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## HALF YEAR RESULTS

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# H1 2021

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- Occupational and investment market outlook improving, as Covid 19-induced slowdown abates
- Significant step up in ambition with respect to ESG and future-proofing the portfolio
- EPRA vacancy rate for H1 2021 at 7.7% (5.7% excluding strategic vacancy)
- EPRA EPS for H1 2021 at € 1.16 per share, up € 0.01 vs H1 2020
- EPRA NTA € 44.97 up +1.2% vs YE 2020; asset values up 0.8%
- LTV at 32.6%, vs 29.2% at December 2020
- EPRA EPS guidance increased to € 2.30 - € 2.35 for FY 2021
- Interim dividend for H1 2021 maintained at € 1.04 per share

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## FINANCIAL CALENDAR

Publication trading update Q3 2021	14 October 2021
Publication preliminary results 2021	25 January 2022
Publication annual report 2021	4 March 2022
Publication trading update Q1 2022	14 April 2022
Publication trading update H1 2022	13 July 2022
Ex-dividend date (interim dividend 2021)	16 July 2021
Record date	19 July 2021
Stock dividend election period	20 July 2021 - 3 August 2021
Payment date	6 August 2021

For additional info please contact:

NSI N.V.

Investor Relations

Laura Gomez Zuleta

T +31 (0)20 763 0300

E ir@nsi.nl

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# NSI HIGHLIGHTS

## KEY FINANCIAL METRICS<sup>1</sup>

### REVENUES AND EARNINGS

	H1 2021	H1 2020	Change
Gross rental income	40,406	37,919	6.6% <sup>2</sup>
Net rental income	31,171	29,519	5.6% <sup>2</sup>
Direct investment result	22,465	21,756	3.3%
Indirect investment result	11,691	-56,404	-120.7%
Total investment result	34,157	-34,648	-198.6%
Earnings per share	1.76	-1.82	-196.5%
EPRA earnings per share	1.16	1.1 <sup>3</sup>	1.4%
EPRA cost ratio (incl. direct vacancy costs)	28.9%	28.4%	0.5 pp
EPRA cost ratio (excl. direct vacancy costs)	27.0%	26.3%	0.7 pp

### BALANCE SHEET

	30 June 2021	31 December 2020	Change
Investment property	1,325,010	1,240,192	6.8%
Net debt	-436,169	-366,194	19.1%
Equity	873,672	854,438	2.3%
IFRS equity per share	44.85	44.29	1.3%
EPRA NTA per share	44.97	44.44	1.2%
Net LTV	32.6%	29.2%	3.3 pp
Number of ordinary shares outstanding	19,478,054	19,291,415	1.0%
Weighted average number of ordinary shares outstanding	19,341,942	19,138,717	1.1%

### KEY PORTFOLIO METRICS

	30 June 2021				31 December 2020	Change
	Offices	HNK	Other	TOTAL		
Number of properties	41	12	4	57	60	-5.0%
Market value <sup>4</sup> (€m)	1,019	245	74	1,339	1,253	6.9%
Annual contracted rent <sup>5</sup> (€m)	59	19	7	85	84	0.3%
ERV (€m)	67	22	7	96	93	3.0%
Lettable area (sqm k)	297	118	53	468	473	-1.0%
Average rent / sqm (€/p.a.)	210	195	155	201	197	2.0%
EPRA vacancy	5.0%	16.2%	7.1%	7.7%	7.0%	0.7 pp
EPRA net initial yield	4.2%	4.7%	5.6%	4.4%	4.5%	-0.1 pp
Reversionary yield	6.6%	9.0%	9.4%	7.2%	7.5%	-0.3 pp
Wault (yrs)	4.5	3.0	4.8	4.2	4.0	5.3%

<sup>1</sup> These half year results are unaudited

<sup>2</sup> On a like-for-like basis GRI growth is 3.6% and NRI growth is 2.1%

<sup>3</sup> Based on recalculated number of shares

<sup>4</sup> Reported in the balance sheet at book value including right of use leasehold (IFRS 16), excluding lease incentives and part of NSI HQ (own use)

<sup>5</sup> Before free rent and other lease incentives

## CEO COMMENTS

With the coronavirus vaccination roll-out accelerating during the quarter, confidence started to return in Q2. The expectation is that this will translate in an improvement in business activity in H2.

We see this turn in sentiment already evidenced in a pick-up in demand, with SME's as active as ever. Whilst the larger corporates are lagging, we see the first positive signs here as well. The pick-up was too late to have a meaningful impact on our H1 vacancy rate, but will help underpin our occupancy levels in the period ahead.

### Key H1 activities & achievements

The vacancy rate has slightly improved in Q2 to 7.7%, of which 2.0% is deemed strategic. The vacancy rate for our HNK managed offices reduced by 3.5% to 11.8% during H1. Meanwhile, the H1 retention rate of 79% highlights the resilience of our portfolio.

Like-for-like gross rents are up by 3.6%. Adjusting for a one-off early lease termination payment received at Vitrum, and for the half rent arrangement at Laanderpoort for 2021, the increase is 3.3%.

The rent collection rate for Q1 is 97.7%, with 99.5% for offices/HNK. We have reached agreements with most retail tenants on arrears for the forced closure period and so start with a clean slate in H2.

Asset values were up 0.8% in H1, even after the negative impact of the increase in stamp duty by 2% per January 2021. In Amsterdam asset values were up by 2.0%, whilst our office/lab-space assets in Leiden were up by 5.5%. The revaluation of the € 80m acquisition in March has already made up for the circa 9% acquisition costs.

We have reached several further milestones for our development projects at Laanderpoort and Vivaldi III and are still on schedule towards the projects starting in 2022. We recognise the inflationary pressures on building material costs and as it stands, we are still operating within the projected budgets for these developments.

We agreed a new 8-year € 50m USPP in June, at an all-in coupon of 1.4%, which is an excellent sign of confidence in our business and strategy by one of our financiers.

### Establishing a future-proof office portfolio

The debate over the future of offices will continue for some time to come, as corporates are moving from experimenting with WFH to experimenting with hybrid working policies. An equilibrium will be found at some point, but it is already clear that the debate is no longer only about how much space will be required, but much more about what type of space – in the broadest sense – will be needed.

Over the past 18 months corporates have seen confirmed what the office is ultimately for: a great place for collaboration, identity and culture, but also a place that helps to attract talent and caters for their well-being. The latest Leesman data confirms that employees most pleased with their existing office set-up are most looking forward to go back to the office, which is a clear message to both landlords and occupiers. Furthermore, with ESG much more on the agenda everywhere, it is starting to become clear that corporates will increasingly look for offices (and landlords) that will support them in meeting their own wider corporate ESG agenda.

To stay ahead of this curve, being able to continue to offer what our

customers require now and in the future, we are actively engaging with our tenants to discuss their evolving needs, whilst improving our portfolio score in terms of BREEAM (building sustainability), WELL (human health), WiredScore (digital connectivity) and Leesman (wider occupier satisfaction) standards.

### Green premium vs brown discount

The minimum standard for our new developments (BREEAM outstanding; WELL – at least gold) is also an ambition for our entire portfolio, whereby we recognise that existing office stock generally will be harder to upgrade.

We are convinced that not only there will be a 'green premium' for the best, most sustainable and Well-certified assets, but there will also be a 'brown discount' for assets that fall behind and that have a prohibitively high cost in upgrading.

In recent years we made a very strong push to focus the portfolio on a select number of economic growth locations and, whilst we continue to see location as the most important driver to real estate returns going forward, the future 'green/brown' divide will become key to our further asset rotation plans from here.

### Taking services to the next level

We established a Customer Excellence team in late 2019 to improve our wider services offering. Ever since the team has reviewed and updated our brand positioning, introduced a new brand manual, remapped all customer journeys, introduced new SOPs (standard operating procedures), updated our program of requirements and signed new partnerships with a variety of service providers.

Some elements have already been introduced, such as bringing the reception services at HNK in-house, upgrades in AV equipment to facilitate better hybrid meetings and signing a new catering partner to improve our F&B offering. We are now starting pilots to bring together all elements of our ambition at Motion, Alexanderpoort and HNK Scheepsvaartkwartier.

### Outlook for 2021

Whilst it feels too early to consign coronavirus to history, we have weathered the storm of the past 18 months or so rather well, which we see as a testament to the strength of the business and the team.

With the economic outlook improving and our leasing activity now picking up, we are raising our EPRA EPS guidance from € 2.25-2.35 per share to € 2.30-2.35 per share for 2021. Further asset rotation could potentially still impact this EPS guidance. Moreover, we are confident we will be able to achieve like-for-like net rental growth in excess of 1.5% for 2021.

Looking ahead, the transfer of Vitrum to the development pipeline will mathematically result in a vacancy increase in Q3. The same is bound to happen at Laanderpoort in 2022. Meanwhile, we continue to further invest in our assets, in our development pipeline and look for new profitable acquisitions.

All of this should further strengthen the business and its prospects. As such we are entirely comfortable to continue to offer a stable interim dividend, at € 1.04 per share, payable in early August.

Bernd Stahli

## THE RODE OLIFANT IN THE HAGUE

The Rode Olifant ('the Red Elephant') is one of most iconic buildings in The Hague. Covering over 10,000 sqm, this impressive structure on the Zuid-Hollandlaan (formerly Benoordenhoutscheweg) has had only three occupants in the past 97 years: the American Petroleum Company / Esso, De Brauw Blackstone Westbroek and Spaces.

Architects J.H. de Roos and W.F. Overeinder originally created the design as an entry in a design contest for the new town hall of the Dutch city of Hilversum. In the end the Council's own architect was granted the assignment and the contest was called off. In 1921 the design was submitted to the American Petroleum Company (A.P.C.) which was eager to move from Rotterdam to The Hague. The company bought the plans and gave the architects a clear assignment: the prestigious building had to be taller than that of rival Shell which was located on the other side of the Malieveld grass field in the centre of The Hague. The story even goes that A.P.C. wanted to keep an eye on Shell from the 56-metre-high tower. A large budget was set aside to ensure the building exuded the rich and luxurious character of the company.



Atrium 1920s from above

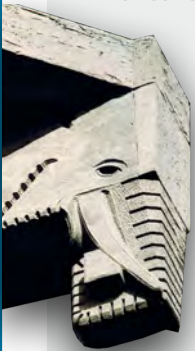
### Amsterdam School inspires architects in Rotterdam

The two architects from Rotterdam were inspired in the design process by the Amsterdam School design style, incorporating different elements of it in the building. The opening of the building on 16 February 1924 became a major event at which the Vice-President of the Dutch Council of State, members of parliament, representatives of the Chamber of Commerce and directors of various banks and companies received a tour. No fewer than 229 A.P.C. employees (including two women) worked at the building. Everyone except higher ranked staff entered the building at the supplier's entrance.



## FUN FACTS

- The American Petroleum Company decided to name the building Petrolea in 1924. In 1947 Esso became the trademark of the American Petrol Company and the name of the building was changed to the Esso building. Sources assert that the current name was proposed in a naming contest held among the employees of De Brauw Blackstone Westbroek.
- At the moment Esso's former boardrooms still exude the feel of the 1920s. These rooms still have the original parquet flooring and wooden sliding doors, old fitted wardrobes, beautiful lanterns in the Amsterdam School style and 10 vaults that still work. These vaults have a capacity of 5 m<sup>2</sup> and are no less than 5.5 meters high. In the atrium the wooden wall lamps, stained glass windows, wall paintings, natural stone floors and the name Petrolea in golden letters under the clock still conjure up memories of the building's rich history.
- The building has been part of the portfolio of Wereldhave, Vastned and NSI. NSI became the owner through its merger with Vastned in 2011. Dutch real estate firm Wereldhave bought the building for around 20 million guilders (over 9 million euros) and in 1987 commissioned Amsterdam-based architect firm Prins to perform a large-scale renovation. This involved an investment of around 15 million guilders (over 6.8 million euros). The result was a stylish, modern office building that was rented by law firm De Brauw Blackstone Westbroek for almost twenty years. In 2007 Vastned bought the building for 33 million euros.
- In 1993 the office building was designated a Dutch national monument.



