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**HALF YEAR RESULTS**

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**H1 2022**

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- Solid operational performance, with 5% like-for-like gross rental growth, in challenging economic environment
- EPRA NTA of €48.34, with capital values up by 0.5% during the H1 period
- EPRA vacancy rate at 6.6% at H1 2022 (vs 5.9% at H2 2021)
- EPRA EPS of €0.99 per share; FY 2022 guidance maintained at €2.05-2.10 per share
- Excellent balance sheet position with LTV at 27.6%

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## FINANCIAL CALENDAR

Publication trading update Q3 2022	13 October 2022
Publication preliminary results FY 2022	26 January 2023
Publication annual report 2022	10 March 2023
Ex-dividend date	18 July 2022
Record date	19 July 2022
Stock dividend election period	20 July 2022 – 2 August 2022
Payment date	4 August 2022

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# NSI HIGHLIGHTS

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

### REVENUES AND EARNINGS

	H1 2022	H1 2021	Change
Net rental income	28,341	31,171	-9.1%
Net rental income - like-for-like	26,504	24,455	8.4%
Direct investment result	19,489	22,465	-13.3%
Indirect investment result	7,772	11,691	-33.5%
Total investment result	27,261	34,157	-20.2%
Earnings per share	1.38	1.77	-21.9%
EPRA earnings per share	0.99	1.16	-15.0%
EPRA cost ratio (excl. direct vacancy costs)	28.2%	27.0%	1.2 pp

### BALANCE SHEET

	30 June 2022	31 December 2021	Change
Investment property	1,342,715	1,338,034	0.3%
Net debt	-375,473	-382,073	-1.7%
Other assets / liabilities	-8,995	-7,504	19.9%
Equity	958,247	948,457	1.0%
IFRS equity per share	48.38	48.15	0.5%
EPRA NTA per share	48.34	48.23	0.2%
Net LTV	27.6%	28.2%	-0.6 pp
Number of ordinary shares outstanding	19,806,232	19,698,207	0.5%
Weighted average number of ordinary shares outstanding	19,729,242	19,499,825	1.2%

### KEY PORTFOLIO METRICS

	30 June 2022				31 December 2021	Change
	Amsterdam	Other G4	Other NL	TOTAL		
Number of properties	23	15	13	51	52	-1.9%
Market value (€ m) <sup>2</sup>	785	364	210	1,359	1,355	0.3%
Lettable area (sqm k)	178	124	85	387	409	-5.4%
Annual contracted rent (€ m) <sup>3</sup>	38	24	14	76	76	0.5%
ERV (€ m)	47	26	15	88	87	0.9%
EPRA net initial yield	3.8%	4.4%	4.5%	4.1%	4.1%	0.0 pp
Reversionary yield	6.5%	7.1%	7.3%	6.8%	6.7%	0.1 pp
EPRA vacancy	7.7%	5.8%	4.5%	6.6%	5.9%	0.6 pp
WAULT	4.1	4.1	3.4	4.0	4.1	-1.5%

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

<sup>2</sup> Reported in the balance sheet at book value incl. right of use leasehold (IFRS 16), excl. lease incentives and part of NSI HQ (own use).

<sup>3</sup> Before free rent and other lease incentives.

# CEO COMMENTS

In H1 2022 we may well have come out of the worst of the Covid pandemic in Europe, shifting the focus elsewhere. High inflation is now the next major concern, permeating the world, following years of low/negative interest rates and QE. Europe has the additional challenge of security of sufficient supply of energy to deal with in the period ahead, due to the invasion of Ukraine by Russia. Interest rates are rising, consumer and business confidence are down and the medium term economic outlook is deteriorating.

The spike in interest rates, with the 5-year euro swap rate up from 0.0% at the start of the year to 1.7% at the end of June, making highly leveraged property purchases less attractive.

## Solid H1 business performance

Rental income in H1 is lower due to our net disposals in 2021 and the transfer of two assets to the development pipeline in line with our strategy, but rents are up on a like-for-like basis by 8.4% (net). Lease indexation is a key contributor to our like-for-like growth and is set to end up at circa 6% for the whole year.

The vacancy rate at the end of H1 is 6.6%, up from 5.9% at the year-end. Positively, the vacancy sits mostly in Amsterdam and is highly concentrated in just a few buildings. We continue to see healthy demand for good quality space and are confident we can improve the occupancy rate by year-end.

