.5.6. *Lease and renovation of The Red Elephant (De Rode Olifant), The Hague*

NSI was successful in renting out the building De Rode Olifant in The Hague (10,000 m²), which was part of the former VastNed O/I portfolio, within three months after the Merger. The property had been vacant for a considerable period. The integral letting approach of NSI was at the basis of the lease of De Rode Olifant, Due to its in-house property expertise, NSI was capable of realising the renovation in a timely and cost efficient manner.

NSI completely renovated this building and altered it to meet the specifications of SPACES, the company that signed a lease for the property for a period of 20 years. The renovation process involved not only returning historic elements to their original state, but the historic building has also been modernised and has been made more sustainable.

NSI turned over De Rode Olifant to SPACES in December 2012, on time and within the budget.

9.5.7. *Redevelopment and expansion of shopping centre Keizerslanden in Deventer*

In June 2011, the municipality of Deventer, residential company Ieder I, Multi and NSI signed an agreement for the redevelopment and expansion (approx. 7,500 m²) of the shopping centre Keizerslanden in Deventer. The plan will be executed in phases. Construction on this project will commence once 80.0% of the lettable area is pre-let. NSI estimates the costs of this project not to exceed €22.0 million.

9.5.8. *Post Merger integration*

The Merger with VastNed O/I was finalised by mid-October 2011. At that point NSI went ahead with the first stage of the integration process in order to exploit the operational synergies as quickly as possible. The integration was completed in the first quarter of 2012. The targeted cost synergies amounting to approximately €2.0 million annually were realised in accordance with the targets set. NSI has started to apply its customer-oriented approach to the VastNed O/I Portfolio. NSI spent a great deal of effort to establish the systematic gathering and recording of knowledge pertaining to buildings and tenants in order to be able to proactively manage the former VastNed O/I Portfolio. In addition, the insourcing of the property management of the VastNed O/I Portfolio has been completed, enabling the knowledge of tenants and buildings to be further expanded and cost savings to be realised.

A second phase, process optimisation, has been initiated in 2012 in order to further adapt existing processes to the increasingly higher demands placed on them by NSI and has now been completed. The integral letting approach was at the basis of the lease of The Red Elephant, a building in the former VastNed O/I Portfolio that had been vacant for a considerable period. The former VastNed O/I Portfolio has made a significant contribution to the direct result per share within a year following the Merger.

9.6. Key strengths

NSI believes that its key strengths comprise of:

- *Attractive high yielding Portfolio*. As per 30 September 2013 NSI has a €1.86 billion mixed Portfolio mainly consisting of offices and retail properties in the Netherlands and Belgium. The scale of NSI's Portfolio provides a recognisable profile and proposition towards larger tenants requiring solutions consisting of multiple properties (e.g. Ahold). The mix between offices and retail properties provides a balance between retail properties mostly in local shopping centres, but also high street stores and outlet centres, and more cyclical, high-yielding offices. Historically, the competition in retail is relatively high, resulting in relatively low yields compared to yields in the office market, but the more stable character of this type of property resulted in a higher occupancy rate and steady cash flow. However, NSI expects pressure on occupancy levels in the retail Portfolio, in particular in the large scale segment, to increase in the last quarter of 2013. The yield in offices is more volatile as a result of its more direct relationship with the economic climate. Furthermore, the office market is not as competitive as the retail market. The Portfolio benefits from attractive geographical coverage. NSI's Dutch Portfolio has properties located across the Netherlands, with offices mainly concentrated in the Randstad area and certain local growth centres. As the Randstad and other local growth centres are considered to be best positioned for economic activity and future growth, NSI puts its main focus on these areas resulting in the majority of Dutch rents being generated there. In Belgium, IO invests primarily in up-to-date buildings that are strategically located outside municipal centres. The properties typically do not require major repair work in the short term and are situated at strategic locations, preferably on the Antwerp-Brussels axis. Acquiring assets in other locations can contribute to the stability of rental income. This is taken into consideration when such opportunities arise. The full Dutch and Belgian coverage offers tenants a broad offering and enables NSI to service tenants looking for multiple locations and to accommodate tenants looking to move their office to another location. Thereby, tenants also benefit from NSI's regional focus, local contacts and know-how. NSI believes the current composition offers the Shareholders an attractive high yielding Portfolio. There is a balanced mixture of offices and retail property, consistent with development of the asset cycle in both markets.

- *Strong and diversified tenant base*. NSI has a strong and well-diversified tenant base with limited sector concentrations (with the largest sector, offices, accounting for 58.7% at 30 September 2013 of gross rental income) and strong focus on attractive loyal small and medium enterprises, large national food retailers, government-linked institutions and, in particular in Belgium, large logistic companies. The well-diversified Portfolio of small and medium-sized enterprises has a strong local/regional character and is further characterised by underlying variations in duration and size of lease agreements. NSI's tenant base further consists of well-established nationally operating (retail) companies leasing multiple locations. The select number of government-linked institutions constitutes a reliable tenant group with relatively large parties and long-term contracts. NSI's well-spread regional Portfolio makes it the ideal partner for many local governments. The large company tenants support NSI's profile and provide further diversification, while being characterised by relatively long-term contracts.

- *Strong and scalable organisation platform.* Over the last five years, NSI has invested in infrastructure and people to support its strategy and optimise the value of its real estate. NSI now has a distinct operating model based on three pillars. Firstly, NSI's dedicated letting platform consists of 16 tenant managers in dedicated offices and retail teams with a regional approach. The high level of market, property and tenant knowledge within this pillar, supported by a dedicated CRM database system, allows for pro-active tenant management and continuous dialogue with tenants. The second pillar consists of 18 employees in property and asset management. This team is responsible for creating value through active Portfolio management and continuous asset quality monitoring including investments in the Portfolio to support sustained and growing rental income. The third pillar consists of 3 employees focussed on innovation, including the introduction of new office concepts. This entails the redeveloping & rebranding of properties and improvements in the sustainability of properties. NSI's distinct and scalable operating model, positions NSI to take advantage of potential future growth opportunities.

- *Proven track record in redevelopment and new business.* NSI has a strong track record of adding value within its Portfolio through redevelopment and rebranding. This includes both technical optimisation (such as measures to reduce energy consumption) and operational optimisation (such as layout of the properties and interior styling). As an example, following an extensive redevelopment, NSI was able to fully let the approximately 10,000 m² Red Elephant building (which had been vacant for more than two years) to SPACES. The renovation of The Red Elephant combined the transformation from a large single-tenant property into a multi-tenant concept, and the aim to move towards a sustainable building as evidenced by a 50% realised reduction in energy consumption. Furthermore, NSI has introduced the HNK Formula to meet a growing demand for full service and flexible office leasing in the Dutch market. The first building, transformed on the basis of the HNK Formula, was opened in October 2012 in Rotterdam. NSI aims to transform approximately 10-15% of its Dutch offices Portfolio into HNK Formula offices over the coming years, whereby NSI will focus on larger cities. In addition, NSI will launch a HNK Formula 'light' concept in selective business parks that are well suited for this purpose. The HNK Formula 'light' concept provides flexible office leasing without or with only limited ancillary services and/or support services (e.g. restaurant, central meeting areas).

- *Experienced management team.* The Management Board of NSI consists of CEO Johan Buijs, CFO Daniël van Dongen. Furthermore NSI intends to propose to its shareholders to appoint its COO, Mark Siezen, as additional member of the Management Board, giving the Management

Board close to 75 years of professional and real estate experience. With the support of a highly experienced team of asset managers and other staff, they have been able to turn NSI into a professionally managed organisation with a strong tenant focus in culture and business processes. They have implemented a successful active management operating model, evidenced by the redevelopment of selected assets to adapt to clients' demands. Moreover, in the past 7 years NSI has successfully integrated multiple Portfolios achieving both top-line growth, critical mass and operational cost synergies. The management team of NSI has 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.

9.7. Strategy

NSI aims to offer tenants durable accommodation enabling them to operate their business successfully over the long term and to provide Shareholders with a sustainable return on their invested capital. NSI strives to realise this by investing in offices and retail properties in attractive and high yielding locations. One of NSI's main objectives is to offer Shareholders a sustainable return in the form of an attractive dividend pay-out, with due consideration to its capital structure and investment requirements of NSI's existing Portfolio.

9.7.1. Business strategy

NSI's business strategy is geared towards increasing value through active asset management. The key elements of NSI's business strategy are the following:

- *Strive for a balanced Portfolio focusing on high-yielding office and retail assets*. NSI's investment focus is attuned to a high yielding profile by investing in offices and retail. Historically, the higher risk and yield profile of offices is supported by the generally more stable, but lower yield of the retail Portfolio, in a proportion that is consistent with the asset cycle of the office and retail markets. NSI aims to keep this ratio on average in balance across the entire cycle. Inherent to this is an active acquisition and disposal policy. NSI aims to be one of the leading players in each asset class.

  In smaller cities, NSI offices will primarily be located in the central business districts. In larger cities, the Group's office properties tend to be located just outside the central business districts. Whilst the traditional offices market is expected to remain challenging for some time, the flexible leasing segment is expected to grow. NSI is anticipating on this growing trend by introducing the HNK Formula. For the retail Portfolio, NSI primarily concentrates on medium-sized district shopping centres with a floor area between 5,000 and 7,000 m², shopping centres in smaller cities or city districts with a floor area between 7,500 and 12,500 m², and large-scale shopping centres with a floor area of 20,000 m². The impact of NSI's strategy to lease at least 25% of its locations in its shopping centres to food retailers has been positive: supermarkets have proven to be less sensitive to the recessionary environment and thereby resulting in a relative stable visitor base, which supports other retailers in these shopping centres. NSI's well balanced mix of branches, with a strong presence of daily shopping needs, supports a high footfall in its shopping centres. Residential in the Netherlands are no longer included in the desired investment categories and will gradually be cut back.

  NSI has evaluated its strategy with regard to the markets in which it operates. In particular, NSI's position on the Swiss market was investigated and assessed. Although investing in Switzerland has proven to be successful, NSI has reached the conclusion that its presence in Switzerland was no longer desired. In December 2011, NSI announced its intention to dispose of the Swiss Portfolio. In 2008, NSI entered the Swiss property market under very different circumstances. The prospects for Switzerland were very positive at the time based on higher stability and relative higher returns compared to the Netherlands. In part due to the appreciating Swiss franc, , it is no longer possible to purchase new real estate at acceptable prices. This limits the possibilities for the growth that is necessary to support the organisation and to have critical mass in the market as announced in the press release dated 15 December 2011. NSI no longer perceives Switzerland as a core market, which is why NSI will withdraw from there in the near future. At the end of June 2012, NSI realised 70% of its intent by selling the Silvergate office building in Thalwil and the Perolles-centre shopping centre in Fribourg. In April 2013, NSI sold Hertizentrum in Zug. The process of selling the last remaining Swiss property (a 2,267 m² office in Fribourg) was completed on 4 October 2013. In addition, NSI continues its disposal strategy of non-strategic assets and assets of which the value potential under NSI's management has been optimised.

- *Customer oriented operations*. NSI strives to become the sustainable accommodation partner for its tenants. This means creating long term relationships with tenants in attractive buildings. This approach translates into better leasing of vacant properties and a stable or rising percentage of current contract extensions. As of 30 September 2013, the retention rate in the offices Portfolio was about 61.1% (2012: 47.3%).

- *Active development and redevelopment of properties in close consultation with tenants*. NSI wishes to create value within the Portfolio through the active development and redevelopment of properties in close consultation with the tenants. This could involve expansions (for example to meet expansion r`equirements of an existing supermarket) or the improvement and updating the environmental performance of shopping centres and office buildings. This leads to higher rental income and higher values of the property.

Within the office Portfolio, redevelopment is primarily focused on renovations, on improving the letting proposition or on a specific lease. In the retail Portfolio, redevelopment for the most part is focused on expansion, revitalisation and optimisation.

Examples of recent developments in the office Portfolio are:

- Transformation Vasteland in Rotterdam to the HNK Formula

  After careful consideration of the future use of this large office building in Rotterdam, it was decided to transform the building such that it would be suitable for the HNK Formula concept. This mainly involved, amongst others, replacing the technical installations, the structural layout of the upper floors and a complete transformation of the ground floor including the entrance. See also Section 9.5.5 (*Business – Recent developments - HNK Formula (Het Nieuwe Kantoor)*.

- Renovation of De Rode Olifant in the Hague

  An integral renovation plan was developed for the office building De Rode Olifant in collaboration with the future tenant SPACES and the architect it hired, SevilPeach. The annual rental income amounts a basic rent of €1.7 million for a 20 years lease compared to an investment of €7.5 million. See also Section 9.5.6 (*Business – Recent developments - Lease and renovation of The Red Elephant (De Rode Olifant), The Hague*).

Examples of recent developments in the retail Portfolio are:

- Change in designated use of Euromarkt Alphen aan de Rijn

  NSI initiated a spatial planning project that would convert the property to be used as a supermarket. After the proposed conversion was approved by the municipality and the renovation work was completed, the annual rental income from this property was increased by €100,000 and a 10 year lease was signed compared to an investment of €300,000.

- Rebuilding of Shopping centre 't Loon in Heerlen

  NSI recently started construction activities for rebuilding the shopping centre 't Loon in Heerlen. The shopping centre will also be optimised and modernised. The entrance will be modernised, routing in the shopping centre will be improved and retail units will be more efficiently laid out. Completion is expected at the beginning of 2014.

- *Increase of retention rate*. One of the primary objectives of NSI is to further increase the retention rate, which for the Group is at 61.1%. of the lettable area for the nine months ended 30 September 2013. The goal is to bring the retention rate above 75%. For this purpose, NSI has set up a broad customer information system (CRM database), in which all tenant information is stored. This information enables NSI to document and monitor their wishes and desires and to enhance customer relationships. Intensive visits ensure constant updating of the CRM database. This system enables NSI to timely enter into discussions with clients on renewals before contract expiration. A standard contract has a term of five years. Partly in response to the need of tenants for flexibility, the average contract currently has a term of four years.

- *Strategy of IO.* IO invests in high-quality Belgian office buildings and logistic properties that are leased to reputable tenants. The properties in which IO invests consist primarily of up-to-date buildings that are strategically located outside municipal centres. The properties typically do not require major repair work in the short term and are situated at strategic locations, preferably on the Antwerp-Brussels axis. Acquiring assets in other locations can contribute to the stability of rental income. This is taken into consideration when such opportunities arise. In principle, IO does not invest in residential or retail properties in Belgium. IO aims to make its Portfolio more attractive by offering a high level of liquidity, by expanding its property Portfolio and by improving the risk spread. See also Section 9.8.2 (*Business – Overview of the Portfolio - Belgium*).

9.7.2. ***Financial strategy***

NSI's financial strategy is aimed towards maintaining a solid balance sheet with flexibility to support future growth. The key elements of NSI's financial strategy are the following:

- *Reduce loan-to-value*. NSI is highly committed to reducing its loan-to-value ratio to below 55% in the short term and to below 50% in the longer term (30 September 2013: 59.6%). For illustrative purposes, with expected net proceeds from the Placement of €288.4 million, the Group LTV would have been 44.9% as at 30 September 2013.

- *Increase debt maturity.* NSI aims to increase the maturity of its debt insofar as possible, to an average maturity of above 3 years (30 September 2013: 2.6 years). An important step towards this goal has been the recent full refinancing of its largest debt facility of €260 million and extending the maturity to July 2017. This syndicated loan had original maturities in 2013 and 2014 and represented the majority of the debt expiring in these years. NSI is actively working on extending the maturity on its other debt. Following completion under the Placement, NSI will enter into further discussions with its lending banks to renegotiate terms and conditions of its financing. See Section 10.2 (*Operating and financial review – Key factors affecting results of operations – Availability of financing, interest rate levels, financing expenses and hedging)*.

- *Diversification of funding sources*. NSI targets to strengthen and expand the relationships with existing financiers, whereby NSI will aim for a wider and more international financing base. However, NSI considers dependence on bank financing in the long term to be less optimal. NSI also aims to convert property-related funding into funding at the corporate level. Other sources of funding will therefore be explored in the near future, whereby the portion of the real estate Portfolio provided as security will be decreased. Diversification of funding could cover, amongst other things, corporate bonds, convertible bonds, US private placements and inflation-linked instruments.

- *Interest rate fixing of at least 80%.* The Group's policy is to arrange approximately 80% of its borrowing requirements at fixed interest rates. The Group uses interest rate derivatives for this purpose. Because most of the loans are initially on a floating interest basis, the Group uses interest rate swaps to manage its interest rate risk. The Group's policy regarding the hedging of interest rate risk is aimed at protecting itself against rising interest rates. The policy is to have between 70% and 80% of its interest costs hedged. Based on the relevant derivative agreements there are no margin call obligations.

- *Sustainable dividend policy*. NSI has recently implemented a revised dividend policy, linking its dividend to the LTV performance of NSI. The pay-out ratio will be determined by the Group LTV ratio, until NSI has achieved its target to reduce its LTV ratio below 55%. If the Group LTV ratio (post-dividend) is above 55% but below 60%, the pay-out ratio will be 50% of the direct result in cash. If the Group LTV ratio (post-dividend) is above 60%, the pay-out ratio will be 50% distributed as stock dividend. The Group LTV as per 30 September 2013 was 59.6% before dividend distribution. After a (theoretical) dividend distribution, the Group LTV ratio post-dividend would have exceeded the 60% treshold. The Placement is intended to structurally bring the Group LTV ratio to below the 55% threshold. See also Section 6 (*Dividends and dividend policy*).

9.8. Overview of the Portfolio

NSI's Portfolio predominately comprises investments in offices and retail in the Netherlands and Belgium. Besides these core segments, NSI owns a number of residential and industrial properties. On 30 September 2013, NSI's real estate Portfolio was as follows:

	Number	Lettable m²	Theoretical Annual Rent (x €1,000)	Occupancy rate %	Market value (x €1,000)
The Netherlands	265	1,023,480	132,144	79.1%	1,276,499
Switzerland	1	2,267	462	86.0%	7,935
Belgium	38	640,942	51,022	84.8%	579,474
Total	**304**	**1,666,689**	**183,628**	**80.7%**	**1,863,908**

9.8.1. *The Netherlands*

On 30 September 2013, the Dutch Portfolio represented 69.5% of the total real estate Portfolio. In the Netherlands, NSI's objective is to continue to invest in retail and offices.

Retail - Retail real estate and shopping centres are an important part of NSI's real estate Portfolio. This sector is considered as a strong investment category that retains its value. NSI's retail Portfolio is focused on medium-sized district shopping centres with a floor area between 5,000 and 7,000 m², shopping centres in smaller cities or city districts with a floor area between 7,500 and 12,500 m², and large-scale shopping centres (20,000 m²) focused on large volume retail trade. NSI wants its shopping centres to be dominant in the service areas in which they operate and NSI's strategy is focused on achieving this. NSI aims for a proper distribution of chains and local entrepreneurs and a balanced mix of shops and segments. The retail diversification is focused on daily shopping needs, with the food segment targeted to present at least 25%. This retail diversification focus provides for a daily flow of visitors, which is essential for the dynamics and success of a shopping centre, and supports the local dominance that NSI is targeting in its Portfolio. Based on market value, Retail amounts to 26.3% of the total Portfolio as per 30 September 2013.

Offices – In terms of market value, the majority of NSI's Portfolio consists of offices in the Netherlands. NSI aims to concentrate its investments in offices on the Randstad area in the Netherlands (Amsterdam, Rotterdam, The Hague, Utrecht and adjacent areas). In the large cities these offices are generally located outside the main business district, however at locations of sufficient quality and interesting for (potential) tenants. Outside the large cities, NSI's offices may also be located in the main business districts. NSI has a large number of properties at good locations that NSI expects to provide sufficient reletting opportunities in the future. Based on market value, Offices amounts to 37.9% of the total Portfolio as per 30 September 2013.

Industrial - The proportion of industrial real estate in NSI's Dutch Portfolio is limited. NSI does not consider this category to be a core activity and expects to divest these properties in due course. Based on market value Industrial amounts to 4.0% of the total Portfolio as per 30 September 2013.

Residential – NSI owns 48 apartments above a shopping centre in Amsterdam with a market value of €4.2 million, representing less than 0.2% of the total Portfolio as per 30 September 2013.

9.8.2. ***Belgium***

The Belgium Portfolio of NSI is held through its interest in the listed company IO. On 30 September 2013, the Belgian Portfolio represented 31.1% of the total real estate Portfolio.

Offices – Based on market value Offices amounts to 18.1% of the total Portfolio and 58.4% of the Belgium Portfolio as per 30 September 2013. The Belgian office Portfolio is concentrated on strategic locations along the Antwerp - Mechelen - Brussels axis. The letting concept RE:flex is used in Belgium to anticipate the increasing need for flexibility and partnering in a professional environment. The RE:flex concept entails that based on a membership card, access is provided to a flexible workplace and a range of facilities and services (e.g. conference and meeting facilities).

Industrial – 41.6% of the Belgium Portfolio consists of high-quality logistics real estate at good locations. As a result, IO now is the second largest investor in logistics real estate in Belgium. Based on market value Industrial amounts to 13.0% of the total Portfolio as per 30 September 2013.

9.8.3. ***Tenant profile***

Retail tenants and office tenants have historically accounted for the majority of the Group's total rental income, as follows: 2012: 28% retail and 57% offices; 2011: 38% retail and 54% offices; 2010: 42% retail and 52% offices. The Group's retail tenants mainly consist of smaller retail clients and national chains. In total the retail tenant group represents 28.0% of NSI's actual rent (as per 30 September 2013). The office segment is a diversified tenant group consisting of small business service firms, semi-government bodies and large-corporate clients. In total the offices tenant group represents 56.1% of NSI's actual rent (as per 30 September 2013). The industrial segment represents in total 15.7% of the actual rent (as per 30 September 2013) and mainly consists of clients active in the logistics sector area. Finally, the residential segment represents in total 0.2% of the actual rent (as per 30 September 2013) and mainly consists of private residential clients. Residential tenants are however not considered as core client group.

For the nine months ended 30 September 2013, the Group's ten largest retail tenants contributed 7.4% to total rental income and the ten largest office tenants contributed 16.7% to total rental income (excluding turnover based rent). The Group's largest exposure to a single lessee was 3.2% of total Portfolio rentals. See also Section 10.7 (*Operating and financial review – Qualitative and quantitative disclosure about market risk – Credit risk*).

9.8.4. ***Leases and occupancy***

NSI leases its real estate investments on the basis of operating leases with various maturities. The lease agreement specifies the area, the rent, the other rights and obligations of the landlord and the tenant, including notice periods, options to extend the rental period and provisions relating to service costs. In general, the rent is indexed during the life of the lease agreement on an annual basis. A minor part of the Group's lease agreements are linked to the tenant's turnover. In most cases, NSI uses the template of ROZ (*Vereniging Raad voor Onroerende Zaken*) as the basis for its contracts, which is market practice in the Netherlands.

The properties in the Group's Portfolio are leased predominantly on a long-term basis (i.e. for a period longer than four years). The lease period for offices is a matter of commercial agreement between tenant and landlord. However, due to mandatory law regarding tenant protection, the lease of retail property requires an initial lease period of at least 5 years, with an automatic extension up to 10 years in total. There are only limited possibilities for the landlord to terminate the lease after the first 5 years. Retail leases for a period of 2 years or shorter are excluded from this rule. Rent reviews are also a matter of commercial agreement in the case of lease of offices, but in the case of lease of retail property the law stipulates that either the tenant or the landlord can request a rent review after the initial lease period has lapsed and every 5 years thererafter. As a general rule, subletting is prohibited.

The market for renting out commercial properties is competitive and therefore it is sometimes required to offer incentives to tenants, such as rent-free periods and rent rebates. Occasionally, break options after a certain period of time are agreed with tenants. The maturity of such a lease is treated as a lease until the date of this break option and not as a lease with a duration of the initial term and disregarding the break option.

The occupancy level in the entire Portfolio as per 30 September 2013 amounted to 80.7%. Occupancy levels per sector were: 75.6% in offices, 88.9% in industrial and 89.7% in retail premises. Besides the extension of existing leases, NSI has also been able to attract new tenants. Please refer to Section 10.1 (*Operating and financial review - Overview*).

9.9. **Operational activities**

NSI is focused on generating returns for Shareholders and creating value for its tenants. NSI's principal objective is to offer a continuous return to Shareholders in the form of sustainable level of the direct investment result per Ordinary Share. In an operational context, NSI tries to reach these goals through a number of activities.

The Group's first and most important operational activity is property management. Property management encompasses both NSI's commercial leasing department as well as its technical department. These departments are in a regular dialogue with the tenants (and potential tenants) to deal with the desires of the (potential) tenants and to make sure that the properties are in the best possible technical condition. Main focus point is the reduction of the vacancy rate through a sophisticated system of pipeline management.

It is ultimately to the benefit of the Shareholders if tenants can successfully operate their businesses partly as a result of the premises that NSI can offer. NSI strives to have long-term relationships with existing and potential tenants by taking on the role of housing consultant. NSI intends to do more than only offer floor space to let. NSI assists its tenants by considering how much space they need, what type of premises is best suited to their business, how sustainably they wish to operate, and what facilities they need. By doing this NSI and its tenants become interdependent and the success rate of finding new tenants is increased, both with the objective to increase rental income.

The second operational activity is asset management, which means the acquisition and disposal of properties, including market analysis and hold/sell analysis. NSI believes that specialisation and focus are essential in order to realise the best possible return from a real estate portfolio. NSI concentrates on retail and offices, aiming for a balanced mix, consistent with development of the asset cycle in both markets.

Finally, the third operational activity is the construction & development department. This department is responsible for locating and creating added value in the Portfolio. The activities range from the realisation of expansion opportunities in existing shopping centres or offices – in order to be able to provide a client with a tailor-made solution – to the complete revitalisation of existing locations. Sustainability is a key item in the operational activities of the construction and development department.

These operational activities are supported by a small staff of control & administration and legal affairs, HR and PR employees.

To optimally exploit the business model involving a fully equipped operational platform and to be attractive to the financial markets, the Portfolio of NSI requires a critical mass. As a result of the Merger with VastNed O/I, NSI believes that the current Portfolio is in balance with this concept.

Furthermore, a larger portfolio may make it possible to purchase larger properties without negatively affecting the risk profile and a broader portfolio might also increase the diversification of risk. The rule applied by NSI holds that the purchase price of a single property should not exceed 5% of the total Portfolio price. An increase in scale might also lead to more efficient portfolio management, funding and procurement of products and services.

For NSI, diversification of investments has always been one of the foundations of NSI's results and risk profile. Diversification results from both investing in various real estate categories and across regions and countries. Diversification across a large number of tenants is also important for the continuity of the results. In combination with the diversification across the various real estate categories, NSI can avoid a situation in which rental income depends too heavily on one category in the rental market in the event of an economic downturn.

9.10. **Management and employees**

The Management Board consists of two persons, being Mr. J. Buijs (CEO) and Mr. D.S.M van Dongen (CFO). It is proposed that Mr. Siezen will join the Management Board as COO. Pending his appointment in an EGM still to be convened, Mr. Siezen has started his activities for NSI based on an employment agreement as of 1 July 2013. The Supervisory Board consists of Mr. H.W. Breukink (chairman), Mr. H.J. van den Bosch and Mr. G.L.B. de Greef. For more information, see Section 11 (*Management and employees*).

Apart from staff management, the Management Board and the Supervisory Board, the organisation is geographically organised.

9.10.1. ***Employees in the Netherlands***

As at 30 September 2013, NSI employed 66 employees (63.2 FTEs) in the Netherlands. The employees were distributed across the following departments: Management Board (2), COO (1), Director Netherlands (1), Secretary to the Management Board (1), Asset Management (3), Transaction Manager (1), Construction & Development (3), Office Letting (11), Retail Letting (6) and Technical Building Management (12), Control & Administration (15), Secretariat (3), ICT (2), Marketing (1), Investor Relations (1) and Reception & Facilities (3). This represents an increase of 2.6FTEs (59.8%) compared to 30 September 2012.

9.10.2. ***Employees in Belgium***

Although the 54.0% majority interest in IO in Belgium is considered a controlling interest, IO has its ery own organisation that is separate from NSI. As at 30 September 2013, IO employed 20 employees (18.7 FTEs). 15 employees (14.4 FTEs) are responsible for the internal management of the real estate and 5 employees (4.3 FTEs) are responsible for fund management. The number of directors is 4, of which 1 is unpaid. Messrs Buijs and Van Dongen (CEO and CFO of NSI) each hold a position in the board of directors of IO.

9.11. **Market overview**

9.11.1. ***The Netherlands***

Economy

Since the first quarter of 2011, the Dutch economy contracted in six quarters and barely grew in the remaining quarters (*source: CPB – Juniraming 2012: De Nederlandse economie tot en met 2017, inclusief Begrotingsakkoord 2013*). The contraction was evident on almost all fronts in 2012. Household consumption is under severe pressure due to the decreased purchasing power, declining house prices and the deteriorating situation of pension funds. In addition, in 2012 there was a long period of political uncertainty due to the fall of the government and the subsequent election and the time required to form a new government. The level of investment by the government as well as the private sector is declining. The only growth in the Netherlands is due to exports, although that is slowing down as well due to the moderately growing world trade. Due to the shrinking production, unemployment is increasing and is expected to reach an average of 6.8% in 2013, with a further increase to 7.0% in 2014 (*source: CPB – Juniraming 2012: De Nederlandse economie tot en met 2017, inclusief Begrotingsakkoord* 2013). The long-term low level of consumer confidence does not provide any reason to expect a recovery on a short term. The Dutch economy is projected to fall by 1% in GDP this year. For 2014, a slight recovery is projected, leading to a 1% increase in GDP (*source: CPB – Juniraming 2012: De Nederlandse economie tot en met 2017, inclusief Begrotingsakkoord 2013*).

Real Estate

The real estate market is tightly linked to the financial markets. The value of secured collateral in the Dutch real estate market, which provides the foundation for a great deal of the refinancing needs, significantly declined since the market's peak in 2007. Due to new regulations, such as Basel III and Solvency II, banks and insurance companies are required to retain larger equity reserves, which reduces the funds available for lending. Many foreign banks are withdrawing from the Netherlands and are concentrating on their home country. The majority of Dutch banks wants to decrease its exposure to real estate, in part due to past losses and the increased risk of financing unlisted real estate construction. Due to these trends, available credit is declining and the costs of credit are significantly increasing.

As a result, the number of real estate transactions significantly declined. A number of forced transactions at non-representative value levels further depressed the sentiment and the valuation of real estate, particularly in the office market has come under further pressure. The lack of transactions created a shortage of reference values as a result of which appraisals were increasingly based on assumptions. Since 2012, there has been increasing pressure on valuations, in particular valuations of office real estate. The basic position of the Dutch real estate market remains fundamentally strong. The Netherlands is among the top 10 countries with the highest gross domestic product per capita and has low unemployment. The Netherlands has an excellent infrastructure, an attractive business climate and excellent connections with surrounding countries.

Since 2012, transaction volumes in the office real estate market have been driven by a small number of large office transactions in the prime segment, and in office real estate with lower capital values, including due to a number of forced disposals. The Ministry of Infrastructure and the Environment is working on a nationwide programme to combat vacancy. Participants in this effort include IVBN, Neprom, municipalities and provincial agencies. Increasingly, however, the possibility of conversion of office buildings is also being investigated. In the Amsterdam area, for example, the first examples of this are visible, as office buildings are transformed into hotels or student housing.

In the retail real estate market, interest in A-1 locations has remained high. There is still demand for high-quality properties, but the available supply is limited, both for investors and occupants. Anticipated and declining consumer spending and the development of online shopping play a role in the demand for shop surface space. Constant renovation of main shopping areas is essential for their vitality and attractiveness to be maintained. The demographic ageing of the population means that senior citizens are becoming an increasingly important target group. This often financially strong population segment will impose greater demands on the accessibility and ease of shopping locations.

9.11.2. ***Belgium***

Economy

According to the estimates released by the National Bank, the Belgian economy contracted in 2012, but performed better than the Dutch economy. Over all of 2012, the Belgian economy declined by 0.2 per cent, while the economy grew by 1.8% in 2011. For 2013, the National Bank has forecasted a rather flat development, and a slight recovery in 2014. Exports are expected to continue to grow, which is of importance to the logistics sector.

The office market in Belgium was a difficult market in 2012, with a structural excess of office stock. In contrast to the general trend in Europe, the number of transactions in Belgium increased by 22% in 2012, although activity in the fourth quarter decreased. Nevertheless, the take-up in the Belgian office market is still 5% below the average of the last 10 years. Marked regional differences were also evident in the market's recovery. The Brussels office market showed cautious recovery, particularly due to the zone surrounding the airport. Antwerp was the only area to show some regional growth in 2011, but experienced a 25% decline in take-up in 2012, although it still stayed above the average of the past 10 years. The Mechelen region showed strong recovery. Aside from the increase in take-up, an increase in the average rents also is an indicator of recovery, although the regional differences here too are marked. Rents in Brussels as always remain highest and showed minimal growth. Rents in Antwerp and Mechelen are lowest with a decrease of approximately 10% in Mechelen.

The year 2012, especially the first half, was favourable for the market segment of logistic and industrial buildings. The occupation of these buildings reached a new high (comparable with the peak years 2007 and 2008), and this particular sub segment also attracted enough new investors.

Total take-up in 2012 amounted to 1,650,000 m², which was clearly higher than the limited take-up that was seen in the previous year. The rental market for logistic buildings was driven in 2012 by various mergers and acquisitions of end-customers of logistics players. This stimulated the entry of further efficiency and centralisation in the logistics process of these end-customers, leading to the rental of ancillary buildings and the expansion of various existing logistic sites. The take-up of logistic buildings took place once again along the four major logistic axes (Antwerp - Brussels, Antwerp - Limburg - Liège, Antwerp - Ghent and the Walloon axis), amounting in total to approx. 780,000 m², compared to 240,000 m² in the previous year.

The industrial building sub segment also performed well in 2011 in terms of take-up. Once again, the take-up consisted mainly of purchases for own use in the Golden Triangle of Antwerp - Brussels - Ghent and only to a limited extent of new rentals. Total take-up of industrial buildings amounted to approx. 750.000 m². slightly higher than the 690,000 m² in the previous year (source Belgian market data: Expertise news).

9.12. **Competition**

The retail and offices letting market is fairly fragmented in terms of competitors. However, NSI has identified the following listed peers in the Dutch and Belgian retail and offices real estate markets: Befimmo, Cofinimmo, Corio, Euro Commercial Properties, VastNed Retail and Wereldhave. These peers are comparable to NSI in terms of their activities, though differ on size and country and/or segment exposure. Besides these listed peers, there are numerous landlords (either private individuals, smaller groups or non-listed real estate companies such as ING Dutch Office Fund, Merin, Hanzevast, Breevast, Chalet Group and Regus) of commercial real estate that are competitors of NSI. The Dutch market is a fragmented market, in which NSI considers itself to be a significant player. NSI's Dutch office Portfolio represents 1.2% of the total market in terms of Portfolio value. With respect to the HNK Formula, the Group faces competition from traditional real estate investment companies (such as SPACES and Regus), but also from hotels and motels offering comparable meeting and/or facilities.

9.13. **Risk management**

NSI has identified the risks to which it is exposed. These are strategic risks, operational risks and financial risks. Please also see Section 2 (*Risks Factors*).

The strategic risks largely pertain to the real estate sector and country allocation, and to the timing of purchases, investments and sales and the corresponding financing arrangements. Operational risks include, amongst other things, the selection of properties and lessees, the technical condition of properties, tax-related risks, as well as the performance of NSI's own organisation and its systems. The financial risks concern interest-rate and exchange risks as well as (re)financing risks.

NSI has an adequate risk management and internal control system. An important element of the internal control system is a management structure that can take decisions effectively and on the basis of consultation. Strict procedures are followed for the regular preparation of monthly, quarterly and annual figures based on NSI's accounting principles. Monthly meetings are held between the Management Board and local directors, to discuss the results per country versus budgets and the long-term financial planning.

The internal management reporting system is designed to follow developments in rental income, the value of investments, rent arrears and doubtful accounts, vacancies, the progress of (re)development and expansion projects and the development of the financial results for the review period in comparison with the budget and on a per share basis. These data are generated by means of electronic data processing in an automated information system. There is a back-up and recovery plan to ensure that data can be retrieved.

The audit committee discusses the findings of the external auditor regarding NSI's internal control environment with the Management Board and the external auditor. The audit committee monitors the internal control structure and procedures and the assessment of the risks faced by NSI and its subsidiaries.

As a publicly listed company, NSI has to manage compliance risks in terms of legislation, ethics and integrity. Furthermore, NSI has a description of its administrative systems to comply with the FMSA.

NSI has a long-term investment strategy for its real estate investments and monitors the risks that follow from its investment policy. Control measures have been implemented with regard to the implementation of this policy and the monitoring of the consequent results and effects. A system of policy, guidelines, reporting systems and segregation of duties has been set up and put into operation in order to execute the above-mentioned control measures. The organisational structure and corporate strategy are focused on maximum shareholder value at minimal risks. All important decisions with regard to the purchase and sale of properties are discussed and assessed with the Management Board during regular meetings of the Investment Advisory Board. This board, which consists of real estate experts, is involved in the assessment of purchases, disposals and major expansion investments.

9.14. Corporate social responsibility

9.14.1. *Background*

The real estate sector carries an important social responsibility in terms of the supply as well as the use of property. Real estate literally and figuratively stands at the centre of society. Buildings determine the appearance and cohesion of the environment and as such exercise major influence on our living and working climate. There is an increasingly higher degree of political and social focus on aligning the property 'supply' with needs. Vacancy is to an increasingly greater degree seen as a social problem.

In addition, real estate carries a clear responsibility in terms of energy consumption. The built environment accounts for over one third of the energy consumption, CO2 emission and half of the total consumption of materials. The ecological impact is a key parameter in issues concerning whether and how construction will proceed. As such the modernisation of existing buildings in the overall footprint can be more favourable than new construction.

Sustainability is also interwoven with a number of trends in the use of property which imposes new requirements on the business operations of tenants. Trends, such as 'the new way of working' (which means the ability to work remote, independent from time and place, supported by modern technology), limit commuting and the required work space, but also require workplaces to be designed differently.

9.14.2. *Mission*

Sustainability is embedded in NSI's mission: offering tenants sustainable accommodation enabling them to operate their business successfully over the long term and consequently offering institutional and private investors a continuous return on their invested capital.

Sustainability is interwoven with NSI's strategy and policy in its role as investor as well as lessor.

As investor NSI aims for optimal investment value, in which the focus on the environment and the surroundings, tenant satisfaction and value development are balanced in responsible ways. The investment value of real estate is increasingly determined by the sustainable character of buildings in relation to the tenants, environment and society. Based on their own sustainability strategy, tenants opt for sustainable buildings, as a result of which sustainability is a factor in the building's lettability (occupancy rate, rent level) and consequently in its valuation. The influence of sustainability on the required investments and the targeted yield is embedded in NSI's asset management approach.

A key sustainability aspect is how the overall property supply is being managed, transcending the own Portfolio. The optimal configuration from a social and sustainability perspective takes collectivity into account. The existing holdings, including transformations to other designations, ultimately compete with new development. NSI actively collaborates with all parties in the real estate market: tenants, government, market players and sector organisations.

As lessor, NSI in consultation with tenants strives for optimising energy efficiency. Due the fact that NSI has its own in-house expertise needed to realise improvements in the energy label, this aspect is proactively discussed with new as well as existing tenants. This way NSI provides insight for its tenants into how investments pay off in terms of cost savings.

9.14.3. *Measures*

With regard to sustainability, NSI not only aims for buildings and the surrounding public space, but it also takes the relationships with tenants and market players into consideration. NSI believes the cooperation with tenants and market players is of great importance to realise its corporate social responsibility ambitions.

NSI's approach is based on three pillars:

- increasing the sustainability of the real estate Portfolio, by increasing the energy performance and quality of use and reducing the environmental impact of properties;
- advise and services for tenants, with a focus on long-term relationships and advice related to the improvement of the sustainability of the tenant's operations; and
- supply chain cooperation with strategic partners, to improve the sustainability of the entire real estate supply chain and to stimulate innovation.

Increasing Portfolio sustainability

The improvement of the sustainability of NSI's properties requires concrete actions with regard to energy savings, virescence, the energy supply and limiting the environmental impact. NSI is working to achieve the following targets for its real estate Portfolio by 2020:

- 30% energy savings (on average 3% per year).
- 20% energy from sustainable sources; and
- 30% lower CO2 emissions.
- Advice and services

By providing information and advice to tenants, NSI creates awareness with regard to energy consumption and operational management. NSI activities include attention for:

- identifying the tenants' wishes with regard to sustainability;
- informing tenants with regard to energy-saving options and sustainable operational management; and
- monitoring, benchmarking and evaluating energy performance of the Portfolio and consumption data on tenants.
- Supply chain cooperation

NSI aims to stimulate the sustainability of the entire real estate supply chain from its responsibility as a property owner and to realise innovations in collaboration with other parties by:

- strategic partnering with suppliers, advisors and knowledge institutes to develop new services, concepts and products for tenants;
- development and exchange of knowledge with market players and industry organisations to conduct research and apply best practices; and
- implementing pilot projects with products, concepts and applications in cooperation with tenants and market players with a focus on energy savings and improving the sustainability of buildings and their use.

9.14.4. ***Recent actions***

Over the past year NSI invested in sustainable solutions in various locations. Examples of this are the replacement of CH boilers with energy-efficient applications, the installation of LED lighting in office buildings and parking garages, and the application of smart technologies for presence detection and heat recovery. In some cases these investments are resulting in savings of more than 60%.

A good example of making the Portfolio more sustainable is the renovation of The Red Elephant in The Hague, the Netherlands, a historical monument that NSI renovated for the new tenant SPACES in 2012. This has reduced the building's energy consumption by more than 50%. In

2012, at the Portfolio level, NSI worked on creating insight into and developing sustainability profiles of the merged NSI and VastNed O/I Portfolio, so as to create a good baseline for measuring savings objectives. This also makes it easier to provide (more) complete data related to energy labels, energy consumption and CO2 data for (benchmark) analyses conducted by organisations such as the Global Real Estate Sustainability Benchmark and the Association of Investors for Sustainable Development.