American Petroleum Company / Esso 1981

### A building meant to impress

The building has four floors and stands directly on a partly excavated sandbar, not supported by piles. It has a concrete skeleton providing load-bearing support, an exceptional architectural achievement for its time. More than 3.5 million bricks were used to clad the reddish-brown façade which also features a hundred sandstone elements created by local sculptor Jan van Lunteren.

The rich art deco interior – a collaboration of several artists – is designed to impress. For example, Hendrik Jan Winkelman made stained-glass windows and Willem Bogtman provided a lot of daylight in the hallway by installing leaded glass windows. The unique 50-meter-long mural in the atrium made by Dutch artist Christiaan de Moor is an oil on linen canvas which was later attached to the wall. This artwork shows oil workers at work at a refinery.

### During the occupation

The building was claimed by the German occupiers from March 1943 until the end of the Second World War and A.P.C.'s employees were housed in other office buildings in The Hague. After the war the U.S. Embassy was temporarily housed in the building.



Esso's former boardrooms still exude the feel of the 1920s

### Historical elements restored to their original state

As a result of the merger with Vastned Office/Industrial, NSI became the owner of the Rode Olifant in 2011. At the time the building had a lot of overdue maintenance and because it had been developed for single-tenant use, it did not turn out to be sufficiently future-proof. So when renovating it in 2012 NSI saw to it that the Rode Olifant became suitable for multi-tenant use. The goal was to create an office with spaces that would facilitate working, gathering and meeting – places that would showcase the building's qualities.

NSI restored this monumental building to its original state by reinstating the original height of the spaces, repairing the coffered ceilings and concrete structure, restoring the natural stone stairs and walls, and reinstating the atrium's layout. The air conditioning units, boilers, building management system, fire alarm system and all sanitary facilities were replaced. In addition, it was the first building in which NSI introduced ventilation based on usage. As a result, the building's energy consumption has dropped dramatically to 127 kWh/m<sup>2</sup> while its energy label has improved from G to A. Due to this success, this type of ventilation is now used in all major renovations by NSI.

The renovation meant the office was suited to the concept of Spaces, which has been a tenant since 2012. This flexible operator with more than 423 locations around the world offers members and organisations a flexible and inspiring workplace along with a powerful community.



The murals of Christiaan de Moor (1889-1981)

## TENANTS

1. American Petroleum Company / Esso (1924 – 1987)

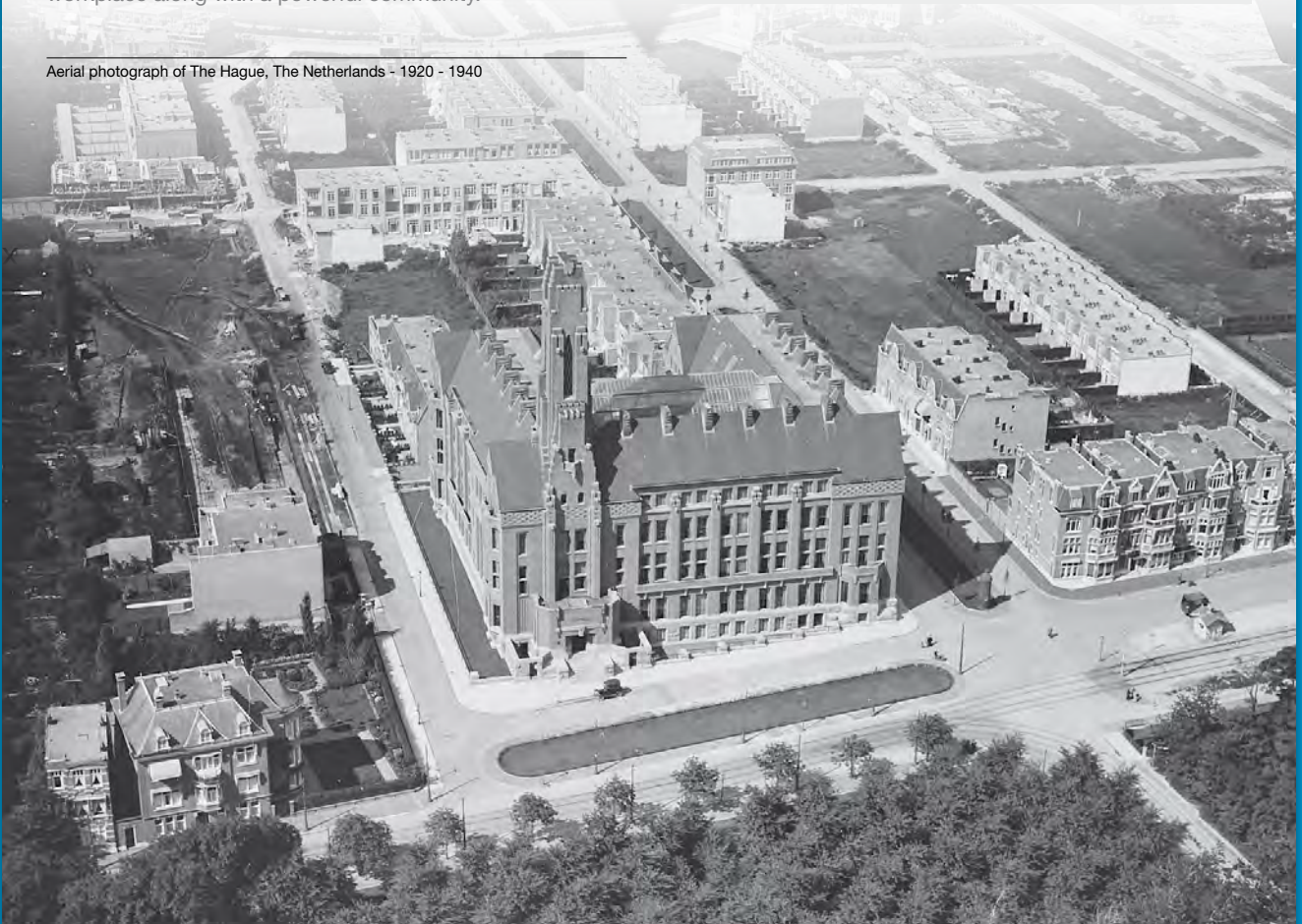
### Renovation

2. De Brauw Blackstone Westbroek (1990 – 2009)

### Renovation

3. Spaces (2012 – now)

Aerial photograph of The Hague, The Netherlands - 1920 - 1940



# INCOME, COSTS AND RESULT

## Introduction

EPRA EPS for the first half year is € 1.16. The EPRA EPS is 1.4% higher compared to the same period last year (€ 1.15). The increase is largely driven by higher rental income.

EPRA NTA is up 1.2% or € 0.53 per share compared to the end of 2020, primarily due to the positive revaluation of the investment portfolio. The other main drivers are retained earnings and the final dividend over 2020 which was paid out in May.

## Rental income

Gross rental income is up by € 2.5m (6.6%) compared to the same period last year, driven by 8.5% growth in offices. This is mainly due to acquisitions in 2020 and 2021 and the delivery of Bentinck Huis in December 2020, partly offset by disposals. On a like-for-like basis gross rental income is up 3.6%.

Service costs are more or less in line with the same period last year, whereas operating costs are € 0.9m (11.3%) higher compared to H1 2020. This is the result of higher municipal taxes (€ 0.4m), a higher level of maintenance costs (€ 0.4m), higher costs for doubtful debt (€ 0.2m) and lower property management costs (€ 0.2m). The fall in property management costs in H1 is partly due to Covid 19-related costs in H1 2020.

Net rental income is up by 5.6% compared to the same period last year, driven by the higher gross rental income. The NRI margin is marginally down to 77.1% due to the beforementioned higher operating costs. On a like-for-like basis NRI is up by 2.1%.

## Administrative costs

Administrative expenses are € 0.2m higher compared to the first six months of 2020.

## Net financing costs

Financing costs are up by 17.1% (€ 0.7m) compared to the same period last year. This is primarily driven by a higher amount of debt outstanding during the period (€ 0.4m) and due to a lower level of capitalised interest relating to development projects (€ 0.2m).

## Indirect result

The investment portfolio incurred a positive H1 revaluation of € 9.4m (+0.8% at market value) compared to the end of December 2020. In addition, properties were sold with a profit on disposal of € 1.6m. A positive mark-to-market effect on interest rate swaps and other indirect costs result in a total indirect result for the first six months of 2021 of € 11.7m.

## Post-closing events and contingencies

There are no major events post the half-year end.

## Income segment split

	H1 2021							TOTAL H1 2020
	Offices		HNK		Other	Corporate	TOTAL	
	A'dam	Other NL	A'dam	Other NL				
Gross rental income	16,357	11,741	2,288	6,579	3,440		40,406	37,919
Service costs not recharged	-81	-185	-112	-352	-94		-824	-844
Operating costs	-1,910	-3,055	-483	-1,702	-1,261		-8,411	-7,557
<b>Net rental income</b>	<b>14,366</b>	<b>8,501</b>	<b>1,693</b>	<b>4,526</b>	<b>2,085</b>		<b>31,171</b>	<b>29,519</b>
Administrative costs						-3,862	-3,862	-3,625
<b>Earnings before interest and taxes</b>	<b>14,366</b>	<b>8,501</b>	<b>1,693</b>	<b>4,526</b>	<b>2,085</b>	<b>-3,862</b>	<b>27,309</b>	<b>25,893</b>
Net financing result						-4,842	-4,842	-4,136
<b>Direct investment result before tax</b>	<b>14,366</b>	<b>8,501</b>	<b>1,693</b>	<b>4,526</b>	<b>2,085</b>	<b>-8,704</b>	<b>22,467</b>	<b>21,758</b>
Corporate income tax						-2	-2	-2
<b>Direct investment result / EPRA earnings</b>	<b>14,366</b>	<b>8,501</b>	<b>1,693</b>	<b>4,526</b>	<b>2,085</b>	<b>-8,705</b>	<b>22,465</b>	<b>21,756</b>



## REAL ESTATE PORTFOLIO

In H1 2021 NSI acquired three assets and sold six assets. The acquisitions were two assets in Amsterdam and one in Rotterdam, for a combined price of € 79.8m (excluding acquisition costs). Total disposal proceeds in H1 2021 were € 24.3m and were on average at 8.5% ahead of YE 2020 book values.

In addition to the disposals announced in Q1 2021, three more assets left the balance sheet in Q2 2021 for a combined € 9.7m. The buildings are located in Delft, Dordrecht and Rotterdam, and were sold ahead of the YE 2020 book value (34% on average). As a result 56% of NSI's portfolio is now located in Amsterdam.

### Portfolio breakdown - 30 June 2021

	# Assets	Market value (€ m)	Market value (%)
Offices	41	1,019	76%
HNK	12	245	18%
Other	4	74	6%
<b>TOTAL</b>	<b>57</b>	<b>1,339</b>	<b>100%</b>

### Vacancy

The EPRA vacancy at the end of H1 is 7.7%, stable vs Q1 (7.8%) and a small increase with respect to the end of 2020. The H1 vacancy includes 2.0% strategic vacancy from HNK Amsterdam South East, Stationade (Leiden) and both Alexanderpoort and Alexanderhof in Rotterdam. HNK's vacancy rate was lower at 16.2% vs 17.6% in Q1. The increase vs YE 2020 reflects the impact of HNK South East.