Capital values are more or less stable, at +0.5% in H1. We had new appraisers in H1 (in line with our three-yearly rota policy), which has resulted in some underlying valuation movements.

## Sustainability ambition

We continue to improve the sustainability of our portfolio. We intend to further improve at least 8 assets to BREEAM Excellent by year-end, with 20 more to come by 2025. Meanwhile, we are almost half way in working out (and pricing) suitable scenarios to move the portfolio to Paris-proof by 2035.

## Development

We have continued to further all our development initiatives in H1. We are fully aware of the high building costs, higher funding costs and less favourable economic outlook in general.

Caution as such is necessary. We will continue to look at the overall risk/reward profile of the business if and when we start a project and we may well have to mitigate risks elsewhere, for example by further capital recycling, securing new long-dated debt, or JV-ing or phasing projects.

For Well House, in September we expect to have obtained the building permit, completed the technical design phase and have the

final construction quote. At this time we will have to decide whether to start or not, or perhaps temporarily delay the actual construction.

As per request of ING, at Laanderpoort we recently agreed a new delivery date of mid 2026 (vs mid 2025). This has also resulted in an update of some of the terms, including a new higher cap on the rent level and a lease extension of the existing complex. The later start date of the project also provides some much welcomed phasing to our overall development pipeline.

At Vitrum we are in the final design phase, with the permitting process pending. Delaying our Vitrum project is not an option really, as we have € 54m of capital employed not producing any return at this point in time and capex is necessary to bring this asset successfully back to the market. A pre-let is only likely once we have started the project, as in this market no tenant will sign a lease on a renovation project that has not started.

## Outlook

The immediate economic outlook has not been so unclear for quite some time: inflation, rising interest rates, labour market shortages, supply chain problems, concerns over future energy supply and whatnot.

The wider office market also still has to address the longer term ramifications of WFH. A possible recession is likely to see more people return to the office, but it is equally likely that corporates will focus on reducing costs in such an environment and decide to release more space.

Longer term the inflation-hedging characteristics of property are bound to support valuations, but that is not going to do much in the near term. As such we are very pleased with our balance sheet, at 27.6% LTV, our asset locations, our strong push for sustainability, and also with our excellent team, which will ultimately drive results for our shareholders.

Whilst the road ahead may be less predictable, we believe we need to stay the course and endeavour to further improve our offering. At the other end it will be those with the best, most sustainable assets, with strong relationships with its customers, offering the right level of services, that will come out a winner. The solidity of the business, the team and the track record may well even bring new opportunities in the period ahead.

With an H1 EPRA EPS of € 0.99, we feel comfortable to maintain our guidance for an EPRA EPS for FY 2022 of € 2.05 - € 2.10 and will pay a stable interim dividend of € 1.04 per share.

Bernd Stahl



# AMSTERDAM ZUIDOOST: TRANSFORMATION INTO A LIVELY PLACE TO LIVE, WORK AND RELAX

## History of Amsterdam Zuidoost

Five hundred years ago, the Amsterdam Zuidoost area was not much more than a particularly water-rich area with a small settlement along the sandy road from Amsterdam to Weesp. The following centuries were marked by the gradual reclamation of land alternating with times of flooding, for example the intentional flooding in 1672 to prevent an attack by the French on Amsterdam. The final reclamation dates from the beginning of the nineteenth century. After that, the not-so-fertile land was cultivated in silence for about a century and a half.

Following the Second World War, the tranquility of rural Amsterdam Zuidoost was brought to an end. Approximately 87,000 homes in Amsterdam had been destroyed by the war and an additional 43,000 homes were heavily damaged. More than ever, the municipality felt the need to build more houses, and Amsterdam Zuidoost was identified as an



Demolished farm 'Ruimzicht' in the Holendrechtterpolder and Bullewijkterpolder for future embankment of Amstel III, date unknown. Source: Stadsarchief Amsterdam.

expansion area. In order to house so many people, high-rise development was being stimulated. It still took 15-25 years for these housing units to be delivered, with the majority of the flats completed only in the early 1970s.







Aerial photo of Amstel III / Bullewijk, 1985. Source: Stadsarchief Amsterdam.

The original vision for the area was for it to become an utopia in which living, working, recreation and transport were separated from each other, to embody a futuristic vision of the preferred lifestyle of the Dutch middle class. Yet, by the time of completion of the area, the preferences of the Dutch middle class had completely shifted.