NSI has been working for years with energy consultants in relation to labelling, monitoring and benchmarking the Portfolio. Almost all power connections are currently digitally metered and consumption data can be viewed and compared with each other in real time via an energy monitoring system. In the future, NSI not only wants to provide insight into consumption data per property, but also by user, so that tenants can monitor their own energy consumption at any time. This creates greater awareness of the actual energy consumption and consequently potentially provides tenants with energy savings opportunities.

In 2012 NSI signed an agreement for the supply of green power for its entire Portfolio. This means that the CO2 emission of NSI's Portfolio significantly drops and that this way NSI makes a major contribution to its goal of reducing the environmental burden of its properties.

9.15. **Overview of legal entities**

NSI is the 100% parent company of: NSI Beheer B.V., NSI Beheer II B.V. and NSI Management B.V, which together directly or indirectly hold the following subsidiaries, which are all included in NSI's consolidated financial accounts:

- NSI Bedrijfsgebouwen B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Beheer B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Beheer II B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Development B.V. (Hoofddorp, the Netherlands) (100%)
- NSI German Holding B.V. (Hoofddorp, the Netherlands) (100%)
- NSI International B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Kantoren B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Management B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Monument B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Volumineuze Detailhandel B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Winkels B.V. (Hoofddorp, the Netherlands) (100%)
- NSI Woningen B.V. (Hoofddorp, the Netherlands) (100%)
- VastNed Offices Benelux Holding B.V. (Rotterdam, the Netherlands) (100%)
- Rheinoffice B.V. (Rotterdam, the Netherlands) (100%)*
- Kaistrasse B.V. (Rotterdam, the Netherlands) (100%)*
- Mainzer Landstrasse B.V. (Rotterdam, the Netherlands) (100%)*
- VastNed Offices Monumenten B.V. (Rotterdam, the Netherlands) (100%)
- De Rode Olifant B.V. (Rotterdam, the Netherlands) (100%)
- Hortus Duitsland B.V. (Rotterdam, the Netherlands) (100%)
- VastNed Industrial B.V. (Rotterdam, the Netherlands) (100%)
- VastProduct C.V. (Rotterdam, the Netherlands) (100%)
- B.V. VastNed P.P.F. (Rotterdam, the Netherlands) (100%)
- Munuvius B.V. (Rotterdam, the Netherlands) (100%)
- VastNed Offices Belgium Holdings B.V. (Rotterdam, the Netherlands) (100%)

- NSI Luxembourg Holding S.à r.l. (Luxembourg, Luxembourg) (100%)
- NSI Switzerland S.à r.l. (Luxembourg, Luxembourg) (100%)*
- Hans-Böckler-Straße S.à r.l. (Luxembourg, Luxembourg) (99.7%)
- Nieuwe Steen Investments (Swiss) A.G. (Zug, Switzerland) (100%)*
- Nieuwe Steen Investments (Swiss) II A.G. (Zug, Switzerland) (100%)*
- Nieuwe Steen Investments (Swiss) III A.G. (Zug, Switzerland) (100%)*
- Nieuwe Steen Investments (Swiss) IV A.G. (Zug, Switzerland) (100%)*
- Nieuwe Steen Investments (Swiss) V A.G. (Zug, Switzerland) (100%)*
- NSI Management Switzerland GmbH (Zürich, Switzerland) (100%)*

- Intervest Offices & Warehouses nv (Antwerp, Belgium) (54.0%)
- VastNed Offices Belgium NV (Antwerp, Belgium) (100%)
- Cocoon Offices Park NV (Antwerp, Belgium) (100%)
- Belle Etoile NV (Antwerp, Belgium) (100%)
- Aartselaar Business Center NV (Antwerp, Belgium) (55.2%)
- Mechelen Business Center NV (Antwerp, Belgium) (55.2%)
- Mechelen Research Park NV (Antwerp, Belgium) (55.7%)
- Duffel Real Estate NV (Antwerp, Belgium) (55.7%)
- VastNed Management Deutschland GmbH Grundstücksgesellschaft (Frankfurt, Germany) (100%)
- Kaistrasse 16-18 NV & Co KG (Frankfurt, Germany) (100%)
- Hans-Böckler-Straße GmbH & Co KG (Frankfurt, Germany) (94.9%)

* These legal entities will be dissolved in the near future as NSI no longer has activities in Germany and Switzerland.

10. OPERATING AND FINANCIAL REVIEW

The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of the Group during the periods under review. This disclosure is intended to assist readers in understanding and interpreting the consolidated financial statements of the Group prepared in accordance with IFRS included elsewhere in this Prospectus. It should therefore be read in conjunction with the rest of this Prospectus, including the information set forth in Section 8 (*Selected historical financial and business information*), NSI's unaudited consolidated interim reports for the nine months ended 30 September 2013 and 2012, including the notes thereto, and NSI's audited consolidated financial statements for the years ended 31 December 2012, 2011 and 2010, including the notes thereto. See Section 20 (*Documents incorporated by reference*).

For a discussion of the presentation of the Group's historical financial information included or incorporated by reference in this Prospectus, including the impact of the Merger, see Section 3.3 (Important information - Presentation of financial and other information). As set out in that Section, VastNed O/I's results of operations have been reflected in NSI's audited consolidated financial statements as of and for the year ended 31 December 2011 as follows: (i) VastNed O/I's results for the three months ended 31 December 2011 are included; and (ii) the balance sheet at year-end 2011 fully includes and reflects VastNed O/I's assets and liabilities transferred to the Group upon effectuation of the Merger. As explained in further detail in this Section 10 (*Operating and financial review*), the consummation of the Merger has been a key factor affecting the results of operations (such as the increase in gross rental income) of the Group. In addition, the book profit realised from the bargain purchase (negative goodwill) resulting from the Merger had a significant impact on NSI's audited consolidated financial statements for the year ended 31 December 2011. See Section 10.3 (*Operating and financial review – Comparison of results of operations for the periods ended 30 September 2013 and 30 September 2012 and years ended 31 December 2012, 2011 and 2010 – Result from bargain purchase*). Except as otherwise stated, this operating and financial review is based on the consolidated financial statements of the Group prepared in accordance with IFRS.

The following discussion contains forward-looking statements that involve risks and uncertainties. The Group has based these forward-looking statements on its current expectations about future events. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under Sections 2 (*Risk factors*), 4 (*Forward looking statements*) and 9 (*Business*) and elsewhere in this Prospectus. See also Section 3 (*Important information*).

10.1. **Overview**

NSI is one of the leading property investment and management firms in the Netherlands. Its core business is investing in office and retail real estate in the Netherlands and Belgium. As a result of the Merger, NSI holds a 54.0% interest in IO, a Belgian real estate investment trust (*vastgoedbevak*) listed on NYSE Euronext in Brussels, with a portfolio of offices and industrial properties in Belgium. During the period under review the Group has also had operations in Switzerland, but the process of selling the last remaining Swiss property (a 2,267 m² office in Fribourg) was completed on 4 October 2013 (also see Section 9 (*Business*) and Section 10.2 (*Operating and financial review - Key factors affecting results of operations – Property acquisitions, disposals and capital expenditure*).

At 30 September 2013, the Group owned and managed 304 properties, consisting of 167 office properties, 42 retail properties (including large-scale retail properties), 47 industrial properties and 48 residential properties (being 48 apartments located above a single retail property). 265 properties are located in the Netherlands, 38 properties are located in Belgium and one property is located in Switzerland. The properties (excluding the residential properties, of which the lettable area is not recorded by the Group) represent a total lettable floor area of 1,655,737 m^2 (849,969 m^2 offices, 271,779 m^2 retail and 533,989 m^2 industrial). At 30 September 2013, 56.5% of the fair value of the Portfolio was attributed to office properties, 26.3% to retail properties and 17.0% to industrial properties. The value of the residential properties owned by the Group was 0.2%. The occupancy rate of the Portfolio at 30 September 2013 was 80.7% and as at that date the Group was a party to 1,653 lease contracts. The Portfolio resulted in gross rental income of €109.4 million and a direct investment result of €36.1 million for the nine months ended 30 September 2013. The tables below summarise certain information concerning the Portfolio (allocation is based on a property's primary use) at the dates indicated. The theoretical gross annual rental income set out in the table below reflects the actual annual contractual rent effective on the relevant date, adding market rent for vacant space on such date.

Total Portfolio (by primary use)

Total	**At 30 September 2013**				**At 30 September 2012**			
	Offices	**Retail**	**Industrial**	**Residential**	**Offices**	**Retail**	**Industrial**	**Residential**
Total number of properties in Portfolio	167	42	47	48	173	49	49	94
Net market value of properties in Portfolio (x €1,000)................	1,053,416	489,767	316,505	4,220	1,216,683	608,993	319,388	9,690
Lettable floor area (m^2)	849,969	271,779	533,989	-	862,050	309,027	552,730	319,388
Occupancy Rate (%) ...	75.6	89.7	88.9	-	73.8	94.5	86.0	-
Theoretical gross annual rental income (x €1,000)	115,188	40,838	27,267	335	122,638	46,493	28,484	651

Total	**At 31 December 2012**				**At 31 December 2011**			
	Offices	**Retail**	**Industrial**	**Residential**	**Offices**	**Retail**	**Industrial**	**Residential**
Total number of properties in Portfolio	172	48	49	94	176	50	48	96
Net market value of properties in Portfolio (x €1,000).................	1,180,703	595,575	320,123	9,690	1,336,731	664,897	310,340	9,845
Lettable floor area (m^2)	858,345	306,742	552,793	-	876,763	322,138	541,234	-
Occupancy Rate (%)	74.8	92.5	88.5	-	78.9	94.9	89.4	-
Theoretical gross annual rental income (x €1,000)	121,498	46,328	29,122	699	131,984	49,675	26,623	740

Total	**At 31 December 2010**			
	Offices	**Retail**	**Industrial**	**Residential**
Total number of properties in Portfolio	86	49	11	96
Net market value of properties in Portfolio (x €1,000)	644,493	656,266	50,220	9,710
Lettable floor area (m^2)..	408,462	320,593	76,317	-
Occupancy Rate (%)...	85.6	96.0	85.5	-
Theoretical gross annual rental income (x €1,000)	61,413	48,576	5,108	727

Total Portfolio (by country)

Total	**At 30 September 2013**			**At 30 September 2012**		
	NL	**BE**	**CH**	**NL**	**BE**	**CH**
Total number of properties in Portfolio	265	38	1	323	40	2
Net market value of properties in Portfolio (x €1,000)	1,276,499	579,474	7,935	1,517,000	601,435	36,319
Lettable floor area (m^2)..........	1,023,480	629,990	2,267	1,072,406	640,915	10,486
Occupancy Rate (%)	79.1	84.8	86.0	78.8	84.4	95.3
Theoretical gross annual rental income (x €1,000).......	132,144	51,022	462	143,728	52,121	2,466

Total	**At 31 December**								
	2012			**2011**			**2010**		
	NL	**BE**	**CH**	**NL**	**BE**	**CH**	**NL**	**BE**	**CH**
Total number of properties in	321	40	2	325	39	6	236	-	6

Total	At 31 December								
	2012			2011			2010		
	NL	BE	CH	NL	BE	CH	NL	BE	CH
Portfolio									
Net market value of properties in Portfolio (x €1,000)	1,482,789	588,735	34,567	1,607,190	591,540	123,083	1,243,167	-	117,522
Lettable floor area (m^2)	1,066,479	640,915	10,486	1,074,104	629,434	36,597	768,775	-	36,597
Occupancy Rate (%)	79.0	88.9	95.9	83.3	81.5	95.6	89.8	-	93.5
Theoretical gross annual rental income (x €1,000)......	142,013	53,124	2,510	151,095	49,763	8,164	107,932	-	7,892

Relative composition of Portfolio

The following tables show the relative composition of the Portfolio in terms of value of the properties by geographical location and primary use at the dates indicated:

Real estate investments in operation	30 September		31 December		
	2013	2012	2012	2011	2010
The Netherlands...	68.5%	70.4%	70.4%	69.3%	91.4%
Belgium	31.1%	27.9%	28.0%	25.4%	-
Switzerland	0.4%	1.7%	1.6%	5.3%	8.6%
Total...	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Real estate investments in operation	30 September		31 December		
	2013	2012	2012	2011	2010
Offices	56.5%	56.5%	56.1%	57.5%	47.4%
Retail	26.3%	28.3%	28.3%	28.7%	48.2%
Industrial..	17.0%	14.8%	15.2%	13.4%	3.7%
Residential	0.2%	0.4%	0.4%	0.4%	0.7%
Total...	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Dutch Portfolio

The tables below summarise certain information concerning the Dutch Portfolio (allocation is based on a property's primary use) at the dates indicated. The theoretical gross annual rental income set out in the table below reflects the actual annual contractual rent effective on the relevant date, adding market rent for vacant space on such date.

	At 30 September 2013				At 30 September 2012			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	149	42	26	48	153	48	28	94
Net market value of properties in Portfolio (x €1,000)	707,355	489,767	75,157	4,220	834,515	580,875	91,920	9,690
Lettable floor area (m^2).......................	614,243	271,779	137,458	-	626,351	300,808	145,247	-
Occupancy Rate (%)	73.1	89.7	85.0	-	69.9	94.3	87.5	-
Theoretical gross annual rental income (x €1,000)	81,805	40,838	9,166	335	88,554	44,534	9,940	700

	At 31 December 2012				At 31 December 2011			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of	152	47	28	94	155	48	28	94

	At 31 December 2012				At 31 December 2011			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
properties in Portfolio								
Net market value of properties in Portfolio (x €1,000)	814,560	569,067	89,472	9,690	910,715	589,790	95,440	9,845
Lettable floor area (m^2).....................	622,646	298,523	145,310	-	628,173	300,684	145,247	-
Occupancy Rate (%)	71.3	92.2	87.3	-	77.3	95.1	87.5	-
Theoretical gross annual rental income (x €1,000) ..	87,155	44,312	9,847	698	95,570	44,872	9,967	686

	At 31 December 2010			
	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	84	47	11	94
Net market value of properties in Portfolio (x €1,000)	598, 217	585,017	50,221	9,710
Lettable floor area (m^2)	393,319	299,139	76,317	-
Occupancy Rate (%)...	85.2	96.3	85.5	-
Theoretical gross annual rental income (x €1,000)	58,097	44,053	5,108	674

Belgian Portfolio

The tables below summarise certain information concerning the Belgian Portfolio (allocation is based on a property's primary use) at the dates indicated. The theoretical gross annual rental income set out in the table below reflects the actual annual contractual rent effective on the relevant date, adding market rent for vacant space on such date.

	At 30 September 2013				At 30 September 2012			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio.............	17	-	21	-	19	-	21	-
Net market value of properties in Portfolio (x €1,000)...............	338,126	-	241,348	-	373,967	-	227,468	-
Lettable floor area (m^2)	223,459	-	396,531	-	233,432	-	407,483	-
Occupancy Rate (%)	81.5	-	90.9	-	84.0	-	85.2	-
Theoretical gross annual rental income (x €1,000)	32,921	-	18,101	-	33,577	-	18,544	-

	At 31 December 2012				At 31 December 2011			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio.............	19	-	21	-	19	-	20	-
Net market value of properties in Portfolio (x €1,000)...............	358,084	-	230,651	-	372,833	-	215,056	-
Lettable floor area (m^2)	233,432	-	407,483	-	233,447	-	395,987	-
Occupancy Rate (%)	83.7	-	89.0	-	81.5	-	90.6	-

	At 31 December 2012				At 31 December 2011			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Theoretical gross annual rental income (x €1,000)	33,849	-	19,275	-	33,108	-	16,656	-

	At 31 December 2010			
	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	-	-	-	-
Net market value of properties in Portfolio (x €1,000)	-	-	-	-
Lettable floor area (m^2)	-	-	-	-
Occupancy Rate (%)	-	-	-	-
Theoretical gross annual rental income (x €1,000)	-	-	-	-

Swiss Portfolio

The tables below summarise certain information concerning the now divested Swiss Portfolio (allocation is based on a property's primary use) at the dates indicated. The theoretical gross annual rental income set out in the table below reflects the actual annual contractual rent effective on the relevant date, adding market rent for vacant space on such date.

	At 30 September 2013				At 30 September 2012			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	1	-	-	-	1	1	-	-
Net market value of properties in Portfolio (x €1,000)	7,935	-	-	-	8,201	28,118	-	-
Lettable floor area (m^2)	2,267	-	-	-	2,267	8,219	-	-
Occupancy Rate (%)	86.0	-	-	-	80.4	99.1	-	-
Theoretical gross annual rental income (x €1,000)	462	-	-	-	507	1,959	-	-

	At 31 December 2012				At 31 December 2011			
	Offices	Retail	Industrial	Residential	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	1	1	-	-	2	2	-	2
Net market value of properties in Portfolio (x €1,000)	8,060	26,508	-	-	47,976	75,107	-	-
Lettable floor area (m^2)	2,267	8,219	-	-	15,143	21,454	-	-
Occupancy Rate (%)	82.9	99.1	-	-	98.2	93.7	-	-
Theoretical gross annual rental income (x €1,000)	493	2,016	-	-	3,306	4,804	-	54

	At 31 December 2010			
	Offices	Retail	Industrial	Residential
Total number of properties in Portfolio	2	2	-	2
Net market value of properties in Portfolio (x €1,000)	46,273	71,249	-	-
Lettable floor area (m^2)	15,143	21,454	-	-
Occupancy Rate (%)	93.0	93.7	-	-
Theoretical gross annual rental income (x €1,000)	3,316	4,523	-	53

10.2. Key factors affecting results of operations

The Group believes that the following factors have had and are expected to continue to have a material effect on its results of operations and financial condition.

Financial and real estate markets

The financial markets crisis and the global economic downturn that followed have had worldwide negative effects, including in the Netherlands and Belgium. The economic uncertainty has contributed to deterioration in the consumer and investment climate, affecting a range of economic activities, including the real estate market, and in particular the office and retail sectors. The Dutch economic environment is challenging and macro-economic indicators are pointing towards a persistent negative economic growth in 2013 and cautious recovery starting from the second half of 2013 (*source: CPB - Economische Vooruitzichten 2013 en 2014, Geactualiseerde Raming 14 augustus 2013*) Weak consumer confidence has negatively affected retail tenants, and the office sector has experienced high vacancy rates, although the rate by which such vacancies have increased has declined since the beginning of Q4 2012. The situation in Belgium is similar to the Netherlands with the exception that an important part of the Group's Belgian activities is related to logistics properties, classified as *industrial*. This is a property segment that is still performing well despite the unstable general economic climate.

In general office users have, since the onset of the economic crisis, taken a more critical attitude to total premises costs. This has resulted in such users expecting discounts, rent-free periods and other incentives for either extensions of their current leases or the entering into of new leases. As many of the Group's current office tenants have shown a preference to stay in their current premises, this development has offered opportunities to retain such tenants by offering the right mix of incentives. The Group's success in doing so is shown in the retention rate of the Group (61.1% of the lettable floor area that would otherwise have expired in the nine months period ended 30 September 2013). The Group's efforts to execute this strategy remains challenging in view of the fact that (in particular at the lower end of the market, which to a large extent consists of older properties) there has been an increase in supply (in part because office users have been subletting part of their premises) while the economic developments have reduced demand for office properties in general. Furthermore, the Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Other than the requirement for capital, there are few barriers to enter the property market. The competition for tenants impacts the Group's ability to attract new tenants and retain existing tenants, as well as the terms of its leases, including the amount of rent that the Group charges and the incentives that it provides to tenants, thereby adversely affecting the Group's business and results of operations.

In respect of retail properties, lower disposable income, declining house prices and declining consumer confidence have put pressure on retailers' profit. This, together with reduced availability of financing, has caused some retailers to scale back or postpone their expansion plans, to request reduction of or to postpone their rental payments or to close shops altogether. This has made it more difficult for retail property owners, such as the Group, to find appropriate tenants. Although the mix of tenants in the Group's retail properties is such that day-to-day necessities, such as food and personal care products, account for a high proportion of the tenants' revenues, which has protected the Group from the most severe declines, it is possible this will not be the case in future. Also, one of the more significant market trends impacting the retail real estate sector is the increasing use of Internet shopping, exposing the Group to the associated risks. See Section 2.1.4 (*Risk factors - Risk factors relating to the Group and the sector in which it operates – The business of the Group may be adversely affected by changes in consumer behaviour, including the Internet shopping trend observed by the Group*). Even though the Group also sees opportunities to benefit from the Internet shopping trend for retailers (e.g. by combining web-based and physical locations) and for logistics companies (that store and transport goods acquired over the Internet), the continued increasing use of Internet shopping generally adversely affects the business of the retailers and negatively influences the Group's business and results of operations.

Portfolio revaluations

The Group's real estate investments are carried at fair value. For the Dutch Portfolio, the Group uses an appraisal management system whereby the fair value of the entire Dutch Portfolio is determined internally each quarter. NSI has developed a model for the internal valuation of all properties. This model is directly linked to the Group's real estate and accounting system. These internal valuations are updated quarterly on the basis of market value. When no actual market value in an active market is available, valuations are being determined on the basis of a net initial yield calculation, in which the net market rents are being capitalised. The valuation thus produced is published by NSI in its quarterly reports and in the annual and semi-annual reports.

In addition, once every quarter, at least a quarter of the Dutch Portfolio is fully appraised by an independent and certified external appraiser. This means that the whole Dutch Portfolio is appraised externally at least once a year. These external appraisals are the basis for the internal valuations in the quarter the appraisal is performed and are used for comparison and control for the internal valuations during the other quarters. For the Belgian Portfolio, all real estate investments are appraised by an independent and certified external appraiser every quarter. Both in the Netherlands and Belgium, external valuations are performed by reputable appraisers. Whenever such valuations are made, they are compared with the internal valuations and analysed with regard to the methods and assumptions used and the results thereof.

There are certain differences between the reporting on the Group's properties by the appraisers in the Valuation Reports, see Section 3.4 (*Important information – Information in valuation reports*) and 21 (*Valuation Reports*) and the description and valuation of those properties by NSI in its financial statements. For the period under review, the discrepancies between internal and external valuations were as set out in the following table:

	30 September 2013	30 June 2013	31 March 2013	31 December 2012	30 September 2012	30 June 2012	31 March 2012	31 December 2011	31 December 2010
Difference	-0.05%	0.45%	0.84%	0.78%	0.54%	0.52%	0.63%	0.62%	0.92%

The value of the Group's assets depends on developments in the real estate market and is subject to change. Gains and losses from changes in fair value are recognised in the profit and loss account and affect the Group's net result. For additional information on valuation, see note 9 to NSI's 2013 consolidated interim report as per 30 September 2013, Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – Internal valuation*) and in Section 10.9 (*Operating and financial review – Selected significant accounting policies and principles – External valuation*).

The current economic downturn has caused negative revaluations of real estate properties in recent years. 2012 was characterised by a high level of downward revaluations in the Portfolio (negative €146.2 million), particularly in the Dutch office Portfolio (negative €102.1 million; 2011: €31.4 million; 2010: €21.4 million). In the nine months ended 30 September 2013, the high levels of negative revaluations in the Group's Portfolio persisted (negative €139.3 million), particularly in the Dutch Portfolio (negative €139.1 million; up to Q3 2012: negative €92.3 million). Although occupancy rates decreased slightly, pressure on market rents increased and yields also remained under pressure due to lack of market reference through continuing low transaction volumes, as there were only few real estate transactions that could serve as a reference for determining market yields and market rent, making valuations more difficult. The downward revaluation of the Dutch retail Portfolio increased to €33.0 million up to Q3 2013 (up to Q3 2012: €9.7 million; 2012: €16.4 million; 2011: €0.6 million; 2010: €1.2 million). In the Dutch retail Portfolio too, yields and market rents continued to be under pressure.

In the Belgian Portfolio, a downward revaluation in the office Portfolio as at 30 September 2013 (negative €20.4 million) was offset by a positive revaluation in the industrial Portfolio (€20.3 million) resulting in a positive revaluation of the entire Belgian Portfolio of €0.1 million.

In the total Portfolio, the level of negative revaluations has increased significantly since 2011. It is uncertain whether or when the trend of negative revaluations will change. The negative revaluations are partially due to the increased vacancy rate in NSI's Portfolio, but also illustrate the high vacancy rate in the market, generally caused by the excess supply in the market. This causes real estate values to be under persisting pressure, see Section 10.2 (*Operating and financial review – Key factors affecting results of operations – Financial and real estate markets*). From 1 January 2008 to 30 September 2013, NSI has written off 44.4% of the book value of its Dutch office Portfolio and 9.0% of the book value of its Dutch retail Portfolio.

The tables below set forth the revaluation results of properties in the Portfolio by geography.

Revaluation results of properties in the Netherlands

(x €1,000)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2011*	2010*	2009*	2008*
Offices	-37,463	-29,394	-33,313	-23,264	-32,583	-25,434	-20,809	-31,400	-21,435	-37,875	-44,871
Retail	-15,939	-11,716	-5,296	-6,752	-2,893	-3,951	-2,828	-622	-1,179	-7,920	7,770
Industrial	-1,983	-1,865	-1,980	-2,467	-2,145	-1,285	-197	-1,351	-2,416	-5,504	-4,367
Residential	-20	-	-85	-	-25	-125	-5	135	-1,747	44	-248
Total	**-55,405**	**-42,975**	**-40,674**	**-32,483**	**-37,646**	**-30,795**	**-23,839**	**-33,238**	**-26,777**	**-51,255**	**-41,716**

* In accordance with IFRS, the figures prior to the Merger (over the period 2008-first three quarters of 2011) have not been amended and only represent NSI. As of the fourth quarter of 2011 all results of NSI and VastNed O/I are fully consolidated.

Revaluation results of properties in Belgium

(x €1,000)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011*
Offices	-3,722	-14,730	-1,913	-15,891	-2,847	-3,587	426	2,555
Industrial...........	-128	20,240	198	2,420	2,529	1,872	1,125	-6,126
Total.................	**-3,850**	**5,510**	**-1,715**	**-13,471**	**-318**	**-1,715**	**1,551**	**-3,571**

* NSI obtained its Belgian Portfolio pursuant to the Merger, therefore only the results of the fourth quarter of 2011 are available.

Revaluation results of properties in Switzerland

(x €1,000)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2011	2010	2009	2008
Offices	-25	-16	-22	-161	3	-265	-2,559	208	980	-277	802
Retail	-	-104	-	-1,782	6	-1,011	-1,734	-1,152	1,036	-750	-1,800
Total........	**-25**	**-120**	**-22**	**-1,943**	**9**	**-1,276**	**-4,293**	**-944**	**2,016**	**-1,027**	**-998**

Availability of financing, interest rate levels, financing expenses and hedging

The Group's performance is dependent on its ability to successfully manage, acquire and divest properties. The Group finances the management and acquisition of properties to a considerable extent with debt. For information on the Group's borrowings, see Section 10.5 (*Operating and financial review – Liquidity and capital resources – Interest bearing debt*). As a result, the Group depends significantly on the readiness of its financing counterparties to extend financing to the Group on acceptable terms for new properties or other investments, as well as to refinance existing loans that are maturing and the earnings potential of the Portfolio is significantly influenced by the availability of financing, interest rate levels and other finance expenses. General conditions for financing real estate are subject to constant change, in particular in the levels of interest rates for the market in general and for the real estate sector in particular. As a result of the credit crisis, financial institutions have adopted more stringent terms and conditions. Amongst other things, they have generally lowered the maximum loan-to-value ratio ("**LTV**") and increased the minimum interest cover ratios ("**ICR**"). The more stringent stance of financial institutions in combination with the Group's increasing LTV ratio (calculated as loans drawn down divided by the book value of the relevant property (where it concerns a proprerty LTV) or the Group's properties (where it concerns Group LTV)), has made it more difficult for the Group to obtain financing at acceptable terms. At 30 September 2013, the LTV of the Group at Group level amounted to 59.6% (58.2% at 31 December 2012 and 57.6% at 30 September 2012). At the date hereof, the LTV and the ICR at Group level and at the level of the various (groups of) properties comply with the various covenant requirements of the Group's financing instruments. See also Section 10.5 (*Operating and financial review – Liquidity and capital resources – Limitation on borrowings, restrictions and covenants*).

With the proceeds of the Placement NSI aims to lower its LTV and increase its ICR by repaying a significant portion of its debt. See also Section 5 (*Use of proceeds*). For this repayment to be executed in the most favourable way NSI is negotiating improved terms for its loans. NSI has obtained precommitments from certain financing counterparties to lower the applicable interest rates on the Group's debt with these respective financing counterparties. The negotiations on these and other terms are expected to continue until after the Settlement Date and will also involve NSI's other financing counterparties.

For the nine months ended 30 September 2013, the Group's total interest expenses amounted to €44.1 million (€41.6 million for the nine months ended 30 September 2012 and €56.1 million for 2012). The interest charges payable by the Group are influenced by fluctuations in interest rates and the level of indebtedness incurred by the Group.

The Group uses derivative instruments to hedge its interest rate risks, which can give rise to gains or losses depending on their valuation. Derivatives are initially included in the Group's balance sheet at cost. After initial inclusion, derivatives are valued at fair value on a quarterly basis. Profits or losses arising from changes in the fair value of derivatives are immediately recognised in the consolidated statement of comprehensive income. At 30 September 2013, the Group held €868.0 million in derivatives for hedging purposes as compared to €856.7 million at 30 September 2012. The fair value of the financial derivatives amounted to €57.7 million as at 30 September 2013 (-€ 81.6 million as at 30 September 2012). These financial derivatives are not held for trading or speculative purposes and do not include margin calls that would require cash payments to be made in case of changes in the market value of the derivatives.

In addition, a deterioration in the Group's business results or financial condition could lead to higher financing costs, as a result of which the Group may not be able to obtain financing and any financing that it can obtain may not have terms acceptable to it (whether privately or through a public market transaction). The ability of the Group to obtain financing and the terms of such financing depend on several factors, some of which are beyond its control, such as general economic conditions, the availability of credit from financial institutions and the global and European monetary policy. Regulatory changes (including pursuant to the implementation of Basel III and Solvency II) may adversely affect the Group's cost of financing and the Group's access to financing in the future. The reducing stimulus of central banks and governments may also cause the costs of new financing to rise, which may adversely affect the Group's access to future financing on acceptable terms.

In addition, the ability of the Group to obtain debt financing is impacted by its qualification as an FII under Dutch corporate tax law and the resulting limitations on the level of its indebtedness or restrictions contained in its current or future credit agreements. See Section 15 (*Regulatory matters and tax status of the Group*) for a description of the limitations on the incurrence of debt imposed by the FII status.

Failure to obtain financing could have an adverse effect on the business, financial condition and results of operations of the Group. See also Section 2.1 (*Risk factors - Risks relating to the Group and the sector in which it operates*).

For more information on recent developments in respect of the Group's financing arrangements and derivative instruments, see Section 10.5 (*Operating and financial review – Liquidity and capital resources*).

Net Asset Value per Share

The table below sets out the net asset value per share of the Issuer as per the dates indicated.

(x €1)	Q3 2013	Q3 2012	2012	2011	2010
Net asset value per share	8.18	10.50	9.78	12.96	13.44

Property acquisitions, disposals and capital expenditures

The Group pursues an active acquisitions and disposals policy (see Section 9.7 (*Business - Strategy*) for a discussion of the Group's policy): acquisitions of investment property can increase the Group's rental income but can also increase the Group's finance expense to the extent such acquisitions are financed through debt. Disposals of investment property affect the Group's earnings through gains or losses on the sale of the property, lower finance expenses and lower rental income following such disposal and can reduce the Group's indebtedness. The Group must therefore carefully consider the timing and extent of acquisitions and disposals, as well as the proportion of acquired projects that are operational and in development, to achieve the desired results. For example, the Group may decide to postpone a sale of non-strategic assets in order to prevent a decline in rental income. In addition, the Group's acquisitions and disposals may affect the period-to-period comparability of the Group's financial statements. For further details about the effects of acquisitions and disposals on the Group's results, see Section 10.3 (*Operating and financial review – Comparison of results of operations for periods ended 30 September 2013 and 30 September 2012 and the years ended 31 December 2012, 2011 and 2010 - Gross rental income*) below.

Acquisitions

The Group's largest recent acquisition was the Merger. The Merger took effect on 14 October 2011, as a result of which VastNed O/I ceased to exist. The capital of VastNed O/I was transferred under general title to NSI Beheer II B.V. and NSI German Holding B.V., including the majority interest of VastNed O/I in IO. As a result of the Merger, VastNed O/I's results for the three months ended 31 December 2011 are included in NSI's audited consolidated statement of comprehensive income for the year ended 31 December 2011 (as further set out in the introductory paragraphs to this Section 10 (*Operating and financial review*)).

Disposals

The Group has been active in Switzerland since 2008, At that time NSI entered the Swiss property market as the prospects for Switzerland were deemed very positive, based on higher stability and relatively higher returns than for the Netherlands. In recent years this has changed. In part due to the appreciation of the Swiss franc NSI has found it is no longer possible to purchase new real estate at prices that it finds acceptable. This limits the possibilities for the growth that is necessary to support the business case in Switzerland and to have critical mass in the market. In its press release dated 15 December 2011, NSI announced that it no longer perceived Switzerland as a core market and that it would withdraw from there in the near future. At the end of June 2012, NSI had realised a large portion of this intent by selling the Silvergate office building in Thalwil and the Perolles-centre shopping centre in Fribourg. In April 2013, NSI sold the HertiZentrum shopping centre in Zug. The process of selling the last remaining Swiss property (a 2,267 m^2 office centre in Fribourg) was completed on 4 October 2013.

In addition, NSI continues its efforts to divest non-strategic assets and assets in relation to which the Management Board believes the value potential has been realised. In the nine months ended 30 September 2013 the following assets of the Group were sold. In the Netherlands five shopping malls (Mereveldplein, including 46 residential properties, in De Meern, Rozemarijndonk in Spijkenisse, De Esch in Rotterdam, Kersenboogerd in Hoorn and Overwhere in Purmerend), five office properties (Oudezijds Voorburgwal, Herengracht and Leidsegracht in Amsterdam, Parklaan in Eindhoven and Gildestraat in Heerhugowaard) and two industrial properties (Archimedesbaan in Nieuwegein and Cessnalaan at Schiphol) were sold. In Belgium a plot of land was sold and the Guldendelle industrial property in Kortenberg was transferred at the end of May 2013. As set out above, in Switzerland, the HertiZentrum shopping mall and Perolles 2000 mixed office & retail centre were sold. On average, the properties were sold at 1.7% below the book value. Total proceeds from disposals for the nine months ended 30 September 2013 were €115.7 million. The net result from the disposals was negative €2.0 million.

Capital expenditures

The Group's capital expenditures consist primarily of investments in refurbishments and redevelopments of certain properties. The Group's total capital expenditures for the nine months ended 30 September 2013 and in the year ended 31 December 2012 amounted to €12.4 million and €22.5 million, respectively. The Group's most important investments in 2013 related to the HNK Formula and other refurbishments and redevelopments. In 2012, key investments related to the redevelopment of De Rode Olifant in The Hague, the transformation of the Vasteland in Rotterdam into HNK Rotterdam and the conversion of two assets in Utrecht and Hoofddorp in accordance with the HNK Formula. The capital expenditures in the Netherlands accounted for the majority of the capital expenditures and are set out in the table below.

Capital Expenditures in the Netherlands

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Maintenance Capex	**1,792**	**423**	**1,213**	**2,494**	**109**
Tenant Investment Capex	1,321	1,044	1,517	1,177	1,449
Renovation / expansion	2,282	3,498	9,481	-	2,058
HNK	2,428	2,045	2,975	-	-
Total:	**7,823**	**7,010**	**15,186**	**3,671**	**3,616**

In Belgium, the most important investment was in 2012 and related to a second logistics site in Oevel (investment of €7.9 million), which will be expanded and integrated with the West-Logistics site into one site.

Duration and structure of tenant leases and occupancy rates

The Group's rental income is based on 1,653 lease contracts as at 30 September 2013. The following table shows the theoretical annual rent as at 30 September 2013, consisting of the annual contractual rent for the leases on the Group's operational properties per year of expiration and the annual market rent for vacant properties.

	€1,000	%
Vacancy in annual market rent	35,387	19%
Under negotiation	-	-
Contract expiration in annual contractual rent		
2013	7,108	4%
2014	21,762	12%
2015	26,377	14%
2016	24,236	13%
2017	23,151	13%
After 2017	45,607	25%
Total theoretical annual rent	**183,628**	**100%**

The Group's business is exposed to the risk of expiring leases, extensions of existing leases at lower rents and/or with more costly incentives, and decreases in occupancy rates. At 30 September 2013, the weighted average remaining term of the Group's leases was approximately four years. A lease expiry allows the Group to renegotiate the lease contract with the existing tenant or to replace the existing tenant with a new tenant. A lease expiry allows the tenant to renegotiate the lease contract with the Group or to terminate the lease.

The Group's tenant concentration is relatively low. The Group's largest exposure to a single lessee (*Rijksgebouwendienst*) was 3.2% of total gross rental income for the nine months ended 30 September 2013. Please see Section 10.7 (*Qualitative and quantitative disclosure about market risk – Credit Risk – Tenants*) for further information. Office tenants and retail tenants have historically accounted for the majority of the Group's total rental income. The Group's exposure to leases that are linked to tenants' turnover is negligible.

For 2012 office tenants have accounted for 56.6% of the Group's total rental income, where it was 53.7% in 2011 and 52.9% in 2010. For the nine months ended 30 September 2013, the Group's ten largest office tenants contributed 28.4% of the total rental income for offices (excluding turnover based rent).

For 2012 retail tenants have accounted for 28.3% of the Group's total rental income, where it was 38.3% in 2011 and 42.0% in 2010. For the nine months ended 30 September 2013 the Group's ten largest retail tenants contributed 30.0% of the total rental income for retail, noting that such tenants generally rent multiple properties.

Whilst the Group believes that its diversified tenant base mitigates its current exposure to decreasing occupancy rates, the occupancy rates of the Group's properties have decreased gradually over the last four years, although the pace of such decrease has declined since the beginning of Q4 2012 (2010: 90.0%; 2011: 84.1%; Q3 2012: 80.7%; 2012: 81.1%; Q3 2013: 80.5%).

For further information, see Section 2.1.6 *(Risk factors – Risks relating to the Group and the sector in which it operates – The business, results of operations and financial conditions of the Group depend on its ability to maintain and increase occupancy rates through the execution of leases with new tenants and the renewal of leases by its existing tenants)* and Section 9.8.3 *(Business – Overview of the Portfolio - Tenant profile)*.

NSI's investment in IO

NSI owns a 54.0% interest in IO and IO is consolidated in NSI's financial statements. Even though NSI is a substantial shareholder and has adequate representation on the board of directors of IO and as such has substantial influence. NSI does not control the operational activities of IO. IO is a company listed on NYSE Euronext in Brussels with its own board of directors and runs its operational activities as an independent entity. Dividend income from its investment in IO is received in case IO pays dividends. See Section 9.7.1 (*Business strategy - Strategy of IO*) and see Section 2.3 *(Risk factors – Risks relating to the structure of the Group*).

The Merger and related effects

Consummation of the Merger has also been a key factor affecting the results of operations of the Group. VastNed O/I's results of operations have been reflected in NSI's audited consolidated financial statements as of and for the year ended 31 December 2011 in the manner as set out in the introduction to this Section 10 (Operating and financial review). In addition, the book profit realised from the bargain purchase (negative goodwill) resulting from the Merger has had a significant impact on these financial statements. See Section 10.3 (*Operating and financial review – Comparison of results of operations for the periods ended 30 September 2013 and 30 September 2012 and the years ended 31 December 2012, 2011 and 2010 – Result from bargain purchase*).

NSI's status as an FII

NSI and its relevant Dutch Group companies apply the status of FII. Pursuant to the FII regime, an FII is subject to corporation tax in the Netherlands at a rate of 0.0%. The taxable profits of an FII are in principle determined on the basis of the same tax accounting principles which apply to taxpayers which are regularly liable to Dutch corporation tax. To maintain its FII status, NSI must meet certain activity restrictions, leverage restrictions, shareholder requirements, profit distribution obligations and management and control restrictions. See Section 15.2.1 (*Regulatory matters and tax status of the Group – Tax status – FII regime*).

10.3. Comparison of results of operations for the periods ended 30 September 2013 and 30 September 2012 and the years ended 31 December 2012, 2011 and 2010

The Group's revenues consist to a large extent of gross rental income under operating leases. Gross rental income from property investments let on the basis of actual lease agreements is recognised in the consolidated statement of comprehensive income evenly over time over the duration of the lease agreement. Rent-free periods, rent rebates and other rent incentives are reported as an integral part of the total net rental income, and are amortised over the life of the lease agreement until the first moment on which the lease agreement can be terminated. The accrued balance sheet items that result from this are corrected to the fair value of the real estate investments concerned. Compensations received for leases ended prematurely are recognised in the consolidated statement of comprehensive income in the period in which the compensation is obtained.

The Group's primary costs and expenses consist of:

- Service costs not recharged;
- Operating costs;
- Revaluation of investments;
- Administrative expenses;
- Other expenses, comprising goodwill and impairments;

- Net finance expenses; and
- Corporate income tax.