### EPRA vacancy

	Dec. 2020	L-f-l	Other	Jun. 2021
Offices	4.2%	1.1%	-0.3%	5.0%
HNK	14.9%	1.6%	-0.3%	16.2%
Other	6.9%	0.3%		7.1%
<b>TOTAL</b>	<b>7.0%</b>	<b>1.1%</b>	<b>-0.4%</b>	<b>7.7%</b>

### Rents

Gross rents are up 3.6% on a like-for-like basis for H1 2021. Split by segment, Offices are up 3.5%, HNK 4.5% and Other 2.3% vs the same period last year.

Net rents increased by 2.1% on a like-for-like basis in H1. Offices were flat YTD, but excluding a one-off lease termination fee in Q2 at Vitrum and adjusting for Laanderpoort's half rent arrangement in 2021, the office segment's like-for-like net rents are -0.9%. This fall is mainly due to higher maintenance costs and higher municipal taxes in H1.

Like-for-like net rents at HNK were up markedly, at 14.4%, chiefly thanks to lower lease incentives (rent holiday offered in May last year) as well as lower costs in H1 2021 when compared to H1 2020 with relatively high costs for Covid-19 related measures. Net rents in the segment 'Other' were down by -8.2%, mainly as a result of additional provisions taken for doubtful debts in our shopping centres.

### Like-for-like growth net rental income

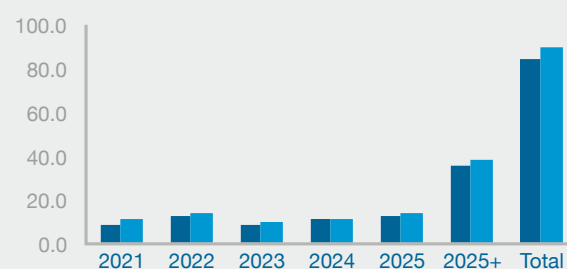
	H1 2021	H1 2020	L-f-l
Offices	20.6	20.6	0.0%
HNK	6.2	5.4	14.4%
Other	2.1	2.3	-8.2%
<b>TOTAL</b>	<b>28.9</b>	<b>28.3</b>	<b>2.1%</b>

### Reversionary potential / ERV bridge

As per H1 2021 the investment portfolio is 4.8% reversionary, up from 2.8% at YE 2020. However, adjusting for Laanderpoort (where ING is currently paying half rent ahead of the 2022 redevelopment) and Vitrum (vacated ahead of redevelopment), the total reversion for the portfolio is 1.6%.

The reversion for lease contracts due for renewal in 2021 is 25%, which is also heavily skewed by Vitrum and Laanderpoort. Adjusted for both assets the reversion for leases due in H2 2021 is circa 2.9%.

### Annual expirations and reversionary potential



■ Contract rent	7.2	12.1	8.0	10.7	11.7	35.0	84.6
■ ERV	9.0	13.0	7.8	10.2	11.7	37.0	88.6
# Contracts	314	136	66	71	63	99	749
Rev. Potential	25.0%	7.8%	-1.9%	-4.6%	-0.5%	5.8%	4.8%

The overall reversionary potential for Offices is 8.1% but adjusted for both Vitrum and Laanderpoort it is 3.7%. In HNK, ERVs are determined on traditional office space ERVs.

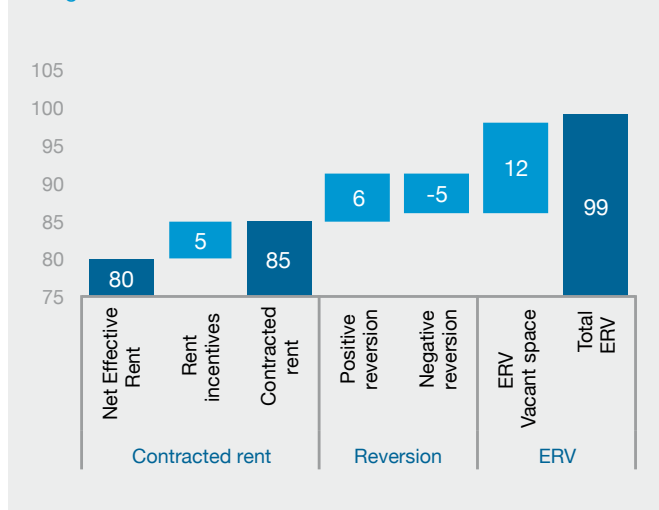
### Reversionary potential

	Jun. 2021	Dec. 2020
Offices	8.1%	4.8%
HNK	-0.8%	0.4%
Other	-8.0%	-7.0%
<b>TOTAL</b>	<b>4.8%</b>	<b>2.8%</b>

## Like-for-like growth ERV

	Jun. 2021	Dec. 2020	L-f-l
Offices	62	61	1.4%
HNK	22	22	-0.4%
Other	7	7	0.1%
<b>TOTAL</b>	<b>91</b>	<b>90</b>	<b>0.9%</b>

## Bridge Contracted rent to ERV - 30 June 2021



## EPRA yields

The H1 2021 EPRA net initial yield is 4.4%, a small shift vs December 2020. With transactional evidence in the investment market picking up in combination with a gradual retreat of uncertainty surrounding offices in a post-pandemic world, appraisers have felt comfortable to apply lower net initial yields to Offices.

## Portfolio yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Jun. 2021	Dec. 2020	Jun. 2021	Dec. 2020	Jun. 2021	Dec. 2020
	2021	2020	2021	2020	2021	2020
Offices	4.2%	4.4%	5.8%	6.2%	6.6%	6.8%
HNK	4.7%	4.3%	7.6%	7.8%	9.0%	9.2%
Other	5.6%	6.1%	9.5%	9.6%	9.4%	9.6%
<b>TOTAL</b>	<b>4.4%</b>	<b>4.5%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>7.2%</b>	<b>7.5%</b>

## Valuations

The portfolio valuation was up 0.8% over H1. Capital values for the Offices segment have rebounded following last year's negative pandemic-related revaluations, despite the negative impact of the increased transfer tax (from 6% to 8% with effect from 1 Jan 2021).

The strongest positive revaluations were seen in Amsterdam Sloterdijk and Leiden BioScience Park, as demand for affordable grade A office space in Amsterdam remains high and especially for life sciences office/lab buildings has increased substantially.

HNK's negative revaluation in H1 is mainly due to the transfer tax adjustment and a (temporary) negative revaluation at HNK Amsterdam South East, which has been partially vacated to facilitate a major refurbishment.

## Revaluation

	Market value (€ m)	Revaluation			%
		Positive	Negative	TOTAL	
Offices	1,019	22	-5	17	1.7%
HNK	245	3	-6	-3	-1.0%
Other	74		-3	-3	-4.2%
<b>TOTAL</b>	<b>1,339</b>	<b>25</b>	<b>-14</b>	<b>11</b>	<b>0.8%</b>

## Capital expenditure

Capex in H1 2021 is €10.7m, of which €1.7m is defensive. The €9.0m of offensive capex includes €1.8m of investments in the three major development and renovation projects, and includes € 4.3m for the large-scale renovation of shopping center Zuidplein, Rotterdam.

## Capital expenditure

	Offensive	Defensive	TOTAL
Offices	3.3	0.8	4.1
HNK	1.4	0.9	2.3
Other	4.3	0.0	4.3
<b>TOTAL</b>	<b>9.0</b>	<b>1.7</b>	<b>10.7</b>

## Development and renovations

Progress has been made in H1 at both the Laanderpoort and Vivaldi development projects. At Vitrum we are now in active discussions with the municipality with respect to their wish to upgrade the surrounding public space at the same time as we intend to execute our plans. This ambition, whilst positive, impacts the timetable for this project.

The municipality has approved the sketch design at Laanderpoort and the final design at Vivaldi III. The zoning plan for Vivaldi III is expected to become irrevocable in July.

Project	New area (sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
<b>Renovation</b>				
Vitrum, Amsterdam	ca. 13.4	ca. 1.8	Q3 2022 / Q3 2024	Design
<b>Development</b>				
Laanderpoort, Amsterdam	ca. 39.0	ca. 26.0	Q3 2022 / Q4 2024	Design
Vivaldi III, Amsterdam	ca. 19.0	ca. 19.0	Q2 2022 / Q2 2024	Design

## Offices

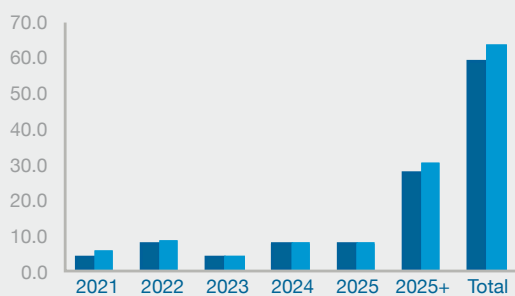
Compared to YE 2020, the office vacancy increased from 4.2% to 5.0%, of which 1.9% (Q4 2020: 0.8%) is deemed strategic vacancy. At the end of Q1, the vacancy was still 4.6%. The increase in vacancy in Q2 is mainly attributable to a lease expiry at Q-Port.

### Key office metrics - breakdown by segment

	Jun. 2021			Dec. 2020
	A'dam	Other NL	TOTAL	
Number of properties	18	23	41	43
Market value (€ m)	646	373	1,019	931
Market value asset (€ m)	36	16	25	22
Ann. contract rent (€ m)	34	25	59	58
Average rent / sqm	232	186	210	206
Reversionary potential	11.5%	0.7%	8.1%	4.8%
Lettable area (sqm k)	153	144	297	296
Market rent (€ m)	40	27	67	63
EPRA vacancy	4.2%	6.2%	5.0%	4.2%
EPRA net initial yield	4.0%	4.6%	4.2%	4.4%
Reversionary yield	6.3%	7.1%	6.6%	6.8%
Wault	4.4	4.6	4.5	4.1

Most office lease contracts originally expiring in 2021 have already been renewed. Contracts expiring in H2 amount to circa € 3.8m (vs € 11.3m at YE 2020). The retention rate for Offices, excluding Vitrum as this will be strategically vacated, was circa 81%. On renewals, excluding Laanderpoort, the reversion captured was 16.5%. The largest new leases were signed 23% ahead of ERV, on average.

### Annual expirations and reversionary potential



Contract rent	3.8	7.6	4.2	7.5	7.7	28.0	58.8
ERV	5.6	8.2	4.2	7.2	7.9	30.4	63.6
# Contracts	22	33	27	33	30	48	193
Reversion	45.7%	8.2%	1.7%	-3.6%	2.7%	8.6%	8.1%

## HNK

The EPRA vacancy rate for HNK is 16.2%, slightly up vs the 14.9% at YE 2020, but already lower vs the 17.6% recorded in Q1 2021. The improvement in Q2 can be attributed to the lower the vacancy rate of Managed Offices at 11.8%, down markedly from 14.6% in Q1. Net new take-up was up circa 39% by number of contracts (50 new contracts since YE 2020 vs 36 same period last year) and 136% by contracted rent.

The overall HNK tenant retention rate in H1 2021 is high at 75%.

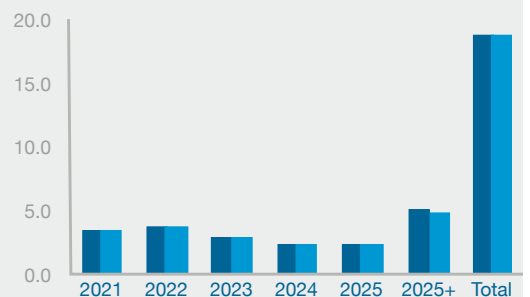
HNK's vacancy rate in H1 was impacted by HNK Amsterdam South-east, which has been actively vacated to facilitate a major refurbishment. The refurb is expected to complete in January. Adjusted for this asset, the real vacancy rate for the HNK activities is circa 13.1%.