As a result the residential flats remained largely empty, rent prices dropped and many flats were turned into social housing. Within ten years of construction, the area gained national notoriety for its social problems, as many immigrants and low-income households had moved into the

area. The poor public transport infrastructure contributed to the social problems in the area, including high crime rates, drug use and unemployment.

#### Large-scale renovation and gentrification

In the 1990s, a plan was set in motion to enhance the quality of the living environment in Amsterdam Zuidoost, to achieve a better balance in the population composition. Many of the high-rise buildings were demolished and replaced by smaller-scale housing, including many owner-occupied units. The remaining flats were thoroughly renovated. New recreational facilities were added to the area, such as the Football stadium for Amsterdam-based Ajax, music venues including Afas Live and Ziggo Dome and shopping center Amsterdamse Poort.

### FUN FACTS

- Amsterdam Zuidoost is known as a melting pot of cultures. Dutch, Surinamese, Antilleans and Ghanaians make up the largest part of the population, but many other nationalities are also well represented. In total, people from over 130 nationalities live in the area.
- Amsterdam Zuidoost is the only area in Amsterdam that has no State monuments. Due to its (recent) history it has no buildings of any historical meaning. The only asset that is classified as a City Monument, a lower preservation standard, The Zandkasteel.
- Amsterdam Zuidoost is the only exclave of Amsterdam, as the district does not border any of the other Amsterdam districts. Due to its split location, Amsterdam Zuidoost was a separate town name for many decades. As of 10 January 2014, the town name was officially changed to Amsterdam on town signs and in formal address directories, in line with the rest of the city.

#### The upgrade continues

Amsterdam Zuidoost continued to further its ambitious plans. At present, the area has approximately 1,162,000 sqm of office space. ArenaPoort, the area next to the main transport hub in the area, Arena Station, is set to densify and turn into lively place to live, work and relax. The station itself will also be extended and upgraded, as will the CBRE-owned retail offering. The Zandkasteel, the iconic former headquarters of ING in the area, is also undergoing a radical transformation into residential units and an international school.



Shuttle bus bringing commuters into the office district of Amsterdam Zuidoost. Photo taken on the Hogehilweg in 1988. Source: Stadsarchief Amsterdam / ANEFO.





HNK Amsterdam Zuidooost (9,663 sqm), Burgemeester Stramanweg 102-108

In total the Arenapoort area is expected to accommodate 5,700 new residential units, 80,000m<sup>2</sup> of new offices and 13,000m<sup>2</sup> of other facilities.

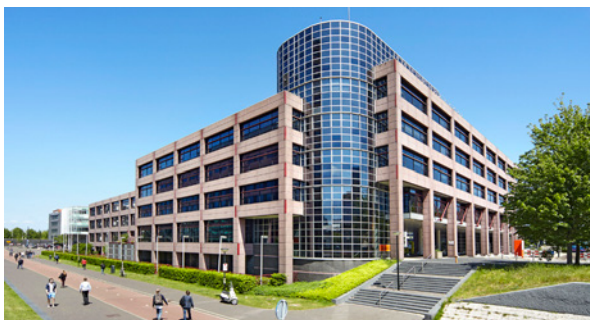
To the south of Arenapoort, the area is also being upgraded and redeveloped. On the east side of the station sits an old ABN Amro complex is located on the east side of the station and will be upgraded to a new 100,000m<sup>2</sup> highly sustainable headquarter facility for the bank. On the west side Hondsrugpark will in time see what was a monofunctional office



Hogehilweg 6 (3,097 sqm)



Hogehilweg 12 (3,129 sqm)



Laanderpoort (12,700 sqm), Bijlmerdreef 300



Hettenheувelweg 41-43 (2,428 sqm)



Hettenheувelweg 37-39 (2,463 sqm)



On the left, Centerpoint II (6,292 sqm), Hoogoorddreef 62. On the right, Centerpoint I (8,952 sqm), Hoogoorddreef 60

area turn into the green heart of a new living environment. Obsolete offices will make way for an extensive city park with 5,000 new homes, all sorts of facilities and modern work-places.

#### NSI's cluster in Zuidooost

NSI has a prominent presence in ArenaPoort and Hondsrugpark and is actively involved in the future plans for this area. NSI's own head office is located in the heart of this new transformative area. NSI owns six office buildings in the area, for a total of 47,000 sqm.