The following table sets forth the Group's consolidated results of operations for the periods indicated:

Consolidated statement of comprehensive income

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Gross rental income	**109,404**	**120,228**	**160,545**	**119,964**	**103,170**
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Revaluation of investments	-137,907	-98,276	-146,079	-37,753	-24,761
Net result on sales of investment	-1,998	-7,754	-7,870	835	-247
Total net proceeds from investments	**-47,015**	**-2,988**	**-16,615**	**64,579**	**63,677**
Administrative expenses	-6,457	-6,280	-9,023	-13,913	-5,932
- Financing income	227	84	165	71	106
- Financing expenses	-44,117	-41,605	-56,138	-39,846	-33,848
- Result from other investments	-	-	-	-1,278	1,283
- Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Net financing result	-21,631	-60,697	-75,342	-54,661	-32,131
Result from bargain purchase	-	-	-	68,161	-
Result before tax	**-75,103**	**-69,965**	**-100,980**	**64,166**	**25,614**
Corporate income tax	-153	784	1,199	-887	-530
Result after tax	**-75,256**	**-69,181**	**-99,781**	**63,279**	**25,084**
Exchange-rate differences on foreign participations	-2	70	55	164	554
Total non realised result	**-2**	**70**	**55**	**164**	**554**
Total realised and non realised result	-75,258	-69,111	-99,726	63,443	25,638
Result after tax attributable to:					
- NSI Shareholders	-88,480	-75,849	-103.117	62.705	25.084
- Non-controlling interest	13,224	6,668	3.336	574	-
Result after tax attributable to:	**-75,265**	**-69,181**	**-99,781**	**63,279**	**25,084**
Total realised and non-realised results attributable to:					
- NSI Shareholders	-88,482	-75,779	-103.062	62.869	25.638
- Non-controlling interest	13,224	6,668	3.336	574	-
Total comprehensive income	**-75,258**	**-69,111**	**-99,726**	**63,443**	**25,638**

Set out below is a discussion of period-on-period movements of the key line items in the Group's consolidated statement of comprehensive income up to Result after tax.

Gross rental income

The following table shows the Group's gross rental income and the contribution of each country and property segment for the periods indicated:

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
The Netherlands	78,364	84,959	114,027	102,482	96,443
Belgium	29,918	30,885	41,505	10,028	-
Switzerland	1,122	4,384	5,013	7,454	6,727
Total	**109,404**	**120,228**	**160,545**	**119,964**	**103,170**
Offices	61,369	68,996	90,856	64,425	54,599
Retail	30,624	33,249	45,480	45,942	43,356
Industrial	17,178	17,479	23,541	8,951	4,597
Residential	233	504	668	646	618
Total	**109,404**	**120,228**	**160,545**	**119,964**	**103,170**

Q3 2013/Q3 2012

Gross rental income decreased from €120.2 million in the nine months ended 30 September 2012 to €109.4 million in the nine months ended 30 September 2013, mainly as a result of the Group's recent disposals (€4.7 million on annual basis).

(x €1,000)	Rental income up to Q3 2012	Acquisitions	Disposals	Organic	Rental income up to Q3 2013
The Netherlands	84,959	-	-2,853	-3,742	78,364
Belgium	30,885	-	-569	-398	29,918
Switzerland	4,384	-	-3,167	-95	1,122
Total gross rental income	**120,228**	**-**	**-6,589**	**-4,235**	**109,404**

Divested properties since 30 September 2012 include six small Dutch office properties, five Dutch retail properties, two Dutch industrial properties, 46 residential properties in the Netherlands, two industrial properties in Belgium and a Swiss shopping centre. These disposals resulted in a decrease of the gross rental income of €6.6 million in this period.

Gross rental income declined further by €4.2 million. This was caused by an increased vacancy rate (negative €11.5 million), rent-free periods, rent discounts and other changes, such as rent reductions and changes in floor plates (negative €0.5 million). These developments were partly offset by additional gross rental income from indexations (€1.3 million), new lease contracts in the Netherlands (€5.3 million) and in Belgium (€1.2 million).

The occupancy rate of the total Portfolio decreased to 80.5% as per 30 September 2013, from 81.1% as per year-end 2012. The occupancy rate per country as at 30 September 2013 was 79.1% in the Netherlands and 84.8% in Belgium.

2012/2011

Gross rental income decreased from €120.0 million in 2011 to €160.5 million in 2012, mainly as a result of the Merger.

(x €1,000)	Rental income 2011	Acquisitions	Disposals	Attributable to Merger	Organic	Rental income 2012
The Netherlands	102,482	124	-198	19,753	-8,134	114,027
Belgium	10,028	-	-	31,477	-	41,505
Switzerland	7,454	-	-2,571	-	130	5,013
Total gross rental income	**119,964**	**124**	**-2,769**	**51,230**	**-8,004**	**160,545**

No significant acquisitions were made in 2012. Disposals in 2012 included a Swiss office property and a Swiss retail property, three small Dutch office properties, one Dutch retail property and one industrial property in Belgium. This had a negative impact of €2.8 million on gross rental income.

In 2012 the Merger resulted in an additional €51.2 million in gross rental income from the acquired business.

New lease agreements increased gross rental income by €2.6 million in the Netherlands and by €0.1 million in Switzerland. The decrease in gross rental income pursuant to organic factors (€8.0 million) was caused by the increased vacancy rate (negative €10.6 million), indexation (€1.3 million), rent-free periods and rent discounts (€0.2 million), other changes, such as rent reductions, changes in floor plates (€1.7 million) and a positive exchange rate difference (€0.2 million).

The occupancy rate of the entire Portfolio decreased to 81.1%, as per year-end 2012 from 84.1% as per year-end 2011. The occupancy rate per country was 79.0% in the Netherlands (2011: 83.3%), 85.7% in Belgium (2011: 84.5%) and 95.9% in Switzerland (2011: 95.6%).

2011/2010

Gross rental income increased from €103.2 million in 2010 to €120.0 million in 2011, primarily due to the Merger.

(x €1,000)	Rental income 2010	Acquisitions	Disposals	Attributable to Merger	Organic	Rental income 2011
The Netherlands	96,443	3,143	-492	7,432	-4,044	102,482
Belgium	-	-	-	10,028	-	10,028
Switzerland	6,727			-	727	7,454
Total gross rental income	**103,170**	**3,143**	**-492**	**17,460**	**-3,317**	**119,964**

The acquisition of two retail units in the Zuidplein shopping centre in Rotterdam in 2010 and the shopping centres Sterpassage in Rijswijk, on 10 June 2010, and Zuiderterras in Rotterdam, on 28 December 2010, generated an aggregate of €2.7 million in additional gross rental income. The balance of purchases, rent indexation, increased vacancy rates and disposals also contributed to the increase in gross rental income.

In 2011, disposals included two office villas in Utrecht, the shopping centre in Winterswijk and an office in Groningen. Also a large number of smaller properties were sold in 2010, which led to a decline in gross rental income by €0.5 million.

For Q4 2011, the Merger resulted in an additional €17.5 million in gross rental income from the acquired business.

New lease agreements increased gross rental income by €3.6 million in the Netherlands and by €0.8 million in Switzerland. The decrease in gross rental income pursuant to organic factors (€3.3 million) was caused by the increased vacancy rate (negative €8.2 million), indexations (€1.3 million), rent-free periods and rent discounts (negative €0.3 million) and other changes, such as rent reductions, changes in floor plates (negative €1.4 million) and a positive exchange rate difference (€0.8 million).

The average occupancy rate of the total Portfolio fell from 90.0% to 84.1%. In the Netherlands, there was a decline from 89.8% to 83.3%, primarily caused by the Merger. As at the date of the Merger, VastNed O/I had a lower average occupancy rate of 79.2% whilst the average occupancy rate of NSI was 89.0%. This was partly offset by an improvement of the occupancy rate in Switzerland from 93.5% to 95.6%.

Service costs not recharged

Service costs not recharged relate to costs incurred by the Group in the event of vacant premises and other uncollectable service costs as a result of contractual limitations or service costs not recoverable from tenants. The following table shows the Group's total service costs not recharged and the contribution of each country and property segment for the periods indicated:

	Up to Q3				
(x €1,000)	2013	2012	2012	2011	2010
The Netherlands	2,716	2,719	3,511	1,925	1,414
Belgium	631	734	1,035	336	-
Switzerland	1	160	208	490	324
Total	**3,348**	**3,613**	**4,754**	**2,751**	**1,738**
Offices	2,373	2,388	4,031	2,196	1,165
Retail	330	392	592	450	453
Industrial	641	834	132	101	119
Residential	4	-1	-	4	2
Total	**3,348**	**3,613**	**4,754**	**2,751**	**1,738**

Q3 2013/Q3 2012

Service costs not recharged decreased from €3.6 million in the nine months ended 30 September 2012 to €3.3 million in the nine months ended 30 September 2013. The decrease primarily resulted from cost optimisation and the disposal of the Swiss properties, even though the occupancy rate decreased.

2012/2011

Service costs not recharged increased from €2.8 million in 2011 to €4.8 million in 2012. The increase primarily resulted from the increased vacancy rate in the Portfolio following the Merger.

2011/2010

Service costs not recharged increased from €1.7 million in 2010 to €2.8 million in 2011, primarily as a result of the Group's increased vacancy rate and a one-off adjustment in Switzerland.

Operating costs

The operating costs of the Group consist of costs directly related to the operations of the property, such as municipal taxes, insurance premiums, maintenance costs, contributions to owners' associations, property management, rental costs and other expenses. These costs are recorded as charges in the Group's income statement when they occur. Costs relating to the commercial, technical and administrative management of real estate are included in the operating costs. The following tables show a breakdown of the Group's operating costs and the contribution of each country for the periods indicated:

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Municipal taxes	2,953	3,483	4,600	3,991	3,711
Insurance premiums	559	605	764	728	554
Maintenance costs	2,896	2,867	3,927	3,366	1,773
Contributions to owners' associations	365	370	476	604	610
Property management (including attributed administrative expenses)	3,829	3,607	4,816	3,599	3,095
Rental costs	1,638	1,307	2,167	2,218	2,234
Other expenses	926	1,334	1,707	1,210	770
Total	**13,166**	**13,573**	**18,457**	**15,716**	**12,747**
Percentage of total gross rental income (%)	**12.0%**	**11.3%**	**11.5%**	**13.1%**	**12.4%**

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
The Netherlands	12,956	12,117	16,755	13,896	11,130
Belgium	39	411	557	-104	
Switzerland	171	1,045	1,145	1,924	1,617
Total	**13,166**	**13,573**	**18,457**	**15,716**	**12,747**

Q3 2013/Q3 2012

Operating costs decreased from €13.6 million in the nine months ended 30 September 2012 to €13.2 million in the nine months ended 30 September 2013. The decrease primarily resulted from disposals, particularly in Switzerland, where a smaller Portfolio led to lower municipal taxes.

2012/2011

Operating costs increased from €15.7 million in 2011 to €18.5 million in 2012. This increase was mainly due to the Merger.

2011/2010

Operating costs increased from €12.7 million in 2010 to €15.7 million in 2011. This increase was mainly due to costs made to maintain the quality standards for the properties.

Net rental income

Net rental income comprises gross rental income minus operating costs and service costs not recharged. The table below shows the Group's total net rental income and the contribution of each country for the periods indicated. The relative differences between gross and net rental income vary per country and property, as they are influenced by the amount of operating costs and service charges (for example, maintenance charges) that can be recovered from tenants, vacancy rates and/or property age and condition.

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
The Netherlands	62,692	70,123	93,761	86,661	83,899
Belgium	950	29,740	39,913	9,796	-
Switzerland	29,248	3,179	3,660	5,040	4,786
Total	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**

Revaluation of investments

The following table shows the Group's net valuation result on investments and the contribution of each country and property segment for the periods indicated. For additional information on Portfolio revaluation, see Section 10.2 (*Operating and financial review – Key factors affecting results of operations – Portfolio revaluation*) and Section 3.4 (*Important information - Information in valuation reports*).

Per country

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
The Netherlands	-139,055	-92,280	-124,763	-33,238	-26,777
Belgium	-55	-483	-13,953	-3,571	-
Switzerland	-167	-5,559	-7,503	-944	2,016
Total	**-139,277**	**-98.322**	**-146,219**	**-37,753**	**-24,761**

Per segment

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Offices	-120,598	-87,655	-126,971	-28,638	-20,455
Retail	-33,055	-12,411	-20,945	-1,774	-143
Industrial	14,481	1,899	1,852	-7,476	-2,416
Residential	-105	-155	-155	135	-1,747
Total	**-139,277**	**-98,322**	**-146,219**	**-37,753**	**-24,761**

Q3 2013/Q3 2012

Valuation result decreased from negative €98.3 million in the nine months ended 30 September 2012 to negative €139.3 million in the nine months ended 30 September 2013. The decrease primarily resulted from higher negative revaluations in the Dutch Portfolio. This decrease was partially offset by an increase in the positive net valuation result of the Group's Belgian industrial properties.

With the decreasing occupancy rates, pressure on market rents increased and yields also remained under pressure. The downward revaluation of the Dutch retail Portfolio was €33.0 million in the nine months ended 30 September 2013 (Q3 2012: €9.7 million; 2012: €16.4 million; 2011: €0.6 million; 2010: €1.2 million). In the Dutch retail Portfolio too, yields and market rents continued to be under pressure. The downward valuation of the Dutch office Portfolio was €100.2 million in the nine months ended 30 September 2013 (Q3 2012: €78.8 million, 2012: €102.1 million, 2011: €31.4 million, 2010: €21.4 million).

In the Belgian Portfolio, a downward revaluation in the office Portfolio (negative €20.4 million) was offset by a positive revaluation in the industrial Portfolio (€20.3 million) resulting in a negative revaluation of the entire Belgian Portfolio of €0.1 million.

2012/2011

Valuation result decreased from negative €37.8 million in 2011 to negative €146.2 million in 2012, of which €102.1 million was attributable to the Dutch office Portfolio. This decrease was mainly caused by the increased vacancy rate in the Dutch Portfolio, which mainly reflected the high vacancy rate in the market, generally caused by excess supply and general economic uncertainty.

2011/2010

Valuation result decreased from negative €24.8 million in 2010 to negative €37.8 million in 2011, of which negative €31.4 million was attributable to the Dutch office Portfolio (2010: negative €21.4 million). This was mainly due to the combination of higher yields, lower rental income and rising incentives.

Net result on sales of investments

Net result on sales of investments comprises sales prices of real estate investments less book value of such investments at the time of sale. The following tables show the Group's net result on sales of investments and the contribution of each country and property segment for the periods indicated:

Per country

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
The Netherlands	-3,017	-123	-1,325	771	-191
Belgium	2,132	140	140	64	-
Switzerland	-1,113	-7,771	-6,685	-	-56
Total	**-1,998**	**-7,754**	**-7,870**	**835**	**-247**

Per segment

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Offices	-933	-3,528	-4,481	-35	-55
Retail	-2,866	-4,366	-3,529	805	134
Industrial	1,801	140	140	64	-270
Residential	-	-	-	-	-56
Total	**-1,998**	**-7,754**	**-7,870**	**835**	**-247**

Q3 2013/Q3 2012

Net result on sales of investments increased from negative €7.8 million in the nine months ended 30 September 2012 to negative €2.0 million in the nine months ended 30 September 2013. In the nine months ended 30 September 2013 the following properties were sold for a book value of €115.2 million in the Netherlands: five shopping malls (Mereveldplein in De Meern, Rozemarijndonk in Spijkenisse, De Esch in Rotterdam, Kersenboogerd in Hoorn and Overwhere in Purmerend), five office properties (Oudezijds Voorburgwal, Herengracht and Leidsegracht in Amsterdam and Parklaan in Eindhoven and Gildestraat in Heerhugowaard) and two industrial properties (Archimedesbaan in Nieuwegein and Cessnalaan at Schiphol). A plot of land was also sold in Belgium and the Guldendelle industrial property in Kortenberg was transferred at the end of May 2013. In Switzerland, the HertiZentrum shopping mall was sold. The assets in Switzerland disposed of in the nine months ended 30 September 2012 were sold for €3.9 million below book value at the time of sale, resulting in a book loss of approximately €1.0 million as a provision for a deferred tax liability was released at the same time. Together with the higher sales costs, this caused the negative net result on sales of investments in that period.

2012/2011

Net result on sales of investments decreased from positive €0.8 million in 2011 to negative €7.9 million in 2012. Sold properties in 2012 included two Swiss properties (office property Silvergate in Thalwil and retail property Perollescentre in Fribourg), three small Dutch office properties (De Lairessestraat and Herengracht 105-107 in Amsterdam and Plein van de Verenigde Naties in Zoetermeer), one Dutch retail property (St. Trudostraat in Eindhoven) and one Belgian industrial property in Antwerpen (Kaaien 218-220). The Dutch properties were sold at a bookloss of €1.8 million. The Belgian properties were sold at €2.1 million above book value and the Swiss properties were sold at a book loss of €7.8 million, including breakage costs (€1.9 million) on fixed interest rate Swiss franc loans, costs of sale (€0.7 million) and the provision for a rental guarantee (€1.3 million). The book loss was partly compensated by the release of a provision for deferred tax liabilities (€1.3 million).

2011/2010

Net result on sales of investments increased from negative €0.2 million in 2010 to positive €0.8 million in 2011, primarily as a result of the sale in 2011 of four properties as part of the disposal programme of smaller, management intensive properties in the Netherlands. These properties had a total book value at the time of sale of €4.5 million.

Administrative expenses

Administrative expenses are management costs, audit costs, consultancy costs, appraisal costs, compensation of members of the Supervisory Board, the Investment Advisory Board and the former Stichting Prioriteit NSI, acquisition costs of the Merger and other costs. Administrative expenses are partly allocated to operating costs and partly to the real estate Portfolio. The following table shows a breakdown of the Group's administrative expenses for the periods indicated:

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Management costs	9,265	8,936	12,129	8,161	5,694
Audit costs	209	322	440	162	165
Consultancy costs	435	537	1,037	528	529
Appraisal costs	326	335	453	263	241
Compensation of, members of the Supervisory Board, the Investment Advisory Board and former Stichting Prioriteit NSI[8]	188	189	238	280	282
Acquisition costs of the Merger	-	-	-	8,141	1,283
Other costs	453	339	476	518	797
Total	**10,876**	**10,658**	**14,773**	**18,053**	**8,991**
Allocated to operating costs	-4,074	4,108	-5,390	-3,870	-2,979
Allocated to real estate Portfolio	-345	270	-360	-270	-80
Net administrative expenses	**6,457**	**6,280**	**9,023**	**13,913**	**5,932**

The management costs reflected in the above table can be further broken down as follows:

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Salaries	4,998	5,137	6,758	4,110	3,227
Social insurance costs	642	701	1,003	456	340
Pension costs	413	453	572	427	282
Other staff costs	445	569	583	896	309
Depreciation of tangible fixed assets	389	439	524	409	408
Other operating costs	2,049	1,966	2,689	1,863	1,128
Total management costs	**8,936**	**9,265**	**12,129**	**8,161**	**5,694**
FTE's	**81.9**	**78.8**	**82.1**	**53.4**	**42.0**

Q3 2013/Q3 2012

Net administrative expenses remained substantially the same in the nine months ended 30 September 2013 compared to the nine months ended 30 September 2012.

2012/2011

Net administrative expenses decreased from €13.9 million in 2011 to €9.0 million in 2012. This was mainly due to the absence of acquisition costs of the Merger (which amounted to €8.1 million in 2011), partially offset by an increase in management costs, appraisal costs, audit costs and consultancy costs largely as a result of the Merger.

[8] Stichting Prioriteit NSI has been abolished as per 30 June 2012.

2011/2010

Net administrative expenses increased from €5.9 million in 2010 to €13.9 million in 2011. This increase was largely attributable to acquisition costs of the Merger (which amounted to €8.1 million in 2011), as well as an increase in management costs in Q4 of 2011 as a result of the Merger.

Net financing result

Net financing result comprises the sum of (i) financing income, (ii) financing expenses, (iii) result on other investments and (iv) movements in the market value of financial derivatives. Financing income and expenses consist of the interest expenses on loans and debts and interest income on outstanding loans and receivables, including interest income and expenses based on interest rate swaps. As a result of the valuation of interest bearing debt on the basis of amortised cost, financing expenses include interest accrued on the Group's interest bearing debt on the basis of the effective interest rate for each loan. Financing income and expenses also include the profits and losses arising from changes in the fair value of the derivative instruments and result on other investments. Exchange-rate profits and losses are recognised on a net basis. The following table shows the Group's net financing result for the periods indicated:

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Financing income					
Interest income	195	84	105	71	81
Capitalised interest	-	-	60	-	25
Exchange rate differences	32	-	-	-	-
Total	**227**	**84**	**165**	**71**	**106**
Financing expenses					
Interest charges	-43,980	-41,466	-55,993	-39,740	-32,943
Exchange-rate differences	-137	-139	-145	-106	-905
Total	**-44,117**	**-41,605**	**-56,138**	**-39,846**	**-33,848**
Result on other investments					
Revaluation to fair value	-	-	-	-2,433	1,283
Dividend income	-	-	-	1,155	-
Total	**-**	**-**	**-**	**-1,278**	**1,283**
Movements in market value of financial derivatives					
Unrealised movement in fair value of swaps and caps	22,612	-19,176	-18,395	-13,608	328
Settlement of derivatives	-	-	-898	-	-
Unrealised mutations in the fair value of index loans	-238	-	-30	-	-
Derivative part of the index loans	-115	-	-46	-	-
Total	**22,259**	**-19,176**	**-19,369**	**-13,608**	**328**
Net financing result	**-21,631**	**-60,697**	**-75,342**	**-54,661**	**-32,131**

Q3 2013/Q3 2012

Net financing result increased from negative €60.7 million in the nine months ended 30 September 2012 to negative €21.6 million in the nine months ended 30 September 2013. The increase in net financing result was primarily caused by a €22.6 million increase in market value of financial derivatives in the nine months ended 30 September 2013, versus a €19.2 million decrease in the nine months ended 30 September 2012.

2012/2011

Net financing result decreased from negative €54.7 million in 2011 to negative €75.3 million in 2012. Interest charges accounted for a large portion of this change, increasing from €39.8 million in 2011 to €56.0 million in 2012. The increase in the interest costs in 2012 was primarily caused by the higher average interest rates payable by the Group (from 4.2% in 2011 to 4.8% in 2012) and increased bank charges arising from the increased Portfolio size due to the Merger. Also contributing to the decrease in net financing result was an €18.4 million decrease in the value of derivatives (versus a decrease of €13.6 million in 2011).

2011/2010

Net financing result decreased from negative €32.1 million in 2010 to negative €54.7 million in 2011, primarily as a result of a decrease in the value of the Group's financial derivatives of €13.6 million, as well as increased consolidated interest bearing debt from the Merger.

Result from bargain purchase

Result from bargain purchase comprises negative goodwill. For the financial years ended 31 December 2010 and 2012, the result from bargain purchase was nil. A one-off profit from bargain purchase in 2011 was €68.2 million, related to the Merger and was determined as follows:

(x €1,000)	2011
Total compensation transferred	-194,481
Interest on a pro-rata basis of the relative interest of the assets and the liabilities acquired from IO	-127,828
Fair value of identifiable assets and liabilities	390,470
Result from bargain purchase	**68,161**

Shareholders of VastNed O/I received compensation in Ordinary Shares in NSI (valued at €194.5 million) and conditional compensation in the form of a warrant (in the case that the shares in IO would be sold before 15 April 2013). The positive result from bargain purchase is mainly the result of the exchange ratio that was agreed in the Merger, considering that VastNed O/I's share price was below net asset value. Furthermore, the bargain purchase can be attributed to the revaluations of Dutch real estate investments, the provisioning of receivables deemed irrevocable, the depreciation of amortised costs of loans and the difference in valuation of the Belgian Portfolio which was the reason for the issuing of the warrant.

NSI valued goodwill resulting from the Merger as:

- the fair value of the compensation transferred; plus
- the amount of any minority interests of the acquired party; plus
- the net amount (in general the fair value) of the identifiable assets acquired and liabilities assumed.

Because the fair value of the identifiable assets acquired and the liabilities assumed were higher than the fair value of the compensation transferred together with the amount of any minority interests of the acquired party, a bargain purchase book profit for 2011 was accounted for in the profit and loss account.

Corporate income tax

Even though NSI qualifies as an FII under Dutch law (see Section 15 (*Regulatory matters and tax status of the Group*)), the Group is subject to different tax regimes. The table below identifies the tax impact on the Group's consolidated results for the periods indicated:

(x €1,000)	Up to Q3 2013		Up to Q3 2012		2012		2011		2010	
Result before tax		-75,103		-69,965		-100,924		64,166		25,614
Tax at the rate in The Netherlands	25.0%	-18,496	25.0%	-17,492	25.0%	-25,231	25.0%	16,041	25.5%	6,532
Exempt due to fiscal status		23,855		9,597		22,871		-16,384		-6,480
Tax of subsidiary companies under other tax regimes		-5,206		8,679		1,161		1,230		478
Total Corporate Income Tax		**-153**		**784**		**-1,199**		**887**		**530**

The subsidiary company NSI Development B.V. is not part of the fiscal investment institution NSI N.V. for tax purposes, and as such it is subject to Dutch corporate income tax.

In the Netherlands, the corporate income tax rate is currently 25%. In Belgium, the majority of the Portfolio is held by IO, an investment company with fixed capital (Bevak). A Bevak effectively has tax-exempt status, as a result of which no tax is owed on its profits in Belgium. The conditions for the Bevak are comparable to those for a Dutch FII. A small part of the Belgian Portfolio is held by companies with an effective tax obligation. The relevant nominal tax rate is 40.2%. The taxable net rental income realised in these companies is reduced by write-downs, interest and other costs. In Switzerland, the Group's real estate was held by entities subject to taxation. The tax rate in Switzerland is between 15.0% and 24.0%, depending on the canton. The taxable net income from real estate in Switzerland was reduced by depreciation and interest costs.

10.4. Other key performance indicators: direct and indirect investment result

NSI measures the Group's operating performance using the direct and indirect investment result measures. These are supplemental measures of the Group's performance which are used for management purposes and should not be considered in isolation or as an alternative to net result or any other performance measure derived in accordance with IFRS. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

Direct and indirect investment result are defined as follows:

- Direct investment result consists of the rental income less operating costs, non-recharged service costs, administrative costs, direct financing costs, the corporate income tax over the direct investment result payable over the period under review, as well as the proceeds and costs attributable to the minority interest.

- Indirect investment result consists of the revaluation of the real estate investments, the net result on sales of investments, movements in the fair value of derivative instruments, exchange-rate differences, allocated management costs, movements in the deferred tax liabilities and the share in these items attributable to the minority interest. Besides these, the 2011 indirect investment result also contains the result from a bargain purchase (negative goodwill), as a result from the Merger and related merger costs.

NSI believes that using the direct and indirect investment result measure enables NSI to better assess the underlying operating performance of the Group, after adjusting principally for gains or losses on sales of investment property and revaluation effects (including on deferred taxes), which are driven by market conditions outside the Group's control. The Group presents direct and indirect investment results in its ongoing financial reporting and intends to use these measures going forward.

Direct and indirect investment result

The following table sets forth the calculation of direct and indirect investment result for the periods indicated:

Consolidated direct and indirect investment result[9]

	Up to Q3				
(x €1,000)	**2013**	**2012**	**2012**	**2011**	**2010**
Gross rental income	109,404	120,228	160,545	119,964	103,170
Service costs not recharged	-3,348	-3,613	-4,754	-2,751	-1,738
Operating costs	-13,166	-13,573	-18,457	-15,716	-12,747
Net rental income	**92,890**	**103,042**	**137,334**	**101,497**	**88,685**
Financing income	227	84	165	1,226	106
Financing costs	-43,980	-41,466	-56,011	-39,740	-32,943
Administrative costs	-4,548	-4,539	-6,469	-4,180	-3,346
Direct investment result before tax	**44,589**	**57,121**	**75,019**	**58,803**	**52,502**
Corporate income tax	-92	-231	-327	-165	-104
Direct investment result after tax	**44,497**	**56,890**	**74,692**	**56,638**	**52,398**
Direct investment result attributable to non-	-8,421	-8,443	-11,287	-2,608	-

[9] This section contains financial information that has not been audited and is not included in the consolidated statement of comprehensive income set out on page 49. This information has been prepared by NSI's management, on the basis of NSI's internal accounts.

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
controlling interest					
Direct investment result	**36,076**	**48,447**	**63,405**	**56,030**	**52,398**
Revaluation of investments	-139,277	-98,322	-146,219	-37,753	-24,761
Elimination of rental incentives	1,370	46	140	-	-
Revaluation of other investments	-	-	-	-2,433	1,283
Net result on sales of investments	-1,998	-7,754	-7,870	835	-247
Movements in market value of financial derivatives	22,259	-19,176	-19,369	-13,608	328
Exchange-rate differences	-137	-139	-127	-106	-905
Allocated management costs	-1,909	-1,741	-2,554	-1,592	-1,303
Acquisition costs of Merger	-	-	-	-8,141	-1,283
Result from bargain purchase	-	-	-	68,161	-
Indirect investment result before tax	**-119,692**	**-127,086**	**-175,999**	**-5,363**	**-26,888**
Corporate income tax	-61	1,015	1,526	-722	-426
Indirect result after tax	**-119,753**	**-126,071**	**-174,473**	**-4,641**	**-27,314**
Indirect result attributable to minority interests	-4,803	1,775	7,951	2,034	-
Indirect investment result	**-124,556**	**-124,296**	**-166,522**	**6,675**	**-27,314**
Total investment result	**-88,480**	**-75,849**	**-103,117**	**62,705**	**25,084**
Data per average outstanding share (x €1)					
Direct investment result at end of period	0.53	0.76	0.99	1.19	1.26
Indirect investment result at end of period	-1.83	-1.96	-2.59	0.14	-0.66
Total investment result at end of period	**-1.30**	**-1.20**	**-1.60**	**1.33**	**-0.60**

Direct investment result

Q3 2013/Q3 2012

Direct investment result decreased from €48.4 million in the nine months ended 30 September 2012 to €36.1 million in the nine months ended 30 September 2013. The decrease primarily resulted from a decrease in gross rental income (Q3 2013: €44.0; Q3 2012: €120.2 million), disposals, increased financing costs (Q3 2013: €41.5 million; Q3 2012: €109.4 million) and slight dilution of NSI's share in IO from 54.8% to 54.0% since NSI opted for dividend in cash while 20.6% of the dividend has been distributed in shares in IO.

2012/2011

Direct investment result increased from €56.0 million in 2011 to €63.4 million in 2012, primarily as a result of an increase in gross rental income from €120.0 million in 2011 to €160.5 million in 2012, which was largely caused by the Merger. Pursuant to the Merger, gross rental income increased €17.5 million, direct investment result increased €5.7 million and total investment result increased €16.3 million. However, the increase in direct investment result was partially offset by an increase in financing costs (2012: €56.0 million; 2011: €39.7 million), an increase in operating costs (2012: €18.5 million; 2011: €15.7 million) and an increase in service costs not recharged (2012: €4.8 million; 2011: €2.8 million) that mainly relate to the Merger as well.

2011/2010

On the basis of the applied methodology whereby NSI is considered on a stand-alone basis for the first three quarters of 2011 and together with VastNed O/I for the fourth quarter of 2011, the 2011 direct investment result increased to €56.0 million, compared to €52.4 million in 2010, primarily as result of the Merger. Gross rental income increased to €120.0 million in 2011 from €103.2 million in 2010, which was partly offset by an increase in financing costs (2011: €39.7 million; 2010: €32.9 million), an increase in operating costs (2011: €15.7 million; 2010: €12.7 million) and an increase in service costs not recharged (2011: €2.8 million; 2010: €1.7 million). All of these developments mainly relate to the Merger, which had a contribution to the direct investment result of €5.7 million.

Indirect investment result

Q3 2013/Q3 2012

Indirect investment result decreased from negative €124.3 million in the nine months ended 30 September 2012 to negative €124.6 million in the nine months ended 30 September 2013. The decrease primarily resulted from an increase in the market value of financial derivatives (Q3 2013: €22.2 million; Q3 2012: negative €19.2 million) and an increase in net result on sales of investments (Q3 2013: negative €2.0 million; Q3 2012: negative €7.8 million), partly offset by an increase in negative revaluation of investments (Q3 2013: negative €139.2 million; Q3 2012: negative €98.3 million) and a decrease in indirect result attributable to minority interests (Q3 2013: negative €4.9 million; Q3 2012: negative €1.8 million).

2012/2011

Indirect investment result decreased from €6.7 million in 2011 (including bargain purchase €68.2 million book profit on the Merger) to negative €166.5 million in 2012. This decrease was mainly due to high negative revaluations of investments (2012: negative €146.2 million; 2011: negative €37.8 million), a decrease in the market value of financial derivatives (2012: negative €19.4 million; 2011: negative €13.6 million) and a decrease in net result of sales of investments (2012: negative €7.9 million; 2011: €0.8 million).

2011/2010

Indirect investment result increased from negative €27.3 million in 2010 to €6.7 million in 2011.The increase of the indirect investment result was largely caused by bargain purchase profits from the Merger in an amount of €68.2 million. However, this amount was partly offset by an increase in negative revaluation of investments (2011: negative €37.8 million; 2010: negative €24.8 million), a decrease in the market value of financial derivatives (2011: negative €13.6 million; 2011: €0.3 million) and an increase in acquisition costs of the Merger (2011: €8.1 million; 2010: €1.3 million).

10.5. **Liquidity and capital resources**

The Group's main source of liquidity for its daily operations is net rental income. For the acquisition of new real estate properties and investments in properties, a combination of equity and debt financing is used.

At 30 September 2013, the Group had €1,226.0 million of total liabilities, compared to €1,367.7 million at 30 September 2012. At 31 December 2012, the Group had €1,358.1 million of total liabilities, compared to €1,442.9 million at 31 December 2011 and €808.5 million at 31 December 2010. Total liabilities consists of interest bearing debt, financial derivatives, deferred tax liabilities, redemption requirement long-term liabilities, debts to credit institutions and other accounts payable and deferred income.

Interest bearing debt

The interest bearing debt of the Group consists of secured and unsecured interest bearing loans and bonds. Per 30 September 2013 the interest bearing debt of the Group amounted to €1,059.6 million.

Secured interest bearing loans were attracted by the Group and guaranteed and secured by various Group companies for the acquisition of properties and operation of the Portfolio for an aggregate nominal value as per 30 September 2013 of €791.9 million (31 December 2012: €869.6 million; 30 September 2012: €871.1 million; 31 December 2011: €974.1 million; 31 December 2010: €713.6 million).

Unsecured loans were attracted by the Group for an aggregate nominal value as per 30 September 2013 of €267.7 million (31 December 2012 €277.7 million; 30 September 2012: €283.5 million; 31 December 2011: €285.7 million; 31 December 2010: €0). This amount includes the bonds issued by IO in June 2010 for an aggregate amount of €75.0 million. These bonds shall mature in June 2015 and are not secured by mortgages. The bonds are listed on NYSE Euronext Brussels.

The table below sets out the loan book of the Group in more detail:

(x €1,000)	Secured loans at 30 September 2013	Unsecured loans at 30 September 2013	Total at 30 September 2013
Loans with variable interest	624,850	193,227	818,077
Loans with fixed interest	170,414	75,000	245,414
Costs of loans	-3,343	-545	-3,888
Total loans	**791,921**	**267,682**	**1,059,603**

Furthermore, as at 30 September 2013 the Group had working capital related facilities for an aggregate amount of €72.7 million, of which an aggregate amount of €51.5 million was secured as per 30 September 2013.

The aggregate of the total amount of secured interest bearing debt (€791.9 million) and the total amount of secured working capital related facilities (€51.5 million), adjusted for costs (+€3.3 million) and the valuations of such loans (-€0.8 million), equals the nominal amount of secured debt for the Group of €845.9 million as per 30 September 2013, as included in note 9 to NSI's 2013 consolidated interim report as per 30 September 2013.

NSI expects to use part of the net proceeds of the Placement to reduce outstanding debt on certain of its revolving credit facilities and working capital facilities. See also Section 5 (*Use of proceeds*).

Maturity

At 30 September 2013, the average maturity of the Group's interest bearing debt (not including the Group's revolving credit facilities) was 2.6 years (31 December 2012: 2.3 years; 30 September 2012: 2.2 years; 31 December 2011: 2.1 years; 31 December 2010: 2.3 years). Maturity dates on the Group's interest bearing debt are well spread over the future. In line with the focus to spread the maturity dates over time, the Group has in June 2013 fully refinanced its largest credit facility of €260.0 million, which was scheduled to mature in the years 2013 and 2014. The new credit facility will mature in the year 2017. Due to this refinancing, the average maturity profile of the total interest bearing debt portfolio was extended from 2.3 years at 31 December 2012 to 2.6 years at 30 September 2013.

The following table shows the contractual maturities of the Group's outstanding interest bearing loans (not including the Group's credit facility):

(x €1,000)	Fixed interest rate	Variable interest rate	Total 30 September 2013	Total 30 September 2012
Up to 1 year	28,263	115,289	143,552	306,644
From 1 to 2 years	-	43,177	43,177	265,659
From 2 to 5 years	216,034	648,118	864,152	570,045
From 5 to 10 years	-	8,722	8,722	7,436
More than 10 years	-	-	-	4,791
Total interest bearing loans	**244,297**	**815,306**	**1,059,603**	**1,154,575**

The following tables show the periods in which the interest on the Group's debt (excluding credit facilities) will (or was to) reset, taking into account the effect of derivatives, at 30 September 2013, 30 September 2012, 31 December 2012, 31 December 2011 and 31 December 2010:

At 30 September 2013	Effective interest rate	Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
(x €1,000)						
Fixed interest bearing loans	4.2%	244,297	28,263	-	216,034	-
Variable interest bearing loans	2.7%	1,302	1,302	-	-	-
Swaps (fixed interest paid)[10]	3.1%	814,004	65,000	99,800	549,904	99,300
	5.3%	**1,059,603**	**94,565**	**99,800**	**765,938**	**99,300**

[10] Excluding margin

At 30 September 2013	Effective interest rate		Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Redemption obligation........................			143,552	143,552	-	-	-
Balance on 30 September 2013...........			**916,051**	**-48,987**	**99,800**	**765,938**	**99,300**

At 30 September 2012	Effective interest rate		Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
(x €1,000)							
Fixed interest bearing loans	4.1%		273,758	46,237	-	227,521	-
Variable interest bearing loans..............	2.0%		24,078	24,078	-	-	-
Swaps (fixed interest paid) [11].................	3.1%		856,739	22,500	40,000	639,939	154,300
	4.7%		**1,154,575**	**92,815**	**40,000**	**867,460**	**154,300**
Redemption obligation.........................			306,644	306,644	-	-	-
Balance on 30 September 2012..........			**847,931**	**-213,829**	**40,000**	**867,460**	**154,300**

At 31 December 2012	Effective interest rate		Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
(x €1,000)							
Fixed interest bearing loans	4.1%		283,178	26,642	28,088	228,448	-
Variable interest bearing loans.............	2.3%		49,851	49,851	-	-	-
Swaps (fixed interest paid)...................	3.5%[12]		814,290	-	75,000	604,990	134,300
	4.8%	**Total**.........	**1,147,319**	**76,493**	**103,088**	**833,438**	**134,300**
Redemption obligation........................			186,273	186,273	-	-	-
Balance on 31 December 2012..........			**961,046**	**-109,780**	**103,088**	**833,438**	**134,300**

At 31 December 2011	Effective interest rate		Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
(x €1,000)							
Fixed interest bearing loans	3.9%		283,318	13,855	95,305	174,158	-
Variable interest bearing loans.............	2.8%		109,887	109,887	-	-	-
Swaps (fixed interest paid)...................	3.1%[13]		866,632	20,000	22,500	559,132	265,000
	4.2%	**Total**.........	**1,259,837**	**143,742**	**117,805**	**733,290**	**265,000**
Redemption obligation........................			137,189	137,189	-	-	-
Balance on 31 December 2011..........			**1,122,648**	**6,553**	**117,805**	**733,290**	**265,000**

At 31 December 2010	Effective interest rate		Total	Up to 1 year	1 to 2 years	2 to 5 years	More than 5 years
(x €1,000)							
Fixed interest bearing loans	4.1%		243,278	5,438	28,915	208,925	-
Variable interest bearing loans............	2.0%		3,254	3,254	-	-	-
Swaps (fixed interest paid)..................	3.5%[14]		467,075	10,000	50,000	227,075	180,000
	4.4%	**Total**.........	**713,607**	**18,692**	**78,915**	**436,000**	**180,000**

[11] Excluding margin

[12] Excluding margin

[13] Excluding margin

[14] Excluding margin

Redemption obligation........................	44,109	44,109	-	-	-
Balance on 31 December 2010..........	**669,498**	**-25,417**	**78,915**	**436,000**	**180,000**

Limitations on borrowings, restrictions and covenants

The agreements governing the Group's interest bearing debt and credit facility outlined above include customary representations and warranties, covenants, notice provisions, negative pledges, restrictions on subsidiary debt and asset disposals and events of default. These agreements also contain certain financial covenants, including the LTV and the ICR.

The most relevant bank covenants currently are:

- LTV: The Group LTV may not exceed 65.0%. LTV on the (groups of) properties secured to specific loans vary between 55.0% and 80.0%. At 30 September 2013, the Group LTV amounted to 59.6% (58.2% at 31 December 2012; 57.6% at 30 September 2012; 57.2% at 31 December 2011; 54.8% at 31 December 2010). Based on the expected net proceeds from the Placement of €288.4 million, the Group LTV would have been 44.9% as at 30 September 2013.

- The ICR is calculated as the net operating income (being the gross rental income less costs of the operating, maintaining and letting of the property) divided by the net interest expenses. The minimum ICR covenant in most loans is set at 2.0, and at 1.5 in specific loans. At 30 September 2013, the Group's corporate ICR was 2.1 (31 December 2012: 2.5; 30 September 2012: 2.5; 31 December 2011: 2.4; 31 December 2010: 2.7). On the basis of the financial information for the first nine months of 2013 and as per 30 September 2013, (i) net interest expenses would have to rise 5.6%, or (ii) net rental income would have to decrease with 5.3%, for the ICR to reach a level of 2.0. If the level were to fall below 2.0, the concequences and/or available remedies would depend on the terms and conditions of the relevant loan (which could lead to a re-negotation of the covenant, pre-payments or other consequences) See also Section 2.2.3 (*Risk factors – Risks relating to the financing of the Group's activities – 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*). The Placement is not expected to have any significant impact on the ICR over 2013 as the ICR is calculated over a full year. For 2014 NSI expects an improvement of the ICR, the extent and exact nature of which will depend on the actual repayment and reduction of loans and the outcome of further discussion and negotiations between NSI and its financing banks. See also Section 5 (*Use of proceeds*).