### Key HNK metrics - breakdown by segment

	Jun. 2021			Dec. 2020
	A'dam	Other NL	TOTAL	
Number of properties	3	9	12	13
Market value (€ m)	89	156	245	249
Market value asset (€ m)	30	17	20	19
Ann. contract rent (€ m)	5	14	19	19
Average rent / sqm	233	185	195	190
Reversionary potential	11.0%	-4.9%	-0.8%	0.4%
Lettable area (sqm k)	27	91	118	124
Market rent (€ m)	7	15	22	23
EPRA vacancy	20.3%	14.4%	16.2%	14.9%
EPRA net initial yield	3.6%	5.4%	4.7%	4.3%
Reversionary yield	7.6%	9.8%	9.0%	9.2%
Wault	2.3	3.2	3.0	3.2

The € 3.3m in lease expirations at HNK in H2 2021 mainly concerns flexible contracts which are rolling over on a monthly basis.

### Annual expirations and reversionary potential



Contract rent	3.3	3.5	2.6	2.2	2.2	4.8	18.7
ERV	3.3	3.5	2.6	2.1	2.2	4.8	18.5
# Contracts	247	90	31	30	19	38	455
Reversion	1.5%	-1.5%	-0.5%	-3.4%	-0.3%	-1.2%	-0.8%

### Other

The EPRA vacancy for the segment Other is up by 50bps to 7.1% in H1. Like-for-like net rents are down 8.2% due to higher operating costs, mainly reflecting covid-related doubtful debtors in retail.

### Court cases 't Loon

NSI is a party in two court cases regarding 't Loon, both of which are currently pending at the Supreme Court.

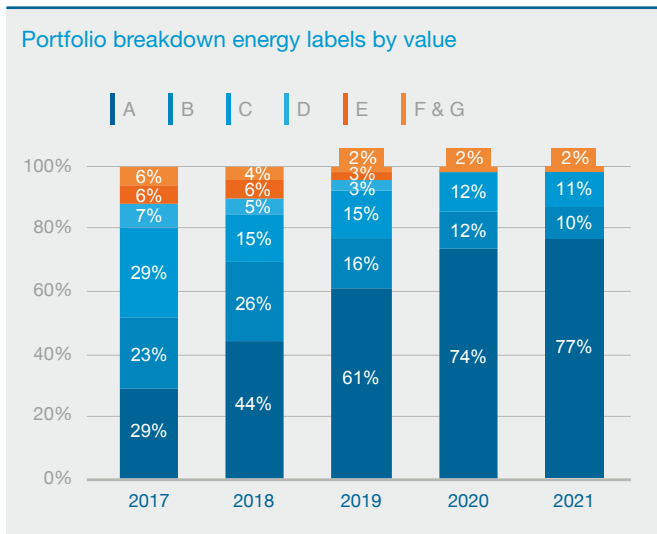
In the first case NSI is claiming circa €2m in damages from insurer Chubb. The next hearing will take place in September 2021.

In the second case the insurer of one of the tenants of 't Loon is claiming the loss of revenue as a result of the sinkhole covered by this insurance company, representing a principal sum of € 1.6m. In this case judgement is expected in November 2021.

### ESG: an increasing focus on sustainability

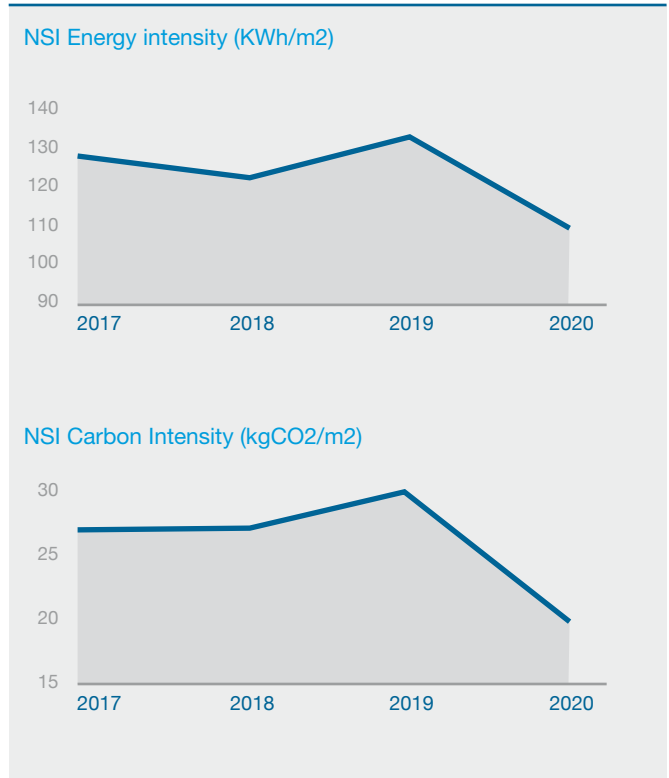
The performance of office assets will increasingly be driven by their sustainability credentials in the years ahead, as governments and occupiers alike are raising their requirements and ambitions in this field.

The Dutch Government requires all offices to have an EPC C-label per January 2023. At present 98% of assets meet this requirement and we are already actively working towards having 100% of our assets at Label A by 2023.



Our sustainability ambitions go much further than EPC certificates. The minimum for all new developments, such as Laanderpoort and Vivaldi III, as well as our major redevelopment at Vitrum, is BREEAM Outstanding and at least WELL Gold. The goal is to have all existing assets at BREEAM Very Good by 2025. Where viable we will upgrade assets to BREEAM excellent, but this will probably take longer.

Improving the energy efficiency of the portfolio remains an ongoing effort. We aim to comply with the Paris climate agreement standard of 50 Kwh/m2 by 2050. The aim is to stop using natural gas by 2032 and to be carbon neutral by 2035. Unlike France (nuclear power) or Scandinavia (hydroelectric power), the Dutch energy supply is a challenge to the carbon-neutrality objective.



For all multi-tenant assets NSI currently purchases European wind-generated electricity and compensates for its gas usage. NSI is also currently reaching out to tenants of all single-tenanted buildings to see if they will want to participate in this program. This will have the biggest impact on the energy and carbon intensity of our portfolio from here.

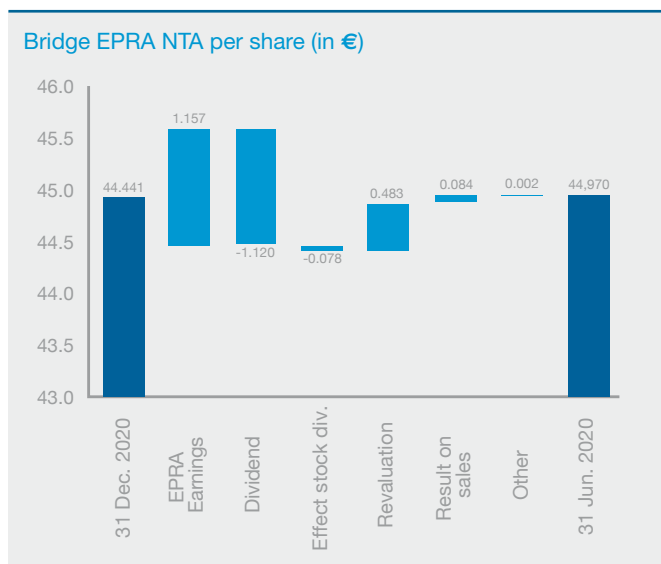
In addition to being genuinely sustainable to the highest standards, assets will arguably really only be future-proof if these are in the right locations and meet all the other customer requirements in terms of flexibility, digital connectivity, well-being and seamless customer journeys as well. Well-being is an increasingly important factor in the appeal of buildings, with Covid-19 acting as an accelerator in this over the past 18 months or so. This is a key objective for the team for the years ahead.

NSI has been reporting on GRESB since 2019. The 2020 results will be published on October 1<sup>st</sup>.

# BALANCE SHEET, NTA AND FINANCING

## Net tangible assets

EPRA NTA per June 2021 is € 876m, up 2.2% compared to the end of 2020 (€ 857m), largely as a result of a positive revaluation of the investment portfolio. Due to a small rise in the number of shares following the issuance of stock dividend, EPRA NTA per share increased by 1.2% from € 44.44 at the end of 2020 to € 44.97 at the end of June 2021.



## Funding

Net debt is up by € 70.0m compared to the end of December 2020. This is primarily due to the acquisition of a portfolio containing three assets in mid-March and capital expenditures, and is partially offset by disposals and retained earnings.

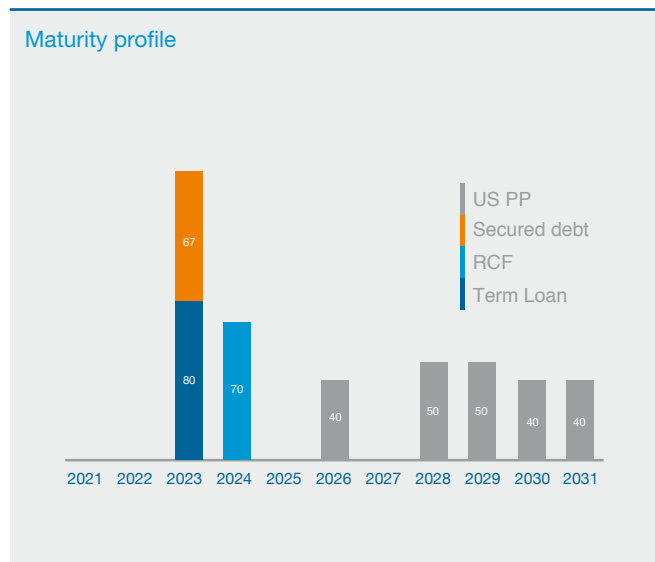
### Net debt

	Jun. 2021	Dec. 2020	Change
Debt outstanding	436.8	367.1	69.7
Amortisation costs	-1.0	-1.1	0.1
<b>Book value of debt</b>	<b>435.7</b>	<b>366.0</b>	<b>69.8</b>
Cash and cash equivalents	0.0	-0.2	0.1
Debts to credit institutions	0.5	0.4	0.1
<b>Net debt</b>	<b>436.2</b>	<b>366.2</b>	<b>70.0</b>

In June NSI issued € 50m of 8-year unsecured notes with a fixed coupon of 1.4%. Considering the volatile spread environment in 2020, we are pleased with these terms as these are more or less at pre-covid levels and show continued confidence in NSI's long-term business prospects and strategy by our financial investors.

The proceeds of the unsecured notes were used to repay part of the outstanding balance on the RCF. As a result at the end of June 2021, NSI has circa € 230m of cash and committed undrawn credit facilities at its disposal. This ensures sufficient flexibility and capacity to fund the development pipeline and selective further acquisitions.

The average loan maturity is 5.0 years (December 2020: 5.2 years) with no loans maturing until 2023. At year-end 85% of debt drawn is unsecured (89% of available debt). The average cost of debt is stable at 2.0%.



## Leverage and hedging

The LTV is 32.6% at the end of June 2021, up 3.3 percentage point compared to December 2020 (29.2%), driven by the increase of net debt as a result of the net acquisition of assets during the period.

The ICR stands at 6.4x at the end of June 2021 compared to 7.2x at the end of December 2020. As municipal taxes are generally charged in the first quarter, net operating income and thus the ICR tends to increase during the year. The ICR remains well above the 2.0x covenant.

### Covenants

	Covenant	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Jun. 21
LTV	≤ 60.0%	36.9%	36.9%	27.4%	29.2%	32.6%
ICR	≥ 2.0x	4.7x	5.5x	6.8x	7.2x	6.4x

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the notes issue in June, the volume hedge ratio at the end of June 2021 increased to 84% (target range: 70-100%).

The weighted average maturity of both the derivatives and the fixed rate debt is circa 5.4 years at the end of June 2021. The maturity hedge ratio is 108% (target range 70-120%).