NSI is currently working on a redevelopment project for ING at Laanderpoort, with medium term plans to redevelop most of the other assets in the area, including some residential units. A total of 80,000 m<sup>2</sup> of office space (an additional 40,000 m<sup>2</sup>) and 650 homes can be developed, allowing NSI to further strengthen its cluster in the area.

*We would like to thank Bert Pots for his major contribution to this document*

# INCOME, COSTS AND RESULT

## Introduction

EPRA earnings for the first half Q1 2022 amount to € 19.5m compared to € 22.5m in H1 2021 (-13.3%). The decrease in EPRA earnings is fully explained by lower net rental income, reflecting the disposals in 2021 and 2022 and the re-development of Vitrum. EPRA EPS is € 0.99, 15.0% lower than last year.

EPRA NTA is up 0.2% or € 0.11 per share compared to the end of 2021.

## Rental income

Gross rental income decreased by € 4.8m (-12.0%) to € 35.6m compared to the same period last year. This decrease can be explained by disposals in the past year (-€ 4.9m) and the redevelopment of Vitrum as from July 2021 (-€ 2.8m). The positive effect of acquisitions amounts to € 1.3m.

On a like-for-like basis gross rents increased by 5.0%, impacted by a higher level of lease indexations H1 2022, higher rent for ING at Laanderpoort and lower vacancy loss.

Non-recoverable service costs are € 0.3m lower than in the same period last year, partly the effect of one-off Covid-19 related costs incurred in 2021.

Operating costs are € 1.7m (-20.2%) lower compared to H1 2021. The lower operating costs are mainly the effect of lower maintenance costs (-€ 1.2m), lower municipal taxes (-€ 0.3m) and lower contributions to owners' associations (-€ 0.2m).

Net rental income amounts to € 28.3m, down € 2.8m (-9.1%) versus H1 2021. The NRI margin is 79.7%, up 2.6 bps versus H1 2021.

Net rental income increased by 8.4% on a like-for-like basis, the result of an increase in Amsterdam and Other G4 (Den Haag, Rotterdam and Utrecht) and a decrease in Other Netherlands.

## Administrative costs

Admin expenses are € 0.7m higher compared to H1 2021, reflecting an increase in staff, costs made in relation to the new headquarter in Amsterdam Zuidooost and an increase in marketing costs.

## Net financing costs

Financing costs are down by 11.8% (€ 0.6m) compared to the same period last year due to higher interest capitalised on development projects.

## Indirect result

The investment portfolio incurred a positive H1 revaluation of € 5.6m compared to the end of December 2021. In addition, one property was sold with a loss on disposal of € 0.1m.

A positive mark-to-market effect on interest rate swaps (+€ 2.5m) and other indirect costs (-€ 0.1m) result in a total indirect result for the first six months of 2022 of € 7.8m.

## Post-closing events and contingencies

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

## Income segment split

	H1 2022				TOTAL	H1 2021
	Amsterdam	Other G4	Other Netherlands	Corporate		
Gross rental income	17,895	11,128	6,542		35,565	40,406
Service costs not recharged	-290	-183	-36		-509	-824
Operating costs	-2,824	-2,420	-1,471		-6,715	-8,411
<b>Net rental income</b>	<b>14,782</b>	<b>8,524</b>	<b>5,035</b>		<b>28,341</b>	<b>31,171</b>
Administrative costs				-4,579	-4,579	-3,862
<b>Earnings before interest and taxes</b>	<b>14,782</b>	<b>8,524</b>	<b>5,035</b>	<b>-4,579</b>	<b>23,762</b>	<b>27,309</b>
Net financing result				-4,272	-4,272	-4,842
<b>Direct investment result before tax</b>	<b>14,782</b>	<b>8,524</b>	<b>5,035</b>	<b>-8,851</b>	<b>19,490</b>	<b>22,467</b>
Corporate income tax				-1	-1	-2
<b>Direct investment result / EPRA earnings</b>	<b>14,782</b>	<b>8,524</b>	<b>5,035</b>	<b>-8,853</b>	<b>19,489</b>	<b>22,465</b>



# REAL ESTATE PORTFOLIO

The disposal of the shopping centre 't Loon in Heerlen, as announced in December 2021, was concluded in January, and marked the final sale in our strategy to dispose of all our retail assets, started in 2017. There were no acquisitions in H1 2022.