The Group regularly monitors its financial covenant compliance to ensure that it is in compliance on quarterly assessment dates set forth in its financing agreements. If a financial covenant were to be breached, then, with the expiry of an applicable grace period, such breach would result in an event of default under the relevant agreement. At the date of the Prospectus, the Group complies with its covenants.

Tax regime

NSI utilises specific tax regimes in the Netherlands that cater for an effective tax rate of 0.0% on the investment profits realised on virtually the entire investment Portfolio in the Netherlands. For additional information, see Section 15 (*Regulatory matters and tax status of the Group*). These regimes are subject to certain conditions, including, under the Dutch tax regime, a limitation on externally borrowed funds, with which the Group must comply. Externally borrowed funds currently may not exceed the maximum amount corresponding to the sum of 60.0% of the fiscal book value of the Group's directly owned real estate assets. The fiscal book value of a property consists of the original purchase price, adding investments and minus write-offs, while the book value under IFRS consists of the actual market value. As at 30 September 2013, the Group's fiscal LTV is 44.5% (30 September 2012: 47.9%; 2012: 47.3%; 2011 47.7%; 2010 47.9%). Borrowings that are subsequently lent to parties outside the Dutch fiscal unity, primarily to real estate companies which are part of the Group, are ignored for the purpose of calculating the limitation on borrowings.

Financial derivatives

NSI uses derivative instruments to hedge approximately 80% of the interest rate risks associated with its operations, finance and investment activities. These financial derivatives are not held or granted for trading or speculative purposes, but for hedging only, and do not include margin calls.

At 30 September 2013, the Group held €868.0 million (including a €54.0 million index loan which is included in the fixed interest bearing loans for the first two years) in derivatives (net position) as compared to €856.7 million at 30 September 2012. The fair value of the financial derivatives amounted to €57.7 million as at 30 September 2013 (-€ 81.6 million as at 30 September 2012). At 31 December 2012, the Group held €868.3 million in derivatives (net position) compared to €866.6 million and €487.1 million at 31 December 2011 and 2010, respectively. The movements between fair values of the derivative instruments are caused by fluctuations in interest rates and may also be caused by changing maturities.

See Section 2.2.5 (*Risk factors – Risks relating to the financing of the Group's activities - The Group is exposed to interest rate risks and may have exposure in case of the unwinding of certain swaps)* for a discussion of the underlying risks to the Group.

Working capital statement

NSI is of the opinion that the Group's working capital is sufficient for the Group's present requirements, that is, for at least 12 months following the date of this Prospectus.

Liabilities not appearing in the balance sheet

NSI did not have any material off-balance sheet commitments as at 30 September 2013, other than as set out below.

Exit tax

IO has a dispute with the Belgian tax authority about an 'exit tax' imposed on it for an amount of €4.0 million. The dispute concerns the question whether securitisation premiums are subject to such an exit tax. IO disputes that this is the case. The Belgian tax authority has established a mortgage of about €3.0 million on one of the buildings of IO and withheld over €1.0 million in tax returns.

In 2010, a Belgian court ruled in favour of the tax payer in a similar procedure. However, in the case of the disputed assessments regarding the levy of exit tax on securitisation premiums, the tax authorities have rejected a claim by IO. IO is preparing an appeal. It is expected that the proceedings will take place in the course of 2014. IO is currently waiting for the other claim to be processed further by the tax authorities. NSI, together with its advisors holds the opinion that there is a significant chance that IO will win the dispute. Furthermore, the sellers from which IO was acquired by NSI have guaranteed to reimburse any losses in the the event IO does not win the dispute. Therefore NSI does not consider establishing a provision for these tax claims necessary.

Recent disposals

In September 2013, NSI reached an agreement on the sale of office in Fribourg for a price of CHF9.7 million. The sale and transfer of the property has been completed on 4 October 2013.

Shopping centre 't Loon Heerlen

NSI has incurred losses due to the occurrence of the sinkhole at shopping centre 't Loon in Heerlen and the consequential demolition order. See Section 9.5.4 (*Business - Recent developments – Reconstruction of shopping centre 't Loon*). The majority of these losses are related to the decreasing real estate value of the demolished part and loss of rental income. The losses resulting from the demolition are currently under determination by experts. The loss of rental income amounted to €1.5 million during the period from December 2011 to December 2012 and €2.2 million in the period from December 2011 to June 2013. NSI will seek compensation for its losses from the municipality of Heerlen, the insurance companies involved and the former mining company. At the date of this Prospectus, no tenants of the shopping centre 't Loon have brought any claims against NSI.

Cash flow analysis

The following tables are a summary of the Group's consolidated cash flow statements for the periods indicated.

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Cash flow from operations	39,070	38,523	63,392	45,453	49,244
Cash flow from investment activities	104,245	61,555	62,080	-31,179	-72,540
Cash flow from financing activities	-114,779	-118,273	-135,423	-41,350	4,811
Change in cash	**28,536**	**-18,195**	**-9,951**	**-27,076**	**-18,485**

Cash flow from operations

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Result after tax	-75,256	-69,181	-99,781	63,279	25,084
Cash flow from operating activities	159,441	166,147	228,553	35,188	59,042
Movements in debtors and other accounts receivable	-2,905	-7,597	-7,958	-1,740	118
Movements in other liabilities, accrued expenses and deferred income	1,394	-6,309	-1,968	-10,763	682
Dividends received	-	-	-	1,155	-
Financing income	227	84	165	71	106
Financing expenses	-43,831	-44,621	-55,619	-41,737	-35,788
Cash flow from operations	**39,070**	**38,523**	**63,392**	**45,453**	**49,244**

Q3 2013/Q3 2012

The Group's cash flow from operations increased from €38.5 million in the nine months ended 30 September 2012 to €39.1 million in the nine months ended 30 September 2013. A decrease in cash flow from operating activities (up to Q3 2013: €159.4 million; up to Q3 2012: €166.1 million) was off-set by an increase in movements in other liabilities, accrued expenses and deferred income (Q3 2013: €1.4 million; Q3 2012 -€6.3 million).

2012/2011

In 2012, the Group's cash flow from operations increased from €45.5 million in 2011 to €63.4 million. This was primarily due to the Merger, causing an increase in cash flow from operating activities (2012: €228.6 million; 2011: €35.2 million). However, the increase in the cash flow from operations was partly offset by a decrease in result after tax (2012: negative €99.8 million; 2011: €63.3 million) and an increase in financing expenses (2012: €55.6 million; 2011: €41.7 million).

2011/2010

In 2011, the Group's cash flow from operations decreased from €49.2 million in 2010 to €45.5 million. This was primarily due to a decrease in cash flow from operating activities (2011: €35.2 million; 2010: €59.0 million), partly offset by an increase in result after tax (2011: €63.3 million; 2010: €25.1 million), a decrease in movements in other liabilities, accrued expenses and deferred income (2011: negative €10.8 million; 2010 €0.7 million) and an increase in financing expenses (2011: €41.7 million; 2010: €35.8 million).

Cash flow from investment activities

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Acquisition costs of the Merger and acquired cash and debts to credit institutions	-	-	-	-21,359	-
Purchases of real estate and investments in existing properties	-12,387	-21,419	-30,474	-24,327	-72,012
Proceeds of sales of real estate investments	117,229	83,287	93,041	5,363	11,032
Acquisition of other investments	-	-	-	-	-10,552
Proceeds of sales of other investments	-	-	-	9,402	-

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Investments in tangible fixed assets	-563	-344	-537	-273	-818
Divestments in tangible fixed assets	16	31	83	15	10
Investments in intangible assets	-50	-	-33	-	-
Cash flow from investment activities	**104,245**	**61,555**	**62,080**	**-31,179**	**-72,540**

Q3 2013/Q3 2012

The Group's cash flow from investment activities increased from €61.6 million in the nine months ended 30 September 2012 to €104.2 million in the nine months ended 30 September 2013. This was primarily due to an increase of proceeds of sales of real estate investments (up to Q3 2013: €117.2 million; up to Q3 2012: €83.3 million).

2012/2011

In 2012, the Group's cash flow from investment activities increased from negative €31.2 million in 2011 to positive €62.1 million. This change resulted primarily from the falling away of acquisition costs of the Merger and acquired cash and debts to credit institutions and increased proceeds of sales of real estate investments. In 2012, NSI sold an office in Thalwill (Switzerland), a shopping centre in Fribourg (Switzerland) and an industrial property in Antwerp (Belgium) which led to an increase in proceeds of sales of real estate investments (2012: €93.0 million; 2011: €5.4 million). This increase, however, was partly offset by an increase in purchases of real estate and investments in existing properties being a distribution centre in Oevel (Belgium) in 2012 and two retail units in shopping centre Zuidplein in Rotterdam in 2011 (2012: negative €30.5 million; 2011: negative €24.3 million).

2011/2010

In 2011, the Group's cash flow from investment activities increased from negative €72.5 million in 2010 to negative €31.2 million. This was primarily due to a decrease in purchases of real estate and investments in existing properties (2011: €24.3 million; 2010: €72.0 million) and an increase of proceeds of sales of other investments in 2011 (€9.4 million). However, this was partly offset by acquisition costs of the Merger and acquired cash and debts to credit institutions in 2011 (€21.4 million).

Cash flow from financing activities

(x €1,000)	Up to Q3 2013	Up to Q3 2012	2012	2011	2010
Dividend paid	-27,883	-35,712	-43,861	-57,073	-52,659
Costs related to optional dividend	8	-68	-91	-	-
Share issue	-	24,348	24,348	-	53,819
Repurchase of own shares	-	-502	-502	-685	-
Unwinding of derivatives	-	-	-898	-	-
Drawdown of loans	31,835	30,043	58,544	41,193	56,797
Redemption of loans	-118,723	-136,382	-172,963	-24,785	-53,146
Cash flow from financing activities	**-114,779**	**-118,273**	**-135,423**	**-41,350**	**4,811**

Q3 2013/Q3 2012

In the nine months ended 30 September 2013, the Group's cash flow from financing activities remained substantially the same as in the nine months ended 30 September 2012. A decrease of redemption of loans up to Q3 2013 (up to Q3 2013: negative €118.7 million; up to Q3 2012: negative €136.4 million) was offset by the absence of a share issue and higher drawdown of loans in 2013.

2012/2011

In 2012, the Group's cash flow from financing activities decreased from negative €41.4 million in 2011 to negative €135.4 million. This was primarily due to the increase in the redemption of loans, which was partly offset by the proceeds of the share issue in 2012 (€24.3 million), the increase in drawdown of loans and smaller cash dividend payments as compared to 2011.

2011/2010

In 2011, the Group's cash flow from financing activities decreased from €4.8 million in 2010 to negative €41.4 million. This was primarily due to the share issue in 2010 (€53.8 million) and the decrease in drawdown of loans, which was partly offset by a lower redemption of loans.

10.6. Recent relevant accounting pronouncements

A number of new accounting standards, changes to standards and interpretations have taken effect as of 1 January 2013 and have therefore not been applied to the consolidated financial statements for the years ended 31 December 2012, 31 December 2011 and 31 December 2010, respectively. The new standard that might be relevant for NSI is described below and will, where relevant, be applied by NSI in relation to the consolidated financial statements for the year ending 31 December 2013.

IFRS 13 Fair Value Measurement (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies in determining fair values. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

10.7. Qualitative and quantitative disclosure about market risk

Operating in the real estate market subjects the Group to various market risks, including credit risk, liquidity risk, interest rate risk and currency risk. The overall risk management is designed to minimise the potentially negative effects of the unpredictability of markets on the Group's business performance. NSI monitors the financial risks associated with its business and the financial instruments it holds closely. NSI is a long-term investor in real estate and therefore applies the principle that the financing of the investments should also be long-term in nature in accordance with the risk profile of its business.

For additional qualitative and quantitative discussion of the market risks to which the Group is exposed in the normal course of its business, please refer to the Group's consolidated financial statements and related notes incorporated by reference in this Prospectus, Section 10.2 (*Operating and financial review – Key factors affecting results of operations*) and Section 2 (*Risk factors*).

Credit risk

The Group's credit risk is defined as the risk of an unforeseen decline in the value of an asset as a result of counterparties, such as banks and tenants, failing to meet their obligations as set out in detail below.

Banks

The risks associated with possible non-performance by financial counterparties are minimised by entering into transactions for loans and derivative instruments with various reputable banks. These banks have credit ratings of at least Standard & Poor's A or Moody's A1. The Management Board is actively involved in monitoring the credit ratings. Furthermore, the Group aims to diversify its financing position in order to further minimise the credit risk.

Tenants

The creditworthiness of tenants is closely monitored by careful screening in advance and active monitoring of debtor balances. NSI has a specific debtor policy in place, setting out procedures and timelines for collecting rent. The purpose of this policy is to reduce the amount of overdue rent and to minimise the amount of bad debts. In addition, substantially all rent is paid in advance monthly or quarterly and tenants are required to provide security for rent payments for a limited period in the form of guarantee payments or bank guarantees. Since the tenant base consists of a large number of different parties, NSI believes there is limited concentration of credit risk.

The age structure of the debtors was as follows:

(x €1,000)	30 September 2013	30 September 2012	31 December 2012	31 December 2011	31 December 2010
Up to 1 month expired	2,999	4,158	3,950	1,672	227
1 month to 3 months expired	684	457	767	1,163	170
3 months to 1 year expired	774	1,206	1,056	904	441
More than 1 year expired	16	201	227	563	23
Total	**4,473**	**6,022**	**6,000**	**4,302**	**861**

The change in the provision for asset impairment for debtors is as follows:

(x €1,000)	Q3 2013	Q3 2012	2012	2011	2010
Situation at the beginning of the period	3,653	2,421	2,421	1,637	824
Acquired via business combinations	-	-	-	780	-
Addition to the provisions	163	-20	988	917	685
Write down of dubious debtors	670	884	244	-913	128
Situation at the end of the period	**4,486**	**3,285**	**3,653**	**2,421**	**1,637**

The following table shows the Group's ten largest tenants in its offices and retail Portfolio.

The 10 largest tenants as per 30 September 2013

The 10 largest tenants in offices	Annual rent (x €1 million)	% of total rental income offices	The 10 largest tenants in retail / large-scale retail	Annual rent (x €1 million)	% of total rental income retail
Rijksgebouwendienst	4.8	6.0	Ahold Vastgoed	2.9	7.9
Deloitte Services & Investments	3.7	4.2	Eijkerkamp	2.1	5.8
PriceWaterhouseCoopers	3.6	4.1	Lidl Nederland GmbH	1.0	2.7
Hewlett-Packard	3.3	3.8	Mediamarkt Saturn	1.0	2.7
Stichting de Thuiszorg Icare	2.3	2.6	Blokker	0.8	2.3
ProRail B.V.	1.9	2.3	A.S. Watson Property Continental Europe B.V.	0.8	2.2
Spaces Rode Olifant B.V.	1.7	1.9	Jumbo	0.7	1.8
Imtech	1.2	1.4	Action Non-Food	0.6	1.6
Biocartis	1.2	1.4	Plus	0.6	1.5
Gemeente Heerlen	1.0	1.2	Goedhart	0.5	1.5
Total	**24.7**	**28.9**	**Total**	**11.0**	**30.0**

Liquidity risk

To diversify its liquidity risk, the Group has funded its operations with various debt instruments and with shareholders' equity. Furthermore, measures have been taken to ensure a higher occupancy rate and to prevent financial damages resulting from bankruptcies of tenants. Fluctuations in the liquidity requirement are absorbed by undrawn, committed credit facilities of €72.7 million at 30 September 2013 (31 December 2012: €102.5 million; 30 September 2012: €102.5 million; 31 December 2011: €102.5 million; 31 December 2010: €70.0 million). Maturity dates are spread over time to limit liquidity risk. The Group strives to have loans with a maturity of 5 or more years. The average remaining maturity of the loans is 2.6 years at 30 September 2013 (31 December 2012: 2.3 years; 30 September 2012: 2.2 years; 31 December 2011: 2.1 years; 31 December 2010: 2.3 years).

In line with the focus to spread the maturity dates over time, NSI has fully refinanced its largest debt facility of €260 million, which was scheduled to mature in the years 2013 and 2014. The new debt facility will mature in the year 2017. Due to this refinancing, the average maturity profile of the total interest bearing debt portfolio was extended from 2.3 years at 31 December 2012 to 2.6 years at 30 September 2013.

Even though after completion of the Placement and use of proceeds thereof the Group's total net indebtedness will decrease (see Sections 5 (*Use of Proceeds*) and 10.5 (*Operating and financial review – Liquidity and capital resources*)). This level of indebtedness will continue to require NSI to dedicate a substantial portion of its cash flow from operations to make interest and principal payments on its indebtedness and will also require the timely refinancing of certain of short term liabilities before their respective maturity dates. See Section 10.5 (*Operating and financial review – Liquidity and* c*apital resources - Working capital statement*). This level of indebtedness also increases the Group's vulnerability to general adverse economic and industry conditions and limits the Group's ability to obtain future financing. The Group is also restricted by the covenants in its financing instruments, which restricts the Group in performing its business operations. See Section 10.5 (*Operating and financial review – Liquidity and capital resources - Indebtedness*). With the proceeds of the Placement NSI aims to lower its LTV by repaying a significant portion of its debt. See also Section 5 (*Use of proceeds*). For this repayment to be executed in the most favourable way NSI is negotiating improved terms for its loans. NSI has obtained precommitments from certain financing counterparties to lower the applicable interest rates on the Group's debt with these respective financing counterparties. The negotiations on these and other terms are expected to continue until after the Settlement Date and will also involve NSI's other financing counterparties.

In addition, the ability of the Group to obtain debt financing may be constrained by its qualification as an FII under Dutch corporation tax law and the resulting limitations on the level of its indebtedness or restrictions contained in its current or future credit agreements. See Section 15.2.1 (*Regulatory matters and tax status of the Group – Tax status – FII regime*).

See Section 10.5 (*Operating and financial review – Liquidity and* c*apital resources - Limitations on borrowings, restrictions and covenants*) above for further details.

Interest rate risk

NSI is subject to obligations pursuant to interest bearing loans and other loans entered into by NSI, including compliance with LTV and ICR covenants. See Section 10.5 (*Operating and financial review – Liquidity and* c*apital resources - Limitations on borrowings, restrictions and covenants*) above for further details. Variable-interest loans expose NSI to uncertainty regarding interest expenses, whereas fixed interest loans reduce this uncertainty. As a result of the Group's policy to hold investments for the long term, NSI aims to take out loans used to fund such investments with long maturities (five years or longer). Because most of the loans are initially on a variable interest basis, the Group uses interest rate swaps to manage its interest rate risk. The policy is to have at least 80% of its interest costs swapped to fixed interest. At 30 September 2013, approximately 93.3% of the Group's total interest bearing loans and credit facilities was swapped to fixed interest.

See Section 2.2 (*Risk factors – Risks relating to the financing activities of the Group*), Section 9.7.2 (*Business – Financial strategy*) and Section 10.5 (*Operating and financial review – Liquidity and capital resources – Indebtedness*) for a discussion of the Group's exposure to interest rate risk, including information on debt maturities, fixed and variable rate debt and the use of derivatives to manage interest exposure and a sensitivity analysis.

10.8. **Subsequent events**

For additional information on events that have taken place after 30 September 2013, please see Section 9.5 (*Business - Recent developments).*

10.9. **Selected significant accounting policies and principles**

The following discussion relates to selected significant accounting policies and principles that were used by NSI in preparing the consolidated financial statements incorporated by reference in this Prospectus. Certain of NSI's accounting policies and principles are particularly important to the preparation and explanation of its results of operations. Both in selecting accounting policies and principles for which alternative methods exist under IFRS and applying these accounting policies and principles, NSI's management needs to make certain assumptions that require complex and subjective judgments, assumptions and estimates. NSI evaluates these judgments, assumptions and estimates on an ongoing basis. These judgments, assumptions and estimates could subsequently prove to be incorrect, and thus lead to adjustments of the relevant financial information. For a discussion of these and additional accounting policies and principles, see the notes to the consolidated financial statements incorporated by reference in this Prospectus.

Real estate investments

Real estate investments consist of real estate in operation that is held in order to generate rental income or value appreciation, or a combination thereof and real estate under development. Real estate investments in operation and real estate investments under development are accounted for at fair value.

The table below sets out the real estate investments in operation and the real estate investments under development for each of the reference periods.

(x €1,000)	30 September 2013	30 September 2012	31 December 2012	31 December 2011	31 December 2010
Real estate investments in operation	1,836,953	2,101,565	2,020,869	2,316,763	1,360,689
Real estate investments in development	19,020	15,645	15,245	5,050	-
Total	**1,855,973**	**2,117,210**	**2,036,114**	**2,321,813**	**1,360,689**
Assets held for sale	7,935	37,544	69,977	-	-

To determine the fair value of its investments, NSI uses an appraisal management system whereby the fair value of all properties is determined internally each quarter in a uniform and consistent way. The appraisal management system consists of internal and external valuation.

Internal valuation

The Group's real estate investments are carried at fair value. For the Dutch Portfolio, the Group uses an appraisal management system whereby the fair value of all real estate investments in the Netherlands is determined internally each quarter. NSI has developed a model for the internal valuation of all properties. This model is directly linked to the Group's real estate and accounting system. These internal valuations are updated quarterly on the basis of market value. When no actual market value in an active market is available, valuations are being determined on the basis of a net initial yield calculation, in which the net market rents are being capitalised. The range of the yields, as used for the calculation of the property values, has grown over the first three quarters of 2013 (30 September 2013: between 5.7% and 17.0%; 31 December 2012: between 5.4% and 14.0%) as the value of the higher yielding properties declined faster than the values of the lower yielding properties. The valuation thus produced is published by NSI in its quarterly reports and in the annual and semi-annual reports.

External valuation

Once every quarter, at least a quarter of the Dutch Portfolio is fully appraised by an independent and certified external appraiser. This means that the entire Dutch Portfolio is appraised externally at least once a year. For the Belgian Portfolio, all real estate investments are appraised by an independent and certified external appraiser every quarter. As a result, the percentage of external valuations during a quarter is typically around 50% of NSI's entire Portfolio (at 30 September 2013: 53.9%; at 30 June 2013: 54.2%; at 31 March 2013: 51.5%). Also see Section 3.4 (*Important information - Information in valuation reports*).

The external appraisals are the basis for the internal valuations in the quarter the appraisal is performed and are used for comparison and control for the internal valuations during the other quarters. For the period under review, the discrepancies between internal and external appraisals were as follows: 30 September 2013: -0.05%; 31 December 2012: 0.78%; 30 September 2012: 0.54%; 31 December 2011: 0.62% and 31 December 2010: 0.92%. Such discrepancies may arise from uncertainty as to future values, rental income and occupancy rate.

External valuations are performed in compliance with nationally and internationally recognised standards like the survey and valuation standards in the 'Red Book' of the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards of the International Valuation Standards Committee (IVSC). The Group publishes information regarding valuations of its properties in its periodic and annual reports.

Fair value

The fair value is based on the market value (with costs to the purchaser, adjusted for purchase costs, such as transfer tax) and is defined as the estimated price on the date of valuation at which a property could reasonably be exchanged between a seller and a purchaser willing to enter into an objective transaction preceded by sound negotiations by well-informed parties.

The fair value is determined on the basis of a net initial yield calculation, whereby operating costs are deducted from the market rents and capitalised. The returns used are specific for the country, property type, location, state of repair and letting potential for each property. The returns are determined on the basis of comparable transactions, in conjunction with knowledge of the market and circumstances specific to the property.

The determination of the fair value also takes account of future investment for maintenance. Assumptions are made for each tenant and for each vacant space regarding the probability of (re)letting and rental costs. Corrections are made for the cash value of the differences between the market rents and the contractual rents. Valuation is made after deduction of transaction costs paid by the buyer. If an existing real estate investment is renovated and/or expanded for continued use as a real estate investment, valuation is also made at fair value. The renovation costs consist of all the directly attributable costs required to complete the project.

Changes in the fair value of the property investments are recognised in the consolidated statement of comprehensive income in the period in which they occur. Realised profits or losses on the sale of a real estate investment are recognised in the period in which the sale takes place as the balance of the net sales proceeds and the most recently published fair value.

Real estate investments are included at the time of acquisition at the integral cost price (including all costs relating to the purchase, such as legal costs, transfer tax, real estate agent costs, the costs of due diligence investigations and other transaction costs) until the first reporting date, after which the fair value is applied. Investments made in real estate subsequent to their acquisition are included in the value until the first subsequent reporting date, from which time they are included at fair value. No depreciation is applied to the real estate investments, as they are included at fair value.

Depending on its extent, a revaluation loss or overvaluation may have a material adverse effect on the Group's financial condition and results of operations. See Section 0 (*Operating and financial review – Key factors affecting results of operations – Portfolio revaluations*), Section 2.1 (*Risk factors – Risks relating to the Group and the sector in which it operates - The Group is exposed to the risk of revaluation losses with respect to its properties)* and Section 2.1.3 (*Risk Factors – Risks relating to the Group and the sector in which it operates - The Group is exposed to the risk of revaluations with respect to its properties*).

Financial derivatives

Financial derivatives are initially included at cost. After initial inclusion, derivatives are valued at fair value. Profits or losses arising from changes in the fair value of derivatives are immediately recognised in the consolidated statement of comprehensive income. Hedge accounting is not applied.

The fair value of derivatives is the amount the Group would expect to pay or receive if the derivatives were to be liquidated at the balance sheet date, taking account of the market interest rate on the balance sheet date and the current credit risk of the counterparties concerned. A derivative is reported as a current asset or account payable if its remaining life to maturity is less than one year, or it is expected that it will be liquidated or settled within one year.

Deferred tax

Deferred tax liabilities are included for tax on earnings payable in future periods relating to temporary differences between the fair value of the real estate and book value for tax purposes, which are considered to be long-term. In the valuation of the deferred tax liabilities, the rates of tax prevailing on the balance sheet date or rates chosen for substantive reasons which are expected to apply in the period in which the liability will be settled will be used. Deferred tax credits are included for deductible temporary differences up to the amount that can be offset in future against tax payable at the rates of tax prevailing on the balance sheet date or rates chosen for substantive reasons. Deferred tax relating to unrealised capital losses on real estate is capitalised if a sale is foreseen or set-off can occur by means of operating results. Deferred tax credits and debits are only netted if a statutory right to set-off exists and the intention is to settle or realise on a net basis.

Deferred tax liabilities at 30 September 2013 totalled €0.2 million, compared to €0.6 million at 30 September 2012. Deferred tax liabilities at 31 December 2012 totalled €0.2 million, compared to €1.7 million and €0.9 million at 31 December 2011 and 31 December 2010 respectively. The Group's deferred tax liabilities are driven primarily by valuations of properties. Valuation above an asset's cost basis will lead to higher tax payments if the asset is sold in the future. In the Netherlands, the Group benefits from tax regimes that cater for an effective tax rate of 0.0% on the investment profits realised on virtually the Group's entire investment Portfolio and, as a result, property valuations in the Netherlands do not generally affect deferred tax liabilities.

Income

Rental income - The Group's revenues consist to a large extent of gross rental income of operating leases. Gross rental income from property investments let on the basis of actual lease agreements is recognised in the consolidated statement of comprehensive income evenly over time over the duration of the lease agreement. Rent-free periods, rent rebates and other rent incentives are reported as an integral part of the total net rental income, and are amortised over the life of the lease agreement until the first moment on which the lease agreement can be terminated. The accrued balance sheet items that result from this are corrected to the fair value of the real estate investments concerned. Compensations received for leases ended prematurely are recognised in the consolidated statement of comprehensive income in the period in which the compensation in obtained.

Substantially all rents are payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. For a discussion of the credit risk on unsecured rent payments, see Sections 2.1.15 (*Risk factors – Risks relating to the Group and the sector in which it operates - The Group is exposed to credit risk on rent payments from its tenants*) and 10.7 (*Operating and financial review - Qualitative and quantitative disclosure about market risk – Liquidity risk*).

Net result on sales of investments - The profits or losses on the sale of real estate investments are measured as the difference between the net sale proceeds and the book value of the real estate investments as of the last-published (interim) balance sheet.

Service costs not recharged - Service costs relate to the costs of gas, water and electricity, cleaning, security and the like, which on the basis of the lease agreement can be recharged to tenants. The service costs not recharged relate to costs in the event of vacant premises and/or other uncollectible service costs as a result of contractual limitations or service costs not recoverable from tenants. The costs and recharges are not separately recognised in the income statement.

Basis of consolidation

The consolidated financial statements include NSI's accounts and those of its subsidiary companies. Subsidiary companies are companies over which NSI exercises decisive control, which includes IO for consolidation purposes. There is a situation of decisive control if NSI exercises direct or indirect control over the financial and operating policy of the subsidiary. In the determination of the degree of control, potential voting rights that can be exercised as of the balance sheet date they are taken into consideration. The financial statements of subsidiary companies are included in the consolidated financial statements from the date of commencement of a controlling interest until the date on which this ends. For a list of entities consolidated in NSI's accounts as per 30 September 2013, see Section 9.15 (*Business - Overview of legal entities*).

Impairment

The carrying amounts of the Group's non-financial assets, other than property investments and deferred tax credits, are reviewed as at every reporting date to determine whether there are indications of impairment. If any such indications exist, an estimate is made of the recoverable amount of the asset. For goodwill and intangible assets with an indefinite life or which are not yet usable, an estimate of the recoverable amount is made on every reporting date.

The recoverable amount for an asset or a cash flow generating entity is the higher amount of the value in use, or the fair value less selling costs. When calculating the value in use, the net present value of estimated future cash flows is calculated by applying a discount rate before tax that reflects both the current market valuations of the time value of money and the specific risks relating to the asset.

NSI's tangible fixed assets do not generate separate cash flows. When there is an indication that a tangible fixed asset is subject to impairment, the recoverable amount is determined of the cash-flow generating entity to which the tangible fixed asset belongs. An impairment loss is recognised if the carrying amount of an asset or the cash flow generating entity to which the asset belongs is greater than the estimated recoverable amount. Impairment losses are recognised in the total result.

No impairment losses are reversed for goodwill. For other assets, impairment losses recognised in prior periods are assessed on each reporting date for indications that the loss has decreased or no longer exists. An impairment loss can be reversed if the estimates used as the basis for calculating the recoverable amount have changed. An impairment loss is only reversed in so far as the carrying amount of the asset is not higher than the carrying amount – after deducting depreciation or amortisation – that would have been determined if no impairment loss had been recognised.

Intangible assets

Goodwill - Goodwill is the difference between the acquisition price of an acquired subsidiary company and the fair value of the identifiable assets and liabilities of the acquired subsidiary company. Negative goodwill is reported in the consolidated statement of comprehensive income. After inclusion in the balance sheet, goodwill is reported as an intangible asset and valued at cost price, less any impairment losses. Goodwill is assessed for impairment loss annually or in the interim if there is reason to do so.

Capitalised software - Development and implementation costs relating to purchased and/or developed software are capitalised on the basis of the costs of acquisition of the software and taking it into operation. The capitalised costs are written off over the estimated economic life (10 years).

11. MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

Set out below is a summary of certain information concerning the Management Board, the Supervisory Board and NSI's employees and a summary of certain provisions of the Articles of Association in respect of the Management Board and the Supervisory Board. The summary of the above-mentioned provisions of the Articles of Association is based on, and qualified in its entirety by reference to, the full text of the Articles of Association, which are incorporated by reference in this Prospectus. See Section 20 (*Documents incorporated by reference*). For the availability of the Articles of Association, see Section 18.6 (*Availability of documents*).

11.1. **Two-tier board structure**

Every Dutch company is required to have a management board (*raad van bestuur*). NSI has a two-tier board structure consisting of the Management Board and the Supervisory Board.

11.2. **Management Board**

*11.2.1. **Powers, composition and function***

The Management Board is responsible for the day-to-day management of NSI's operations, as well as the operations of the Group, under the supervision of the Supervisory Board. In performing its duties, the Management Board is required to act in the interests of NSI and its affiliated enterprise, taking into consideration the interests of NSI's stakeholders (which include but are not limited to the Shareholders). The Management Board is required to provide the Supervisory Board in a timely manner with all information necessary for the Supervisory Board to carry out its duties. The Management Board must also submit certain resolutions to the Supervisory Board for approval, as more fully described below.

The Management Board as a whole, as well as one member of the Management Board acting solely, are entitled to represent NSI in the conduct of its business. In addition, a proxy holder has been appointed by NSI who may bind NSI for lease agreements up to an amount of €200,000 and for other type of agreements up to an amount of €100,000.

*11.2.2. **Conflict of interest***

Pursuant to newly adopted Dutch legislation that took effect on 1 January 2013, the law no longer contains restrictions on the powers of members of the management board of a Dutch public company with limited liability to represent such company in case of a conflict of interest, but provides that a member of the management board may not participate in the adoption of resolutions (including deliberations in respect of these) if he has a direct or indirect personal conflict of interest. This rule also applies to NSI. Pursuant to this new legislation, if no resolution can be adopted by the Management Board as a consequence hereof, the resolution concerned will be adopted by the Supervisory Board. If all members of the Supervisory Board are conflicted as well, the resolution will be adopted by the General Meeting, unless the articles of association provide otherwise. In addition, if a member of the Management Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be liable towards NSI.

Under Dutch law, a defect in the above mentioned decision-making process will not affect the representative authority of the Management Board or its members to bind NSI vis-à-vis third parties. The Management Board Rules (as defined below) provide for further rules regarding conflicts of interest between NSI and a member of the Management Board. A member of the Management Board shall not participate in the discussion and decision-making on any business or transaction in which that Management Board member has a (potential) conflict of interest. Whether in such case a conflict of interest exists will be determined by the Supervisory Board. Any resolutions to enter into transactions involving conflicting interests of officers which are of material importance for NSI and/or the officers involved shall require the approval of the Supervisory Board.

11.2.3. *Appointment, suspension and dismissal*

Pursuant to the Articles of Association, the General Meeting appoints the members of the Management Board. According to the Articles of Association, the Management Board must consist of at least two members.

The General Meeting has the power to suspend or dismiss a member of the Management Board at any time, **provided that** the resolution is adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than half of the issued share capital. The Supervisory Board has the power to suspend a member of the Management Board at any time.

11.2.4. *Qualifications*

Newly adopted Dutch legislation that took effect on 1 January 2013 requires a Dutch public company with limited liability which meets at least two of the three criteria referred to in Section 2:397 paragraph 1 of the DCC (which criteria are: (1) the value of the company's assets according to its balance sheet is, on the basis of the purchase price or manufacturing costs more than €17.5 million; (2) the net turnover is more than €35 million; and (3) the average number of employees is 250 or more) (such a company a "**Large Company**"), to pursue a policy of having at least 30% of the seats on the management board held by men and at least 30% of the seats on the management board held by women to the extent these seats are held by natural persons. Based on NSI's assets and turnover, this rule also applies to NSI. Pursuant to this new legislation, NSI will be required to take this allocation of seats into account in connection with the (nomination for the) appointment of members of the Management Board. If NSI does not comply with these gender diversity rules, it must explain in its annual report (1) why the seats are not allocated in accordance with this ratio, (2) how NSI has attempted to achieve a well-balanced allocation; and (3) how NSI aims to achieve a well-balanced allocation in the future. These rules will automatically lapse on 1 January 2016. Currently, there are no women on the Management Board.

In addition, pursuant to this newly adopted Dutch legislation, restrictions apply with respect to the overall number of management board (including one-tier board) positions and supervisory board positions that a member of the management board of, inter alia, a Dutch public company with limited liability may hold. Based on NSI's assets and turnover, this rule also applies to NSI. Pursuant to this new legislation, a person may not be a member of the management board if (a) he holds more than two supervisory positions with a Large Company or (b) if he acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board, or member of a supervisory body established by the articles of association. NSI complies with this legislation.

11.2.5. *Management Board Rules*

Furthermore, on the basis of this newly adopted Dutch legislation, the legal relationship between a managing director (*statutair directeur*) and a listed company will no longer qualify as an employment relationship. Existing employment contracts entered into with managing directors prior to the date of entry into force of this Dutch legislation, i.e. 1 January 2013, will be respected. Employment contracts newly entered into after 1 January 2013 and/or definite term employment contracts which are prolonged after 1 January 2013 will automatically be considered a management agreement.

Pursuant to the Articles of Association, the Management Board may adopt rules regarding the functioning and internal organisation of the Management Board, as well as regarding the allocation of its tasks. Such rules require the approval of the Supervisory Board. In accordance with the Articles of Association, the Management Board has adopted management board rules (*directiereglement*) (the "**Management Board Rules**"), approved by the Supervisory Board on 1 October 2012. The Management Board Rules apply to NSI and to all companies affiliated with it. The Management Board Rules can be downloaded from NSI's website (www.nsi.nl). By signing the Management Board Rules, each member of the Management Board has declared to adhere to the rules as set out therein. Amendments of the Management Board Rules requires the prior approval of the Supervisory Board.

Pursuant to the Management Board Rules, the members of the Management Board are charged with and are responsible for the management of NSI. According to the Articles of Association, the Management Board must follow general guidelines provided by the Supervisory Board on its financial, social, economic and personnel policies. Pursuant to the Management Board Rules, the statutory board members shall consist of a general director (CEO), who is also the chairman of the Management Board, and a financial director (CFO). The CEO is amongst others responsible for NSI's strategy, purchase and sale policy, communications and legal matters. The CFO is amongst others responsible for finance, taxes, reporting and management information, investor relations, compliance, risk management, corporate finance and banking. In the performance of the Managements Board's duties, the Management Board Rules set out that it shall be authorised to execute any and all (legal) acts as it may deem fit. Within the framework of risk management the Management Board shall (i) carry out a risk analysis regarding the operational and financial risks, (ii) publish a code of conduct on NSI's website (www.nsi.nl) and (iii) implement and maintain a financial reporting system. The Management Board shall report to the Supervisory Board at regular intervals and shall report to the General Meeting each year. The Management Board should provide the Supervisory Board with any and all information which they deem necessary to be able to perform adequately. The Management Board will provide the Supervisory Board with certain (financial) information at least every three months. This financial information will at least encompass a balance sheet, a profit & loss account, purchases / disposals of assets, refurbishing and (re)development projects, letting developments and vacancy and a financing scheme.

11.2.6. ***Board meetings and decisions***

According to the Articles of Association, the Management Board will hold a meeting as often as a member of the Management Board so requires. In the Management Board Rules, this has been further defined as having a meeting once every two weeks and further as often as a Management Board member so requires. Resolutions are adopted by an absolute majority. The matters discussed in any event in the Management Board meetings are amongst others financial affairs, administrative business, fiscal matters, purchase and sale of real property, (re)development projects, communication policies, IR and legal matters.

The Management Board notifies the Supervisory Board and/or the Supervisory Board committees, in writing, of the main lines of the strategic policy, the general and financial risks and the internal risk management and control systems. Pursuant to article 14(5) of the Articles of Association and the Management Board Rules, the Management Board must obtain the prior approval of the Supervisory Board before taking decisions:

- to enter into agreements to acquire or dispose of real property or, as the case may be, any entitlements thereto (i) if such transactions exceed an amount determined and amended from time to time by a resolution of the Supervisory Board and (ii) in other unambiguously described cases, to be determined by a resolution of the Supervisory Board and communicated to the Management Board in writing. The requirement that approval of the Supervisory Board must be sought can never be made dependent on the advice of the Investment Advisory Board to the Management Board or on whether or not the Management Board follows the advice of the Investment Advisory Board;

- to conduct legal proceedings, with the exception of (i) legal proceedings that ensue from the normal operations of NSI and (ii) taking protective measures (*conservatoire maatregelen*);

- to bind NSI for debts of third parties other than its subsidiaries (*dochtervennootschappen*);

- to perform any (legal) acts and/or specific (legal) acts involving a financial interest for NSI which exceeds the amount determined by the Supervisory Board;

- to grant or withdraw powers of attorney;

- to grant pension entitlements;

- to establish and close down branches and/or satellite offices, to cooperate with, participate in or accept or give up the management of other enterprises; and
- to exercise voting rights attached to shares in the issued capital of Group companies in respect of any subject referred to above, the appointment and removal of managing directors and the adoption of the annual accounts.

In addition, the Management Board must obtain approval from the Supervisory Board if it wishes to pay out an interim dividend.

The fourth item mentioned above (i.e. to perform any (legal) acts and/or specific (legal) acts involving a financial interest for NSI which exceeds the amount determined by the Supervisory Board) has been elaborated on in the Management Board Rules as well as in the Supervisory Board Rules. These rules state that the Supervisory Board determined that the Management Board should obtain the Supervisory Board's approval for any resolutions, where the remaining provisions of article 14(5) of the Articles of Association are not applicable, relating to any (legal) act(s) that exceed a financial interest of €1,500,000, except in situations as described below in which case the thresholds mentioned below are applicable:

- the Management Board is authorised to pass all resolutions regarding the day-to-day operational business of NSI, for example (but not limited to) technical matters or matters related to service, maintenance, rent and rental agreements, debtors control etc., regardless of the financial interest involved, without the Supervisory Board's approval;
- the Management Board is authorised to pass resolutions regarding the entering into or extension of debt financing, related instruments like derivatives and other associated resolutions for a capital amount below €75 million without the Supervisory Board's approval;
- the Management Board is not authorised to pass resolutions regarding the issuing of bonds and/or other debt capital market instruments, regardless of the financial interest involved, without the prior approval of the Supervisory Board;
- the Management Board is not authorised to pass resolutions regarding the issuing of shares without the prior approval of the Supervisory Board, but the Management Board is authorised to pass all following resolutions related to a share issue without the Supervisory Board's approval;
- the Management Board is not authorised to pass resolutions in which commitments are made towards one or more members of the Management Board, the Supervisory Board and/or its committees, regardless of the financial interest involved, without the prior approval of the Supervisory Board;
- the Management Board is not authorised to pass resolutions regarding the entering into or amending collective pension arrangements without the prior approval of the Supervisory Board, but the Management Board is authorised to grant pension rights based on these collective pension arrangements without the approval of the Supervisory Board; and
- the Management Board is authorized to pass any resolution relating to investments in properties that are part of NSI's Portfolio; if such investments exceed an amount of €1,500,000, the Management Board shall request prior written advice from the Investment Advisory Board.
- According to the Articles of Association, the Supervisory Board shall consult the investment advisory board (*beleggingsraad*) of NSI (the "**Investment Advisory Board**") in respect of approving the resolution to enter into agreements to acquire or dispose of real property or, as the case may be, any entitlements thereto. The Management Board Rules further specify that the Management Board shall request the Investment Advisory Board's advice prior to adopting a resolution to enter into agreements to acquire or dispose of real property or, as the case may be, any entitlements thereto to the extent these do not exceed an amount determined and amended from time

to time by a resolution of the Supervisory Board (€1,500,000 in the current Management Board Rules). According to the Articles of Association, the Investment Advisory Board comprises of at least one member of the Supervisory Board. The members of the Investment Advisory Board will be appointed and dismissed by the Supervisory Board. Further rules governing the Investment Advisory Board have been established by the Supervisory Board on 14 October 2011 and are set out in more detail below in the section on the Supervisory Board's committees.