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Note	H1 2021	H1 2020
Gross rental income	2	40,406	37,919
Service costs recharged to tenants		6,428	6,180
Service costs		-7,252	-7,023
Service costs not recharged	2	-824	-844
Operating costs	2, 3	-8,411	-7,557
<b>Net rental income</b>		<b>31,171</b>	<b>29,519</b>
Revaluation of investment property	4	9,369	-55,609
Net result on sale of investment property	5	1,638	129
<b>Net result from investments</b>		<b>42,178</b>	<b>-25,962</b>
Administrative costs	6	-3,862	-3,625
Other income and costs		-29	-171
Financing income		1	1
Financing costs		-4,843	-4,136
Movement in market value of financial derivatives		713	-753
Net financing result		-4,129	-4,888
<b>Result before tax</b>		<b>34,158</b>	<b>-34,646</b>
Corporate income tax		-2	-2
<b>Total result for the year</b>		<b>34,157</b>	<b>-34,648</b>
<b>Other comprehensive income / expense</b>			
<b>Total comprehensive income / expense for the year</b>		<b>34,157</b>	<b>-34,648</b>
Total comprehensive income / expense attributable to:			
Shareholders		34,157	-34,648
<b>Total comprehensive income / expense for the year</b>		<b>34,157</b>	<b>-34,648</b>
Data per average outstanding share:			
Diluted as well as non-diluted result after tax		1.76	-1.82

The notes form an integral part of the condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(x € 1,000)

	Note	30 June 2021	31 December 2020
<b>Assets</b>			
Investment property	7	1,325,010	1,240,192
Financial fixed assets		2,011	1,659
Tangible fixed assets		1,294	1,464
Intangible fixed assets		168	242
Other non-current assets		13,384	12,164
<b>Non-current assets</b>		<b>1,341,867</b>	<b>1,255,721</b>
Debtors and other receivables	8	2,154	2,226
Cash and cash equivalents		32	155
<b>Current assets</b>		<b>2,186</b>	<b>2,382</b>
<b>Total assets</b>		<b>1,344,053</b>	<b>1,258,103</b>
<b>Shareholders' equity</b>			
Issued share capital	9	71,679	70,992
Share premium reserve	9	917,583	918,275
Other reserves	9	-149,747	-114,416
Total result for the year		34,157	-20,414
<b>Shareholders' equity</b>		<b>873,672</b>	<b>854,438</b>
<b>Liabilities</b>			
Interest bearing loans	10	435,046	365,260
Derivative financial instruments	11	2,321	2,920
Other non-current liabilities		3,901	3,960
<b>Non-current liabilities</b>		<b>441,268</b>	<b>372,140</b>
Redemption requirement interest bearing loans	10	700	700
Derivative financial instruments	11	106	220
Creditors and other payables	12	27,852	30,216
Debts to credit institutions		455	390
<b>Current liabilities</b>		<b>29,112</b>	<b>31,525</b>
<b>Total liabilities</b>		<b>470,381</b>	<b>403,665</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,344,053</b>	<b>1,258,103</b>

The notes form an integral part of the condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	Notes	H1 2021	H1 2020
Result from operations after tax		34,157	-34,648
Adjusted for:			
Revaluation of investment property	4	-9,369	55,609
Net result on sale of investment property	5	-1,638	-129
Net financing result		4,129	4,888
Corporate income tax		2	2
Depreciation and amortisation	6	244	298
		-6,633	60,668
Movements in working capital:			
Debtors and other receivables		-2,054	-2,094
Creditors and other payables		2,506	6,515
		-4,560	4,422
<b>Cash flow from operations</b>		<b>22,964</b>	<b>30,442</b>
Financing income received		1	1
Financing costs paid		-4,670	-5,180
Settlement of derivatives			-1,411
Tax paid		-45	-50
<b>Cash flow from operating activities</b>		<b>18,250</b>	<b>23,801</b>
Purchases of investment property and subsequent expenditure	7	-97,205	-45,572
Proceeds from sale of investment property	7	24,039	16,079
Investments in tangible fixed assets			-7
Disinvestments in tangible fixed assets			
Investments in intangible fixed assets			
<b>Cash flow from investment activities</b>		<b>-73,167</b>	<b>-29,500</b>
Dividend paid to the company's shareholders		-14,922	-10,362
Proceeds from interest bearing loans	10	130,000	40,000
Transaction costs interest bearing loans paid			-75
Repayment of interest bearing loans	10	-60,350	-10,625
<b>Cash flow from financing activities</b>		<b>54,728</b>	<b>18,939</b>
<b>Net cash flow</b>		<b>-189</b>	<b>13,240</b>
<b>Cash and cash equivalents and debts to credit institutions - balance as per 1 January</b>		<b>-234</b>	<b>-11,143</b>
<b>Cash and cash equivalents and debts to credit institutions - balance as per 30 June</b>		<b>-423</b>	<b>2,097</b>

The notes form an integral part of the condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (x € 1,000)

### H1 2021

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
<b>Balance as per 1 January 2021</b>	<b>70,992</b>	<b>918,275</b>	<b>-114,416</b>	<b>-20,414</b>	<b>854,438</b>
Total result for the year				34,157	34,157
<b>Total comprehensive income / expense for the year</b>				<b>34,157</b>	<b>34,157</b>
Profit appropriation - 2020			-20,414	20,414	
Distribution final dividend - 2020	687	-692	-14,917		-14,922
<b>Contributions from and to shareholders</b>	<b>687</b>	<b>-692</b>	<b>-35,331</b>	<b>20,414</b>	<b>-14,922</b>
<b>Balance as per 30 June 2021</b>	<b>71,679</b>	<b>917,583</b>	<b>-149,747</b>	<b>34,157</b>	<b>873,672</b>

### H1 2020

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
<b>Balance as per 1 January 2020</b>	<b>69,617</b>	<b>919,661</b>	<b>-282,266</b>	<b>196,297</b>	<b>903,308</b>
Total result for the year				-34,648	-34,648
<b>Total comprehensive income / expense for the year</b>				<b>-34,648</b>	<b>-34,648</b>
Profit appropriation - 2019			196,297	-196,297	
Distribution final dividend - 2019	1,186	-1,192	-10,357		-10,362
<b>Contributions from and to shareholders</b>	<b>1,186</b>	<b>-1,192</b>	<b>185,940</b>	<b>-196,297</b>	<b>-10,362</b>
<b>Balance as per 30 June 2020</b>	<b>70,804</b>	<b>918,469</b>	<b>-96,327</b>	<b>-34,648</b>	<b>858,298</b>

The notes form an integral part of the condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### Reporting entity

NSI N.V. (hereinafter ‘NSI’, or the ‘company’), with its principal place of business in Antareslaan 69-75, 3132 JE Hoofddorp, the Netherlands and its registered office in Amsterdam, the Netherlands is a property investment company, primarily focussing on offices.

These condensed consolidated financial statements are presented for the company and its subsidiaries (together referred to as the ‘Group’), as well as the Group’s interests in associates.

The company is licensed pursuant to the Dutch Financial Supervision Act (Wet op het financiële toezicht). NSI N.V. is listed on Euronext Amsterdam.

### Basis of preparation

#### Statement of compliance

The interim financial information has been prepared in accordance with IAS34 Interim Financial Reporting. This does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020.

The interim financial information was authorised for issue by the Company’s Management and Supervisory Board on 13 July 2021. The interim financial information was reviewed by the independent auditor and is unaudited.

Unless stated otherwise, all amounts in the interim financial information are in thousands of euros, the euro being the company’s functional currency, and are rounded off to the nearest thousand. There could be minor rounding differences in the figures presented.

#### Assumptions and estimation uncertainties

The preparation of the condensed consolidated interim financial statements requires that the Management Board forms opinions, estimates and assumptions that affect the application of accounting principles and reported figures for assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020. The most significant assumption relates to the unobservable information used in the valuation of the investment property. Other judgements are made relating to the claims for shopping center ‘t Loon and the feasibility of the three investment properties under construction.

### Valuation principles

The condensed consolidated interim financial statements have been prepared on the basis of historical cost with the exception of investment property, investment property under construction, assets held for sale and financial assets and liabilities at fair value through profit or loss and derivatives, which are recognised at fair value.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these interim financial statements are based on the assumption of continuity of the company (going concern).

### Implications of COVID-19

#### Rental income and debtors

NSI is closely monitoring the payment behaviour of its tenants. Up to 30 June 2021, most part of the rents have been received, though individual arrangements, e.g. delay in payment or additional lease incentives, have been made with several tenants. In case additional lease incentives (either discount or free rent) were given, these incentives are straightlined over the term of the lease agreement, in accordance with NSI’s main principles for financial reporting, rather than recognising the past due rent as a credit loss under IFRS 9.

Due to Covid-19, based on forward looking information, the provisions for doubtful debts have slightly increased.

#### Liquidity

NSI has drawn up a liquidity forecast and performed stress tests for loan-to-value, solvency and debt covenants. Based on the assumptions currently used in forecasting, which includes already foreseen consequences of the Covid-19 outbreak, no additional financing will be required in 2021 and 2022. Also loan-to-value, solvency and ICR will remain well within the covenants.

Further information on the outcome of the stress tests can be found under note 7.. Based on the outcome, the Management of the company concludes that it is not expected that the COVID-19 outbreak will affect the company’s ability to continue as a going concern.

### Significant accounting policies

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for 2020.

As from 1 January 2021, NSI separately reports short term security deposits directly in the balance sheet rather than only reporting those under non-current liabilities. Short term security deposits are reported under creditors and other payables. Comparative figures for 2020 have been adjusted accordingly.

## 1. SEGMENT INFORMATION

As from 2021, the former sub-segments “Other target cities” and “Other Netherlands” for both offices and HNK have been combined into one sub-segment, “Other Netherlands”, reflecting the strategic choices made by the management in recent years. Comparative figures have been adjusted accordingly.

### H1 2021

	Offices		HNK		Other	Corporate	TOTAL
	A'dam	Other NL	A'dam	Other NL			
Gross rental income	16,357	11,741	2,288	6,579	3,440		40,406
Service costs not recharged	-81	-185	-112	-352	-94		-824
Operating costs	-1,910	-3,055	-483	-1,702	-1,261		-8,411
<b>Net rental income</b>	<b>14,366</b>	<b>8,501</b>	<b>1,693</b>	<b>4,526</b>	<b>2,085</b>		<b>31,171</b>
Revaluation of investment property	13,987	1,310	-1,070	-1,519	-3,339		9,369
Net result on sale of investment property		1,252		387			1,638
<b>Net result from investment</b>	<b>28,353</b>	<b>11,063</b>	<b>623</b>	<b>3,393</b>	<b>-1,254</b>		<b>42,178</b>
Administrative costs						-3,862	-3,862
Other income and costs						-29	-29
Net financing result						-4,129	-4,129
<b>Result before tax</b>	<b>28,353</b>	<b>11,063</b>	<b>623</b>	<b>3,393</b>	<b>-1,254</b>	<b>-8,020</b>	<b>34,158</b>
Corporate income tax						-2	-2
<b>Total result for the year</b>	<b>28,353</b>	<b>11,063</b>	<b>623</b>	<b>3,393</b>	<b>-1,254</b>	<b>-8,021</b>	<b>34,157</b>
<b>Other comprehensive income / expense</b>							
<b>Total comprehensive income / expense for the year</b>	<b>28,353</b>	<b>11,063</b>	<b>623</b>	<b>3,393</b>	<b>-1,254</b>	<b>-8,021</b>	<b>34,157</b>