## Portfolio breakdown - 30 June 2022

	# Assets	Market value (€ m)	Market value (%)
Amsterdam	23	785	58%
Other G4	15	364	27%
Other Netherlands	13	210	15%
<b>TOTAL</b>	<b>51</b>	<b>1,359</b>	<b>100%</b>

## Vacancy

The EPRA vacancy as per end June 2022 is 6.6%, up from 5.9% at the end of 2021. Approximately half of this increase is due to the departure of Staples from Centerpoint II.

The vacancy rate at H1 includes 0.7% strategic vacancy for Alexanderpoort, Rotterdam (1.5% at YE 2021). Adjusted for this the vacancy rate as per end of June 2022 is 5.9%.

## EPRA vacancy

	Dec. 2021	L-f-I	Other	Jun. 2022
Amsterdam	5.8%	1.9%		7.7%
Other G4	6.8%	-1.0%		5.8%
Other Netherlands	4.9%	1.4%	-1.9%	4.5%
<b>TOTAL</b>	<b>5.9%</b>	<b>1.0%</b>	<b>-0.3%</b>	<b>6.6%</b>

## Rents

On a like-for-like basis gross rents are up by 5.0% in the first half of 2022. Split by segment, Amsterdam is up by 5.3%, Other G4 is up by 7.6% and Other Netherlands is down 0.1%. Indexation accounted for circa 2.3% of the total increase. For Amsterdam, the rest of the increase was due to the higher rent in Laanderpoort, related to the revised agreement with ING. For other G4 it was mainly vacancy reduction.

Net rents increased by 8.4% on a like-for-like basis in H1 2022, with Amsterdam up by 4.5%, Other G4 up 22.5%, and Other Netherlands down 1.5%.

The increase in like-for-like net rents in our Other G4 segment is mostly due to a lower level of maintenance in 2022 (versus 2021).

## Like-for-like growth net rental income

	2022	2021	L-f-I
Amsterdam	13.6	13.0	4.5%
Other G4	8.4	6.8	22.5%
Other Netherlands	4.6	4.6	-1.5%
<b>TOTAL</b>	<b>26.5</b>	<b>24.5</b>	<b>8.4%</b>

## Reversionary potential / ERV bridge

In H1 2022 ERVs were up by 2.8% on a like-for-like basis. In Amsterdam the highest increase in ERVs was recorded at the Zuidas at 13.5%. In Other NL the increase is largely in Leiden, at 7%. In H1 we signed new leases on average at ca. December 2021 ERVs.

## Like-for-like growth ERV

	Jun. 2022	Dec. 2021	L-f-I
Amsterdam	47	45	3.2%
Other G4	26	25	1.5%
Other NL	15	15	4.0%
<b>TOTAL</b>	<b>88</b>	<b>85</b>	<b>2.8%</b>

Following the market movements in ERV, as per H1 2022 the investment portfolio is 7.6% reversionary, down from 7.9% at YE 2021. The reversion for lease contracts still due for renewal in H2 2022 is a more modest 5.6%.

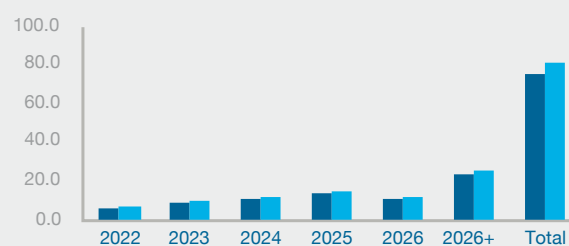
The fall in reversion can be mostly explained by indexation and the revised lease with ING on Laanderpoort.

## Reversionary potential

	Jun. 2022	Dec. 2021
Amsterdam	13.3%	15.7%
Other G4	1.7%	1.7%
Other NL	2.1%	-1.4%
<b>TOTAL</b>	<b>7.6%</b>	<b>7.9%</b>