11.2.7. ***Members of the Management Board***

At the date of this Prospectus, the Management Board is composed of the following two members:

Name	Date of birth	Position	Member as of	Term
Mr. J. Buijs	15 September 1965	Chief Executive Officer	25 September 2008	31 December 2016
Mr. D.S.M. van Dongen	11 March 1971	Chief Financial Officer	1 November 2009	31 December 2017

It is proposed that Mr. M. Siezen will be appointed as COO of NSI, but this appointment is still subject to approval of the General Meeting. Mr. Siezen was born on 10 March 1972. Pending his appointment in an EGM still to be convined, Mr. Siezen has started his activities for NSI based on an employment agreement as of 1 July 2013.

NSI's registered address serves as the business address for all members of the Management Board, see Section 14.1 (*Description of share capital - General*).

Mr. J. Buijs

Career	
2006	Statutory Director of Wereldhave N.V.
2000	Head of the Construction Department and (since January 2005) Statutory Director of Wereldhave Management Holding B.V.
1994	Project Manager and Managing Director of D3BN Rotterdam and Managing Director of D3BN Infrastructure
1991	Structural Engineer/Project Manager at Royal Haskoning
1989	Structural Engineer at D3BN Civil Engineers Consultancy
Education	Civil Engineering at the Delft University of Technology

Mr. D.S.M. van Dongen

Career	
2007	Group controller Wereldhave N.V.
2005	Senior controller Wereldhave N.V.
2003	Finance manager TNT Logistics France
2000	Financial controller TNT Logistics Netherlands & TNT Italy
1998	Corporate finance manager TNT Post Group
1995	Corporate finance advisor KPN
Education	Business school, specialisation corporate finance, at the universities of Groningen and Salamanca (Spain) Post graduate education Certified Controller, University of Amsterdam

Mr. M.R. Siezen

Career	
2011	CEO of C&A China
2008	Managing Director of Redevco Netherlands
2007	Director of Business Development with Redevco
2003	Senior Business Strategist with Cofra Holding, Switzerland
1996	Management Consultant with several consultancy agencies
Education	Msc. Delft University of Technology, Engineering Geology; Msc. Reading University, Project Management

11.2.8. ***Potential conflict of interest***

As of the date of this Prospectus, NSI is not aware of any potential conflict between any duties of the members of the Management Board or Mr. Siezen to NSI and their private interests and/or other duties. There are no arrangements or understandings with major shareholders, tenants or others pursuant to which any member of the Management Board or Mr. Siezen was selected as such. In connection with the Placement and at the request of certain of the investors participating in the Placement the members of the Management Board and the COO have agreed to participate in the Placement. See Section 13.2.3 (*The Placement – The Pre-Placements and Private Placements – Participation of NSI management*).

11.2.9. Other principal activities

As of the date of this Prospectus, both Mr. J. Buijs and Mr. D.S.M. van Dongen hold a position in the management of IO. See Section 9.10.2 – *Business – Management and Employees – Employees in Belgium*. NSI is not aware of any of the members of the Management Board or Mr. Siezen performing principal activities outside of NSI which are significant with respect to NSI.

11.3. Supervisory Board

11.3.1. Powers, composition and function

The Supervisory Board supervises the policies of the Management Board and the general course of affairs of NSI and its business enterprise. The Supervisory Board also provides advice to the Management Board. In performing their duties, the members of the Supervisory Board are required to act in the interests of NSI and its affiliated enterprises, taking into consideration the interests of NSI's stakeholders (which includes but is not limited to the Shareholders).

Pursuant to the Articles of Association, the General Meeting determines the number of the members of the Supervisory Board. The Supervisory Board consists of at least three members. The Supervisory Board may appoint a delegated member by unanimous vote.

11.3.2. Appointment, suspension and dismissal

The General Meeting appoints the members of the Supervisory Board. The General Meeting has the power to suspend or dismiss a member of the Supervisory Board at any time, **provided that** the resolution is adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than half of the issued share capital.

11.3.3. Terms

The members of the Supervisory Board are appointed for a maximum term of four years. A retiring member of the Supervisory Board may be re-appointed only twice. The Supervisory Board shall draw up a rotation schedule, which in accordance with the Articles of Association has been composed in such a way that each year a member of the Supervisory Board steps down from his or her appointment. Such schedule is accessible through NSI's website (www.nsi.nl) and is incorporated in the 2012 annual report. According to the Supervisory Board Rules (as defined below), the Supervisory Board may not include more than one former member of the Management Board and when proposing to appoint a former Management Board member, consideration must be given to what influence such member has on the Supervisory Board and its operations and the Management Board's operations.

11.3.4. Qualifications

Similar to the gender diversity rules for the composition of the Management Board described above, newly adopted Dutch legislation that took effect on 1 January 2013 requires Large Companies to pursue a policy of having at least 30% of the seats on the supervisory board be held by men and at least 30% of the seats on the supervisory board be held by women. This rule also applies to NSI because it qualifies as a Large Company. Pursuant to this new legislation, NSI will be required to take this allocation of seats into account in connection with the following actions: (1) the (nomination for the) appointment of members of the Supervisory Board; (2) drafting the criteria for the size and composition of the Supervisory Board, as well as the designation, the appointment, the recommendation and the nomination for appointment of members of the Supervisory Board; and (3) drafting a profile for the members of the Supervisory Board. In addition, if NSI does not comply with the gender diversity rules, it is required to explain in the annual report (1) why the seats are not allocated in accordance with this ratio, (2) how NSI has attempted to achieve a well-balanced allocation; and (3) how NSI aims to achieve a well-balanced allocation in the future. Currently, there are no women on the Supervisory Board.

Similar to the rules for the composition of the Management Board described above, pursuant to newly adopted Dutch legislation that took effect on 1 January 2013 restrictions apply as to the overall number of management board positions and supervisory board positions that a member of the supervisory board of a Dutch public limited liability company may hold. This rule also applies to NSI. Pursuant to this new legislation, a person may not be a member of the Supervisory Board if he or she holds more than five supervisory positions with Large Companies. Acting as a chairman of the supervisory board or a supervisory body established by the articles of association or, in case of a one-tier board, chairman of the management board, of a Large Company will count twice. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board or member of a supervisory body established by the articles of association. The new legislation does not apply to members of the Supervisory Board who were appointed prior to 1 January 2013. As all current members of the Supervisory Board were either appointed prior to 1 January 2013 or do not hold positions at more than five Large Companies, therefore, NSI complies with the applicable legislation. All newly appointed members of the Supervisory Board will have to comply with the legislation.

11.3.5. ***Supervisory Board Rules***

According to the Articles of Association the Supervisory Board will hold a meeting as often as a member of the Supervisory Board so requires. Resolutions are adopted by an absolute majority of votes. Furthermore, the Supervisory Board may decide among themselves how meeting are held and convened. In this regard the Supervisory Board has adopted the supervisory board rules (*reglement raad van commissarissen*) on 1 October 2012 (the "**Supervisory Board Rules**"). The Supervisory Board Rules include, amongst others, rules on the Supervisory Board's composition, duties, remuneration, supervision of the Management Board, conflicts and dealings with Shareholders and accountants. The Supervisory Board Rules can be downloaded from NSI's website (www.nsi.nl).

11.3.6. ***Meetings and decisions***

Pursuant to the Supervisory Board Rules, the Supervisory Board holds a meeting at least once in three months and otherwise as often as a member of the Supervisory Board so requires. The Supervisory Board meets without the Management Board members being present whenever the Supervisory Board members so require. The Supervisory Board can only take decisions if at least two-thirds (2/3) of the Supervisory Board members are present or represented in a meeting. Decisions must be taken by a simple majority of the votes cast. In case of a tie, a second meeting must be held; if the vote is then still tied, the chairman of the Supervisory Board will have a decisive vote.

The Supervisory Board adopted a profile of the size and composition of the Supervisory Board on 13 December 2007. According to the Supervisory Board Rules, the Supervisory Board is responsible for outlining its own profile, in which the nature of the business of NSI, its activities and the relevant background expertise required as Supervisory Board members are taken into account.

11.3.7. ***Members of the Supervisory Board***

At the date of this Prospectus, the Supervisory Board is composed of the following four members:

Name	**Date of birth**	**Position**	**Member as of**	**Term**
Mr. H.W. Breukink	5 June 1950	Chairman	14 October 2011	To 2017
Mr. H.J. van den Bosch	26 April 1949	Secretary	23 March 2006	To 2014
Mr. G.L.B. de Greef	27 April 1959	Member	27 March 2008	To 2016

As per 15 October 2013, Mr. H. Habas resigned from the Supervisory Board thereby also vacating the position of chairman of the Supervisory Board.

NSI's registered address serves as the business address for all members of the Supervisory Board, see Section 14.1 (*Description of share capital - General*).

Mr. H.W. Breukink (1950) *Chairman*	Nationality: *Dutch* Current position: *professional supervisor and coach* Previous position: *financial and management positions at F&C Asset Management Plc., Boer & Croon, Royal Dutch Shell and supervisory director at VastNed O/I* Additional position: *coach for senior executives* Supervisory Board positions: *ING Groep, Heembouw Holding B.V., Brink Groep B.V. and Hogeschool Inholland (chairman)* First appointed: *14 October 2011* Current term: *to 2017*
Mr. H.J. van den Bosch (1949) *Secretary*	Nationality: *Dutch* Current position: *independent management consultant* Previous position: *financial director of Blokker B.V.* Additional position: *Maatschap Alliance (director) and Bugaboo Holding B.V. (member of the audit committee)* Supervisory Board positions: *Terberg Group B.V. (chairman) and Antea Participaties IV (chairman)* First appointed: *2006* Current term: *to 2014*
Mr. G.L.B. de Greef (1959)	Nationality: *Dutch* Current position: *independent consultant in the field of real estate investments and project development and partner in Gemini Development B.V.* Previous positions: *various board level positions with real estate developers Jones Lang Wootton, MDC (Multi Vastgoed), Williams Properties and Fortis Vastgoed Ontwikkeling* First appointed: *2008* Current term: *to 2016*

11.4. Supervisory Board committees

According to the Supervisory Board Rules it may, if it so desires, appoint an audit committee, a remuneration committee and/or a selection and appointments committee from amongst its members. In that respect the Supervisory Board has established an audit committee (the "**Audit Committee**"), an remuneration committee (the "**Remuneration Committee**"), a selection and appointment committee (the "**Selection and Appointment Committee**") and the Investment Advisory Board to optimize its operations. According to the Supervisory Board Rules, the role of these committees is to prepare the foundations for the Supervisory Board's decisions. The Supervisory Board is still responsible for its own decisions, even if the groundwork for them is prepared by the committees. The Supervisory Board has laid down rules for each committee, stating what the respective committee in question's role and responsibilities are, its composition and how it performs its duties.

The members of the committees consist of Supervisory Board members and other persons with relevant expertise. However, in October 2013 the Supervisory Board has resolved that only members of the Supervisory Board can be a member of its committees. Non-supervisory Board members can only be involved in committees in an advisory capacity, in cases where additional expertise is required. This resolution will be implemented before year-end.

The Audit Committee was established in December 2008 due to the introduction of the Audit Committee Decree and the resulting increasing workload. Its rules were adopted by the Supervisory Board on 21 April 2009. The Remuneration Committee was established to among others propose remuneration policies for the Supervisory Board and Management Board. Its rules were adopted by the Supervisory Board on 1 October 2012. In accordance with the Articles of Association, the Supervisory Board established an Investment Advisory Board and adopted its rules on composition and decision making process on 14 October 2011.

11.4.1. Audit Committee

The duty of the Audit Committee is to support the Supervisory Board in the exercise of its supervisory duties in the following areas:

- the operation of the internal risk management and control systems, including supervision of the enforcement of relevant primary and secondary legislation and supervision of the operation of the codes of conduct;

- the provision of financial information by NSI (choice of accounting policies, application of and assessment of the effects of new rules, information about the treatment of estimated items in the financial statements, forecasts, the related work of internal and external auditors, etc.);
- compliance with recommendations and observations made by external auditors;
- company policy with regard to tax planning;
- the relationship with the external auditor, including in particular their independence and compensation and any non-audit work carried out for NSI;
- NSI's funding and treasury policy; and
- the application of information and communication technology.

According to its rules, the Audit Committee meets as often as it considers necessary, but at least once a year without the Management Board members or the external auditor being present. The Audit committee consists of at least two members. At least one of its members must have relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. The Audit Committee appoints a chairman from among its members. The Audit Committee may not be chaired by the chairman of the Supervisory Board or a former member of the Management Board. The current members of the Audit Committee are Mr. H.J. van den Bosch (chairman) and Mr. H.W. Breukink.

11.4.2. ***Remuneration Committee***

The Remuneration Committee advises the Supervisory Board in the exercise of its duties regarding the remuneration of the members of the Management Board and prepares decisions of the Supervisory Board in this regard. The duties of the Remuneration Committee include proposing NSI's remuneration policy to the Supervisory Board, proposing the remuneration of the individual members of the Management Board and preparing the annual remuneration report.

According to its rules, the Remuneration Committee meets as often as it considers necessary, but at least twice a year. The Remuneration Committee consists of three members. At least two members of the Remuneration Committee must be a member of the Supervisory Board. The Remuneration Committee appoints a chairman of the Remuneration Committee from among its members. The Remuneration Committee may not be chaired by the chairman of the Supervisory Board or a former member of the Management Board, nor can a member of the Remuneration Committee be chairman if he or she is on a management board of another Dutch listed company. The current members of the Remuneration Committee are Mr. H.J. van den Bosch and Mr. R. Moeijes. At the date hereof there are two vacant positions.

11.4.3. ***Selection and Appointment Committee***

The Selection and Appointment Committee advises the Supervisory Board in preparing selection criteria and appointment procedures concerning Supervisory Board members and members of the Management Board. The duties of the Selection and Appointment Committee furthermore include evaluating the size and composition of the Supervisory Board and Management Board, evaluating the performance of individual Supervisory Board and Management Board members, submitting appointment/reappointment proposals and supervising the policy concerning selection criteria and appointment procedures for higher management.

According to its rules, the Selection and Appointment Committee meets as often as it considers necessary, but at least twice a year. The Selection and Appointment Committee consists of three members. At least two members of the Selection and Appointment Committee must be a member of the Supervisory Board. The Selection and Appointment Committee appoints a chairman of the Selection and Appointment Committee from among its members. The Selection and Appointment Committee may not be chaired by the chairman of the Supervisory Board or a former member of the Management Board, nor can a member of the Selection and Appointment Committee be chairman if he or she is on a management board of another Dutch listed company. The current members of the Selection and Appointment Committee are Mr. H.J. van den Bosch, and Mr. R. Moeijes. At the date hereof there are two vacant positions.

11.4.4. ***Investment Advisory Board***

The Investment Advisory Board assists the Supervisory Board in relation to the assessment of acquisition or divestment of real estate or rights thereto and thus oversees the implementation of NSI's investment policy. In practice, this means that the Investment Advisory Board discusses and evaluates purchases and sales and investments in properties with the Management Board. In performing its duties, the Investment Advisory Board is guided by a policy composed by the Management Board and the interest of NSI and the Group companies.

According to its rules, the Investment Advisory Board meets as often as the Management Board, the Supervisory Board or one or more members of the Investment Advisory Board so require. The Investment Advisory Board consists of three members. At least one member of the Investment Advisory Board must be a member of the Supervisory Board (as specified in the Articles of Association and the Supervisory Board Rules). While these conditions are not met, all transactions require the approval of the entire Supervisory Board. The members of the Investment Advisory Board are appointed and dismissed by the Supervisory Board. Decisions can only be taken by the Investment Advisory Board unanimously at meetings at which all members are present in person or by proxy. Members are selected on the basis of their real estate expertise. The current members of the Investment Advisory Board are Mr. Th.C. Dijksman (chairman) and Mr. G.L.B. de Greef. At the date hereof there is one vacant position.

11.4.5. ***Potential conflict of interest***

During the 2009 financial year, a transaction took place within the context of the rules relating to conflicts of interest. In the sale of the property on De Lairessestraat in Amsterdam, NSI was assisted by EPAC Property Counsellors BV. One of the directors of EPAC is Mr. Th.C. Dijksman, the chairman of the Investment Advisory Board of NSI. Although Mr. Th.C. Dijksman was not the advising real estate agent in this transaction, NSI decided to apply the conflict of interest rules anyway to avoid any appearance of a conflict of interest. Mr. Th.C. Dijksman did not participate in the discussion and decision-making regarding the transaction, and the transaction was evaluated and approved by the Supervisory Board and not the Investment Advisory Board, thus meeting provisions III.6.1 to III.6.3 and III.6.5 of the Dutch Corporate Governance Code (*Nederlandse Corporate Governance Code*) of 9 December 2003, as amended (the "**Corporate Governance Code**"). In connection with the Placement and at the request of certain of the investors participating in the Placement the members of the Management Board and the COO have agreed to participate in the Placement. See Section 13.2.3 (*The Placement – The Pre-Placements and Private Placements – Participation of NSI management*)

11.5. Remuneration

11.5.1. ***Management Board remuneration information***

A policy on remuneration of the Management Board was adopted by the General Meeting on 27 April 2012 (the "**Remuneration Policy**"). The Remuneration Committee is responsible for preparing the proposal to the General Meeting on the remuneration policy and preparing a proposal for adoption by the Supervisory Board on the remuneration of individual members of the Management Board. After advice of the Remuneration Committee, the Supervisory Board submits the remuneration policy to the General Meeting for approval. The Supervisory Board determines the remuneration of the individual members of the Management Board in accordance with the Remuneration Policy. NSI does not allocate Ordinary Shares or options to acquire Ordinary Shares.

In brief, the objective of NSI's compensation policy is the ability to attract, retain and motivate qualified people in order to realise NSI's objectives, to provide a compensation such that the members of the Management Board are paid a remuneration that is aligned with the responsibilities of their position and to encourage value creation for NSI and its stakeholders.

The compensation of the Management Board members consists of a fixed annual salary, a long term share plan, a pension, secondary conditions of employment and a severance scheme in the event of termination of employment.

The fixed annual salary consists of 12 gross monthly salary payments. The fixed annual salary is usually adjusted as of 1 January of a calendar year with either the annual general wage increase percentage applicable to all other employees of NSI or the annual indexation in accordance with CPI, whichever is lower.

The long term share plan (the "**LTSP**") covers a three year period and is capped for the Chief Executive Officer at 120% of the average fixed annual salary during the period of the LTSP and for the Chief Financial Officer the amount is capped at 90% of the average fixed annual salary during the period of the LTSP. The amount for the proposed COO is also capped at 90% of the average fixed annual salary during the period of the LTSP. The targets in the LTSP are mainly quantitative and related to the performance of the share price of NSI and the dividends distributed during the LTSP-period. Therefore, 80% of the remuneration achievable under the LTSP is based on the realized total return for the shareholders of NSI during the term (*total shareholder return*) in comparison to the agreed benchmark. This total-shareholder-return is the average annual return in % for shareholders calculated as the price fluctuation of the NSI share in the period from the first trading day of the term up to and including the last trading day of the term plus distribution(s) of dividends (if any). Dividends are reinvested in NSI shares on the date of distribution. 20% of the LTSP-remuneration is based on personal targets to be determined and judged by the Supervisory Board. Payment of the LTSP-remuneration will be done in cash with the obligation for the Management Board to buy NSI shares in the market for at least 2/3 of the net amount involved. A lock-up period of three years will be applicable.

Mr. J. Buijs does not participate in NSI's company pension scheme but has chosen for the alternative offered by NSI whereby he uses the amount NSI would otherwise spend on the premium of NSI's company pension scheme for the private pension plan of his choosing. Parties agreed that the amount of salary in respect of which Mr. J. Buijs will accrue pension rights (*pensioengrondslag*) is at all times capped at €400,000.

The Supervisory Board is entitled at all times to establish a variable payment to members of the Management Board at its discretion. The Supervisory Board renders account of its decisions in this regard in the remuneration report. The Remuneration Policy sets out certain "*ultimum remedium*" and claw-back possibilities for the Supervisory Board in relation to the Management Board's remuneration, thereby following best practice provisions II.2.10 and II.2.11 of the Corporate Governance Code. If a variable payment is allocated on the basis of incorrect (financial) data, the Supervisory Board may adjust the payment and NSI is entitled to claim the part of the payment incorrectly allocated to that member. The Supervisory Board may make changes to new allocations of variable pay to members of the Management Board in relation to the level paid in previous years if in their opinion this would lead to an unreasonable outcome, taking into account the provisions of the Remuneration Policy. Furthermore, the Supervisory Board is entitled to make changes to existing conditional allocations of variable pay with quantified performance if in their opinion allocation without such change would lead to an unreasonable or unintended outcome. In such cases, the Supervisory Board may adjust the amount of the variable payment upwards or downwards prior to payment. However, the Supervisory Board only exercises such authority as a last resort.

According to article 3.11 and 4.1 of the Remuneration Policy, NSI does not allocate shares in NSI or options to acquire shares in NSI, nor does it provide personal loans, guarantees or other similar financial instruments to Management Board members. NSI's 2012 consolidated financial statements state that the Management Board members do not own any option rights to shares in NSI, nor have any loans, advances or guarantees been granted to them. Reference is also made to note 25 to NSI's 2012 consolidated financial statements.

11.5.2. ***Remuneration and benefits for the Management Board***

The table below shows the remuneration of each member of the Management Board for the financial year ended 31 December 2012. Reference is also made to note 25 to NSI's 2012 consolidated financial statements.

Name	Fixed Salary	Variable payment	Pension	Social security	Total	Shareholding end 2012
	(€1000)					
Mr. J. Buijs............	425	-	59	73	557	45,523
Mr. D.S.M. van Dongen..................	266	-	32	28	326	7,061

11.5.3. Supervisory Board remuneration information

Pursuant to the Articles of Association, the General Meeting determines the remuneration of the members of the Supervisory Board. The compensation of Supervisory Board members is not related to the results of NSI.

The Supervisory Board members do not own any option rights to shares in NSI, nor have any loans, advances or guarantees been granted to them. Reference is also made to note 25 to NSI's 2012 consolidated financial statements.

11.5.4. Remuneration and benefits for the Supervisory Board

The table below provides the remuneration of each member of the Supervisory Board for the financial year ended 31 December 2012.

Name	Annual remuneration
	(€1000)
Mr. H. Habas[15]..	35
Mr. A.P. van Lidth de Jeude[16]	15
Mr. G.L.B. de Greef	38
Mr. H.J. van den Bosch	36
Mr. H.W. Breukink..	33

The compensation of the Supervisory Board members includes the payment they receive as a member of the Investment Advisory Board, Audit Committee, the Selection and Appointment Committee or the Remuneration Committee.

11.6. Employment agreements and severance agreements

According to the Remuneration Policy, the remuneration structure of NSI exists of, amongst others, a severance scheme in the event of termination of employment. Members of the Management Board are in principle offered a contract for a definite term of four years. This rule can be deviated from with the approval of the General Meeting but solely applies to directors from within the organisation who already have an existing employment contract for an indefinite term. Contracts with a definite term of four years can be continued for a period of four years with the approval of the General Meeting.

The contracts of the Management Board contain severance arrangements. In the case of Mr. Buijs, this means that he is entitled to a compensation equal to one time his gross annual base salary (i) in case NSI decides not to extend the employment agreement beyond 31 December 2016, and (ii) in the event NSI terminates the employment agreement prematurely, provided that NSI's decision for such non-extension or termination respectively is not solely or mainly based on acts or omissions attributable to Mr. Buys. This also applies in even NSI terminates the employment agreement prior to expiration of any possible extension periods (if any).

As regards Mr. van Dongen, his current employment agreement applicable until 31 December 2013 provides that, unless in case of a matter which qualifies as an urgent cause (*dringende reden*) on the part of Mr. van Dongen or where Mr. van Dongen has violated his obligations under section 2:9 of the Dutch Civil Code (*behoorlijke taakvervulling*), he will be entitled to a compensation equal to one time his gross annual base salary in case NSI terminates the agreement prematurely, including in case of a change in

[15] Mr. Habas retired as per 15 October 2013

[16] Mr. A.P. van Lidth de Jeude retired as per 27 April 2012.

circumstances resulting in a situation in which in all reasonableness it can no longer be expected of Mr. van Dongen to perform his duties. A new management services agreement was already entered into by NSI with Mr. van Dongen effective as per 1 January 2014 until 31 December 2017 as he has already been reappointed as member of the Management Board for that period of time. This agreement also contains a contractual severance arrangement which is largely the same as the one included in his current employment agreement but in addition entitles him to a compensation equal to one time the annual base fee in the event the Supervisory Board determines to propose Mr. van Dongen's reappointment for the period commencing 1 January 2018 to the shareholder's meeting and the parties reach an agreement about the applicable terms and conditions but the shareholder's meeting does not appoint Mr. van Dongen as member of the management board of NSI, in which case the compensation will be decreased with any base management fees paid during the period between the shareholder's meeting and 31 December 2017.

The severance arrangement included in Mr. Siezen's contract provides for a compensation equal to one time his annual base fee in case of a premature termination, unless in case of a termination for an urgent cause (*dringende reden*) on the part of Mr. Siezen or where Mr. Siezen has violated his obligations under section 2:9 of the Dutch Civil Code (*behoorlijke taakvervulling*). In addition, he is entitled to a compensation equal to half an annual base fee in the event that the Supervisory Board determines to propose the reappointment of Mr. Siezen for the period commencing 31 July 2017 to the shareholder's meeting but the shareholder's meeting does not appoint Mr. Siezen as member of the management board.

The Management Board is bound to a relationship clause and a non-solicitation clause for a period of one year after termination of the agreement as well as a non-competition clause which for Mr. Buijs applies during a period of one year after termination and for Mr. van Dongen during a period of three months after termination. Mr. Siezen is bound by a non-competition clause and relationship clause which applies during six months after termination and a non-solicitation clause applicable during one year after termination.

These restrictive covenants will lapse (i) in case NSI decides not to extend the employment/management contract beyond the term of four years and (ii) in the event of premature termination, provided that in the case of Mr. Buijs these decisions are not solely or mainly based on acts or omissions attributable to him and in the case of Mr. van Dongen and Mr. Siezen, these decisions are for other reasons than an urgent cause as meant in sections 7:677-678 of the Dutch Civil Code (*dringende reden voor ontslag op staande voet*) or him having violiated his obligations under section 2:9 of the Dutch Civil Code (*behoorlijke taakvervulling*).

11.7. Indemnification and insurance

Members of the Management Board, Supervisory Board and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. Under Dutch law, they may also be held jointly and severally liable for damages to NSI and to third parties for infringement of the Articles of Association or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Management Board, Supervisory Board and certain other officers are insured under an insurance policy taken out by NSI that covers the risks and costs when such members perform their duties within reasonable limits. The policy compensates for losses incurred due to a claim regarding an error (*fout*) of the officer in question. Furthermore, the policy insures the loss of an NSI legal entity if this legal entity has to compensate an officer in case of an error by this officer. Defence costs are also covered.

11.8. Other information relating to the Management Board or Supervisory Board

During the last five years, none of the members of the Management Board or the Supervisory Board (i) has been convicted in relation to fraudulent offences, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of affairs of any issuer.

11.9. Employees

As of 31 December 2012, NSI employed an average of 79 full time equivalents ("**Fte**") (including the members of the Management Board). As of 31 December in each of the last three years and as of 30 September 2013, NSI employed the following numbers of Fte:

	As at 31 December			As at 30 September
Country	**2010 (Fte)**	**2011 (Fte)**	**2012 (Fte)**	**2013 (Fte)**
Netherlands	39.3	50.4	59.8	63.2
Belgium	-	-	20.0	18.7
Switzerland	3.0	3.0	2.3	-
Total	42.0	53.4	82.1	81.9

11.10. Pension scheme

NSI offers its employees the opportunity to participate in a defined contribution pension scheme.

11.11. Corporate Governance Code

The Management Board and the Supervisory Board acknowledge the importance of good corporate governance. For many years NSI has maintained a clear dividing line between the responsibilities of the Management Board and those of the Supervisory Board. Disclosures to Shareholders and other stakeholders are as transparent as possible. NSI considers recommendations by Shareholders and acts upon these, **provided that** such recommendations promote NSI's interest and take into account the interests of all stakeholders.

In 2003, the Dutch Corporate Governance Committee (also known as the *Tabaksblat* Committee), released the Corporate Governance Code. The Corporate Governance Code contains a number of principles and best practice provisions for listed companies in respect of their managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards and uses a "comply or explain" approach. In December 2008, the Corporate Governance Code Monitoring Committee (also known as the *Frijns* Committee) proposed an amended and updated Corporate Governance Code.

NSI is required under Dutch law to disclose in its annual report whether or not it applies the provisions of the Corporate Governance Code and, if it does not apply those provisions, to explain why it does not. NSI has disclosed in its annual report relating to the financial year ended 31 December 2012 that it has complied with all the applicable principles and best-practice provisions of the Corporate Governance Code, with the exception of the last sentence of best practice provision III.6.5 of the Corporate Governance Code which reads:

> "*The company shall draw up regulations governing ownership of and transactions in securities by management or supervisory board members, other than securities issued by their "own" company.*"

In deviation from best-practice provision III 6.5 of the Corporate Governance Code, NSI has decided not to implement a separate regulation for members of the Management Board and the Supervisory Board regarding ownership of or transactions in securities other than those issued by NSI. NSI holds the view that the relevant provisions of the FMSA provide for sufficient regulations in this respect.

NSI acknowledges the importance of good corporate governance and generally agrees with its basic provisions. NSI fully supports the principles and best practice provisions of the Corporate Governance Code and applies with the relevant best practice provisions of the Corporate Governance Code.

NSI's business ethics are embedded in the compliance code and the code of conduct for NSI and its employees, which were adopted by the Management Board and are published on NSI's website (www.nsi.nl).

12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

12.1. Share ownership

Pursuant to the FMSA, members of the Management Board and the Supervisory Board must notify the AFM of their interest in NSI's issued share capital and/or voting rights within two weeks of their appointment as a member of the Management Board or the Supervisory Board respectively. Any subsequent change of their interest in NSI's issued share capital and/or voting rights must be notified to the AFM without delay.

The number of Ordinary Shares owned by members of the Management Board and the Supervisory Board according to the latest notifications with the AFM are as set out below. The participation of the members of the Management Board is not yet reflected in the table below. See Section 13.2.3 (*The Placement and Listing – The Pre-Placements and Private Placements – Participation of NSI management*).

Name	Notification date	Shareholding total
Mr. J. Buijs	18 December 2012	45,523
Mr. D.S.M. van Dongen	18 December 2012	7,061

12.2. Share option plans

Currently, NSI does not have any share option plans and according to the Remuneration Policy it is not NSI's policy to grant options or shares to members of the Management Board. NSI does, however, have the LTSP, see Section 11.5.1 (*Management, employees and corporate governance – Remuneration - Management Board remuneration information*).

12.3. Loans to members of the Management Board and Supervisory Board

There are currently no outstanding loans from NSI to members of the Management Board and the Supervisory Board and NSI is not allowed to grant loans to members of the Management Board and the Supervisory Board.

12.4. Major Shareholders

According to the public filings in the register of substantial interests kept by the AFM, as at the date of this Prospectus Mr. H. Habas, Mr. B. Habas and Mr. Y. Habas (through Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V.) and Norges Bank are the only Shareholders with an interest of 3% or more in the issued share capital and/or voting rights of NSI. Mr. H. Habas, Mr. B. Habas and Mr. Y. Habas (through Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V.) together have a shareholding interest of 20.03% and voting interest of 20.27% (consisting of 12,089,550.92 Ordinary Shares and 12,238,657.92 voting rights). Norges Bank has a shareholding and voting interest of 3.13% (consisting of 2,132,574 Ordinary Shares and voting rights).

Except as disclosed above, there is, according to the public filings in the register of substantial interests kept by the AFM, no other person who, on the date of this Prospectus, directly or indirectly, has a beneficial interest of 3% or more in the issued share capital and/or voting rights of NSI. See Section 14.16 (*Description of Share capital - Obligations to disclose holdings and transactions*).

NSI's major shareholders (including any such shareholder following and as a result of the Placement) do not have other voting rights than other Shareholders. NSI is not directly or indirectly owned or controlled by another corporation or by any foreign government. NSI does not know of any arrangement that may, at a subsequent date, result in a change of control.

12.5. **Related party transactions**

There were no transactions between NSI and a Shareholder owning 10% or more of the issued Ordinary Shares in the financial years ended 31 December 2012, 2011 and 2010 and in 2013 to date, other than those set out below, which were all conducted on arm's length basis. The members of the Management Board and the Supervisory Board have no personal interest in the investments made by NSI, nor did they have such an interest at any time in 2013. NSI is not aware of any real estate investment or other transactions with persons or institutions that could be considered to have a direct relationship with NSI in the financial years ended 31 December 2012, 2011 and 2010 and in 2013 to date, except for:

- the commitment of NSI's major Shareholder, Mr. H. Habas (through Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V.), towards NSI to subscribe for 20.8% of the shares issued during NSI's share offering in June 2010 (*pro rata* its shareholding at that time) and to vote in favour of the Merger at the extraordinary General Meeting, at which meeting (i) the then proposed Merger and (ii) the appointment of new members of the Supervisory Board, among other matters, were discussed;

- the commitment of NSI's major Shareholder, Mr. H. Habas (through Habas H.Z. Investments (1960) Ltd., Habas Star B.V. and Habas Tulip B.V.), towards NSI to subscribe for 20.7% of the shares issued during NSI's share offering in April 2012 (*pro rata* its shareholding at that time); and

- the sale of NSI's 4.99% stake in VastNed O/I to Habas H.Z. Investments (1960) Ltd. on 4 October 2011. The transaction price and the transaction process were transparent and at arm's length.

13. THE PLACEMENT AND LISTING

13.1. The Placement

On 8 November 2013, NSI announced the Placement, consisting of the placing of the 75,000,000 New Ordinary Shares at the Issue Price for a total subscription amount of €300,000,000. A group of investors including CBRE Clarion Securities and Cohen & Steers UK Limited pre-committed to participate in the Placement and have subscribed for New Ordinary Shares for an aggregate amount of approximately €220,000,000. Through further placements, the remaining New Ordinary Shares for an aggregate amount of approximately €80,000,000 have been subscribed for by other qualified investors.

13.2. The Pre-Placements and Private Placements

13.2.1. Agreements in relation to the Pre-Placements

On 8 November 2013, NSI entered into subscription and placement agreements with each of the qualified investors participating, including CBRE Clarion Securities and Cohen & Steers UK Limited, pursuant to which each of these qualified investors has subscribed for a certain number of New Ordinary Shares at the Issue Price. These agreements provide that settlement of the New Ordinary Shares to be issued in connection with Pre-Placements must take place within three business days after the date of publication of this Prospectus and is, as at the date hereof, subject only to the additional condition that the underwriting commitments of each of the Placement Agents are and remain in full force and effect in accordance with the terms of the Placing and Underwriting Agreement. See also Section 13.3 (*The Placement and Listing – Placing and Underwriting Agreement*).

One of the investors participating in the Pre-Placements, Cohen & Steers UK Limited, has been invited by the Supervisory Board, subject to settlement of the Placement, to join future meetings of the Selection and Appointment Committee and the Remuneration Committee as an external advisor in respect of discussions on corporate governance matters related to the Supervisory Board, such as the number of Supervisory Board members, potential candidates for appointment to the Supervisory Board and their profile.

13.2.2. *Agreements in relation to the Private Placements*

In connection with the Private Placements, each of the Placement Agents, acting in its capacity as agent of NSI, has entered into subscription and placement agreements with certain of the qualified investors participating in the Private Placements, pursuant to which such investors have agreed to subscribe and pay for the New Ordinary Shares allocated to them. Under the terms of the subscription and placement agreements, settlement of the New Ordinary Shares subscribed for in the Private Placements must take place within three business days after the date of publication of this Prospectus and is not subject to any further conditions.

13.2.3. *Participation of NSI management*

To further align management and shareholders' interests and at the request of certain of the investors participating in the Placement, the members of the Management Board and the COO have agreed to participate in the Placement. Subject to no further conditions, Mr. J. Buijs (17,500 New Ordinary Shares), Mr. D.S.M. van Dongen (3,000) and Mr. M. Siezen (8,500) have subscribed for New Ordinary Shares as part of the Placement at an issue price of EUR 4.80, as announced by the Company on 14 November 2013.

13.3. Placing and Underwriting Agreement

13.3.1. General

In connection with the Placement,the Company on 8 November 2013 entered into a placing and underwriting agreement with ABN AMRO Bank N.V. (acting through its Corporate Finance and Capital Markets department, ("**ABN AMRO**")), ING Bank N.V. (acting through its Corporate Finance department ("**ING**")) and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (acting through its GFM – Equity Capital Markets department ("**Rabobank**" and together with ABN AMRO and ING, the "**Placement Agents**" and "**Underwriters**") on 8 November 2013 (the "**Placing and Underwriting Agreement**").

The Placement Agents, subject to the terms and conditions of the Placing and Underwriting Agreement: (i) have agreed to use their best endeavours to procure subscribers for New Ordinary Shares for an aggregate amount of approximately €80,000,000 through private placements with qualified investors in the Netherlands and certain other jurisdictions; and (ii) have agreed to subscribe and pay for any of the New Ordinary Shares for which no subscribers have been so procured and for any of the New Ordinary Shares subscribed for by qualified investors in the Private Placements but not paid for by such investor on the Settlement Date in the following proportions:

Placement Agents	Percentage (in %)
ABN AMRO	33 1/3
ING	33 1/3
Rabobank	33 1/3
Total	100

In the Placing and Underwriting Agreement, the Company has given certain representations and warranties and undertakings to the Placement Agents. In addition, the Company has agreed to indemnify the Placement Agents against certain liabilities in connection with the Placement. The underwriting and placing commission to be paid to the Placement Agents is expected to amount to up to approximately 2.1% of the gross proceeds of the Placement in accordance with the arrangements set out in the Placing and Underwriting Agreement.

Sales of the New Ordinary Shares in the United States have been made by affiliates of the Placement Agents who are U.S. registered broker-dealers

13.3.2. ***Conditions***

The Placing and Underwriting Agreement provides that the obligations of the Placement Agents are subject to the fulfilment, or (if capable of waiver) discretionary waiver by the Placement Agents, of a number of customary conditions for the benefit of the Placement Agents, including but not limited to (i) a material adverse change in the condition (financial, operational, legal or otherwise), properties, business, prospects, earnings, net asset value, funding position, liquidity, solvency, management, business affairs or operations of the Group or in certain market circumstances, (ii) receipt of customary documentation, (iii) the subscription and placement agreements between the Company and each of the investors entered into in connection with the Pre-Placements individually remaining in full force and effect and any and all conditions contained therein having been satisfied or (if capable of waiver) waived and all the proceeds for the relevant New Ordinary Shares having been received by the Listing and Settlement Agent (as defined below) on behalf of the Company, (iv) the representations and warranties given by the Company to the Placement Agents in the Placing and Underwriting Agreement being true and accurate in all respects and not misleading; and (v) the Company having complied in all material respects with all of its undertakings, covenants and obligations under the Placing and Underwriting Agreement.

If any or all of the conditions to the Placing and Underwriting Agreement are not met or (if capable of waiver) waived by the Placement Agents or if certain circumstances occur prior to payment for and delivery of the New Ordinary Shares, the Placement Agents will be allowed to terminate the Placing and Underwriting Agreement. In that case the obligation of the Placement Agents to subscribe and pay for any of the New Ordinary Shares subscribed for by qualified investors in the Private Placements but not paid for by such investor on the Settlement Date, will lapse. Settlement of the New Ordinary Shares to be issued in connection with Placements must take place within three business days after the date of publication of this Prospectus. See also Section 2.4.9 (*Risk factors – Risks relating to the Ordinary Shares - If settlement of the Placement or Pre-Placement does not take place, there may be consequences for the Group which could have a material adverse effect on the Group's business, its financial condition, results of operations and prospects and the market price of the Ordinary Shares*).

The Placement Agents, NSI, the Listing and Settlement Agent, and NYSE Euronext Amsterdam do not accept any responsibility or liability with respect to the termination of the Placement or Listing.

13.3.3. ***Lock-up arrangements***

Under the Placing and Underwriting Agreement, NSI has agreed with the Placement Agents that it will not (and will procure that no other group company will), without the prior written consent of the Placement Agents, acting jointly, which shall not unreasonably be withheld, at any time prior to the date which is 180 days after the Settlement Date (except for (i) the grant of options under, and the issue of Ordinary Shares pursuant to options granted under, the Company's existing share option schemes, in each case in accordance with normal practice and (ii) the issue of Ordinary Shares by the Company by way of stock-dividend):

(a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any rights in respect of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares; or

(b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any securities of the Company; or

(c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of securities, in cash or otherwise.