### H1 2020

	Offices		HNK		Other	Corporate	TOTAL
	A'dam	Other NL	A'dam	Other NL			
Gross rental income	14,405	11,481	2,367	6,301	3,365		37,919
Service costs not recharged	-106	-211	-62	-351	-115		-844
Operating costs	-1,358	-2,468	-577	-2,276	-878		-7,557
<b>Net rental income</b>	<b>12,942</b>	<b>8,801</b>	<b>1,729</b>	<b>3,675</b>	<b>2,372</b>		<b>29,519</b>
Revaluation of investment property	-29,071	-13,078	-2,798	-6,559	-4,103		-55,609
Net result on sale of investment property		-252		500	-119		129
<b>Net result from investment</b>	<b>-16,129</b>	<b>-4,529</b>	<b>-1,070</b>	<b>-2,384</b>	<b>-1,850</b>		<b>-25,962</b>
Administrative costs						-3,625	-3,625
Other income and costs						-171	-171
Net financing result						-4,888	-4,888
<b>Result before tax</b>	<b>-16,129</b>	<b>-4,529</b>	<b>-1,070</b>	<b>-2,384</b>	<b>-1,850</b>	<b>-8,685</b>	<b>-34,646</b>
Corporate income tax						-2	-2
<b>Total result for the year</b>	<b>-16,129</b>	<b>-4,529</b>	<b>-1,070</b>	<b>-2,384</b>	<b>-1,850</b>	<b>-8,687</b>	<b>-34,648</b>
<b>Other comprehensive income / expense</b>							
<b>Total comprehensive income / expense for the year</b>	<b>-16,129</b>	<b>-4,529</b>	<b>-1,070</b>	<b>-2,384</b>	<b>-1,850</b>	<b>-8,687</b>	<b>-34,648</b>

## 2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Amsterdam	16,357	14,405	-81	-106	-1,910	-1,358	14,366	12,942
Other Netherlands	11,741	11,481	-185	-211	-3,055	-2,468	8,501	8,801
Offices	28,098	25,886	-266	-317	-4,965	-3,826	22,867	21,743
Amsterdam	2,288	2,367	-112	-62	-483	-577	1,693	1,729
Other Netherlands	6,579	6,301	-352	-351	-1,702	-2,276	4,526	3,675
HNK	8,867	8,668	-463	-412	-2,185	-2,852	6,219	5,404
Other	3,440	3,365	-94	-115	-1,261	-878	2,085	2,372
<b>Net rental income</b>	<b>40,406</b>	<b>37,919</b>	<b>-824</b>	<b>-844</b>	<b>-8,411</b>	<b>-7,557</b>	<b>31,171</b>	<b>29,519</b>

Gross rental income includes the effect of waived rental income for an amount of € 0.0m (H1 2020: € 0.4m) related to the COVID-19 outbreak.

## 3. OPERATING COSTS

	H1 2021	H1 2020
Leasehold	0	0
Municipal taxes	-2,855	-2,501
Insurance premiums	-284	-271
Maintenance costs	-2,002	-1,652
Property management costs	-1,989	-2,226
Letting costs	-643	-584
Contribution to owner association	-283	-187
Doubtful debt costs	-223	-3
Other operating costs	-133	-132
<b>Operating costs</b>	<b>-8,411</b>	<b>-7,557</b>

Operating costs include an amount of € 0.0m (H1 2020: € 0.3m) related to health and safety measures taken as an effect of COVID-19, which are reported as property management costs.

Property management costs include administrative costs charged to operations for an amount of € 1.6m (H1 2020: € 2.0m). Letting costs include an amount of € 0.3m (H1 2020: € 0.2m) for straight-lined letting investments and commissions.

An amount of € 0.1m (H1 2020: € 0.0m) relates to operating costs of fully vacant properties.

## 4. REVALUATION OF INVESTMENT PROPERTY

	H1 2021			H1 2020		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation	24,883	-13,639	11,244	555	-55,735	-55,180
Investment property under construction				1,155	-814	5,051
<b>Revaluation - market value</b>	<b>24,883</b>	<b>-13,639</b>	<b>11,244</b>	<b>1,710</b>	<b>-56,549</b>	<b>-54,839</b>
Movement in right of use leasehold			-58			-30
Movement in lease incentives			-1,817			-741
<b>Revaluation of investment property</b>			<b>9,369</b>			<b>-55,609</b>

## 5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	H1 2021	H1 2020
Proceeds on sale of investment property	24,297	16,450
Transaction costs on sale of investment property	-259	-371
<b>Sale of investment property</b>	<b>24,039</b>	<b>16,079</b>
Book value at the time of sale (excl. right of use leasehold)	-22,400	-15,950
<b>Net result on sale of investment property</b>	<b>1,638</b>	<b>129</b>

The result on the right of use leasehold at the moment of disposal amounts to € 0.0m (H1 2020: € 0.0m).

The net result on sale of investment property includes an amount of € 0.0m (H1 2020: € 0.4m) related to prior years' sales. During H1 2021 5 office properties (H1 2020: 2 objects), 1 HNK (H1 2020: 0 objects) and 0 other properties (H1 2020: 1 objects) were sold.

Transaction costs on sale include the costs of real estate agents and legal fees.

## 6. ADMINISTRATIVE COSTS

	H1 2021	H1 2020
Salaries and wages	-2,823	-2,688
Social security	-348	-308
Pensions	-167	-152
Depreciation right of use tangible fixed assets	-139	-138
Other staff costs	-561	-764
Staff costs	-4,037	-4,050
Compensation supervisory board	-139	-140
Depreciation and amortisation	-105	-160
Other office costs	-610	-894
Office costs	-715	-1,054
Audit, consultancy and valuation costs	-458	-385
Other administrative costs	-493	-404
<b>Administrative costs</b>	<b>-5,842</b>	<b>-6,034</b>
<b>Allocated administrative costs</b>	<b>1,980</b>	<b>2,408</b>
<b>Administrative costs</b>	<b>-3,862</b>	<b>-3,625</b>

Administrative costs directly related to the operation of the investment property portfolio are recharged to the operating costs. Directly attributable costs related to development project are capitalised as part of the respective project (€ 0.3m, H1 2020: € 0.2m). Furthermore, as from 1 January 2020, part of the reception staff of HNK was added to the payroll of NSI. These additional costs concerned (€ 0.1m, H1 2020: € 0.1m) are part of service costs and as such are allocated to the respective properties. The total of those costs are reported as "Allocated administrative costs".

Administrative costs include an amount of € 0.0m (H1 2020: € 0.3m) related to health and safety measures COVID-19, reported under Other office costs. These costs are charged to the property operating expenses and as such included under allocated administrative costs.

## 7. INVESTMENT PROPERTY

Investment property consists of investment property under construction and investment property under construction:

	30 June 2021	31 December 2020
Investment property in operation	1,320,187	1,237,237
Investment property under construction	4,823	2,956
<b>Investment property</b>	<b>1,325,010</b>	<b>1,240,192</b>

Investment property in operation and investment property under construction are recognised at fair value. The fair value is determined on the basis of level 3 of the fair value hierarchy.

At 30 June 2021 100% (31 December 2020: 100%) of investment property were externally appraised by external appraisers. Both in 2020 and 2021 the appraisers are JLL, Colliers, Cushman & Wakefield and CBRE. The fair value is based on the market value (including buyer's costs, i.e. adjusted for purchase costs such as transfer tax). That means the estimated price on the date of valuation at which a property can be traded between a seller and a purchaser willing to enter into an objective, arm's length transaction preceded by sound negotiations between both well-informed parties.

The valuations are determined on the basis of a capitalisation method, whereby the net market rents are capitalised, and the discounted cash flow method, based on the present value of the future cash flows for the next ten year including an exit value at the end of the tenth year. The respective outcomes of both methods are compared. The returns applied are specified for the type of investment property, location, maintenance condition and letting potential of each property, and are based on comparable transactions, along with market-specific and property-specific knowledge.

The fair value is the outcome of the (theoretical) rent divided by the net initial yield (expressed as a percentage) of the investment property. The total theoretical net initial yield at 30 June 2021 was 5.5% (31 December 2020: 4.8%). The yields applied are specific to the type of property, location, maintenance condition and letting potential of each asset. The yields are determined based on comparable transactions, as well as on market and asset-specific knowledge. Assumptions are made for each property, tenant and vacant unit based on the likelihood of letting (and reletting), the expected duration of vacancy (in months), incentives, capital expenditure and operating costs.

#### Change transfer tax rate

As per 1 January 2021, the transfer tax rate on real estate transactions in The Netherlands has been raised from 6% to 8%. In the valuations as per 31 December 2020, this raise was not yet taken into account. The change of the transfer tax rate was taken into account for the first time as per 30 June 2021 and negatively affected the valuations for H1 2021.

#### Investment property in operation

The movement in investment property in operation per segment was as follows:

##### H1 2021

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
<b>Balance as per 1 January 2021</b>	<b>549,920</b>	<b>369,883</b>	<b>89,380</b>	<b>155,045</b>	<b>73,008</b>	<b>1,237,237</b>
Acquisitions	72,902	13,562	8			86,472
Investments	1,058	1,261	511	1,806	4,277	8,913
Revaluation	13,987	1,310	-1,070	-1,519	-3,339	9,369
Disposals		-18,344		-3,460		-21,804
<b>Balance as per 30 June 2021</b>	<b>637,868</b>	<b>367,673</b>	<b>88,829</b>	<b>151,872</b>	<b>73,946</b>	<b>1,320,187</b>
Right of use leasehold as per 30 June 2021	-185	-89	-345		-287	-906
Lease incentives as per 30 June 2021 <sup>6</sup>	3,607	5,777	586	2,623	791	13,384
Market value as per 30 June 2021	641,290	373,360	89,070	154,495	74,450	1,332,665

##### H1 2020

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
<b>Balance as per 1 January 2020</b>	<b>534,446</b>	<b>359,262</b>	<b>93,999</b>	<b>165,009</b>	<b>79,723</b>	<b>1,232,439</b>
Acquisitions	36,310					36,310
Investments	717	2,252	539	1,202	290	5,000
Revaluation	-28,257	-14,225	-2,798	-6,559	-4,103	-55,942
<b>Balance as per 30 June 2020</b>	<b>543,216</b>	<b>347,289</b>	<b>91,740</b>	<b>159,652</b>	<b>75,910</b>	<b>1,217,807</b>
Right of use leasehold as per 30 June 2020	-191	-111	-370		-314	-987
Lease incentives as per 30 June 2020	2,167	3,627	390	1,871	340	8,395
Market value as per 30 June 2020	545,192	350,805	91,760	161,524	75,935	1,225,216

<sup>6</sup> Lease incentives are reported under "Other non-current assets" and "Debtors and other accounts receivable".

## Collateral

On 30 June 2021, properties with a market value of € 240.5m (31 December 2020: € 237.4m) were mortgaged as security for loans drawn and current account overdraft facilities at banks amounting to € 66.8m (31 December 2020: € 67.1m). The level of security can vary within the financing facilities, enabling NSI to create additional loan capacity within the existing facilities or to allocate part of the security to another financing facility.

## Sensitivities to yield fluctuations

The value of investment property implies an average theoretical net yield of 5.5% (31 December 2020: 4.8%). Valuations can be affected by the general macro-economic and market environment, but also by local factors. Covid-19 is considered a significantly changed macro-economic factor. Despite the fact that currently most measures by the Government have ended, NSI is still of the opinion that there is still uncertainty regarding our business. For this reason NSI has again performed a more extensive sensitivity analysis to get a better view of possible consequences on our business and balance sheet.

If, on 30 June 2021, the yields applied for the valuation of investment property had been 50 basis points lower than the yields currently applied, the value of investment property would increase by 10.0% (31 December 2020: 11.7%). In that case NSI's equity would be € 134m (31 December 2020: € 146m) higher due to a higher positive result. The loan-to-value would then decrease from 32.6% (31 December 2020: 29.2%) to 29.6% (31 December 2020: 26.2%).

If, on 30 June 2021, the yields applied for the valuation of investment property had been 50 basis points higher than those currently applied, the value of investment property would decrease by 8.3% (31 December 2020: - 9.5%). In that case NSI's equity would be € 112m (31 December 2020: € 118m) lower due to a lower result for the year. The loan-to-value would then increase from 32.6% to 35.5%.