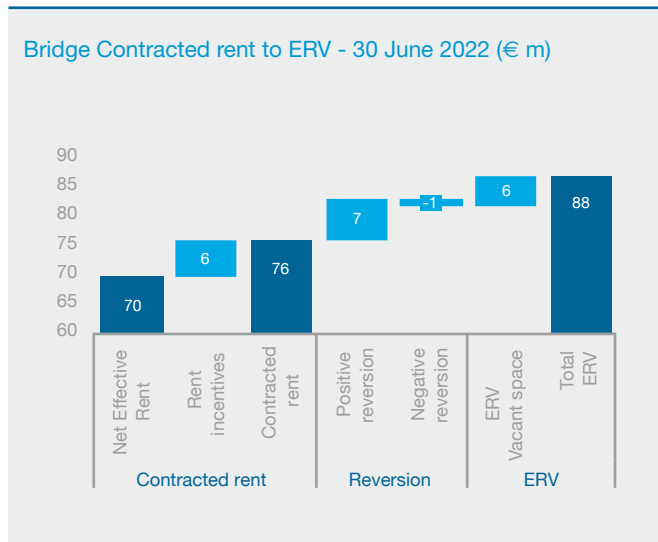
The WAULT of the portfolio is 4.0 years.

## Annual expirations and reversionary potential



# Contracts	302	72	82	71	46	92	665
Rev. Potential	5.6%	9.9%	3.9%	9.5%	3.4%	9.9%	7.6%

At the start of 2022 € 15.8m of rental income was due to expire during the year. Contracts representing an annualised rental income of € 6.4m are still set to expire in H2. This includes € 3.7m in mainly flexible lease contracts with maturities of one to three months, which typically are relatively stable. The tenant retention rate for H1 was 75%.



### EPRA yields

The H1 2022 EPRA net initial yield is 4.1%, stable vs December 2021. The positive effect of indexation in H1 is entirely offset by the small positive revaluations and the disposal of high-yielding 't Loon shopping centre during the period.

### Portfolio yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Jun. 2022	Dec. 2021	Jun. 2022	Dec. 2021	Jun. 2022	Dec. 2021
Amsterdam	3.8%	3.7%	5.3%	5.0%	6.5%	6.2%
Other G4	4.4%	4.4%	6.6%	6.6%	7.1%	7.2%
Other NL	4.5%	4.9%	6.8%	7.6%	7.3%	7.9%
<b>TOTAL</b>	<b>4.1%</b>	<b>4.1%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>6.8%</b>	<b>6.7%</b>

### Valuations

The portfolio is appraised externally twice a year. All assets saw a change in external appraiser in H1, in accordance with our standard appraiser rotation process.

The portfolio valuation was up 0.5% over H1. The fall in Amsterdam capital values (-1.7%) was more than offset by increases in other G4 (+2.1%) and other NL (+6.4%).

Amsterdam valuations were impacted by negative revaluations in Sloterdijk due to yield expansion and lower ERVs in line with more uncertainty in this submarket. This was partially mitigated by positive revaluations in Amsterdam HNK's as a result of lower valuation yields befitting the assets' improved quality.

The positive change in capital values for Other G4 was mostly driven by hardening yields in Rotterdam to reflect lower vacancy levels.

The positive revaluation in other NL is related mainly to the Leiden BioScience Park which saw a decrease in yields to reflect the scarcity and continued high desirability of medical offices and lab space. Yields for our portfolio in this submarket are now at 5.5%.

### Revaluation

	Market value (€ m)	Revaluation			%
		Positive	Negative	TOTAL	
Amsterdam	785	19	-32	-13	-1.7%
Other G4	364	21	-14	7	2.1%
Other NL	210	15	-2	13	6.4%
<b>TOTAL</b>	<b>1,359</b>	<b>55</b>	<b>-48</b>	<b>7</b>	<b>0.5%</b>

### Capital expenditure

Capex in H1 2022 is € 6.5m, of which € 1.1m is defensive. The € 5.4m of offensive capex includes € 3.2m of investments in the three major development projects.

### Capital expenditure

	Offensive	Defensive	TOTAL
Amsterdam	4.7	0.4	5.1
Other G4	0.5	0.5	1.0
Other NL	0.1	0.2	0.4
<b>TOTAL</b>	<b>5.4</b>	<b>1.1</b>	<b>6.5</b>

### Amsterdam

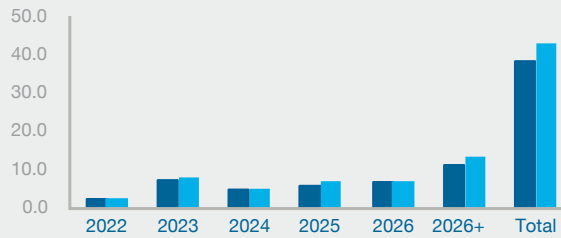
Vacancy increased from 5.8% as per end of 2021 to 7.7% as per 30 June 2022, mostly as a result of the tenant departures at Centerpoint II and HNK Houthavens. Following the completion of HNK Amsterdam Zuidoost's renovation in Q1, there is no strategic vacancy in Amsterdam.