13.4. **Relationships and transactions with directly interested parties**

The Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking, financial advisory, lending and ancillary activities in the ordinary course of their business with NSI (or any parties related to NSI) for which they have received or may in the future receive customary compensation. With respect to certain of these activities, the sharing of information is generally restricted for reasons of confidentiality by internal procedures or applicable rules and regulations (including those issued by the AFM). As a result of these activities, the Placement Agents and the Listing and Settlement Agent (and/or their respective affiliates) may have or have had interests that may not be aligned, or could potentially conflict, with the interests of (prospective) investors or holders of Ordinary Shares or with the interests of the Group. See Section 3.7. (*Important information – Potential conflict of interest*).

13.5. **Dilution**

Immediately following the Settlement of the Placement 143,201,841 Ordinary Shares will be issued and outstanding. Existing holders of Ordinary Shares that could not participate in the Placement will suffer a dilution of their proportionate ownership and voting rights of approximately 52% as a direct result of the Placement.

13.6. **Listing**

The Company will apply for the Listing on Euronext Amsterdam under the symbol "NISTI" and with the ISIN NL 0000292324. The Company expects that trading in New Ordinary Shares on Euronext Amsterdam will commence on or about 9:00 (CET) on the Settlement Date. ABN AMRO is acting as listing and settlement agent in connection with the Placement (the "**Listing and Settlement Agent**").

14. DESCRIPTION OF SHARE CAPITAL

14.1. General

NSI is a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law and has the legal form of public company with limited liability (*naamloze vennootschap*). NSI was incorporated under Dutch law on 25 August 1992. The corporate seat of NSI is in Amsterdam, the Netherlands, and its registered office is at Antareslaan 69-75, 2132 JE Hoofddorp, the Netherlands, with the following telephone number: +31 (0) 20 76 30300. NSI is registered in the Commercial Register of the Chamber of Commerce Amsterdam (*Handelsregister van de Kamer van Koophandel Amsterdam*) under number 36040044. The Articles of Association were last amended by notarial deed on 20 June 2012 before a deputy of Dr T.P. van Duuren, civil law notary in Amsterdam, the Netherlands.

The Shares are subject to, and have been created under, Dutch law.

Set forth below is a summary of certain provisions of the Articles of Association and of Dutch law. This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Articles of Association (which are incorporated by reference in this Prospectus), Dutch law and the Corporate Governance Code. The full text of the Articles of Association is available in Dutch and in English at out website (www.nsi.nl).

14.2. Corporate purpose

Pursuant to the Articles of Association, NSI is a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*). Pursuant to article 3 of the Articles of Association, the corporate purpose (*doel*) of NSI is to invest funds, exclusively or almost exclusively in securities, receivables (including mortgage receivables) and immovable property, such that the risks thereof are spread, in order for the returns to be divided among Shareholders.

14.3. Authorised and issued share capital

At the date of this Prospectus, NSI's authorised share capital comprises of 216,453,385 Ordinary Shares with a nominal value of €0.46 each. Immediately prior to the Placement, 68,201,841 Ordinary Shares were issued and outstanding.

The following table sets forth NSI's issued share capital as at 30 September 2013, 31 December 2012, 2011 and 2010.

	Number of shares issued at 30 September 2013	Number of shares issued at 31 December 2012	Number of shares issued at 31 December 2011	Number of shares issued at 31 December 2010	Nominal value per share
Ordinary Shares	68,201,841	68,201,841	60,282,917	43,286,677	€0.46
Priority Shares (as defined below)	-	-	5,000	5,000	€0.46

The total number of issued Ordinary Shares over the financial year ended 31 December 2010 increased by 9.99% from 39,351,527 Ordinary Shares to 43,286,677, reflecting the issue of Ordinary Shares by an accelerated book-building offering in June 2010.

The total number of issued Ordinary Shares over the financial year ended 31 December 2011 increased by 39.26% from 43,286,677 Ordinary Shares to 60,282,917, reflecting the issue of Ordinary Shares in connection with the Merger.

The total number of issued Ordinary Shares over the financial year ended 31 December 2012 increased by 13.14% from 60,282,917 Ordinary Shares to 68,201,841, reflecting the issue of Ordinary Shares by an accelerated book-building offering in April 2012 and the issue of Ordinary Shares in connection with the dividend distributions in stock.

In 2013, until the date of this Prospectus, the total number of issued Ordinary Shares remained at 68,201,841. In the Placement, 75,000,000 new Ordinary Shares will be issued.

At the end of 2011, it was decided to propose to the Shareholders to abolish Stichting Prioriteit NSI (the "**Foundation**") in order to further strengthen the corporate governance structure of NSI. This was done through an amendment of the Articles of Association as approved by the extraordinary General Meeting held on 15 June 2012. As a result, amongst other things, the 5,000 priority shares with a nominal value of €0.46 each (such shares the "**Priority Shares**") that NSI had placed with the Foundation were converted into Ordinary Shares and transferred to NSI on 20 June 2012.

The Foundation had the objective of encouraging a responsible and balanced policy by the Management Board and the continuity of the business conducted by NSI. As of the Articles of Association's last amendment on 20 June 2012, the Foundation and the Priority Shares no longer exist. No change to Shareholders' rights can be effectuated unless provided for in the Articels of Association, which are consistent with the provisions of Dutch law.

Immediately prior to the date of this Prospectus, all issued and outstanding Ordinary Shares were listed on Euronext Amsterdam.

Currently, 140.957 Ordinary Shares are held by NSI or any of its subsidiaries. All Ordinary Shares that are outstanding at the date of this Prospectus are fully paid up.

14.4. Register of Shareholders

NSI's shareholders' register shall be kept by or on behalf of NSI. NSI's shareholders' register must be kept accurate and up to date. NSI's shareholders' register records the names and addresses of the holders of the Ordinary Shares and the amount paid up on each Ordinary Share, the date the Ordinary Shares were acquired, the date of acknowledgement by or giving of notice to NSI, the number of Ordinary Shares and the particulars of the class of the shares. NSI's shareholders' register also includes the names and addresses of those with right of pledge (*pandrecht*) or a right of usufruct (*vruchtgebruik*) on those Ordinary Shares. NSI's shareholders' register is updated on a regular basis. Every discharge from liability for non-payment is also recorded in NSI's shareholders' register.

When an Ordinary Share is part of a giro depot (*girodepot*) or a collective depot (*verzameldepot*), NSI will enter the Ordinary Share in NSI's shareholders' register in the name of the central institute or the intermediary, as the case may be, thereby stating that the Ordinary Share became part of a giro depot (*girodepot*) or a collective depot (*verzameldepot*), as the case may be. The name and address of the central institute or the intermediary, will be entered in NSI's shareholders' register, stating the date on which those shares became part of a giro depot (*girodepot*) or a collective depot (*verzameldepot*), the date of acknowledgement by or giving of notice to NSI, as well as the paid-up amount on each Ordinary Share. The currently issued Ordinary Shares are listed.

14.5. Issue of Ordinary Shares

As a result of NSI being a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law, the Management Board has the authority to issue Ordinary Shares, without prior approval of the General Meeting being required, although the board regulation require prior approval of the Supervisory Board for such issue. The granting of rights to subscribe for shares, such as options, does not require prior approval of any corporate body other than the Management Board.

14.6. Pre-emption rights

Shareholders do not have statutory pre-emption rights (*wettelijke voorkeursrechten*) in respect of any issue of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares.

14.7. Capital reduction

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may resolve, but only if proposed by the Management Board, to reduce the issued share capital by (i) cancelling Ordinary Shares or (ii) reducing the nominal value of the Ordinary Shares through an amendment of the Articles of Association. Under Dutch law, the resolution to reduce the issued share capital must specifically state the shares concerned and lay down rules for the implementation of the resolution. A resolution to cancel Ordinary Shares may only relate to Ordinary Shares held by NSI itself or with respect to Ordinary Shares of which it holds the depositary receipts.

A resolution of the General Meeting to reduce the share capital requires a majority of two thirds (2/3) of the votes cast if less than half of the issued share capital is represented in the meeting. Under Dutch law, each group of shareholders whose rights are negatively affected, should approve the proposed capital reduction.

Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution. The provision in the DCC with respect to legal recourse of the creditors against the resolution to reduce the issued share capital (article 2:100 of the DCC) does not apply in case of a cancellation of Ordinary Shares, as referred to above.

14.8. Acquisition and disposal by NSI of its own shares

The Management Board may acquire Ordinary Shares on behalf of NSI. The acquisition of Ordinary Shares for valuable consideration is not permitted if, and to the extent that, the nominal issued share capital less the amount of Ordinary Shares which NSI holds would thereby be reduced to less than one-tenth of the authorised share capital. Own Ordinary Shares acquired by NSI may be disposed of by the Management Board at such times and on such terms as the Management Board may determine.

14.9. Form and transfer of Ordinary Shares

Ordinary Shares are in bearer or registered form, at the holder's option. Bearer shares will be embodied in a single share certificate, which share certificate is currently held in custody with Euroclear Nederland on behalf of the holders of these bearer shares.

Pursuant to the Articles of Association, no share certificates will be issued for shares in registered form. The names and addresses of usufructuaries (*vruchtgebruikers*) and pledgees (*pandhouders*) in respect of Ordinary Shares are recorded in NSI's register of shareholders and any other information prescribed by Dutch law.

The transfer of a share in registered form or of a restricted right thereto requires a deed of transfer drawn up for that purpose and, if NSI is not a party to the transfer, a written acknowledgment by NSI of the transfer. Currently, NSI has 68,201,841 Ordinary Shares issued and outstanding.

Pursuant to the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) if an Ordinary Share is transferred for inclusion in a collection deposit (*verzameldepot*), the transfer will be accepted by the intermediary (*intermediair*) concerned. If an Ordinary Share is transferred for inclusion in the giro deposit (*girodepot*), the transfer will be accepted by the central institute (*Centraal Instituut*), being Euroclear Nederland. The transfer and acceptance of Ordinary Shares in a collection deposit (*verzameldepot*) or the giro deposit (*girodepot*), respectively, can be effected without the cooperation of the other participants in a collection deposit (*verzameldepot*) or the giro deposit (*girodepot*), respectively.

Upon issue of a new Ordinary Share to Euroclear Nederland respectively to an intermediary, the transfer in order to include the Ordinary Share in the giro deposit respectively a collection deposit will be effected without the cooperation of the other participants in a collection deposit or the giro deposit, respectively.

Dividends and other distributions

Distribution of profits only takes place following the adoption of the annual accounts if the shareholders' equity exceeds the sum of the paid-up share capital plus the statutory reserves required to be maintained by Dutch law. Pursuant to the Articles of Association, the profits and the freely distributable reserves will be available to the General Meeting.

The Management Board is authorised to decide to make interim distributions subject to the prior approval of the Supervisory Board, subject to Dutch law and the Articles of Association. Dividends and other distributions shall be made payable not later than the date determined by the Management Board. Entitlement to a distribution lapses five years from the date on which the distribution became payable. See also Section 6 (*Dividends and dividend policy*).

14.10. General Meetings and voting rights

14.10.1. ***General Meetings***

According to the Articles of Association, an annual General Meeting is to be held within six months after the end of each financial year of NSI in Amsterdam, Hoorn, Hoofddorp, Haarlemmermeer (Schiphol), The Hague or Rotterdam. The matters considered at the annual General Meeting include:

- the annual report;
- the adoption of the annual accounts;
- discharge of members of the Management Board and the Supervisory Board;
- notification of intended appointments of members of the Supervisory Board and members of the Management Board and of anticipated vacancies in the Supervisory Board;
- instruct an auditor to verify the annual accounts; and
- any other proposal put forward by the Management Board or the Supervisory Board.

Any decisions that affect NSI and its risk profile require the approval of the Shareholders. Extraordinary General Meetings will be held (i) as often as the Management Board or the Supervisory Board deems necessary or (ii) upon the written request of those persons entitled to attend the General Meeting who represent at least one tenth of NSI's issued share capital, which request must be submitted to the Management Board and/or the Supervisory Board and set out in detail the matters to be considered.

NSI will provide notice on the convocation of each General Meeting in accordance with the provisions of the DCC, i.e. by publishing a notice on NSI's website (www.nsi.nl) and – as long as legally required – in at least one national daily newspaper distributed in the Netherlands. General Meetings may be convened by the Management Board or the Supervisory Board. All notices on the convocation of the General Meeting shall be in accordance with applicable stock exchanges regulations. Such notice shall be published no later than the 42nd day before the day of the General Meeting.

The agenda for the annual General Meeting must contain certain subjects as specified in the Articles of Association, including, among other things, the adoption of the annual accounts, the discharge of the members of the Management Board for the relevant financial year and the appropriation of the profits of NSI. In addition, the agenda shall include such items as have been included therein by the Management Board. Proposals of shareholders and other persons entitled to attend the General Meetings will only be included in the agenda, if such proposal is made in writing to the Management Board no later than 60 days before the General Meeting and the shareholders or other persons entitled to attend General Meetings, solely or jointly representing shares amounting to at least 3% of the issued share capital, except where the Articles state a lower percentage, as currently is not the case for NSI.

The Management Board may decide not to place items so requested on the agenda if they are of the opinion that doing so would be detrimental to vital interests of NSI. No resolutions shall be adopted on items other than those which have been included in the agenda. The convocation of the General Meeting will contain the time, the place of meeting and the procedures for registration and/or notification.

The General Meeting is chaired by the chairman of the Supervisory Board or, in his absence, by another member of the Supervisory Board. If the chairman is not appointed as referred to above, the meeting appoints a chairman itself. The chairman appoints the secretary. Members of the Management Board and the Supervisory Board may attend a General Meeting. In these meetings, they have an advisory vote. The chairman of the meeting may decide at its discretion to admit other persons to the meeting.

Each holder of Ordinary Shares is entitled to attend the General Meeting, to address the General Meeting and to exercise voting rights *pro rata* to its shareholding, either in person or by proxy. Each holder of Ordinary Shares that wishes to attend the General Meeting and to exercise its voting rights must register no later than 28 days before the date of the General Meeting.

A notarial record shall be made of the proceedings of the General Meeting or minutes shall be taken by the Secretary. The chairman and secretary shall officially adopt and sign the minutes. The Management Board and the Supervisory Board will provide the General Meeting with all the required information, unless this would be seriously against NSI's interest.

Voting rights

Each Shareholder is entitled to one vote per Ordinary Share. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Ordinary Shares that are held by NSI. Nonetheless, the holders of a right of usufruct in respect of Ordinary Shares held by NSI are not excluded from any right they may have to vote on such shares, if the right of usufruct was granted prior to the time such share became held by NSI. The right to vote may not be allocated to the holder of a right of pledge when a right of pledge is created on a share. NSI may not cast votes in respect of an Ordinary Share in respect of which it holds a right of usufruct. Ordinary Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of Shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a General Meeting.

Holders of a material number of Ordinary Shares do not have other voting rights than other holders of Ordinary Shares.

14.11. **Dissolution and liquidation; amendment of the Articles of Association**

The General Meeting may resolve to dissolve (*ontbinden*) NSI or amend the Articles of Association. Such proposal must be included in the convening notice prior to a General Meeting. In the event of dissolution of NSI, it will be liquidated by the Management Board under the supervision of the Supervisory Board.

A resolution to amend the Articles of Association or to dissolve NSI can only be passed with a simple majority of the votes cast during a General Meeting in which at least half of the issued share capital of NSI is represented. During liquidation (*liquidatie*), the Articles of Association will remain in force to the extent possible.

Any balance remaining after payment of all debts and liquidation expenses will be distributed to the Shareholders entitled thereto in proportion to their entitlement.

14.12. **Financial reports and rules on ongoing disclosure and filing requirements**

NSI prepares consolidated annual financial statements and consolidated semi-annual financial statements in accordance with IFRS. The financial statements are prepared by the Management Board. NSI's annual financial statements are audited by an independent accounting firm under International Auditing Standards. The financial year of NSI coincides with the calendar year.

On 1 January 2009, the Dutch Act implementing the remainder of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, relating to transparency requirements, (the "**Dutch Transparency Act**") came into force. The majority of the provisions of the Dutch Transparency Act are included in the FMSA. Pursuant to the FMSA, NSI is required to make the following periodic financial information generally available:

- its annual reports, within four months after the end of each financial year;
- its semi-annual reports, within two months after the end of the first six months of each financial year; and
- interim management statements during the first and the second half of each financial year between ten weeks after the beginning and six weeks before the end of the relevant six-month period.

NSI may publish this periodic information by means of a press release that refers to NSI's website (www.nsi.nl) where the information is available in full.

In practice, NSI publishes its annual result, half year result and quarterly results on the last Friday in the month following the period referred, in other words within 30 days of the reporting period. A financial calendar is published on NSI's website (www.nsi.nl).

NSI must also make public certain inside information by means of a press release. Pursuant to the FMSA, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not been made public and publication of which could significantly affect the trading price of the securities. The FMSA contains specific rules intended to prevent insider trading.

14.13. Rules governing obligations of Shareholders to make a public offer

Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 (the "**Takeover Directive**") relating to public takeover bids has been implemented in the FMSA and rules promulgated thereunder and in Book 2 of the DCC.

Pursuant to the FMSA, any shareholder who (individually or when acting in concert with others) directly or indirectly obtains control of a Dutch listed company is required to make a public offer for all issued and outstanding shares or depositary receipts of shares in that company's capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of such listed company.

Furthermore, it is prohibited to launch a public offer for shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. A public offer will be launched by way of publication of the approved offer document. The public offer rules are intended to ensure, among other things, that in the event of a public offer, sufficient information will be made available to the holders of Ordinary Shares, the holders of Ordinary Shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

14.14. Squeeze out procedures

Pursuant to article 2:92a of the DCC, a Shareholder who for his own account provides at least 95% of NSI's issued share capital may institute proceedings against minority Shareholders jointly for the transfer of their shares in NSI to him. The proceedings are held before the Dutch enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") and can be instituted by means of a writ of summons served upon each of the minority Shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim to buy out all minority Shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value of the shares. Once the order to transfer becomes final, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish this information in a daily newspaper with a national circulation.

Further, article 2:359c of the DCC provides that NSI under a public offer is also entitled to start a squeeze out procedure if, following the public offer, NSI holds shares for at least 95% of the issued share capital and at least 95% of the total voting rights. The claim of a takeover squeeze out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim to buy out all minority Shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value of the shares. In principle, the offer price is considered reasonable as long as 90% or more of the shares have been acquired at that price.

Article 2:359c of the DCC also entitles those minority Shareholders that have not previously tendered their shares under an offer to transfer their shares to NSI, **provided that** NSI has acquired shares for at least 95% of the issued share capital and at least 95% of the total voting rights. As regards price, the same procedure as for takeover squeeze out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

14.15. **Identity of shareholders**

According to the recently amended Dutch Securities Giro Act (*Wet Giraal Effectenverkeer*) which will be effective as of 1 July 2013, NSI may request the central institute, associated institutions, intermediaries, institutions abroad, and management companies of collective investment schemes to give certain information on the identity of its shareholders. Such a request may only be made during a period of 60 days up to the day on which a General Meeting is held. No information will be provided on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, alone or together with other shareholders, holds an interest of at least 10% of the issued share capital in NSI may request NSI to establish the identity of its shareholders.

14.16. **Obligations to disclose shareholdings**

Shareholders may be subject to notification obligations under the FMSA. Shareholders are advised to seek professional advice on these obligations.

14.16.1. ***Shareholders***

Pursuant to the FMSA, any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights of NSI must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in NSI reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the voting rights or capital interests in the issued share capital of NSI.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in NSI's total issued share capital or voting rights. Such notification has to be made no later than the fourth trading day after the AFM has published NSI's notification as described below.

NSI is required to notify the AFM immediately of the changes to its total issued share capital or voting rights if its issued share capital or voting rights changes by 1% or more since NSI's previous notification. NSI must notify the AFM, in the event its issued share capital or voting rights have changed by less than 1% in that quarter, within eight days after the relevant quarter.

Furthermore, every holder of 3% or more of NSI's issued share capital or voting rights whose interest at midnight on 31 December of any year differs from a previous notification to the AFM as a result of certain acts (including but not limited to the exchange of Ordinary Shares for depository receipts and the exercise of a right to acquire Ordinary Shares), must notify the AFM within four weeks after 1 January of the following year.

Controlled entities, within the meaning of the FMSA, do not have notification obligations under the FMSA, as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the FMSA, including an individual. A person who has a 5% or larger interest in NSI's issued share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the FMSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, among other elements, the following interests must be taken into account: (i) Ordinary Shares or voting rights on the Ordinary Shares directly held (or acquired or disposed of) by a person; (ii) Ordinary Shares or voting rights on Ordinary Shares held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney); (iii) Ordinary Shares or voting rights on Ordinary Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, convertible bonds); (v) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

For the same purpose, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

Special rules apply with respect to the attribution of Ordinary Shares or voting rights on Ordinary Shares which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct (*vruchtgebruik*) in respect of the Ordinary Shares can also be subject to the notification obligations of the FMSA, if such person has, or can acquire, the right to vote on Ordinary Shares or, in the case of depository receipts, the underlying Ordinary Shares. The acquisition of (conditional) voting rights by a pledgee or usufructuary may also trigger the FMSA notification obligations as if the pledgee or beneficial owner were the actual legal holder of Ordinary Shares or voting rights on Ordinary Shares.

Pursuant to the FMSA, NSI is required to inform the AFM immediately if NSI's issued share capital or voting rights changes by 1% or more since NSI's previous notification. Other changes to NSI's capital or voting rights need to be notified within eight days after the end of the quarter in which the change occurred. Furthermore, each member of the Management Board and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in NSI.

In addition, pursuant to Regulation (EU) No 236/2012 each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also need to be reported. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Pursuant to the amendment of the FMSA, referred to above, a requirement to notify the AFM of any gross short position was introduced. For the notification of gross short positions the same thresholds will apply as for notifying an actual or potential interest in the capital and/or or voting rights of a Dutch listed company, as referred to above.

14.16.2. ***Management Board, Supervisory Board and certain others***

Pursuant to the FMSA, any member of the Management Board or Supervisory Board must give immediate written notice of any change in Ordinary Shares or voting rights on Ordinary Shares which it has at its disposal, to the AFM by means of a standard form.

Any other person who has (co)managerial responsibilities in respect of NSI or who has the authority to make decisions affecting NSI's future developments and business prospects and who may have regular access to inside information relating, directly or indirectly, to NSI, must give written notice to the AFM by means of a standard form of any transactions conducted for his own account relating to Ordinary Shares or in financial instruments the value of which is also based on the value of Ordinary Shares. Furthermore, in accordance with the FMSA and the regulations promulgated thereunder, certain persons who are closely associated with members of the Management Board, Supervisory Board or any of the other persons as described above, are required to notify the AFM of any transactions conducted for their own account relating to Ordinary Shares or in financial instruments the value of which is also based on the value of Ordinary Shares.

The FMSA and the regulations promulgated thereunder determine the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above or by the relevant member of the Management Board, Supervisory Board or other person with any authority in respect of NSI as described above. The AFM must generally be notified within five days following the relevant transaction date. Under certain circumstances, notification may be postponed until the date the value of the transactions amounts to €5,000 or more per calendar year.

14.16.3. Non-compliance

Non-compliance with the notification obligations under the FMSA could lead to criminal fines, administrative fines, imprisonment or other sanctions being imposed. In addition, non-compliance with some of the notification obligations under the FMSA may lead to civil sanctions, including suspension of the voting rights relating to Ordinary Shares held by the offender for a period of not more than three years and a prohibition applicable to the offender to obtain any Ordinary Shares or voting rights on Ordinary Shares for a period of not more than five years.

14.16.4. Public register

The AFM does not issue separate public announcements of notifications received by it. It does, however, keep a public register of all notifications under the FMSA on its website (www.afm.nl). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

14.17. **Market abuse regulation**

The FMSA provides for specific rules intended to prevent market abuse, such as insider trading, tipping and market manipulation. These rules are applicable to NSI, the members of the Management Board and the Supervisory Board, other insiders and persons performing or conducting transactions in NSI's securities. Certain important market abuse rules set out in the FMSA that are relevant for investors are described hereunder.

NSI is required to make inside information public. Inside information is information that is specific and pertains directly or indirectly to NSI or its shares or the trading thereof: (a) which information has not been made public and (b) where disclosure of such information could have a significant effect on the price of its shares or derivatives of its shares. NSI must also provide the AFM with this inside information at the time of publication. Furthermore, NSI must without delay publish the inside information on NSI's website (www.nsi.nl) and keep it available on its website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-European Union member state by conducting or effecting a transaction in Ordinary Shares. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

NSI's insiders within the meaning of the FMSA are obliged to notify NSI when they carry out or cause to be carried out, for their own account, a transaction in Ordinary Shares or in securities the value of which is at least in part determined by the value of Ordinary Shares. Insiders within the meaning of the FMSA in this respect are: (i) members of the Management Board and the Supervisory Board, (ii) other persons who have a managerial position and in that capacity are authorised to make decisions which have consequences for NSI's future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to NSI, and (iii) certain persons closely associated with the persons mentioned under (i) and (ii) designated by the Dutch Market Abuse Decree (*Besluit marktmisbruik Wft*).

This notification must be made no later than the fifth business day after the transaction date on a standard form drawn up by the AFM. This notification obligation does not apply to transactions based on a discretionary management agreement as described in article 8 of the Dutch Market Abuse Decree (*Besluit marktmisbruik Wft*). Under certain circumstances, the notification may be delayed until the date on which the value of the transactions amounts to €5,000 or more in the calendar year in question.

NSI has adopted an internal code on inside information in respect of the holding of and carrying out of transactions in Ordinary Shares by the members of its Management Board and Supervisory Board and its employees. Further, NSI has drawn up a list of those persons working for NSI who could have access to inside information on a regular or incidental basis and NSI has informed the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

15. REGULATORY MATTERS AND TAX STATUS OF THE GROUP

15.1. Regulatory matters

The Group is subject to various laws and regulations in the countries in which it operates.

15.1.1. Investment institution licence

NSI qualifies as a closed-end investment company with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under Dutch law. It has no obligation to redeem or to issue Ordinary Shares. NSI has held an investment institution licence from the AFM since 2006. For the purposes of the FMSA, NSI is self-managed and therefore does not have a separate management company (*beheerder*). NSI is supervised by the AFM with regard to its conduct of business and by DNB with regard to prudential rules.

The AIFMD was published in the Official Journal of the European Union on 1 July 2011 and entered into force on 21 July 2011. The AIMFD has the objective to create a framework for the direct regulation and supervision of alternative investment fund managers at an European level. Transposition has been completed on 22 July 2013. Several organisations, such as the EPRA, are arguing that listed property companies, such as NSI, must be excluded from the scope of the AIFMD. Since the European Commission has not yet determined whether, amongst others, listed real estate investment companies will fall within that scope, it is currently uncertain whether NSI will fall within the scope of the AIFMD. If the AIFMD should become applicable to NSI, this could affect NSI's regulatory position and requirements with regard to matters such as liquidity management, valuation and leverage could become applicable. In addition, NSI could then become obliged to appoint a depositary.

15.1.2. Change investment policy

NSI may amend its investment policy only in compliance with the FMSA. This means that, in principle, a proposal to change this policy must be published in a Dutch newspaper with a nationwide circulation and on NSI's website (www.nsi.nl). The AFM must be separately notified of any such proposal. The change may, in principle, not be given effect until one (1) month has passed after the date of publication of the proposed change. Such change does not require Shareholder approval.

15.2. Tax status

NSI and its relevant Dutch Group companies are included in a tax consolidation (*fiscale eenheid*) for Dutch corporation tax purposes ("**Fiscal Unity**"), as provided for by article 15 et seq. of the Dutch 1969 Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*) ("**DCITA**"). For Dutch corporation tax purposes, under a Fiscal Unity the activities, profits and gains and estate of Group companies included in the Fiscal Unity are deemed to be part of the activities, profits and gains and estate of NSI. Each of the Group companies included in the Fiscal Unity is jointly and severally liable for the Dutch corporation tax liabilities of the entire Fiscal Unity.

NSI and its relevant Dutch Group companies apply the status of FII, as provided for by article 28 of the DCITA. The paragraphs below provide a general description of the main aspects of the FII regime.

15.2.1. FII regime

General

Pursuant to the FII regime, an FII is subject to corporation tax in the Netherlands at a rate of 0%. The taxable profits of an FII are in principle determined on the basis of the same tax accounting principles which apply to taxpayers which are regularly liable to Dutch corporation tax. Without being exhaustive, the main exceptions are:

- certain particular items which are not deductible for taxpayers which are regularly liable to Dutch corporation tax are taken into account in calculating the taxable profit of an FII;

- subject to conditions and limitations, an FII can elect to apply a so-called reinvestment reserve (*herbeleggingsreserve*) as described in article 4 of the Investment Institutions Decree (*Besluit beleggingsinstellingen*). If the FII has applied for the reinvestment reserve, the net balance of realised and unrealised gains on securities and gains realised on other investments, reduced with a proportionate amount of expenses incurred by the FII, will be added to such reinvestment reserve by way of an allowable charge against its taxable profits;

- subject to conditions and limitations, an FII can elect to apply a rounding-off reserve (*afrondingsreserve*) as described in article 5 of the Investment Institutions Decree; and

- the participation exemption as described in article 13 of the DCITA does not apply to investments in entities made by the FII.

Within eight months following the end of the relevant financial year, an FII must annually distribute its taxable profits determined in accordance with the principles briefly summarised above by way of a regular dividend distribution (*doorstootverplichting*). If an FII does not meet this requirement, the FII will lose its status as from the start of the accounting year the profits of which should have been duly distributed under this requirement. By applying the reinvestment reserve as summarised above, the FII effectively achieves that items attributed to the reinvestment reserve are excluded from its taxable profits and, therefore, excluded from its annual profit distribution obligation.

In view of the fact that an FII is in principle liable to Dutch corporation tax (albeit at a rate of 0%) and that an FII must annually distribute its 'taxable' profits to its shareholders, an FII is generally considered as 'resident' for the purposes of the Dutch double tax treaties.

Given that an FII is liable to Dutch corporation tax at a rate of 0%, the FII is effectively unable to credit Dutch or foreign withholding taxes suffered against its Dutch corporation tax liability. Neither is the FII entitled to a refund of Dutch dividend withholding tax upon request. However, subject to certain conditions and limitations, the FII is allowed to apply a rebate to its obligation to remit the amount of Dutch dividend withholding tax which it has withheld in respect of its annual profit distribution in an amount equal to the amount of taxes suffered by the FII by way of withholding (afdrachtvermindering).

Distributions of profits made by an FII are subject to Dutch dividend withholding tax at a statutory rate of 15%. The reinvestment reserve is deemed to be paid-in capital recognised for Dutch dividend withholding tax, which in principle allows the FII, subject to certain conditions and restrictions to make distributions from the reinvestment reserve free of Dutch dividend withholding tax.

The FII acts as the withholding agent for Dutch dividend withholding tax purposes for and on behalf of its shareholders who are entitled to such distribution of profits. Although the dividend withholding tax is due by the shareholders, the FII can be held liable for such tax if it has not withheld and remitted the correct amount of tax.The FII must report the amount of Dutch dividend withholding tax and, subject to the rebate which it is allowed to apply as briefly summarised above, the FII must remit the amount of tax withheld to the Dutch tax authorities. As a matter of practice, under specific circumstances non-Dutch shareholders may be entitled to a reduction of Dutch dividend withholding tax pursuant to Dutch domestic law or pursuant to an applicable double tax treaty. Taxpayers who are liable to Dutch income tax or corporation tax are generally able to credit the Dutch dividend tax withheld against their Dutch income liability or corporation tax liability in full, any excess of Dutch dividend withholding tax over such Dutch income tax liability or corporation tax liability being refundable. Upon request, certain Dutch tax-exempt entities may be entitled to a refund of Dutch dividend withholding tax in whole.

Conditions in order to apply for FII regime

In order to maintain the status as an FII, NSI and its relevant Dutch Group companies must uninterruptedly observe a number of conditions, failure of which will cancel the FII status as from the start of the accounting year during which such failure occurred:

- *Conditions as to the statutory object and actual activities of the FII*. The statutory object and the actual activities of an FII must be that of making portfolio investments, in that it is prohibited to be engaged in activities which go beyond those of making passive, portfolio investments. As a matter of practice, this means the investments must have the objective of realising a return in terms of yield derived from investment and appreciation in value which one reasonably may expect from regular investment management. Dutch tax law provides for certain deeming provisions pursuant to which, subject to requirements and limitations, an FII is permitted to renovate and improve its properties, to be indirectly engaged in the development (management inclusive) of properties for its own portfolio, to guarantee obligations in the framework of such development for own portfolio and to be engaged in group financing activities.

- *Leverage restrictions.* The FII is prohibited from financing its investments by raising indebtedness in excess of 60% of the book value for Dutch corporation tax purposes of actual or deemed investments in real estate and 20% of the book value for Dutch corporation tax purposes of all other investments. For purposes of this requirement, indebtedness which has been applied to extend loans to group companies the assets of which comprises almost entirely of real estate is excluded.

- *Shareholder requirements.* By reason of Ordinary Shares being listed on a recognised stock exchange, as well as by reason of NSI holding a licence as an investment institution from the AFM, it is prohibitive for NSI's FII status if (a) an individual holds a 25% or greater interest in NSI, and/or (b) if an entity which in itself is liable to a tax on profits (including an entity the profits of which are taxed in the hands of its participants), other than an FII which itself meets these very shareholder requirements, holds (including shares in respect of which such person can cast control whether or not on the basis of voting arrangements) alone or together with certain affiliates a 45% or greater interest in NSI. Further, it is prohibitive for FII status if Dutch resident entities hold a 25% or greater interest in NSI through the interposition of a non-Dutch entity or mutual fund with a capital divided into shares. Even though NSI's relevant Group companies are not listed on a recognised stock exchange, and even though such Group companies in themselves do not hold a licence as an investment institution from the AFM, nonetheless they meet the shareholder requirements as an FII by reason of all shares being owned by NSI which qualifies as an FII.

- *Requirements on governance.* Certain conditions apply to ascertain a certain degree of independence for the Management Board and Supervisory Board from Shareholders which, alone or together with certain affiliates, hold a 25% or greater interest in NSI.

Cancellation of FII regime

If at any point in time an FII fails to meet any of the requirements to qualify as an FII, such FII status will be cancelled as from the start of the accounting year during which such failure occurred, except for a failure of the compulsory distribution which will cancel the FII status as from the start of the accounting year the profits of which should have been duly distributed under this requirement. The main consequence of a loss of FII status is that the relevant entity will become a regular taxpayer for Dutch corporation tax so that its profits and gains determined in accordance with Dutch tax accounting principles will be subject to Dutch corporation tax at the regular rates (current main rate: 25%). A cancellation of the FII status does not in itself trigger a revaluation of its assets to market value so that any unrealised capital gains at the time of cancellation become regularly liable to tax upon realisation. Furthermore, where it regards a cancellation of FII status of a Group company, such Group company can no longer be included in a Fiscal Unity with NSI.

16. SHAREHOLDER TAXATION

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal by a Holder of Ordinary Shares (as defined below). It does not purport to describe every aspect of taxation that may be relevant to a particular Holder of Ordinary Shares. Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of Ordinary Shares in his particular circumstances.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that NSI is organised, and that its business will be conducted, in the manner outlined in this Prospectus. A change to such organisational structure or to the manner in which NSI conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The tax law upon which this summary is based, is subject to changes, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

Where in this Dutch Shareholders taxation paragraph reference is made to a "Holder of Ordinary Shares", that concept includes, without limitation:

1. an owner of one or more Ordinary Shares who in addition to the title to such Ordinary Shares, has an economic interest in such Ordinary Shares;
2. a person who or an entity that holds the entire economic interest in one or more Ordinary Shares;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Ordinary Shares, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in Ordinary Shares, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001), with respect to property that has been segregated, for instance in a trust or a foundation.

16.1. Taxes on income and capital gains

16.1.1. Resident Holders of Ordinary Shares

General

The summary set out in this Section 16.1.1 (*Shareholder taxation - Taxes on income and capital gains - Resident Holders of Ordinary Shares*) applies only to a Holder of Ordinary Shares who is a "Dutch Individual" or a "Dutch Corporate Entity".

For the purposes of this Section a Holder of Ordinary Shares is a "Dutch Individual" if it satisfies the following tests:

(a) he is an individual;

(b) he is resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or he has elected to be treated as a resident of the Netherlands for Dutch income tax purposes; and

(c) his Ordinary Shares and any benefits derived or deemed to be derived therefrom have no connection with his past, present or future employment, if any.

If a Holder of Ordinary Shares is an individual and if he satisfies test b., but does not satisfy test c., his Dutch income tax position is not discussed in this Prospectus. If a Holder of Ordinary

Shares is an individual who does not satisfy test b., please refer to Section 16.1.2 (*Shareholder taxation - Taxes on income and capital gains –Non-Resident Holders of Ordinary Shares*).

For the purposes of this Section a Holder of Ordinary Shares is a "Dutch Corporate Entity" if it satisfies the following tests:

(i) it is a corporate entity (*lichaam*), including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax in respect of benefits derived from its Ordinary Shares;

(ii) it is resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;

(iii) it is not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and

(iv) it is not an investment institution (*beleggingsinstelling*) as defined in article 28 of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

If a Holder of Ordinary Shares is not an individual and if it does not satisfy any one or more of these tests, with the exception of test ii., its Dutch corporation tax position is not discussed in this Prospectus. If a Holder of Ordinary Shares is not an individual that does not satisfy test ii., please refer to Section 16.1.2 (*Shareholder taxation - Taxes on income and capital gains –Non-Resident Holders of Ordinary Shares*).

Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise

Any benefits derived or deemed to be derived by a Dutch Individual from Ordinary Shares, including any capital gain realised on the disposal of such Ordinary Shares, that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates.

Dutch Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived by a Dutch Individual from Ordinary Shares, including any gain realised on the disposal of such Ordinary Shares, that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*), are generally subject to Dutch income tax at progressive rates.

A Dutch Individual may, *inter alia*, derive, or be deemed to derive, benefits from Ordinary Shares that are taxable as benefits from miscellaneous activities in the following circumstances:

(a) if his investment activities go beyond the activities of a portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or

(b) if any benefits to be derived from his Ordinary Shares, whether held directly or indirectly, are intended, in whole or in part, as remuneration for activities performed by him or by a person who is a connected person to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Dutch Individuals deriving benefits from a substantial interest

Any benefits derived or deemed to be derived by a Dutch Individual from Ordinary Shares, including any capital gain realised on the disposal of such Ordinary Shares, that form part of a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in NSI within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), are generally subject to Dutch income tax.

Generally, if a person holds an interest in NSI, such interest forms part of a substantial interest, or a deemed substantial interest, in NSI if any one or more of the following circumstances is present:

1. Such person – either alone or, in the case of an individual, together with his partner (partner), if any, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)- owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of NSI's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of NSI's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of NSI's annual profit or to five per cent. or more of NSI's liquidation proceeds.

2. Such person's shares, profit participating certificates or rights to acquire shares in NSI are held by him or deemed to be held by him following the application of a non-recognition provision.

3. Such person's partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner has a substantial interest (as described under 1. and 2. above) in NSI.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

The above does not purport to provide a comprehensive description of substantial interest. Any potential investor should consult his tax advisor for more information about a substantial interest in his particular circumstances and the tax consequences thereof.

Other Dutch Individuals

If a Holder of Ordinary Shares is a Dutch Individual whose situation has not been discussed before in this Section 16.1.1 (*Shareholder taxation - Taxes on income and capital gains – Resident Holders of Ordinary Shares*), benefits from his Ordinary Shares are taxed annually as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be 4 per cent. per annum of his "yield basis" (*rendementsgrondslag*), generally to be determined at the beginning of the year, to the extent that such yield basis exceeds the "exempt net asset amount" (*heffingvrij vermogen*) for the relevant year. The benefit is taxed at the rate of 30 per cent. The value of his Ordinary Shares forms part of his yield basis. Actual benefits derived from his Ordinary Shares, including any gain realised on the disposal of such Ordinary Shares, are not as such subject to Dutch income tax.

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by, and yield basis for benefits from savings and investments of, a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Dutch Corporate Entities

Any benefits derived or deemed to be derived by a Dutch Corporate Entity from Ordinary Shares, including any gain realised on the disposal thereof, are generally subject to Dutch corporation tax.

16.1.2. ***Non-resident Holders of Ordinary Shares***

The summary set out in this Section 15.1.2 (*Shareholder taxation - Taxes on income and capital gains –Non-Resident Holders of Ordinary Shares*) applies only to a Holder of Ordinary Shares who is a Non-resident Holder of Ordinary Shares.

For the purposes of this Section, a Holder of Ordinary Shares is a "Non-resident Holder of Ordinary Shares" if it satisfies the following tests:

(a) it is neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, if he is an individual, he has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes; and

(b) its Ordinary Shares and any benefits derived or deemed to be derived from such Ordinary Shares have no connection with its past, present or future employment or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*).

If a Holder of Ordinary Shares satisfies test a., but does not satisfy test b., its Dutch income tax position or corporation tax position, as the case may be, is not discussed in this Prospectus.

A Non-resident Holder of Ordinary Shares will not be subject to any Dutch taxes on income or capital gains (other than the dividend withholding tax described below) in respect of any benefits derived or deemed to be derived from its Ordinary Shares, including any capital gain realised on the disposal thereof, except if:

1. it derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, if he is an individual, or other than as a holder of securities, if it is not an individual, such enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Ordinary Shares are attributable to such enterprise;

2. he is an individual and he derives benefits from Ordinary Shares that are taxable as benefits from miscellaneous activities in the Netherlands;

3. he is an individual and he derives benefits from Ordinary Shares that form part of a substantial interest or a deemed substantial interest in NSI, such substantial interest not forming part of the assets of a business enterprise, unless and to the extent relevant relief is available under an applicable double taxation treaty; or

4. it is not an individual and it derives benefits from Ordinary Shares that form part of a substantial interest or a deemed substantial interest in NSI, such substantial interest being held with the main purpose or one of the main purposes to avoid income tax or dividend tax for someone else and such substantial interest not forming part of the assets of a business enterprise, unless and to the extent relevant relief is available under an applicable double taxation treaty.