One of the possible risks as a consequence of the recent economic turbulence could be a fall in rental income due to, for example tenants with liquidity problems, a below average number of lease renewals or bankruptcies. For this reason a further sensitivity (on an individual property level) is executed, showing a combination of a yield shift of +50 basis points and a 10% fall of total annual contracted rent. In such case the value of investment property would decrease by 17.5%, the overall implied yield would be 7.7% and the loan-to-value would increase from 32.6% to 39.5%.

In this scenario, to reach the debt covenant of 60% , there would still be room for approximately € 550m in additional future capex for development projects and / or acquisitions, which is more than sufficient to cover the current pipeline of the development projects.

The above 'further sensitivity' analysis is provided for completion purposes only and at present is not deemed a likely scenario by NSI.

## Investment property under construction

The movement in investment property in operation per segment was as follows:

### H1 2021

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
<b>Balance as per 1 January 2021</b>	<b>2,956</b>					<b>2,956</b>
Investments	1,828					1,828
Capitalised interest	40					40
<b>Balance as per 30 June 2021</b>	<b>4,823</b>					<b>4,823</b>
Market value as per 30 June 2021	4,823					4,823

### H1 2020

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
<b>Balance as per 1 January 2020</b>	<b>7,250</b>	<b>23,400</b>				<b>30,650</b>
Investments	2,542	1,719				4,261
Capitalised interest	48	226				273
Revaluation	-814	1,155				341
<b>Balance as per 30 June 2020</b>	<b>9,026</b>	<b>26,500</b>				<b>35,526</b>
Market value as per 30 June 2020	9,026	26,500				35,526

As per 30 June 2021, investment property under construction consists of capitalised project costs of Laanderpoort, Vivaldi III and Vitrum, all located in Amsterdam.

## 8. DEBTORS AND OTHER ACCOUNTS RECEIVABLE

	30 June 2021	31 December 2020
Gross debtors	1,981	1,062
Provision for doubtful debts	-668	-454
Debtors	1,313	608
Tenant loans	32	37
Taxes	146	103
Prepayments and accrued income	182	397
Other current receivables	481	1,082
<b>Debtors and other receivables</b>	<b>2,154</b>	<b>2,226</b>

The largest item under debtors and other accounts receivable concerns debtors (€ 2.0m), mainly tenants which are overdue, which are reported after deduction of a provision for expected credit losses over the term of the receivables.

The provision for doubtful debts has been determined based on IFRS 9 guidelines, in line with prior year's calculations.

## 9. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

At 31 December 2020 19,291,415 ordinary shares with a nominal value of € 3.68 were placed and fully paid up. In May 2021 186,639 shares were issued as stock dividend, relating to the final dividend distribution for 2020. This resulted in 19,478,054 shares issued at 30 June 2021.

## 10. INTEREST BEARING LOANS

The development of the interest bearing loans the first half of 2020 and the first half of 2021 was as follows:

	2021	2020
<b>Balance as per 1 January</b>	<b>365,960</b>	<b>341,490</b>
Drawn interest bearing loans	130,000	85,125
Transaction costs paid		-75
Amortisation transaction costs	136	270
Repayment of interest bearing loans	-60,350	-60,850
<b>Balance as per 30 June</b>	<b>435,746</b>	<b>365,960</b>
Redemption requirement interest bearing loans	700	700
<b>Balance as per 30 June</b>	<b>435,046</b>	<b>365,260</b>

The remaining maturities of the loans at 30 June 2020 were as follows:

	30 June 2021			31 December 2020		
	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Up to 1 year		700	700		700	700
From 1 to 2 years		146,525	146,525		700	700
From 2 to 5 years	39,893	68,978	108,870		195,052	195,052
From 5 to 10 years	139,675		139,675	129,535		129,535
More than 10 years	39,975		39,975	39,974		39,974
<b>Total</b>	<b>219,543</b>	<b>216,203</b>	<b>435,746</b>	<b>169,508</b>	<b>196,452</b>	<b>365,960</b>

In the coming year € 0.7m (31 December 2020: € 0.7m) of financing will expire. The amount concerns the amortisation requirement of one of the loans due and will be covered by retained cash or the available financing facilities.

Loans outstanding have a remaining average maturity of 5.0 years (31 December 2020: 5.2 years). The weighted average annual interest rate on the loans and interest-rate swaps at the end of June 2021 was 2.0% (31 December 2020: 2.1%). These include margin, utilisation fees and amortised costs and exclude commitment fees.



The interest coverage ratio amounted to 6.4x as at 30 June 2020 (31 December 2020: 7.2x). Based on our ICR debt covenant of 2.0x, NSI could absorb a net rental income decline of circa 70% before breaching this covenant.

## 11. FINANCIAL INSTRUMENTS

### Recognition categories and fair values

The table on the next page summarises the book values and fair values of financial assets and liabilities, as well as their applicable level within the fair value hierarchy. The table does not provide information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable reflection of the fair value.

#### Fair value hierarchy

Fair value measurements are categorised into different levels in the fair value hierarchy depending on the input that formed the basis of the valuation techniques applied.

The different levels are defined as follows:

- Level 1: valuation based on quoted prices in active markets for identical assets or liabilities;
- Level 2: valuation of assets or liabilities based on (external) observable information;
- Level 3: valuation of assets or liabilities based wholly or partially on (external) unobservable information.

Level 2 applies to all financial instruments; a model in which fair value is determined based on directly or indirectly observable market data. In level 2 fair values for over-the-counter derivatives is calculated as the present value of the estimated future cash flows based on observable yield curves obtained by external data sources (e.g. Bloomberg) and valuation statements received from our counterparties. These quotes are regularly tested for adequacy by discounting cash flows using the market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments that take into account the credit risk of the group entity and the counterparty, when appropriate.

	Note	30 June 2021		31 December 2020		
		Fair value level	Amortised cost price	Fair value	Fair value level	Amortised cost price
Financial assets valued at amortised cost price						
Financial fixed assets		2	2,011		2	1,659
Debtors and other receivables	8	2	1,826		2	1,727
Cash and cash equivalents		1	32		1	155
Financial liabilities valued at fair value through profit or loss						
Derivative financial instruments		2		2,427	2	3,140
Financial liabilities valued at amortised cost price						
Interest bearing loans	10	2	435,746		2	365,960
Other non-current liabilities		2	3,901		2	3,960
Creditors and other payables	12	2	15,103		2	15,058
Debts to credit institutions		1	455		2	390

On the balance sheet the derivative financial instruments had the following maturity:

	30 June 2021				31 December 2020			
	# contracts	Nominal value	Fair value assets	Fair value liabilities	# contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year	2	40,000		106	2	40,000		220
From 1 to 5 years	9	107,500		2,321	9	107,500		2,920
<b>Total</b>	<b>11</b>	<b>147,500</b>		<b>2,427</b>	<b>11</b>	<b>147,500</b>		<b>3,140</b>

NSI minimises its interest rate risk by swapping the variable interest it pays on the majority of its loans for a fixed interest rate by means of contracts with fixed interest rates varying from - 0.11% to 0.73% (31 December 2020: - 0.11% to 0.73%) and with maturity dates between 2021 and 2023 (31 December 2020: between 2021 and 2023). The weighted average remaining maturity of the derivatives is 1.9 years (31 December 2020: 2.4 years).

NSI is hedged at a weighted average interest rate of 0.3% (31 December 2020: 0.3%), excluding margin, 15.9% of the total outstanding variable interest loans (31 December 2020: 13.5%) are not hedged (volume hedge of 84.1%).

## 12. CREDITORS AND OTHER ACCOUNTS PAYABLE

	30 June 2021	31 December 2020
Creditors	1,853	1,988
Taxes	2,279	3,553
Interest	1,396	1,360
Security deposits	2,063	1,898
Lease liabilities	366	398
Deferred income	10,469	11,605
Accruals	9,147	9,044
Deferred income and accruals	19,616	20,649
Other current payables	280	371
<b>Creditors and other payables</b>	<b>27,852</b>	<b>30,216</b>

## 13. OFF-BALANCE SHEET COMMITMENTS AND LIABILITIES

### Shopping center 't Loon, Heerlen

#### Former tenant

On 24 April 2020 a former tenant issued a writ of summons against the VvE and two of its members, including NSI, claiming an advance payment of € 100,000 and damages for loss of revenue. On 9 September 2020 the defendants have submitted a statement of response concluding to a rejection of the claims. On 27 January 2021 the Cantonal Judge issued a judgement referring the case to the District Court in view of the size of the claim and the complexity of the matter. The hearing before the District Court is expected to take place in the third or fourth quarter of 2021.

#### Other

The company has entered into investment commitments for an amount of € 1.8m (31 December 2020: € 7.1m) relating to investment properties. For maintenance, technical property management, IT-providers etc. the company has entered into other contractual obligations for € 8.5m (31 December 2020: € 12.8m).

The company has unused credit facilities amounting to € 229.5m (31 December 2020: € 249.6m).

## 14. EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date.

## MANAGEMENT BOARD STATEMENT

The Management Board states that, to the best of their knowledge:

- The condensed consolidated interim financial information, which has been prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, the financial position and the results of NSI N.V. and the companies included in the consolidation as a whole;
- The condensed consolidated interim financial information provides a true and fair view on the condition as at balance sheet date and the course of business during the half year under review of NSI N.V. and the related companies of which the data has been included in the interim statements, and the expected course of business;
- The condensed consolidated interim financial information includes a true and fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

NSI considers credit risk, liquidity risk and currency risk as financial risks. In addition, market risks include changes in the economic environment and in the availability of funding in the credit markets, which may affect the letting prospects as well as the market value of the properties. Please refer to the annual report 2020 for more information on existing risks.

Hoofddorp, 13 July 2021

**Management Board**

B.A. Stahli, CEO

A.A. de Jong, CFO

# REVIEW REPORT

To: the Management Board of NSI N.V.

## Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2021 of NSI N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated cash flow statement for the period then ended and the selected explanatory notes. The management board is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 13 July 2021

**PricewaterhouseCoopers Accountants N.V.**

Original version signed by S. Herwig MSc LLM RA MRE MRICS

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)

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# EPRA KEY PERFORMANCE MEASURES

## Overview key performance indicators

	H1 2021		H1 2020	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	22,465	1.16	21,756	1.15
EPRA cost ratio (incl. direct vacancy costs)	28.9%		28.4%	
EPRA cost ratio (excl. direct vacancy costs)	27.0%		26.3%	
EPRA property related capital expenditure	97,213		45,572	

	30 June 2021		31 December 2020	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	983,219	50.48	932,755	48.35
EPRA NTA	875,931	44.97	857,335	44.44
EPRA NDV	865,990	44.46	854,035	44.27
EPRA net initial yield (NIY)	4.4%		4.5%	
EPRA topped-up net initial yield	4.8%		4.9%	
EPRA vacancy rate	7.7%		7.0%	

## EPRA earnings

	H1 2021	H1 2020
Gross rental income	40,406	37,919
Service costs not recharged	-824	-844
Operating costs	-8,411	-7,557
<b>Net rental income</b>	<b>31,171</b>	<b>29,519</b>
Administrative costs	-3,862	-3,625
Net financing result	-4,842	-4,136
<b>Direct investment result before tax</b>	<b>22,467</b>	<b>21,758</b>
Corporate income tax	-2	-2
<b>Direct investment result / EPRA earnings</b>	<b>22,465</b>	<b>21,756</b>
Direct investment result / EPRA earnings per share	1.16	1.15