During H1 2022 new leases were signed on average circa 3% ahead of ERV. The tenant retention rate during H1 was 71%.

### Key metrics Amsterdam

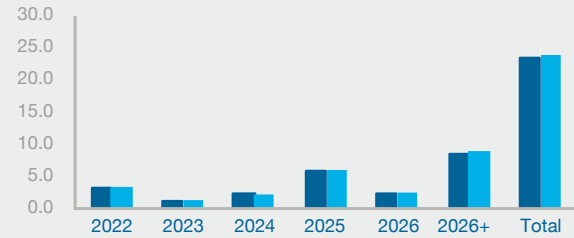
	Jun. 2022	Dec. 2021	Change
Number of properties	23	23	
Market value (€ m)	785	792	-1.0%
Market value asset (€ m)	34	34	-1.0%
Lettable area (sqm k)	178	178	0.0%
Ann. contract rent (€ m)	38	37	3.3%
Average rent / sqm	234	222	5.7%
ERV (€ m)	47	45	3.2%
EPRA vacancy	7.7%	5.8%	1.9 pp
EPRA net initial yield	3.8%	3.7%	0.1 pp
Gross initial yield	5.3%	5.0%	0.2 pp
Reversionary yield	6.5%	6.2%	0.3 pp
WAULT	4.1	4.2	-2.6%

## Annual expirations and reversionary potential



Contract rent	2.2	7.2	4.9	5.8	6.8	11.2	38.1
ERV	2.5	8.2	5.2	7.0	7.0	13.3	43.1
# Contracts	65	30	33	24	10	36	198
Reversion	17.7%	14.4%	4.7%	20.8%	2.6%	18.1%	13.3%

## Annual expirations and reversionary potential



Contract rent	3.2	1.2	2.2	6.0	2.4	8.5	23.5
ERV	3.2	1.1	2.2	6.1	2.4	8.9	24.0
# Contracts	176	27	30	30	25	35	323
Reversion	-1.0%	-6.5%	-1.9%	1.7%	2.7%	4.6%	1.7%

## Other G4

The EPRA vacancy rate for Other G4 is 5.8%, down from 6.8% at YE 2021, mainly thanks to occupancy gains at HNK Scheepvaartkwartier. The vacancy includes 2.3% in strategic vacancy for Alexanderpoort, where several floors are being held vacant as part of a major refurbishment and repositioning.

Leases in other G4 were signed in line with December 2021 ERV's. The tenant retention rate for H1 amounts to 64%.

## Key metrics Other G4

	Jun. 2022	Dec. 2021	Change
Number of properties	15	15	
Market value (€ m)	364	356	2.3%
Market value asset (€ m)	24	24	2.3%
Lettable area (sqm k)	124	124	0.1%
Ann. contract rent (€ m)	24	23	2.4%
Average rent / sqm	204	203	0.4%
ERV (€ m)	26	25	1.5%
EPRA vacancy	5.8%	6.8%	-1.0 pp
EPRA net initial yield	4.4%	4.4%	0.1 pp
Gross initial yield	6.6%	6.6%	0.0 pp
Reversionary yield	7.1%	7.2%	-0.1 pp
WAULT	4.1	4.4	-5.9%

## Other Netherlands

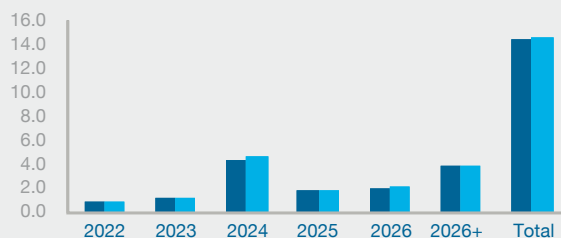
The vacancy rate was 4.5% down from 4.9% at YE 2021. Our portfolio in Leiden Bioscience Park is still fully let. Leases in this segment were signed on average at -1.4% vs December 2021 ERV's. The tenant retention rate in this segment is 88%.