See Section 16.1.1 (*Shareholder taxation - Taxes on income and capital gains – Resident Holders of Ordinary Shares*) for a description of the circumstances under which the benefits derived from Ordinary Shares may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

See Section 16.1.1 (*Shareholder taxation - Taxes on income and capital gains – Resident Holders of Ordinary Shares*) for a general description of the circumstances under which Ordinary Shares form part of a substantial interest or a deemed substantial interest in NSI. Any potential investor should consult his tax advisor for more information about a substantial interest in his particular circumstances and the Dutch tax consequences thereof.

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

16.2. Dividend withholding tax

16.2.1. General

NSI is generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by NSI.

The concept "dividends distributed by NSI" as used in this Section "Dutch Shareholders Taxation" includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of Ordinary Shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;
- the par value of Ordinary Shares issued by NSI to a Holder of Ordinary Shares or an increase of the par value of Ordinary Shares, as the case may be, to the extent that it does not appear that a contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognised as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the general meeting of NSI's shareholders has resolved in advance to make such repayment and (b) the par value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment to NSI's articles of association.

By reason of the fact that NSI qualifies as an FII, subject to conditions and restrictions it is noted that NSI is permitted to maintain a reinvestment reserve (*herbeleggingsreserve*), the amount of which reinvestment reserve qualifies as capital recognised as paid-in for Dutch dividend withholding tax purposes.

16.2.2. Dutch individuals and Dutch corporate entities

A Dutch Individual (other than an individual who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes) or a Dutch Corporate Entity, can generally credit Dutch dividend withholding tax against his Dutch income tax or its Dutch corporation tax liability, as applicable, and is generally entitled to a refund in the form of a negative assessment of Dutch income tax or Dutch corporation tax, as applicable, insofar as such dividend withholding tax, together with any other creditable domestic and/or foreign taxes, exceeds his aggregate Dutch income tax or its aggregate Dutch corporation tax liability, as applicable.

Pursuant to domestic rules to avoid dividend stripping, Dutch dividend withholding tax will only be creditable by or refundable to the beneficial owner (*uiteindelijk gerechtigde*) of dividends distributed by NSI. A Holder of Ordinary Shares who receives proceeds therefrom shall not be recognised as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, it has given a consideration, in the framework of a composite transaction including, without limitation, the mere acquisition of one or more dividend coupons or the creation of short-term rights of enjoyment of shares (*kortlopende genotsrechten op aandelen*), whereas it may be presumed that (i) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, reduction or refund of, or credit for, dividend withholding tax, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and (ii) such person acquires or retains, directly or indirectly, an interest in Ordinary Shares or similar instruments, comparable to its interest in Ordinary Shares prior to the time the composite transaction was first initiated.

An individual who is not resident or deemed to be resident in the Netherlands, but who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes, may be eligible for relief from Dutch dividend withholding tax on the same conditions as an individual who is a Non-resident Holder of Ordinary Shares, as discussed below.

See Section 16.2.1 (*Shareholder taxation - Dividend withholding tax – General*) for a description of the concept "dividends distributed by NSI".

See Section 16.1.1 (*Shareholder taxation - Taxes on income and capital gains – Resident Holders of Ordinary Shares*) for a description of the terms Dutch Individual and Dutch Corporate Entity.

16.2.3. ***Non-resident Holders of Ordinary Shares***

Relief

If a Non-resident Holder of Ordinary Shares is resident in the non-European part of the Kingdom of the Netherlands or in a country that has concluded a double taxation treaty with the Netherlands, such holder may be eligible for a full or partial relief from the dividend withholding tax, provided such relief is timely and duly claimed. Pursuant to domestic rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by NSI. The Dutch tax authorities have taken the position that this beneficial-ownership test can also be applied to deny relief from dividend withholding tax under double taxation treaties and the Tax Arrangement for the Kingdom (*Belastingregeling voor het Koninkrijk*) and the Tax Arrangement for the country of the Netherlands (*Belastingregeling voor het land Nederland*).

Credit

If a Non-resident Holder of Ordinary Shares is subject to Dutch income tax or Dutch corporation tax in respect of any benefits derived or deemed to be derived from its Ordinary Shares, including any capital gain realized on the disposal thereof, it can generally credit Dutch dividend withholding tax against his Dutch income tax or its Dutch corporation tax liability, as applicable, and is generally entitled to a refund pursuant to a negative tax assessment if and to the extent the dividend withholding tax, together with any other creditable domestic and/or foreign taxes, exceeds his aggregate Dutch income tax or its aggregate Dutch corporation tax liability, respectively.

See Section 16.2.2 (*Shareholder taxation - Dividend withholding tax – Dutch individuals and Dutch corporate entities*) for a description of the term beneficial owner.

See Section 16.2.1 (*Shareholder taxation - Dividend withholding tax – General*) for a description of the concept "dividends distributed by NSI".

See Section 16.1.2 (*Shareholder taxation - Taxes on income and capital gains – Non-Resident Holders of Ordinary Shares*) for a description of the term Non-resident Holder of Ordinary Shares.

See Section 16.1.2 (*Shareholder taxation - Taxes on income and capital gains – Non-Resident Holders of Ordinary Shares*) for a description of the circumstances under which a Non-resident Holder of Ordinary Shares is subject to Dutch income tax or Dutch corporation tax.

16.3. **Gift and inheritance taxes**

If a Holder of Ordinary Shares disposes of Ordinary Shares by way of gift, in form or in substance, or if a Holder of Ordinary Shares who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

(i) the donor is, or the deceased was, resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or

(ii) the donor made a gift of Ordinary Shares, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of Ordinary Shares made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

16.4. Value added tax

No value added tax will be due in the Netherlands in respect of payments in consideration for the issuance of Ordinary Shares, payments on Ordinary Shares or payments made upon a transfer of Ordinary Shares.

16.5. Other taxes and duties

No Dutch registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of Ordinary Shares, unless the acquirer of Ordinary Shares, together with any shares and/or any other rights in NSI already owned and those to be acquired under a related transaction (including any shares and/or any other rights in NSI acquired within a period of two years), acquires or extends, alone or together with certain related entities and individuals, an interest of one third or more in NSI within the meaning of article 4 of the Dutch Registration Taxes Act (*Wet op belastingen van rechtsverkeer*).

16.6. Residency

A Holder of Ordinary Shares will not be deemed to be resident in the Netherlands by reason only of acquiring, holding or disposing of Ordinary Shares.

17. INDEPENDENT AUDITORS

NSI's consolidated financial statements as of and for the financial years ended 31 December 2012, 2011 and 2010, incorporated by reference in this Prospectus, have been audited by KPMG Accountants N.V., independent auditors with their address at Laan van Langerhuize 1, 1186 DS, Amstelveen, the Netherlands, as stated in their reports thereon appearing in such financial statements. The auditor's opinions on the consolidated financial statements as of and for the financial years ended 31 December 2012, 2011 and 2010 and the review reports on the consolidated interim financial statements as of and for the nine months ended 30 September 2013 and 30 September 2012 are unqualified.

The auditors have given, and not withdrawn, their written consent to the incorporation by reference in this Prospectus of their auditor's reports. The auditor signing the auditor's reports on behalf of KPMG Accountants N.V. is a member of the The Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

NSI confirms that the information in the auditor's report which is included in this Prospectus has been accurately reproduced and that as far as NSI is aware and able to ascertain from information published by the auditors, no facts have been omitted which would render the auditor's reports inaccurate or misleading.

18. GENERAL INFORMATION

18.1. Corporate resolutions

On 7 November 2013 the Supervisory Board gave its prior approval to a resolution of the Management Board to issue the New Ordinary Shares, subject to the chairman of the Supervisory Board approving the exact number of New Ordinary Shares and the Issue Price. On 7 November 2013 the Management Board adopted a resolution for the issuance of the New Ordinary Shares.

No approval of the General Meeting was necessary for the issue of the New Ordinary Shares.

18.2. Legal and arbitration proceedings

Neither NSI nor any of the Group companies are, or during the twelve months preceding the date of this Prospectus have been, involved in any governmental, legal or arbitration proceedings, which may have, or have had in the recent past significant effects on NSI and/or the Group's financial position or profitability, nor is NSI aware of any such proceedings being pending or threatened.

18.3. Significant changes in NSI's financial or trading position or in the value of the Portfolio

No significant change in the financial or trading position of NSI or the Group companies has occurred since 30 September 2013, other than the Placement as announced on 8 November 20113 (see Section 13 (*The Placement and Listing*)) and the sale of Pérolles 2000, NSI's last property in Switzerland, through which the divestment of NSI's Swiss portfolio was completed.

Furthermore, no material change in the value of the Portfolio has occurred since the date of valuation of the Group's properties included in the Valuation Reports.

18.4. Material Contracts

Except as set out below, in the two years immediately preceding the date of this Prospectus, neither NSI nor any of its Group companies have directly or indirectly entered into any material contracts (other than contracts in the ordinary course of business), and have not entered into any contracts (other than contracts in the ordinary course of business) which contain any provision under which any company within the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus:

(i) the respective subscription and placement agreements entered into on 8 November 2013 between NSI and each of the qualified investors participating in the Pre-Placement. See also Section 13 (*The Placement and Listing*);

(ii) the relevant subscription and placement agreements between the Placement Agents, acting in their capacity as agent of NSI, and the qualified investors participating in the Private Placements. See also Section 13 (*The Placement and Listing*); and

(iii) the placing and underwriting agreement entered into on 8 November between NSI, ABN AMRO, ING and Rabobank. See also Section 13 (*The Placement and Listing*).

18.5. Legal name and trade names of NSI

NSI's legal name and trade name is NSI N.V.

18.6. Availability of documents

Subject to applicable laws, the following documents (or copies thereof) may be obtained free of charge from NSI's website (www.nsi.nl):

- this Prospectus, including copies of the Valuation Reports, and any supplement thereto, if any;
- the Articles of Association;
- NSI's audited consolidated financial statements, including the notes thereto and the auditor's, for the financial years ended 31 December 2012, 2011 and 2010; and

- the unaudited consolidated interim financial statements as of and for the nine months ended 30 September 2013 and 30 September 2012.

In addition, copies of NSI's audited consolidated financial statements, including the notes thereto, for the financial years ended 31 December 2012, 2011 and 2010, the unaudited consolidated interim financial statements as of and for the nine months ended 30 September 2013 and 30 September 2012 and the Articles of Association are available free of charge at NSI's offices during normal business hours. Also, this Prospectus and any supplement thereto, if any, (or copies thereof) may be obtained free of charge from the AFM's website (www.afm.nl) (Dutch residents only).

NSI's contact details are:

NSI N.V.
Antareslaan 69-75
2132 JE Hoofddorp
P.O. Box 3044
2130 KA Hoofddorp
The Netherlands

18.7. **Appraisers**

The Portfolio was valued by appraisers mentioned in Section 21 (*Valuations Reports*) beginning on page 159 and they have given their written consent to the inclusion of their Valuation Reports in this Prospectus. The appraisers are listed below, including the fees for their services to the Group.

18.7.1. The appraisers for the Groups's Dutch Portfolio are:

CB Richard Ellis

Legal Name:	CBRE Valuation Advisory B.V.
Legal form:	B.V. – *besloten vennootschap met beperkte aansprakelijkheid*
Business address:	Gustav Mahlerlaan 405 1082 MK Amsterdam The Netherlands
Telephone number(s):	+31206262691
Statutory seat:	Amsterdam, the Netherlands
Registration number and place of registration:	34202510
	Trade register of the chamber of commerce (*Kamer van Koophandel*) of Amsterdam, the Netherlands
Date of incorporation:	12 February 2004
Law under which Valuator currently operates:	Dutch law
Authority by which Valuator is regulated:	RICS

CB Richard Ellis acts as appraiser of the Portfolio for an annual fee of €20,100 (excluding VAT).

Cushman & Wakefield (the Netherlands)

Legal Name:	Cushman & Wakefield V.O.F.
Legal form:	V.O.F. – *vennootschap onder firma*
Business address:	Strawinskylaan 3125 1077 ZX Amsterdam The Netherlands
Telephone number(s):	+31208002000 / +31208002117
Statutory seat:	Not applicable for VOF

Registration number and place of registration:	33154480 Trade register of the chamber of commerce (*Kamer van Koophandel*) of Amsterdam, the Netherlands
Date of incorporation:	1 May 1978
Law under which Valuator currently operates:	Dutch law
Authority by which Valuator is regulated:	RICS

Cushman & Wakefield acts as appraiser of the Portfolio for an annual fee of €49,000 (excluding VAT).

DTZ Zadelhoff

Legal Name:	DTZ Zadelhoff V.O.F.
Legal form:	V.O.F. – *vennootschap onder firma*
Business address:	Apollolaan 150 1077 BG Amsterdam The Netherlands
Telephone number(s):	+31205711411
Statutory seat:	Not applicable for VOF
Registration number and place of registration:	33174864 Trade register of the chamber of commerce (*Kamer van Koophandel*) of Amsterdam, the Netherlands
Date of incorporation:	1 April 1966
Law under which Valuator currently operates:	Dutch law
Authority by which Valuator is regulated:	RICS

DTZ Zadelhoff v.o.f. acts as appraiser of the Portfolio for an annual fee of €56,000 (excluding VAT).

Jones Lang LaSalle

Legal Name:	Jones Lang LaSalle B.V.
Legal form:	B.V. – *besloten vennootschap met beperkte aansprakelijkheid*
Business address:	Strawinskylaan 3103 1077 ZX Amsterdam The Netherlands
Telephone number(s):	+31 205405405
Statutory seat:	Amsterdam, the Netherlands
Registration number and place of registration:	34288231 Trade register of the chamber of commerce (*Kamer van Koophandel*) of Amsterdam, the Netherlands
Date of incorporation:	4 December 2007
Law under which Valuator currently operates:	Dutch law
Authority by which Valuator is regulated:	RICS

Jones Lang LaSalle acts as appraiser of the Portfolio for an annual fee of €26,800 (excluding VAT).

Troostwijk Taxaties B.V.

Legal Name	Troostwijk Taxaties B.V.
Legal form:	B.V. – *besloten vennootschap met beperkte aansprakelijkheid*
Business address:	Anderlechtlaan 181 1066 HM Amsterdam The Netherlands
Telephone number(s):	+31 206666666
Statutory seat:	Amsterdam, the Netherlands
Registration number and place of registration:	33165249 Trade register of the chamber of commerce (*Kamer van Koophandel*) of Amsterdam, the Netherlands
Date of incorporation:	2 July 1981
Law under which Valuator currently operates:	Dutch law
Authority by which Valuator is regulated:	RICS

Troostwijk Taxaties B.V. acts as appraiser of the Portfolio for an annual fee of €111,300 (excluding VAT).

18.7.2. The appraisers of IO are:

Cushman & Wakefield (Belgium)

Legal Name:	Cushman & Wakefield V.O.F. (Belgian Branch)
Legal form:	V.O.F. – *vennootschap onder firma*
Business address:	Avenue des Arts 56 B-1000 Brussels Belgium
Telephone number(s):	+3225144000
Statutory seat:	Brussels, Belgium
Registration number and place of registration:	BE 0418915383 Trade register of the chamber of commerce (*Kamer van Koophandel en Nijverheid*) of Brussels, Belgium
Date of incorporation:	4 December 1978
Law under which Valuator currently operates:	Belgian law
Authority by which Valuator is regulated:	RICS

Cushman & Wakefield acts as appraiser for IO for an annual fee of €110.352 (excluding VAT).

Stadim

Legal Name:	Stadim CVBA
Legal form:	CVBA - *coöperatieve vennootschap met beperkte aansprakelijkheid*
Business address:	Uitbreidingstraat 10 - 16 2600 Berchem Belgium

Telephone number(s):	+3232868120
Statutory seat:	Antwerp, Belgium
Registration number and place of registration:	BE 0458797033 Trade register of the chamber of commerce (*Kamer van Koophandel en Nijverheid*) of Antwerp, Belgium
Date of incorporation:	1 September 1996.
Law under which Valuator currently operates:	Belgian law
Authority by which Valuator is regulated:	RICS

Stadim acts as appraiser for IO for an annual fee of €41,424 (excluding VAT).

18.8. **Credit rating agencies**

NSI has entered into transactions with various banks for loans and derivative instruments to minimise risks associated with possible non-performance by counterparties. These banks have been assigned credit ratings of at least A1 (Standard & Poor's Financial Services LLC) or A (Moody's Investors Service Limited), as the case may be, which credit ratings are made public in separate communications by these credit rating agencies.

As of the date of this Prospectus, each of these credit rating agencies is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). In general, European-regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

19. DEFINITIONS

The following definitions are used in this Prospectus:

"2010 PD Amending Directive"	means Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010, including all relevant implementing measures.
"ABN AMRO"	means ABN AMRO Bank N.V.
"AFM"	means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).
"AIFMD"	means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, also known as the Alternative Investment Fund Managers Directive.
"Annual Rent"	means annualised contractual rent (i.e. not including turnover based rent and other income) with current market rent being added in case of unlet space/vacancy.
"Articles of Association"	means the articles of association of NSI.
"Audit Committee"	means the audit committee established by the Supervisory Board.
"CEST"	means Central European Summer Time.
"Company"	means NSI N.V. (also NSI).
"Corporate Governance Code"	means the Dutch Corporate Governance Code (*Nederlandse Corporate Governance Code*) of 9 December 2003, as amended.
"CPB"	means the Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).
"CRA Regulation"	means Regulation (EU) 1060/2009 of the European Parliament and of the Council of the European Union of 16 September 2009, as amended.
"DCC"	means the Dutch Civil Code (*Burgerlijk Wetboek*).
"DCITA"	means the Dutch 1969 Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*).
"DNB"	means the Dutch Central Bank (*De Nederlandsche Bank N.V.*).
"Dutch Corporate Entities"	means entities that are resident or deemed to be resident of the Netherlands for the purposes of the DCITA.
"Dutch Individuals"	means individuals who are resident or deemed to be resident of the Netherlands for purposes of Dutch income tax and/or individuals who opt to be treated as resident of the Netherlands for purposes of Dutch income tax.
"Dutch Transparency Act"	means the Dutch Act implementing the remainder of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, relating to transparency requirements, that came into force on

	1 January 2009.
"**Enterprise Chamber**"	means the Dutch enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*).
"**EPRA**"	means the European Public Real Estate Association.
"**EU**"	means the European Union.
"**Euroclear Nederland**"	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
"**Euronext Amsterdam**"	means NYSE Euronext in Amsterdam.
"**Eurozone**"	means the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.
"**FII**"	means a fiscal investment institution (*fiscale beleggingsinstelling*) under Dutch corporation tax law.
"**Fiscal Unity**"	means a tax consolidation (*fiscale eenheid*) for Dutch corporation tax purposes.
"**Foundation**"	means Stichting Prioriteit NSI.
"**FMSA**"	means the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).
"**FSMA**"	means the Financial Services and Markets Act 2000 of the United Kingdom, as amended.
"**Fte**"	means full-time equivalent.
"**GDP**"	means gross domestic product.
"**General Meeting**"	means the general meeting of Shareholders.
"**Group**"	means NSI together with its group companies.
"**HNK Formula**"	means the "New Office" (*Het Nieuwe Kantoor*) formula.
"**IFRS**"	means the International Financial Reporting Standards as adopted by the European Union.
"**ING**"	ING Bank N.V.
"**Investment Advisory Board**"	means the investment advisory board (*beleggingsraad*) of NSI.
"**Investment Company Act**"	means the US Investment Company Act of 1940, as amended.
"**IO**"	means Intervest Offices & Warehouses nv
"**ISIN**"	means International Securities Identification Number.
"**Issue Price**"	means €4.00.
"**Listing**"	means admission of the New Ordinary Shares to trading

	on Euronext Amsterdam.
"LTSP"	means the long-term-share-plan as described in the Remuneration Policy.
"Management Board"	means the management board (*raad van bestuur*) of NSI.
"Management Board Rules"	means the management board rules (*directiereglement*) adopted by the Management Board, approved by the Supervisory Board on 1 October 2012.
"Member State"	means each member state of the European Economic Area.
"Merger"	means the triangular demerger (*zuivere driehoekssplitsing*) between NSI, NSI German Holding B.V., NSI Beheer B.V. and VastNed O/I (as disappearing entity) through which the combination of the business of NSI with that of VastNed O/I was effected in October 2011.
"New Ordinary Shares"	means the newly issued Ordinary Shares in connection with the Issue.
"NSI"	means NSI N.V.
"Ordinary Shares"	means the ordinary shares in the capital of NSI with a nominal value of €0.46 each.
"Placement"	means the Pre-Placements and the Private Placements together.
"Portfolio"	means the Group's real estate portfolio.
"Pre-Placements"	means the pre-commitment by a group of investors to participate in the placement thereby subscribing for New Ordinary Shares in an aggregate amount of approximately €220,000,000.
"Priority Shares"	means the 5,000 priority shares with a nominal value of €0.46 each that NSI had placed with the Foundation until 20 June 2012.
"Private Placement Agreements"	means all of the subscription and placement agreements between NSI and each of the respective qualified investors participating in the Private Placements, pursuant to which each such investor has agreed to subscribe and pay for the New Ordinary Shares allocated to it.
"Private Placements"	means the private placements through which certain investors have subscribed to the New Ordinary Shares, other than those subscribed for in the Pre-Placements, in an aggregate amount of approximately €80,000,000.
"Prospectus"	means this prospectus dated 19 November 2013.
"Prospectus Directive"	means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the relevant

	member state of the European Economic Area), including all relevant implementing measures.
"**Prospectus Regulation**"	means Commission Regulation (EC) No 809/2004 of 29 April 2004 (and amendments thereto).
"**Rabobank**"	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., acting through its GFM – Equity Capital Markets department.
"**Regulation S**"	means Regulation S under the Securities Act.
"**Remuneration Committee**"	means the remuneration committee established by the Supervisory Board.
"**Remuneration Policy**"	means the policy on remuneration of the Management Board that was adopted by the General Meeting on 27 April 2012.
"**Section**"	means a section in this Prospectus.
"**Securities Act**"	means the United States Securities Act of 1933, as amended.
"**Settlement Date**"	means the settlement date of the Placement through the issuance of the New Ordinary Shares against payment of the aggregate Issue Price, expected within 3 business days of the publication of this Prospectus.
"**Shareholders**"	means the holders of Ordinary Shares.
"**Supervisory Board**"	means the supervisory board (*raad van commissarissen*) of NSI.
"**Supervisory Board Rules**"	means the supervisory board rules (*reglement raad van commissarissen*) adopted by the Supervisory Board on 1 October 2012.
"**Takeover Directive**"	means Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004.
"**United States**" or "**US**"	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
"**Valuation Reports**"	means the valuation reports included in this Prospectus.
"**VastNed O/I**"	means VastNed Offices/Industrial N.V.

20. DOCUMENTS INCORPORATED BY REFERENCE

The information on the pages mentioned below of the following documents that have previously been published is incorporated in this Prospectus by reference and, as such, forms part of this Prospectus. The incorporation by reference extends only to the pages indicated below. Non-incorporated parts of the documents listed below are either not relevant for the investor or covered elsewhere in this Prospectus. For the availability of these documents, see Section 18.6 (*General information - Availability of documents*).

- NSI's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended 31 December 2010, and the auditor's report dated 3 March 2011 relating thereto, attached as pages 85-125, respectively page 136-137, to NSI's 2010 annual report as filed with the AFM;

- NSI's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended 31 December 2011, and the auditor's report dated 15 March 2012 relating thereto, attached as pages 99-145, respectively page 160-161, to NSI's 2011 annual report as filed with the AFM;

- NSI's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended 31 December 2012, and the auditor's report dated 12 March 2013 relating thereto, attached as pages 105-153, respectively page 163-164, to NSI's 2012 annual report as filed with the AFM;

- NSI's condensed consolidated interim financial information prepared in accordance with IFRS as of and for the nine months ended 30 September 2012 and the auditor's review report dated 9 November 2012 relating thereto attached as pages 16-25 respectively 27, to NSI's interim report as per 30 September 2012;

- NSI's condensed consolidated interim financial information prepared in accordance with IFRS as of and for the nine months ended 30 September 2013 and the auditor's review report dated 8 November 2013 relating thereto attached as pages 17-30 respectively 33, to NSI's interim report as per 30 September 2013; and

- all pages of the Articles of Association as at the date of this Prospectus.

21. VALUATION REPORTS

- Valuation Report of CB Richard Ellis
- Valuation Report of Cushman & Wakefield
- Valuation Report of DTZ Zadelhoff v.o.f.
- Valuation Report of Jones Lang LaSalle
- Valuation Report of Cushman & Wakefield for IO
- Valuation Report of Stadim for IO
- Valuation Report of Trooswijk Taxaties B.V.

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Trade register Amsterdam
no 34202510
Regulated by RICS

NSI N.V.
Antareslaan 69-75
2135 JE HOOFDDORP
The Netherlands

15 November 2013

Dear Sirs,

Valuation of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, CBRE Valuation Advisory BV, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective dates of Valuation are:
2012 Q4 – 31/12/2012
2013 Q1 – 31/03/2013
2013 Q2 – 30/06/2013
2013 Q3 – 30/09/2013

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "**Valuation Report**") are required for inclusion in the prospectus (the "**Prospectus**") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of the current Valuation Statements contained within the RICS Valuation Standards, March 2012 Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach
CBRE has valued the properties on the basis of the traditionally accepted method of capitalizing the rental income. In detail; gross rental income and gross rental value are assessed and from these are deducted certain landlords' non recoverable costs (usually management, maintenance and certain property taxes) in order to arrive at a net rental income and net rental value for valuation purposes.

CBRE then applies different capitalization yields to different parts of an investors potential net income from the Property. These yields reflect the perceived risks related to that income. The sum of the individual capitalized income streams or potential income stream from the leased and vacant areas forms the gross value. From this gross value allowance is made for any current or expected future tenant incentives. In addition, certain capital expenditures may be deducted. These expenditure items can include for example specific renovation costs, re-letting costs or other incidental one off costs. Such future expenditure items are discounted at a fixed rate of 7% (an accepted market conform assumption in the Dutch market). A purchasers usual acquisition costs are assumed and these are deducted from the gross value to arrive at a net value.

Where appropriate CBRE has also applied the comparative method. This method compares actual sale and/or letting transactions completed on similar properties. This method is used for properties of which sufficient transaction data are known and are being traded more often on a transparent basis and is based on assessment of the market, the location and the physical aspects of the properties themself.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at the relevant quarter date of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, is as summarized below and in the attached Schedule:

€ 115,960,000 net.

Onehundredfifteenmillionninehundredsixtythousand Euro, net

24 Freehold Properties:	**€ 71,090,000**
11 Long Leasehold Properties:	**€ 44,870,000**
Total **35** Properties:	**€ 115,960,000**

Specified per quarter

2012 Q4	
3 Freehold Properties:	€ **6,915,000**
1 Long Lease hold Properties:	€ **3,130,000**
Total **4** Properties:	€ **10,045,000**
2013 Q1	
5 Freehold Properties:	€ **10,025,000**
1 Long Lease hold Properties:	€ **4,325,000**
Total **6** Properties:	€ **14,350,000**
2013 Q2	
5 Freehold Properties:	€ **12,220,000**
3 Long Lease hold Properties:	€ **6,360,000**
Total **8** Properties:	€ **18,580,000**
2013 Q3	
11 Freehold Properties:	€ **41,930,000**
6 Long Lease hold Properties:	€ **31,055,000**
Total **17** Properties:	€ **72, 985,000**

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

Under the valuation agreement between CBRE Valuation Advisory BV and NSI NV properties have been valued since 2008 for accounting purposes on the basis of internal inspections at various intervals up to 30 September 2011. Since then, CBRE Valuation Advisory BV has in agreement with NSI inspected properties only externally and only where CBRE Valuation Advisory BV considered it appropriate, otherwise assets have been valued on a periodic desktop basis. Desk top valuations are usually started four weeks before the quarter day and finalized by CBRE Valuation Advisory BV within a few days of the valuation quarter day.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

Details of title/tenure under which a Property is held to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report, it represents our understanding of the relevant documents.

We have only had limited access to the title deeds of the Properties for the previous full valuations of the Properties starting in 2008 for the purpose of the accounts. For this valuation CBRE Valuation Advisory BV was not instructed to investigate the title deeds.

We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas. All provided area specifications are assumed to be in line with accepted NEN 2580 standards.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

In the absence of any information to the contrary, we have assumed that:

- there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- the Properties are free from rot, infestation, structural or latent defect;
- no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Environmental Investigations and Ground Conditions

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

In the absence of any information to the contrary, we have assumed that:

- the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;
- any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Planning

We have made verbal town planning enquiries only. In the course of our enquiries, we are advised by the Local Planning Authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part and we cannot therefore accept responsibility for incorrect information or material omissions in the information supplied.

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation. Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all leases relating thereto. Where information from leases is recorded in this report, it represents our understanding of the relevant documents.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressee of the Valuation Report may rely on it, and investors who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

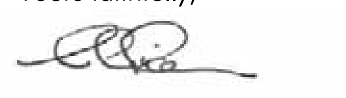
CBRE Valuation Advisory BV hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. CBRE Valuation Advisory BV authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not CBRE Valuation Advisory BV are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully,



M.C Fidler FRICS
Executive Director
For and on behalf of
CBRE Valuation Advisory

MARKET VALUES NSI NV			ownership		2012 Q4			2013 Q1			2013 Q2			2013 Q3	
property nr	**city**	**street**													
nl520075	Amsterdam	Tijnmuiden 5+73	LH												x
nl500048	Amsterdam	Anthony Fokkerweg 1	FH												x
nl500040	Amsterdam	Hogehilweg 12	LH												x
nl500047	Amsterdam	Karel du Jardinstraat 61/67	LH												x
nl520073	Barendrecht	Zuideinde 10	FH												x
nl500035	Capelle aan den IJssel	Rivium Boulevard 41 / Rivium Westlaan 42	FH												x
nl520070	Capelle aan den IJssel	Hoofdweg 22-24	FH												x
nl500010	Enschede	Hoedemakerplein 2	FH												x
nl500021	Den Bosch	Europalaan 28	FH												x
nl500065	Den Haag	Neuhuyskade 92-94	FH												x
nl520067	Hoofddorp	Kruisweg 765-765A	FH												x
nl500013	Houten	De Molen 82-92	FH												x
nl500012	Hoofddorp	Neptunusstraat 15-37 (Gebouw Beukenhaghe)	FH												x
nl500037	Maastricht	A. van Scharnlaan 170-180	FH												x
nl500053	Rotterdam	Max Euwelaan 1	LH												x
nl500057	Rotterdam	K.P. van der Mandelelaan 41-43	LH												x
nl520069	Rotterdam	Caïrostraat 2-4	LH												x
nl500012	Hoofddorp	Neptunusstraat 15-37 (Gebouw Beukenhaghe)	FH									x			
nl500021	Den Bosch	Europalaan 28	FH									x			
nl500035	Capelle aan den IJssel	Rivium Boulevard 41 / Rivium Westlaan 42	FH									x			
nl500063	Den Haag	Parkstraat 101-109	FH									x			
nl500014	Heerlen	Geerstraat 105-111	FH									x			
nl500036	Amsterdam	Osdorperban 1-33	LH									x			
nl500043	Amsterdam ZO	Hettenheuvelweg 12	LH									x			
nl500044	Amsterdam ZO	Hettenheuvelweg 14	LH									x			
nl540081	Amersfoort	Beeldschermweg 3	FH									x			
nl540083	Venlo	Prinsessesingel 30	FH									x			
nl540084	Venlo	Prinsessesingel 20-26	FH									x			
nl500003	Velp	Arnhemsestraatweg 348	FH						x						
nl500004	Weesp	Van Houten Industriepark 23	FH						x						
nl500005	Zeist	Montaubanstraat 1 / Utrechtseweg 135	FH						x						
nl500018	Hoofddorp	Antareslaan 10-26 (Gebouw City House II)	FH						x						
nl500019	Hoofddorp	Antareslaan 65-81 (Gebouw City House I)	FH						x						
nl500028	Amsterdam	Koningin Wilhelminaplein 18	LH						x						
nl500032	Gouda	Hanzeweg 5	FH			x									
nl500038	Tilburg	dr Hub van Doorneweg 81-89	FH			x									
nl500058	Hoofddorp	Wegalaan 2-8	FH			x									
nl500062	Utrecht	Weg der Verenigde Naties 1	LH			x									
Freehold				**3**	**€**	**6.915.000**	**5**	**€**	**10.025.000**	**8**	**€**	**28.455.000**	**11**	**€**	**41.930.000**
Leasehold				**1**	**€**	**3.130.000**	**1**	**€**	**4.325.000**	**3**	**€**	**6.360.000**	**6**	**€**	**31.055.000**
Total					**€**	**10.045.000**		**€**	**14.350.000**		**€**	**34.815.000**		**€**	**72.985.000**

NSI N.V.
Attn mr. F. Gerards
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

Cushman & Wakefield
Atrium 3e verdieping
Strawinskylaan 3125
1077 ZX Amsterdam
Postbus 75456
1070 AL Amsterdam

11 November 2013

Dear Sir,

n

Valuation per 31 December 2012 of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Cushman & Wakefield V.O.F., Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date of the Valuation is 31 December 2012.

Purpose of Valuation

We understand that this valuation report and Schedule (together the "Valuation Report") are required for inclusion in the prospectus (the "Prospectus") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements ("**PS**"), and United Kingdom Practice Statements ("**UKPS**") contained within the RICS Valuation Standards, 6th Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach
We have valued the properties using the so called `BAR/NAR´ method. In this type of valuation we use the estimated rental value, of which we deduct the yearly expected operating costs. The result is the total net rental value. By using a Net Yield (Incl. PC) before corrections, we calculate the Market Value (Incl. PC) before corrections. Then possible corrections can be made for e.g. void period or renovation costs, as well as the purchaser´s costs. The result is the Market Value (Excl. PC).

Valuation
On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 31 December 2012 of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

Valuation date	**Total market value**
31-12-2012	€ 67.150.000

An overview of the aggregate value of the properties is attached in Schedule 1.

There are no negative values to report.

Realisation Costs
Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information
An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them internally in the three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had no access to the title deeds of the Properties. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read no copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

"Huurinkomsten" means Rental Income; and
"Markthuurwaarde" means Estimated Rental Value; and
"Marktwaarde k.k." means Market Value.

headings are for ease of reference only and shall not affect its interpretation.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressee of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase the shares in the company.

Cushman & Wakefield hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Cushman & Wakefield authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Cushman & Wakefield are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressee of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressee of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully
For and on behalf of Cushman & Wakefield V.O.F.

Valuation date	City	Adress	Nr	
31-12-2012	Almelo	Hagenborgh	Div	Freehold
31-12-2012	Amersfoort	Hardwareweg	15	Freehold
31-12-2012	Amersfoort	Uraniumweg, Argonweg, Heliumweg	23, 10, 5	Freehold
31-12-2012	Apeldoorn	Het Rietveld	2 t/m 56	Freehold
31-12-2012	Deurne	Dukaat	21	Freehold
31-12-2012	Deventer	T.G. Gibsonstraat	6-18	Freehold
31-12-2012	Deventer	Roermondstraat / Deventerweg	37001-37003	Freehold
31-12-2012	Hengelo	Demmersweg	140	Freehold
31-12-2012	Hoevelaken	De Wel	18-22	Freehold
31-12-2012	Houten	Kokermolen	10-16	Freehold
31-12-2012	Lelystad	Meentweg	14-16	Freehold
31-12-2012	Rotterdam	Zuidplein Hoog	869C	Freehold
31-12-2012	Weesp	Pampuslaan	141-145	Freehold
31-12-2012	Zutphen	Piet Heinstraat (Vijverstaete)	11	Freehold
				€ 67.150.000

Cushman & Wakefield
Atrium 3e verdieping
Strawinskylaan 3125
1077 ZX Amsterdam
Postbus 75456
1070 AL Amsterdam

NSI N.V.
Attn mr. F. Gerards
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

11 November 2013

Dear Sir,

n

Valuation per 31 March 2013 of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Cushman & Wakefield V.O.F., Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date of the Valuation is 31 March 2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together the “Valuation Report”) are required for inclusion in the prospectus (the “Prospectus”) that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements ("**PS**"), and United Kingdom Practice Statements ("**UKPS**") contained within the RICS Valuation Standards, 6th Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach

We have valued the properties using the so called `BAR/NAR´ method. In this type of valuation we use the estimated rental value, of which we deduct the yearly expected operating costs. The result is the total net rental value. By using a Net Yield (Incl. PC) before corrections, we calculate the Market Value (Incl. PC) before corrections. Then possible corrections can be made for e.g. void period or renovation costs, as well as the purchaser´s costs. The result is the Market Value (Excl. PC).

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 31 March 2013 of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

Valuation date	**Total market value**
31-3-2013	€ 73.720.000

An overview of the aggregate value of the properties is attached in Schedule 1.

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them internally in the three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had no access to the title deeds of the Properties. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read no copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

"Huurinkomsten" means Rental Income; and
"Markthuurwaarde" means Estimated Rental Value; and
"Marktwaarde k.k." means Market Value.

headings are for ease of reference only and shall not affect its interpretation.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressee of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase the shares in the company.

Cushman & Wakefield hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Cushman & Wakefield authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Cushman & Wakefield are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressee of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressee of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully
For and on behalf of Cushman & Wakefield V.O.F.

Valuation date	City	Adress	Nr	
31-3-2013	Alphen aan den Rijn	Euromarkt	1-101 & 105-117	Freehold
31-3-2013	Deventer	Keulenstraat	6	Freehold
31-3-2013	Dordrecht	Burgemeester de Raadtsingel	93b-c	Freehold
31-3-2013	Duiven	Impact	1 t/m 15	Freehold
31-3-2013	Gouda	Groningenweg	6	Freehold
31-3-2013	Groningen	Zernikepark	12	Freehold
31-3-2013	Houten	De Molen	8,10,12	Freehold
31-3-2013	Meppel	Blankenstein	560-400	Freehold
31-3-2013	Roosendaal	Oostplein	1-15, 19	Freehold
31-3-2013	Zutphen	Rudolf Steinerlaan	45-53, 125-141	Freehold
31-3-2013	Zwolle	Dr. Van Deenweg	140 - 150	Freehold
				€ 73.720.000

Cushman & Wakefield
Atrium 3e verdieping
Strawinskylaan 3125
1077 ZX Amsterdam
Postbus 75456
1070 AL Amsterdam
Tel 020 800 2000
Fax 020 800 2140

NSI N.V.
Attn mr. F. Gerards
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

11 November 2013

n

Dear Sir,

Valuation per 30 June 2013 of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Cushman & Wakefield V.O.F., Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date of the Valuation is 30 June 2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together the “Valuation Report”) are required for inclusion in the prospectus (the “Prospectus”) that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Handelsregister KVK Amsterdam NR 33154480
A list of partners' names is available at the firm's European Headquarters, 43/45 Portman Square, London W1A 3BG Telephone +44 (0) 20 7935 5000

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements ("**PS**"), and United Kingdom Practice Statements ("**UKPS**") contained within the RICS Valuation Standards, 6th Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach
We have valued the properties using the so called `BAR/NAR´ method. In this type of valuation we use the estimated rental value, of which we deduct the yearly expected operating costs. The result is the total net rental value. By using a Net Yield (Incl. PC) before corrections, we calculate the Market Value (Incl. PC) before corrections. Then possible corrections can be made for e.g. void period or renovation costs, as well as the purchaser´s costs. The result is the Market Value (Excl. PC).

Valuation
On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 30 June 2013 of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

Valuation date	**Total market value**
30-6-2013	€ 42.850.000

An overview of the aggregate value of the properties is attached in Schedule 1.

There are no negative values to report.

Realisation Costs
Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information
An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them internally in the three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had no access to the title deeds of the Properties. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read no copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

"Huurinkomsten" means Rental Income; and
"Markthuurwaarde" means Estimated Rental Value; and
"Marktwaarde k.k." means Market Value.

headings are for ease of reference only and shall not affect its interpretation.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressee of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase the shares in the Company.

Cushman & Wakefield hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Cushman & Wakefield authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Cushman & Wakefield are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressee of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressee of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully
For and on behalf of Cushman & Wakefield V.O.F.

Valuation date	City	Adress	Nr	
30-6-2013	Den Haag	Torenstraat / Nobelstraat / Kerkplein	27 / 3 / 4-12	Freehold
30-6-2013	Deventer	Zutphenseweg (Hanze Staede)	31	Freehold
30-6-2013	Doetinchem	Terborgseweg	136 II	Freehold
30-6-2013	Ede	Copernicuslaan	35	Freehold
30-6-2013	Eindhoven	Beukenlaan	143	Freehold
30-6-2013	Harderwijk	Bleek / Luttekepoortstraat	2, 100, 102 / 57, 59-65, 67	Freehold
30-6-2013	Leiden	Haagse Schouwweg	8	Leasehold
30-6-2013	Naarden	Gooimeer	1	Freehold
				€ 42.850.000

Cushman & Wakefield
Atrium 3e verdieping
Strawinskylaan 3125
1077 ZX Amsterdam
Postbus 75456
1070 AL Amsterdam

NSI N.V.
Attn mr. F. Gerards
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

11 November 2013

Dear Sir,

n

Valuation per 30 September 2013 of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Cushman & Wakefield V.O.F., Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date of the Valuation is 30 September 2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together the "Valuation Report") are required for inclusion in the prospectus (the "Prospectus") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements ("**PS**"), and United Kingdom Practice Statements ("**UKPS**") contained within the RICS Valuation Standards, 6th Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach

We have valued the properties using the so called `BAR/NAR´ method. In this type of valuation we use the estimated rental value, of which we deduct the yearly expected operating costs. The result is the total net rental value. By using a Net Yield (Incl. PC) before corrections, we calculate the Market Value (Incl. PC) before corrections. Then possible corrections can be made for e.g. void period or renovation costs, as well as the purchaser´s costs. The result is the Market Value (Excl. PC).