## EPRA cost ratio

	H1 2021	H1 2020
Administrative costs	3,862	3,625
Service costs not recharged	824	844
Operating costs (adjusted for municipality taxes)	6,984	6,306
Leasehold	0	0
<b>EPRA costs (including direct vacancy costs)</b>	<b>11,669</b>	<b>10,776</b>
Direct vacancy costs	-760	-791
<b>EPRA costs (excluding direct vacancy costs)</b>	<b>10,910</b>	<b>9,984</b>
Gross rental income	40,406	37,919
<b>EPRA gross rental income</b>	<b>40,406</b>	<b>37,919</b>
EPRA cost ratio (incl. direct vacancy costs)	28.9%	28.4%
EPRA cost ratio (excl. direct vacancy costs)	27.0%	26.3%

## EPRA property related capital expenditure

	H1 2021	H1 2020
Acquisitions	86,500	36,323
Development	1,868	4,261
Like-for-like portfolio	8,724	4,731
Other	120	257
<b>EPRA capital expenditure</b>	<b>97,213</b>	<b>45,572</b>

## EPRA NRV / NTA / NDV

	30 June 2021			31 December 2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
<b>IFRS Equity attributable to shareholders</b>	<b>873,672</b>	<b>873,672</b>	<b>873,672</b>	<b>854,438</b>	<b>854,438</b>	<b>854,438</b>
Hybrid instruments						
<b>Diluted NAV</b>	<b>873,672</b>	<b>873,672</b>	<b>873,672</b>	<b>854,438</b>	<b>854,438</b>	<b>854,438</b>
<b>Diluted NAV at fair value</b>	<b>873,672</b>	<b>873,672</b>	<b>873,672</b>	<b>854,438</b>	<b>854,438</b>	<b>854,438</b>
Fair value of financial instruments	2,427	2,427		3,140	3,140	
Intangibles as per IFRS balance sheet		-168	-168		-242	-242
Fair value of fixed interest rate debt			-7,514			-161
Real estate transfer tax	107,120			75,178		
<b>NAV</b>	<b>983,219</b>	<b>875,931</b>	<b>865,990</b>	<b>932,755</b>	<b>857,335</b>	<b>854,035</b>
Fully diluted number of shares	19,478,054	19,478,054	19,478,054	19,291,415	19,291,415	19,291,415
<b>NAV per share</b>	<b>50.48</b>	<b>44.97</b>	<b>44.46</b>	<b>48.35</b>	<b>44.44</b>	<b>44.27</b>

## EPRA yield

	30 June 2021	31 December 2020
Investment property including assets held for sale	1,338,998	1,252,959
Developments	-4,823	-2,956
<b>Property investments</b>	<b>1,334,175</b>	<b>1,250,004</b>
Allowance for estimated purchasers' costs	120,076	87,500
<b>Gross up completed property portfolio valuation</b>	<b>1,454,250</b>	<b>1,337,504</b>
Annualised cash passing rental income	78,682	78,833
Annualised property outgoings	-14,743	-18,909
<b>Annualised net rent</b>	<b>63,939</b>	<b>59,924</b>
Notional rent expiration of rent free periods or other lease incentives	5,890	5,479
<b>Topped-up annualised net rent</b>	<b>69,829</b>	<b>65,403</b>
EPRA net initial yield	4.4%	4.5%
EPRA topped-up net initial yield	4.8%	4.9%

## EPRA vacancy

	30 June 2021	31 December 2020
Estimated rental value of vacant space	7,409	6,536
Estimated rental value of the whole portfolio	96,049	93,224
<b>EPRA vacancy</b>	<b>7.7%</b>	<b>7.0%</b>

# GLOSSARY

## ASSETS HELD FOR SALE

Investment property will be reclassified to assets held for sale if it is expected that the carrying amount will be recovered principally through disposal rather than from continuing use. For this to be the case, the concerning investment property must be available for immediate sale in its present condition, taking into account the common terms for sale of such property and its sale must be highly probable. This means the property must be actively marketed for sale at a price that is reasonable compared to its current market value and the sale should be expected to be effectuated within one year from the date of reclassification.

## AVERAGE RENT PER SQM

The total annual contracted rent divided by the total leased square meters.

## COST RATIO (EPRA)

EPRA costs include all administrative costs, net service costs and operating expenses as reported under IFRS, but do not include ground rent costs. These costs are reflected including and excluding direct vacancy costs. The EPRA cost ratio is calculated as a percentage of gross rental income less ground rent costs.

## DUTCH REIT (FBI-REGIME)

NSI qualifies as a Dutch Real Estate Investment Trust (fiscale beleggingsinstelling or FBI) and as such is charged a corporate income tax rate of 0% on its earnings. The tax regime stipulates certain conditions, such as a maximum ratio of 60% between debt and the book value of real estate, maximum ownership of shares by one legal entity or natural persons, and the obligation to pay out the annual profit by way of dividends within eight months after the end of the financial year.

Before 2014, activities permitted under FBI legislation were limited to portfolio investments activities only. Effective 1 January 2014, new legislation that allows FBI's to perform enterprise-type business activities within certain limits. These activities must be carried out by a taxable subsidiary and must support the operation of the FBI's real estate business.

## EARNINGS (EPRA)

EPRA earnings is a measure of operational performance and represents the net income generated from operational activities. It excludes all components not relevant to the underlying net income performance of the portfolio.

## EARNINGS PER SHARE (EPRA)

Indicator for the profitability of NSI; portion of the EPRA earnings attributable to shareholders allocated to the weighted average number of ordinary shares.

## EUROPEAN PUBLIC REAL ESTATE ASSOCIATION (EPRA)

Association of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors.

## ESTIMATED RENTAL VALUE (ERV)

The estimated amount at which a property or space within a property, would be let under the market conditions prevailing on the date of valuation.

## HNK

HNK stands for 'Het Nieuwe Kantoor', (which means 'The New Office'). HNK is NSI's flexible office concept and offers an inspiring environment with stylish workplaces, office spaces, meeting areas, catering facilities and various ancillary services. HNK offers different propositions, including memberships (flexible workstations), managed offices (fully equipped offices), bespoke offices and meeting rooms.

## INTEREST COVERAGE RATIO (ICR)

Debt ratio and profitability ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing net rental income during a given period by net financing expenses during the same period.

## INVESTMENT RESULT - DIRECT

The direct result reflects the recurring income arising from core operational activities. The direct result consists of gross rental income minus operating costs, service costs not recharged to tenants, administrative costs, direct financing costs, corporate income tax on the direct result, and the direct investment result attributable to non-controlling interests.

## INVESTMENT RESULT - INDIRECT

The indirect result reflects all income and expenses not arising from day-to-day operations. The indirect result consists of revaluations of property, net result on sales of investment, indirect financing costs (movement in market value of derivatives and exchange rate differences, corporate income tax on the indirect result, and the indirect investment result attributable to non-controlling interests.

## INVESTMENT RESULT - TOTAL

The total result reflects all income and expenses; it is the total of the direct and the indirect investment result.

## LEASE INCENTIVES

Adjustments in rent granted to a tenant or a contribution to tenants' expenses in order to secure a lease. The impact of lease incentives on net rental income is straight line over the firm duration of the lease contract under IFRS.

## LIKE-FOR-LIKE RENTAL INCOME

Like-for-like growth figures aim at assessing the organic growth of NSI. In the case of like-for-like rental income the aim is to compare the rental income of all or part of the standing portfolio over a certain period with the rental income for the same portfolio over a previous period (i.e. year-on-year and/or quarter-on-quarter). In order to calculate like-for-like growth, the nominal increase in rent is adjusted for the impact of acquisitions, divestments and properties transferred to and from the development portfolio and between segments (e.g. office to HNK).

## LOAN TO VALUE (LTV, NET)

The LTV-ratio reflects the balance sheet value of interest-bearing debts plus short term debts to credit institutions, net of cash and cash equivalents, expressed as a percentage of the total real estate investments, including assets held for sale.

## MARKET VALUE INVESTMENT PROPERTY (FAIR VALUE)

The estimated amount for which a property should change hands on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein each party had acted knowledgeably, prudently, and without compulsion. The market value does not include transaction costs.

## NET ASSET VALUE (NAV)

The net asset value represents the total assets minus total liabilities. At NSI this equates to the shareholders' equity (excluding non-controlling interests as stated in the balance sheet). The NAV is often expressed on a per share basis; in this calculation the number of shares outstanding at reporting date is used rather than the average number of shares is used.

## NET ASSET VALUE (NAV, EPRA-DEFINITION)

The EPRA NAV metrics make adjustments to the NAV as per the IFRS financial statements to provide the most relevant information on the fair value of the assets and liabilities, under different scenario's.

- EPRA net reinstatement value (NRV): assumes that entities never sell assets and aims to represent the value required to rebuild the entity;
- EPRA net tangible assets (NTA): assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax;
- EPRA net disposal value (NDV): represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

## NET MARGIN

The net margin measures operating efficiency; it indicates how effective NSI is in managing its expense base. It is calculated as net rental income as a percentage of gross rental income.

## NET RESULT ON SALE OF INVESTMENT PROPERTY

The net result on sales of investment property reflects the disposal price paid by a third party for a property minus the value at which the respective property was recorded in the accounts at the moment of sale, net of sales costs made. The sales costs include costs of real estate agents and legal costs, but can also include internal costs made which are directly related to transaction.

## RENT - EFFECTIVE RENT

The effective rent reflects the contractual annual rent after straight-lining of rent free periods and rental discounts.

## RENT - GROSS RENTAL INCOME (GRI)

Gross rental income reflects the rental income from let properties, after taking into account the net effects of straight lining for lease incentives and key money, including turnover rent and other rental income (e.g. specialty leasing and parking income).

## RENT - NET RENTAL INCOME (NRI)

Gross rental income net of (net) costs directly attributable to the operation of the property (non-recoverable service charges and operating costs). Income and costs linked to the ownership structure, such as administrative expenses, are not included.

## RENT - PASSING CASH RENT / CONTRACTED RENT

The estimated annualised cash rental income as at reporting date, excluding the net effects of straight-lining of lease incentives. Vacant units and units that are in a rent-free period at the reporting date are deemed to have no passing cash rent.

## REVERSIONARY POTENTIAL

This ratio compares the minimum guaranteed rent and the turnover rent to the estimated rental value and as such indicates whether a unit or property is underlet or over-rented.

## REVERSIONARY RATE / RESULT FROM RELETING AND RENEWAL

The reversionary rate measures the rental gain/loss of a deal as the difference between the new rent (after the deal) and the old rent (before the deal).

## STANDING PORTFOLIO

Standing portfolio is used in like-for-like calculations and concerns the real estate investments at a specific date that have been consistently in operation as part of NSI's portfolio during two comparable periods. Note that an investment property can be considered both standing and at the same time non standing, depending on the comparison periods used (e.g. year-on-year and quarter-on-quarter).

## TARGET CITIES

Target cities refers to the locations Amsterdam, The Hague, Rotterdam, Utrecht, Eindhoven, Den Bosch and Leiden, being the focus cities of NSI in the Netherlands.

## VACANCY RATE (EPRA)

Vacancy rate (EPRA): reflects the loss of rental income against ERV as a percentage of ERV of the total operational portfolio.

## WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WALT)

This ratio is used as an indicator of the average length of leases in portfolios. It can be calculated over the full lease term of the contracts either up to expiration date or up to break option date.

## YIELD

Yield can generally be defined as the income or profit generated by an investment expressed as a percentage of its costs or the total capital invested.

- Gross initial yield: the passing rent as a percentage of the market value of an object;
- Net initial yield: the passing rent, net of property related costs, as a percentage of the market value of an object;
- Net theoretical yield: annualised net theoretical rental income as a percentage of the real estate investments in operation;
- EPRA net initial yield: annualised net effective cash passing rent (including estimated turnover rent and other recurring rental income) net of non-recoverable property operating expenses as a percentage of the gross market value of the real estate investments in operation;
- EPRA topped-up net initial yield: EPRA net initial yield adjusted for expiring lease incentives;
- Reversionary yield: the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.