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 30 September 2013 of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

Valuation date	**Total market value**
30-9-2013	€ 114.140.000

An overview of the aggregate value of the properties is attached in Schedule 1.

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them internally in the three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had no access to the title deeds of the Properties. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read no copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

"Huurinkomsten" means Rental Income; and
"Markthuurwaarde" means Estimated Rental Value; and
"Marktwaarde k.k." means Market Value.

headings are for ease of reference only and shall not affect its interpretation.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressee of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase the shares in the Company.

Cushman & Wakefield hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Cushman & Wakefield authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Cushman & Wakefield are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressee of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressee of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully
For and on behalf of Cushman & Wakefield V.O.F.

Valuation date	City	Adress	Nr	
30-9-2013	Zeewolde	Edisonweg	24	Leasehold
30-9-2013	Veenendaal	Einsteinstraat	1 (Gr. Beer)	Freehold
30-9-2013	Oldenzaal	WC De Driehoek	Div	Freehold
30-9-2013	Eersel	Meerheide	29-35, 39-51	Freehold
30-9-2013	Den Haag	Oude Middenweg	3-19	Freehold
30-9-2013	Dedemsvaart	Marconistraat	5	Freehold
30-9-2013	Beverwijk	Breestraat/Raadhuisstraat/Meerstraat	37-41, 1 a-c, 56	Freehold
30-9-2013	Assen	Industrieweg	14-16	Freehold
30-9-2013	Assen	Balkendwarsweg	3	Freehold
30-9-2013	Amsterdam Z.O.	WC Ganzenpoort	div	Freehold
				€ 114.140.000

NSI N.V.
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

Date: 18 November 2013
Re: **Valuation of Freehold Properties owned by NSI N.V.**

RELIANCE LETTER NSI 2013

Dear Sirs,

Introduction

In accordance with our engagement letter with NSI N.V. (the "Company" or "NSI") , we, DTZ Zadelhoff vof, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "Schedule"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold interests of NSI (or its subsidiaries) in each of these properties (the "Properties" and each a "Property") (the "Valuation").

The effective date(s) of the Valuations were

- 30 September 2013
- 30 June 2013
- 31 March 2013
- 31 December 2012

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "Report") are required for inclusion in the prospectus (the "Prospectus") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company and on which prospective investors may rely in making their investment decision to invest in such new ordinary shares. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuations as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the

Schedule and located in The Netherlands. Attached to this Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of the current Valuation Statements contained within the RICS Valuation Standards, March 2012 Edition (the "Red Book"). This is an internationally accepted method of valuation.

Market Value is defined as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. We were told by the Directors of the Company that our Valuation has to be seen in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations). The valuation has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach

Comparative method
The comparative method compares sales and/or letting transactions of similar properties. This method is used for immovable properties of which sufficient transaction data are known. The comparative method is based on assessments of the market, the location and the immovable property itself and is based on factors that include the following:

Market
- market supply and demand
- trends in yields
- expected inflation
- level and trend of interest rates

Location
- locational factors
- parking facilities
- infrastructure
- accessibility by private and public transport
- facilities such as shops, housing, catering establishments, banks and schools
- (building) developments of comparable immovable properties

Immovable property
- property charges and other charges
- type of construction and quality standard
- state of repair
- age
- location
- possibilities of use

Rental value capitalization method
The value when sold by private treaty was determined on the basis of the gross market rental value of the lettable floor areas of the buildings and/or grounds, minus the property-related charges and other charges provided by the client and/or estimated by us, and related to a net yield which is considered realistic in the current market circumstances. This yield is based on assessments of the market, the location and the immovable property itself and is based, inter alia, on the factors described above.

Any difference between the actual rental income and the market rent is discounted over the remaining term of the lease(s) (cash value).

Costs of vacancy, including loss of rent, service costs payable by the owner, letting costs, as well as the costs of marketing, publicity, supervision, maintenance and modification and/or renovation have been taken into account.

The value of the land available for extending the company's premises has been determined on the basis of the realistic market value in relation to the potential use under the zoning plan.

Transfer tax, notary costs and land registry charges have been deducted. In line with the ROZ/IPD Property Index Valuation Guidelines these costs are calculated as a fixed percentage of 7,00%.

If business space as referred to in Article 7:290 of the Dutch Civil Code is valued to determine its fair value with continuation of the current leases, the level of capitalisation is not determined by the current market rent value, but instead by the rent value pursuant to Article 7:303. It is explicitly noted that this valuation is not based on an extensive examination by experts, but is limited to an estimate of the average rent level of comparable local business spaces.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at December 2012 through October 2013 of the freehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

€ 230.000.000 [two hundred and thirty million Euros]

All Properties re freehold:	€	230.000.000
Total 42 Properties:	€	230.000.000

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for financing nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes only and have inspected them lastly in 2007 internally and externally. DTZ have done quarterly desktop updates since 2007, usually within the period 3 weeks preceding the respective valuation dates mentioned in the attachments to this report.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our last inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had access to the title deeds of the Properties while conducting prior valuations of the Properties in this Valuation Report for NSI, for the purpose of the accounts. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal building related service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were NOT instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have made verbal town planning enquiries only. In the course of our enquiries, we are advised by the Local Planning Authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part and we cannot therefore accept responsibility for incorrect information or material omissions in the information supplied.

We have NOT seen planning consents and have assumed that the Properties have been built and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations. We have not researched if the zoning plans offer any additional development potential for the properties.

Tenure and Tenancies

We have NOT read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its lease obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressees of the Valuation Report may rely on it, and the general public who inter alia rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

DTZ Zadelhoff vof hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear.

DTZ Zadelhoff vof authorises and accordingly takes responsibility for the contents of this Valuation Report for the annual accounts and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not DTZ Zadelhoff vof are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) and the Netherlands Central Bank (De Nederlandsche Bank N.V.), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully,

drs. G.J.H.Jacques Boeve MRE FRICS RT
Owner/Partner
For and on behalf of
DTZ Zadelhoff vof

Appendices:

- property list

TOTAL PORTFOLIO OVERVIEW NSI 2012Q4 - 2013Q3

#	DTZ Nº	City	Address	Leasehold	Q
1	T22916	Amersfoort	Stationsplein 28	Freehold	2013/09/30
2	T18746	Apeldoorn	Linie 500-518	Freehold	2013/09/30
3	T18748	De Meern	Rijnzathe 7	Freehold	2013/09/30
4	T23778	Ede	Bennekomsew eg 41-43	Freehold	2013/09/30
5	T09320	Ede	Horapark 4, 6, 7 en 9	Freehold	2013/09/30
6	T20925	Nieuw egein	Villaw al 1-25	Freehold	2013/09/30
7	T32296	Utrecht	Kobaltw eg 23-29, Reactorw eg 247-279	Freehold	2013/09/30
8	T18755	Vianen	Lange Dreef 9	Freehold	2013/09/30
9	T32297	Almere	Palmpolstraat 27-31	Freehold	2013/09/30
10	T29913	Hoofddorp	Kruisw eg 661-665	Freehold	2013/09/30
11	T18403	Arnhem	Delta 1	Freehold	2013/06/30
12	T26904	Delft	Delftechpark 35-37	Freehold	2013/06/30
13	T29506	Den Haag	Koninginnegracht 20-21	Freehold	2013/06/30
14	T26906	Deventer	Snipperlingsdijk 10-20	Freehold	2013/06/30
15	T26895	Eindhoven	Keizersgracht/Hooghuisstraat 1-30	Freehold	2013/06/30
16	T31809	Roosendaal	Bovendonk 29	Freehold	2013/06/30
17	T31810	Leiderdorp	Meubelplein 7, 11 t/m 15	Freehold	2013/06/30
18	T26909	Heerlen	Geleenstraat 21	Freehold	2013/06/30
19	T19065	Laren	De Brink	Freehold	2013/06/30
20	T26898	Zoetermeer	Engelandlaan 270 - 340	Freehold	2013/06/30
21	T17438	Apeldoorn	Boogschutterstraat	Freehold	2013/03/31
22	T17439	Capelle a/d IJssel	Rivium Boulevard 82-100	Freehold	2013/03/31
23	T18756	Deventer	Karel de Groteplein 1-26	Freehold	2013/03/31
24	T17443	Heerlen	Geleenstraat 21-25	Freehold	2013/03/31
25	T26911	Middelburg	Torenw eg/Mortiereboulevard	Freehold	2013/03/31
26	T17447	Nieuw egein	Weverstede 15-27	Freehold	2013/03/31
27	T18749	Den Bosch	Ertveldw eg 31	Freehold	2013/03/31
28	T18404	Den Bosch	Ertveldw eg 33	Freehold	2013/03/31
29	T18762	Ulft	Kerkstraat 12-40/82-88	Freehold	2013/03/31
30	T28884	Woerden	Pelmolen 12-14	Freehold	2013/03/31
31	T30490	Elst	Aamsestraat 84	Freehold	2012/12/31
32	T30491	Emmen	Boermarkew eg 58a	Freehold	2012/12/31
33	T30494	Utrecht	Kanaalw eg 94-95	Freehold	2012/12/31
34	T30495	Zw aagdijk	Graanmarkt 3	Freehold	2012/12/31
35	T30504	Moordrecht	Westbaan 120	Freehold	2012/12/31
36	T30498	Wormerveer	Vrijheidsw eg 34-40	Freehold	2012/12/31
37	T33236	Apeldoorn	Brinklaan 30-32	Freehold	2012/12/31
38	T21398	Maastricht	De Roserij	Freehold	2012/12/31
39	T35537	Arnhem	Mr E.N. van Kleffenstraat 10	Freehold	2012/12/31
40	T35538	Leiden	Schipholw eg 68	Freehold	2012/12/31
41	T35539	Breda	Zinkstraat 1-11	Freehold	2012/12/31
42	T35540	Breda	Cosunpark 1-5	Freehold	2012/12/31
	Total				2012-2013

JONES LANG
LASALLE

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Valuation Advisory
P.O. Box 75208 1070 AE Amsterdam
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NSI N.V.
Antareslaan 69-75
2132 JE HOOFDDORP
The Netherlands

Amsterdam, 8 November 2013
Our ref. : JV/NZ/13357
Subject : *Valuation of Freehold and Long Leasehold Properties owned by NSI N.V.*

Dear Sirs,

Introduction

In accordance with our engagement letter with Vastned O/I N.V. / NSI N.V. (the "**Company**" or "**NSI**")[1], we, Jones Lang LaSalle BV, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date(s) of the Valuation is referred to on a property level in the "Schedule".

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "**Valuation Report**") are required for inclusion in the prospectus (the "**Prospectus**") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company and on which prospective investors may rely in making their investment decision to invest in such new ordinary shares. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in The Netherlands. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

[1] To be updated for IO valuation reports / appraisers

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of the current Valuation Statements contained within the RICS Valuation Standards (the "**Red Book 8th Edition**"). This is an internationally accepted method of valuation.

Market Value is defined as:
"The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in The Netherlands. We have been told that our valuation has to be seen as in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach
We have applied two valuation methods: the Capitalisation Approach and the DCF-method. For the result of these valuation methods we refer to the calculation. The reported values are the rounded average from the two valuation methods

Clarification of the valuation

Capitalisation Approach
The "Hardcore / Topslice" method (HCT-method) is based on the capitalisation of the core income at full occupancy. Hardcore income is defined as the most secure income. When a property is over-rented, the (lower) rental value is used as core income. When a property is under-rented, the (lower) rent passing is used as core income. The core income (net of annual outgoings) is capitalised using a 'net yield'.
Adjustments for over-rent (topslice) and under-rent (reversion), if applicable, are made thereafter. For a topslice, the over-rent is discounted using a discount rate reflecting our view of the security of that income. In case of under-rent the difference between reversion and hardcore is capitalised using a net yield that is higher than the net yield on hardcore, as it has a different risk profile. These calculations are made for each tenant separately, in order to fully reflect the respective income risks.
Finally several deductions are applied. In case of vacancy the estimated loss of rent, the re-letting costs, the cost of any incentives and repairs are deducted from the value. For all tenants the chance of vacancy at the end of the existing lease is assessed. Deductions are made for potential loss of rent, re-letting costs, incentives and repairs reflecting the chance of vacancy actually occurring. Any additional corrections made, such as corrections for ground lease interest, rent free periods, VAT-loss, annuities or overdue capital expenditures are deducted as a capital sum from the gross value.

DCF (Discounted Cash Flow) Approach
We have built up a 20 year cash flow scenario. Cash flows for the relevant year are calculated as follows:
The rental income at full occupancy (total cash flow) is first reduced by the annual outgoings, incurred by the landlord.
Annual rents are inflated with reference to our estimate of the possible long term average for indexation, until a rent review is possible.
At the expiry of the initial lease term we have estimated the probability of the tenant(s) vacating. This percentage is applied to calculate the weighted rent loss, letting and marketing fees, which are deducted from the cash flow.
For the 'tenant renews' scenario we have considered whether it is likely that the rent will be increased (or reduced if appropriate) to our ERV or whether the increase (or reduction if appropriate) will be limited to a certain percentage of the difference between the current rent and the ERV.
The valuation model enables market rents to be inflated at a uniform rate until the third review (assuming that takes place 10 years after the first review) when an alternative rate can be applied.
Finally non-operating costs such as incentives and repairs are calculated and deducted from the cash flow where appropriate. This results in a total net cash flow.
Our growth assumptions are specified for rental income, rental value and outgoings in detail in the IRR -calculations sheet.
Additional corrections are made, if appropriate, such as corrections for ground lease interests, rent free periods, VAT-loss, annuities or overdue capital expenditures. The present value of these are usually reflected in year 1 of the cash flow and specified in our calculation as additional costs.
An exit value and a gross yield at year 20 are shown on the IRR calculation sheet. The exit value is calculated based on the future income, starting in year 21. The exit value takes into account all the elements that are used for the cash flow for the first twenty years. It is based on a fictitious cash flow for a further seventy nine years assuming no further growth. Using the discount rate that was applied to the cash flow for the first twenty years, the result is the exit value. The resulting capitalisation rate is calculated from that value and our ERV inflated to year 21 with our assumed rates of rental growth.

By discounting the Cash Flows for years 1 to 20 and the exit value at the end of year 20 back to the valuation date, with the discount rate the gross value, as at the valuation date, is produced.
The net value is calculated by deducting normal purchaser's costs for the property.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

€ 126,360,000.-
[one hundred twenty-six million three hundred sixty thousand euros net]

24 Freehold Properties:	**€ 93,720,000.-**
7 Lease hold Properties:	**€ 32,640,000.-**
Total 31 Properties:	**€ 126,360,000.-**

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them at various intervals internally, usually within the period 3 weeks preceding the respective valuation dates mentioned in the attachments to this report.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have no access to the title deeds of the Properties, while conducting prior valuations of the Properties in this Valuation Report for NSI, for the purpose of the accounts. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have made verbal town planning enquiries only. In the course of our enquiries, we are advised by the Local Planning Authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part and we cannot therefore accept responsibility for incorrect information or material omissions in the information supplied.

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressees of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

Jones Lang LaSalle hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Jones Lang LaSalle authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Jones Lng LaSalle are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully

JONES LANG LASALLE

G.C.J. VONCK MA
JONES LANG LASALLE BV
VALUATION ADVISORY

C. DE WAL LL.M
JONES LANG LASALLE BV

Enclosures:
- Property List

Valuation Summary NSI

JONES LANG LASALLE

Complex	Plaats	Adres	Valuation Date	Tenure
nl500007	Amsterdam	Paasheuvelweg 15	30-09-2013	Leasehold
nl500056	Breda	Cosunpark 20-24	30-09-2013	Freehold
nl500024	Eindhoven	Luchthavenweg 34	30-09-2013	Freehold
nl500027	Leusden	Plesmanstraat 2	30-09-2013	Freehold
nl500009	Ridderkerk	Touwslagerstraat 17	30-09-2013	Freehold
nl500052	Rijswijk (ZH)	Volmerlaan 7	30-09-2013	Freehold
nl500060	Utrecht	Arthur van Schendelstraat 650-698 / 700-748	30-09-2013	Leasehold
nl500039	Zoetermeer	Europaweg 205	30-09-2013	Freehold
nl500056	Breda	Cosunpark	30-09-2013	Freehold
nl500020	Almere	Beemsterweg 19	30-09-2013	Freehold
nl500061	Amsterdam Zuidoost	Burgemeester Stramanweg 102-108	30-09-2013	Freehold
nl500026	Breda	Lage Mosten 13-23	30-09-2013	Freehold
nl500015	Eindhoven	Fellenoord 310-370	30-09-2013	Freehold
nl500017	Eindhoven	Larixplein 5, 6 en 7	30-09-2013	Freehold
nl500031	Haarlem	Leidsevaart 574	30-09-2013	Freehold
nl500054	Leiden	Archimedesweg 17	30-09-2013	Leasehold
nl500030	Zoetermeer	Eleanor Rooseveltlaan 29-51	30-09-2013	Freehold
nl520072	Almere	Antennestraat 2-26	30-06-2013	Freehold
nl500022	Amsterdam	Strekkerweg 79	30-06-2013	Leasehold
nl500045	Amsterdam Zuid Oost	Hettenheuvelweg 37-39	30-06-2013	Leasehold
nl500046	Amsterdam Zuid Oost	Hettenheuvelweg 41-43	30-06-2013	Leasehold
nl500006	Heemstede	Herenweg 103a	30-06-2013	Freehold
nl500029	Zoetermeer	Eleanor Rooseveltlaan 3-25	30-06-2013	Freehold
nl500025	Breda	Lage Mosten 1-11	31-03-2013	Freehold
nl500049	Den Haag	Bezuidenhoutseweg 2	31-03-2013	Freehold
nl500050	Den Haag	Laan Copes van Cattenburch 48-52	31-03-2013	Freehold
nl500008	Nieuwegein	Krijtwal 1-15	31-03-2013	Freehold
nl500034	Rotterdam	Albert Plesmanweg 161	31-03-2013	Leasehold
nl540088	Goes	Stationsplein 21	31-03-2013	Freehold
nl540087	Woerden	Pelmolenlaan 1	31-03-2013	Freehold
nl520066	Nieuwegein	Ravenswade 134	31-12-2012	Freehold

Strictly Private and Confidential

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NSI N.V.
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

8th November 2013

Dear Sirs,

Valuation of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Cushman & Wakefield, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date of the Valuation is 30/09/2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "**Valuation Report**") are required for inclusion in the prospectus (the "**Prospectus**") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company and on which prospective investors may rely in making their investment decision to invest in such new ordinary shares. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined and in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (Belgian Practices) in March 2012.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in Belgium. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements ("**PS**"), and Global Practice Statements ("**GLPS**") contained within the RICS Valuation Standards (Global and UK edition), (the "**Red Book** "). This is an internationally accepted method of valuation.

Market Value is defined as: *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in Belgium. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach

Our methodology is based on the Market Value and not on the replacement cost. The method used is the capitalisation of the market rent (MR) with corrections to take account of the rent effectively paid and/or any other element that could influence the value of the property.

In a first step, we determine the market rent. We analyse at which level the building could be let tomorrow in the market.

To determine this value, we based ourselves on our internal data and on transactions currently going on in the market, while taking into account the location, the accessibility, the site, buildings' characteristics. This market rent per square meter will be multiplied with the respective surface to come to the total estimated market rent.

The second step consists in evaluating at which yield an investor would be ready to buy this property. To determine this yield, we based ourselves on the most comparable transactions and on transactions currently going on in our investment department.

We obtain a gross market value before corrections.

We then calculate the difference between the indexed rent and the MR until the next break. The corrections applied are negative when the tenant pays less than the capitalised value and positive when he pays more.

These corrections will come in addition or in deduction of our initial gross market value to arrive at a gross market value after corrections.

The last step consists in obtaining the net market value of the property. We achieve this value by deducting a transfer cost (2,5% for the REIT's) of the gross market value after corrections. This 2,5% is agreed upon by the FSMA for the REIT's.

Two buildings are valued at depreciated replacement cost (Diegem Park Station and Mechelen Campus Tower). In accordance, with the RICS guidelines we have concluded that the standard income capitalization or 'investors' approach is not the most appropriate valuation method for these 2 buildings due to the vacancy. According to the RICS it is the duty of the valuer to apply the most appropriate method. Should the rental situation change, a review will take place of the method applied.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at **€ 345 810 000** of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

€ 345 810 000

Three hundred and forte five million eight hundred and ten thousand euro

40 Freehold Properties:	**€ 345 810 000**
0 Long Lease hold Properties:	€0
Total of 40 Properties:	**€ 345 810 000**

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them at various intervals internally, usually three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have not received the title deeds of the Properties. We have assumed that the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

The Market Rent: the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

The Gross Market Value: the value including registration duties (or VAT if applicable) and notary fees.

The Net Market Value: the value of the property excluding registration duties (or VAT if applicable) and notary fees.

headings are for ease of reference only and shall not affect its interpretation..

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressees of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

Cushman & Wakefield hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Cushman & Wakefield authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Cushman & Wakefield are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.
Yours faithfully,

Matthias Gerits
Account Manager Valuation & Advisory

For and on behalf of
Cushman & Wakefield

Koen Nevens
Managing Director

For and on behalf of
Cushman & Wakefield

CUSHMAN & WAKEFIELD

	Building	Tenant	Adress	Last Valued at	Ownership
1	Aartselaar Lease Compan	Invensys Systems	Kontichsesteenweg 54 - 2630 Aartselaar	30/09/2013	Freehold
2	Gateway House	Multi-tenant	Brusselstraat 59 - 2018 Antwerpen	30/09/2013	Freehold
3	Sky Building	Multi-tenant	Uitbreidingstraat 66 - 2600 Berchem	30/09/2013	Freehold
4	Hermes Hills	Deloitte & Touche	Berkenlaan 6 - 1831 Diegem	30/09/2013	Freehold
5	Deloitte Camp 2	Deloitte & Touche	Berkenlaan 8a - 1831 Diegem	30/09/2013	Freehold
6	Deloitte Camp 1	Deloitte & Touche	Berkenlaan 8b - 1831 Diegem	30/09/2013	Freehold
7	Park Station	Multi-tenant	Woluwelaan 148-150 - 1831 Diegem	30/09/2013	Freehold
8	Inter Access P2	Multi-tenant	Pontbeekstraat 2 - 1702 Groot-Bijgaarden	30/09/2013	Freehold
9	Inter Access P4	Multi-tenant	Pontbeekstraat 4 - 1702 Groot-Bijgaarden	30/09/2013	Freehold
10	De Arend A	Multi-tenant	Prins Boudewijnlaan 45-49 - 2650 Edegem	30/09/2013	Freehold
11	De Arend B	Multi-tenant	Prins Boudewijnlaan 45-49 - 2650 Edegem	30/09/2013	Freehold
12	De Arend C	Euromex	Prins Boudewijnlaan 45-49 - 2650 Edegem	30/09/2013	Freehold
13	Park Rozendal	Multi-tenant	Terhulpsesteenweg 6a - 1560 Hoeilaart	30/09/2013	Freehold
14	Mechelen Business Tower	Multi-tenant	Blarenberglaan 2c - 2800 Mechelen	30/09/2013	Freehold
15	Intercity BP 11A(1)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
16	Intercity BP 11B(3)	Biocartis	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
17	Intercity BP 15(5)	Fanuc Robotics Benelux	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
18	Intercity BP 17 (6)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
19	Intercity BP 19(7)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
20	Intercity BP 21(8)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
21	Intercity BP 9/3-4(A)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
22	Intercity BP 9/5-8(B)	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
23	Intercity BP 9/9-17 C	Multi-tenant	Generaal de Wittelaan 9-21 - 2800 Mechelen	30/09/2013	Freehold
24	Mechelen Campus A	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
25	Mechelen Campus B	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
26	Mechelen Campus C	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
27	Mechelen Campus D	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
28	Mechelen Campus E	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
29	Mechelen Campus F	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
30	Mechelen Campus G	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
31	Mechelen Campus H	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
32	Mechelen Campus I	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
33	Mechelen Campus J	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
34	Mechelen Campus T	Multi-tenant	Schaliënhoevedreef 20 - 2800 Mechelen	30/09/2013	Freehold
35	Brussels 7 1	Multi-tenant	Nijverheidslaan 3 - 1853 Strombeek-Bever	30/09/2013	Freehold
36	Brussels 7 2	Multi-tenant	Nijverheidslaan 1 - 1853 Strombeek-Bever	30/09/2013	Freehold
37	3T Estate A	Ingram Micro	Luchthavenlaan 25 A - 1800 Vilvoorde	30/09/2013	Freehold
38	3T Estate B	Multi-tenant	Luchthavenlaan 25 B - 1800 Vilvoorde	30/09/2013	Freehold
39	Woluwe Garden	Price Waterhouse Cooper	Woluwedal 18-20-22 - 1932 Woluwe St Etienr	30/09/2013	Freehold
40	Exiten	Multi-tenant	Zuiderlaan 91 - 1731 Zellik	30/09/2013	Freehold
	TOTAAL INVESTMENT VALUE PORTFOLIO			**345.810.000**	

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NSI N.V.
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

28 –10–2013

Dear Sirs,

Valuation of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Stadim cvba, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective date(s) of the Valuation is 30-09-2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "**Valuation Report**") are required for inclusion in the prospectus (the "**Prospectus**") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company and on which prospective investors may rely in making their investment decision to invest in such new ordinary shares. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in the Properties described in the Schedule and located in *Belgium*. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of the current Valuation Statements contained within the RICS Valuation Standards, March 2012 Edition (the "**Red Book**"). This is an internationally accepted method of valuation.

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between

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vat: be 0458.797.033 | bnp paribas fortis: iban be37 0012 9643 6928 - bic gebabebb | regulated by RICS

a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in *Belgium*. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach

The assessment of the values is established on the basis of several classic methodologies:

- On the one hand, the capitalisation rate to the estimated rental value adapted for actual deviations what regards rental income and operating expenses on a going concern basis.
- On the other hand, the present value of future cash flows based on assumptions regarding future income (DCF method). The discount factor takes into account the interest rate on financial market as well as a risk premium specific to real estate investments. The impact of expected changes in inflation and interest rates is hence embedded in a conservative way.
- These assessments are also tested by reference tot unit prices recorded when similar properties are sold taking into account deviations arising from differences in het characteristics of the property;

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 241.348.426 € of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

Two hundred and forty-one million three hundred forty-eight thousand, four hundred and twenty-six €

	Net Market Value	Gross Market Value	Fair Value
Freehold Properties:	214.041.118 €	237.459.272 €	231.667.582 €
Long Lease hold Properties	9.633.850 €	9.922.865 €	9.680.844 €
Total Properties	223.674.967 €	247.382.137 €	241.348.426 €

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

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vat: be 0458.797.033 | bnp paribas fortis: iban be37 0012 9643 6928 - bic gebabebb | regulated by RICS

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Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them at various intervals internally, usually three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had limited access to the title deeds of the Properties for the purpose of the accounts. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have made verbal town planning enquiries only. In the course of our enquiries, we are advised by the Local Planning Authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part and we cannot therefore accept responsibility for incorrect information or material omissions in the information supplied.

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Defined Terms

In the Valuation Report:

- The market Rent: the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

- Market value: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- The Gross Market Value of the property including registration duties (or VAT if applicable) and notary fees..
- The Net Market Value: the value of the property excluding registration duties (or VAT if applicable) and notary fees.
- Fair value: the fair value for properties with an investment value above 2,5 million EUR is calculated as follows: fair value = investment value / (1+average percentage of transfer costs as determined by BEAMA). The average percentage of transfer costs as determined by BEAMA is annually revised and when necessary adapted with a threshold of 0,5%. The real estate experts confirm this deduction percentage in their periodic reports to the shareholders. The percentage amounts to 2,5% at present.

Headings are for ease of reference only and shall not affect its interpretation.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressees of the Valuation Report may rely on it, and the general public who *inter alia* rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

Stadim represented by Philippe Janssens hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Stadim represented by Philippe Janssens authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Stadim are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and the Netherlands Central Bank (*De Nederlandsche Bank N.V.*), or any other competent authority or judicial authority. Disclosure of

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this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully,

Philippe Janssens
General Manager

For and on behalf of
Stadim cvba

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Schedule of properties

Code	Commune	Street	Valuation date
AART_DIJK	Aartselaar	Dijkstraat	30-09-2013
BOOM_KREK	Boom	Krekelenberg	30-09-2013
DUFF_NOTM	Duffel	Notmeir	30-09-2013
DUFF_STOC	Duffel	Stocletlaan	30-09-2013
HERE_ATEA1	Herentals	Logistics 1	30-09-2013
HERE_ATEA2	Herentals	Logistics 2	30-09-2013
HERE_ATEA3	Herentals	Logistics 3	30-09-2013
HOUT_EURO	Houthalen	Europapark	30-09-2013
HUIZ_DEME	Huizingen	Demeurslaan	30-09-2013
MECH_DELL	Mechelen	Park Ragheno	30-09-2013
MECH_OUDE	Mechelen	Oude Baan	30-09-2013
MEER_RIYA	Meer	Riyadstraat	30-09-2013
MERC_PREE	Merchtem	Preenakker	30-09-2013
OEVE_NIJV09	Oevel	Nijverheidsstraat 9	30-09-2013
OEVE_NIJV11	Oevel	Nijverheidsstraat 11	30-09-2013
OEVE_NIJV09a	Oevel	Nijverheidsstraat 9a	30-09-2013
PUUR_VEUR	Puurs	Veurtstraat	30-09-2013
SCHE_MOLE	Schelle	Molenberglei	30-09-2013
STAG_TECH	Sint-Agatha-Berchem	Berchem Technology Center	30-09-2013
WILR_KEGE1	Wilrijk	Neerland 1 & 2 (Ikea)	30-09-2013
WILR_KEGE2	Wilrijk	Neerland 1 & 2 (Peugeot)	30-09-2013
WOMM_KORA	Wommelgem	Koralenhoeve	30-09-2013

TROOSTWIJK
TAXATIES

Strictly Private and Confidential

NSI N.V.
Antareslaan 69-75
2132 JE Hoofddorp
The Netherlands

11 November 2013

Dear Sirs,

Valuation of Freehold and Long Leasehold Properties owned by NSI N.V.

Introduction

In accordance with our engagement letter with NSI N.V. (the "**Company**" or "**NSI**"), we, Troostwijk Taxaties B.V., Chartered Surveyors, have considered the properties referred to in the attached schedule (the "**Schedule**"), in order to advise you of our opinion of the Market Value (as defined below) as at the valuation date, of the freehold or leasehold interests (as appropriate) of NSI (or its subsidiaries) in each of these properties (the "**Properties**" and each a "**Property**") (the "**Valuation**").

The effective dates of the Valuation are 31st December 2012, 14th January 2013, 31st March 2013, and 30th June 2013 and 30th September 2013.

Purpose of Valuation

We understand that this valuation report and Schedule (together, the "**Valuation Report**") are required for inclusion in the prospectus (the "**Prospectus**") that has been prepared in connection with the admission to trading of new ordinary shares to be issued by the Company and on which prospective investors may rely in making their investment decision to invest in such new ordinary shares. We hereby give our consent to such inclusion.

We can confirm that we have prepared our Valuation as independent external valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation followed by a summary of the aggregate values of the freehold and leasehold interests in

Anderlechtlaan 181, 1066 HM Amsterdam
Postbus 9924, 1006 AP Amsterdam
T (020) 666 66 61, F (020) 666 66 60

Hereweg 120, 9725 AK Groningen
Postbus 826, 9700 AV Groningen
T (050) 527 03 45, F (050) 526 44 56

Hoofdweg 230, 3067 GJ Rotterdam
Postbus 8517, 3009 AM Rotterdam
T (010) 281 87 87, F (010) 281 87 63

taxaties@troostwijk.com
www.troostwijk.com

the Properties described in the Schedule and located in *The Netherlands*. Attached to this Valuation Report is a detailed Schedule of the individual Properties.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of the current Valuation Statements contained within the RICS Valuation Standards, March 2012 8th Edition (the "Red Book"). This is an internationally accepted method of valuation.

Market Value is defined as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We can confirm that Market Value is entirely consistent with the normal valuation basis followed in *The Netherlands*. Our Valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) (as amended) and all related regulations, rules and guidance (including the relevant paragraphs of the ESMA update of the CESR recommendations) and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

Valuation approach
For the purpose of the valuation, the following valuation method have been applied.

The starting point for the Market Value on the basis of the rental value capitalization method is the gross market lettable value of the Property's lettable floor area. The value of the Property is determined by capitalization of the net lettable value (gross lettable value less expenses for property).

The lettable value is determined by comparing the supply and/or effected transactions of similar properties (comparing method) and can be found in evaluation of the market, the location and Property itself and is based on market conditions (supply and demand), economic conditions (interest, inflation, etc), location (environment, facilities and developments) and the Property's quality (structural features, state of repair and possibilities for use).

The capitalization factor is the reciprocity of a market-compliant net return demand. This return depends on certain aspects, such as market conditions, location and the Property itself and is based on, among others, the equal factors as described before.

The valuation takes into account the costs of maintenance modifications or refurbishment, transfer tax and notarial charges.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values as at 31st December 2012, 14th January 2013, 31st March 2013 and 30th June 2013 and 30th September 2013 of the freehold and long leasehold interests subject to and with the benefit of various occupational leases, as summarised in the attached Schedule is:

€ 490,435,000.--
[*four hundred and ninety million four hundred and thirty-five thousand euros*]

40 Freehold Properties:	€ 288,605,000.--
25 Long Lease hold Properties:	€ 201,830,000.--
Total of 65 Properties:	€ 490,435,000.--

There are no negative values to report.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property. Our net valuation is, however, net of purchaser's acquisition costs which vary between countries.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Inspections

We have valued the Properties in the past for accounts purposes and have inspected them at various intervals internally. Usually three weeks before valuation date.

We have been advised by the Directors of the Company that there have been no material changes to any of the Properties since our inspections.

Information

We have made an assumption that the information which NSI and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We only had access to the title deeds of the Properties while conducting prior valuations of the Properties in this Valuation Report for NSI for the purpose of the accounts. We have considered the available information in the valuation of the Properties. We have assumed that there has been no new information with regard to the title deeds and that when title deed information was not made available the title is marketable and that the Properties are free from encumbrances, mortgages and charges.

Floor Areas

We have not measured the Properties and we have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain Properties to verify floor areas.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our Valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice that, save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have made verbal town planning enquiries only. In the course of our enquiries, we are advised by the Local Planning Authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part and we cannot therefore accept responsibility for incorrect information or material omissions in the information supplied.

We have not seen planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation and the Schedule are provided to the addressees as set out on the first page of this certificate for the specific purpose to which they refer. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents. The addressees of the Valuation Report may rely on it, and the general public who inter alia rely on the Valuation Report in the form that it is incorporated in the Prospectus for the purposes of determining whether or not to purchase shares in the Company.

Troostwijk Taxaties B.V. hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Troostwijk Taxaties B.V. authorises and accordingly takes responsibility for the contents of this Valuation Report and confirms that having taken all reasonable care to ensure that such is the case, the information contained in this Valuation Report is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

For the avoidance of doubt, such approval is required whether or not Troostwijk Taxaties B.V. are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by Euronext Amsterdam, the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) and the Netherlands Central Bank (De Nederlandsche Bank N.V.), or any other competent authority or judicial authority. Disclosure of this Valuation Report in full by the addressees of this Valuation Report is not prohibited if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings or for the purpose of resolving any actual dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully,

M.M.W. de Boer MRICS
Managing Director

For and on behalf of
Troostwijk Taxaties B.V.

City	Address	Real right	Valuation/Reference date	Lettable area	Parking
s Hertogenbosch	Pettelaarpark 20	freehold	31-12-12	2.455	75
s Hertogenbosch	Ervtveldweg 29	freehold	31-12-12	5.258	85
Rotterdam	Westblaak 180	leasehold	31-12-12	8.597	123
Rotterdam	Oude watering 159 - 290, Rhijnauwensingel 225 - 271	leasehold	31-12-12	6.810	0
Oss	De Wal 2- 22 e.a.	freehold	31-12-12	1.728	0
Rotterdam	Folkert Elsingastraat 3 - 9	leasehold	31-12-12	1.941	54
Nieuwerkerk a/d Ijssel	Kleinpolderlaan 2 - 16	freehold	31-12-12	3.513	63
Vlaardingen	Churchillsingel 400 - 470	leasehold	31-12-12	2.174	0
Maarssen	Industrieweg 54 - 68	freehold	31-12-12	3.292	18
Gouda	Hanzeweg 15 - 19 e.a.	freehold	31-12-12	3.923	101
Gouda	Stavorenweg 8 - 10 e.a.	freehold	31-12-12	5.588	78
Zwolle	Dr. Klinckertweg 22 - 30	freehold	31-12-12	3.383	53
Son en Breugel	Ekkersrijt 5110	freehold	31-12-12	2.072	101
Rotterdam	Max Euwelaan 31 - 49	leasehold	31-12-12	2.259	70
Rotterdam	Veerhaven 16 - 18	freehold	31-12-12	1.627	9
Zoetermeer	Koraalrood 50	freehold	31-12-12	2.439	66
Raalte	Marktstraat 22 - 24 e.a.	freehold	31-12-12	2.784	0
Woerden	Zaagmolenlaan 12	freehold	31-12-12	1.639	40
Nieuwegein	Marconibaan 42	freehold	31-12-12	4.776	0
Heerlen	Apollolaan 25 - 33 e.a.	freehold	14-01-13	23.812	0
Rotterdam	Zevenkampse Ring 767-863	leasehold	31-03-13	3.840	0
Rotterdam	Zevenkampse Ring Diverse	leasehold	31-03-13	2.073	0
Amersfoort	Printerweg 1 - 49	freehold	31-03-13	8.937	141
Amersfoort	Spaceshuttle 22 - 68	freehold	31-03-13	3.796	87
Amsterdam	Arlandaweg 94 - 98	leasehold	31-03-13	4.204	36
Amsterdam	Donauweg 2b	leasehold	31-03-13	4.605	119
Amsterdam	Van Diemenstraat 20 - 200	leasehold	31-03-13	10.846	0
Ridderkerk	Nikkelstraat 7	freehold	31-03-13	2.650	45
Gorinchem	Techniekweg 11	freehold	31-03-13	2.143	45
Diemen	Stammerhove 1	freehold	31-03-13	9.758	66
s Gravenhage	Hildo Kroplaan 20 - 106	freehold	31-03-13	2.488	0

TROOSTWIJK

City	Address	Real right	Valuation/Reference date	Lettable area	Parking
Rotterdam	Strijensestraat 61-81, 89, 91, 97	leasehold	31-03-13	4.379	0
s-Gravenhage	Zuid-Hollandlaan 7	freehold	31-03-13	10.108	73
Rotterdam	Hoofdweg 216-228	leasehold	30-06-13	2.439	47
Rotterdam	Vareseweg 105 - 109	leasehold	30-06-13	6.306	148
Rotterdam	Veerkade 1-9	freehold	30-06-13	5.649	85
Rotterdam	Haringvliet 72	freehold	30-06-13	2.962	20
Ridderkerk	Sint Jorisplein 50 - 92	freehold	30-06-13	7.840	157
Capelle a/d Ijssel	Schermerhoek 523-525	freehold	30-06-13	1.822	24
Zwolle	Dr. Spanjaardweg 2-8	freehold	30-06-13	2.304	45
Zwolle	Dr. Deenweg 96 - 104	freehold	30-06-13	2.337	53
Utrecht	Amsterdamsestraatweg 271 - 287	leasehold	30-06-13	6.585	0
Schiedam	Nieuwpoortweg 11	leasehold	30-06-13	2.715	48
Schiedam	Mgr. Nolenslaan 414-426 e.a.	leasehold	30-06-13	5.872	0
Rotterdam	Zuidplein 480-546, 616-626	leasehold	30-06-13	8.531	65
Rotterdam	Ambachtplein e.a.	leasehold	30-06-13	10.037	0
Rotterdam	Voermanweg 888-900, Kreeftstr 32-42	leasehold	30-06-13	1.810	0
Rotterdam	Zuidplein Zuiderterras	leasehold	30-06-13	10.420	84
Rotterdam	Zuidplein Hoog 605	leasehold	30-06-13	2.246	0
Rijswijk	Pr. Johan Friso Promenade	freehold	30-06-13	10.516	0
Amsterdam	Cruquiusweg 111	freehold	30-09-13	3.250	32
Hoofddorp	Kruisweg 577	freehold	30-09-13	1.580	31
Zoetermeer	Europalaan 121 - 149	freehold	30-09-13	2.971	20
Rotterdam	Max Euwelaan 55	leasehold	30-09-13	1.134	27
Rotterdam	Hoofdweg 230 - 236	leasehold	30-09-13	2.048	36
Rotterdam	Mariniersweg 301 - 397	leasehold	30-09-13	823	0
Rotterdam	Samuel Esmeyerplein 16, 17, 19, 21, 25-40	freehold	30-09-13	2.745	0
Spijkenisse	Het Plateau 2 - 38	freehold	30-09-13	5.364	0
Son en Breugel	Ekkersrijt 7005 - 7049	freehold	30-09-13	4.359	105
Utrecht	Vasco da Gamalaan 1-27 e.a.	freehold	30-09-13	3.279	0
Woerden	Korenmolenlaan 2	freehold	30-09-13	3.630	98
Hoogeveen	Dr. G.H. Amshoffweg 1	leasehold	30-09-13	2.222	55
Groningen	Zernikepark 6	freehold	30-09-13	1.037	20
Hoorn N-H	Nieuwe Steen 27	freehold	30-09-13	1.747	41
Rotterdam	Vasteland 40-110	freehold	30-09-13	25.075	135

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