## Key metrics Other Netherlands

	Jun. 2022	Dec. 2021	Change
Number of properties	13	14	-7.1%
Market value (€ m)	210	207	1.7%
Market value asset (€ m)	16	15	9.6%
Lettable area (sqm k)	85	107	-20.7%
Ann. contract rent (€ m)	14	16	-8.9%
Average rent / sqm	178	161	10.2%
ERV (€ m)	15	16	-6.5%
EPRA vacancy	4.5%	4.9%	-0.5 pp
EPRA net initial yield	4.5%	4.9%	-0.5 pp
Gross initial yield	6.8%	7.6%	-0.8 pp
Reversionary yield	7.3%	7.9%	-0.6 pp
WAULT	3.4	3.2	9.1%



## Annual expirations and reversionary potential



	2022	2023	2024	2025	2026	2026+	Total
Contract rent	1.0	1.2	4.4	1.8	2.1	3.9	14.4
ERV	1.0	1.2	4.6	1.8	2.2	3.9	14.7
# Contracts	61	15	19	17	11	21	144
Reversion	0.6%	-0.4%	5.9%	-1.3%	7.0%	-1.9%	2.1%

## Development and renovations

## Laanderpoort

A new date has been agreed with ING for the delivery of Laanderpoort at their request. The new delivery date will be Q2 2026. Revised terms include a higher cap on rents, a lease extension of the existing Laanderpoort buildings (until end of January 2023), as well as a new agreement on rent for 2022.

The final design for Laanderpoort is expected to be completed in Q4 2022. The selection process for the contractor is expected to start shortly thereafter.

## Well House

Well House is currently in its technical design phase. A number of changes in the project's technical design require a longer period than initially foreseen. The final decision to move forward with the project is expected in Q3 of this year, with the start of construction then in Q4.

## Vitrum

Negotiations with the municipality regarding the land lease are still ongoing. The final design will be completed in Q3 2022.

Project	New area (sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
Vitrum, Amsterdam	ca. 13.4	ca. 1.8	Q2 2023 / H1 2025	Final Design
Laanderpoort, Amsterdam	ca. 39.0	ca. 26.0	Q3 2023 / H1 2026	Final Design
Well House, Amsterdam	ca. 19.0	ca. 19.0	Q4 2022 / H2 2025	Technical Design
Alexanderhof, Rotterdam	t.b.d.	t.b.d.	t.b.d.	Definition

## Balance sheet impact of development

At the end of H1 2022, the balance sheet value of the development portfolio consists of the book value of Vitrum (Amsterdam) and Alexanderhof (Rotterdam), both transferred during 2021. Furthermore, the development costs of Laanderpoort and Well House are included as capex under investment property under construction.

Laanderpoort is currently not part of investment property under construction, as the asset is still leased to ING. It will only be transferred once ING vacates the building in 2023.

## Movement table investment property under construction 2022

	TOTAL
<b>Balance 1 January 2022</b>	<b>62.0</b>
Capital expenditure (Investments)	3.2
Capitalised interest	0.7
Revaluation	-0.1
<b>Balance 30 June 2022</b>	<b>65.8</b>
Market value 30 June 2022	65.6

# ESG

## NSI's Paris-proof approach

In H1 2022 we have initiated a Paris-Proof roadmap on a per asset basis which is due to be completed in Q4 2022. For this we have chosen to follow a dual definition of Paris-Proof:

- A building is Paris-proof when it consumes less than 50 kWh/sqm per year (DGBC definition).
- A building is Paris-proof when it operates below a pre-determined energy intensity and carbon reduction pathway for this specific building type and country (CRREM definition).

In H1 2022 we have selected DWA as external advisor to provide and validate Paris-proof scenarios for each individual asset. We will per asset select a scenario and incorporate the planning and costs in the regular maintenance cycle for this asset, where possible. The aim is to have executed all the plans by 2035, to achieve Paris-proof at the portfolio level by then.

The planned timelines and reduction in energy intensity as a result of the above analysis and initiatives will create a path that can be plotted alongside the CRREM pathway.

NSI currently stands well below the pathways set for 2022 both from an energy intensity and carbon intensity standpoint, as set specifically for offices in The Netherlands.

We have signed up in H1 2022 to work with Cooltree/Scaler as data warehouse for all our sustainability data, with direct links to the energy data for all our assets.

## Green Energy procurement

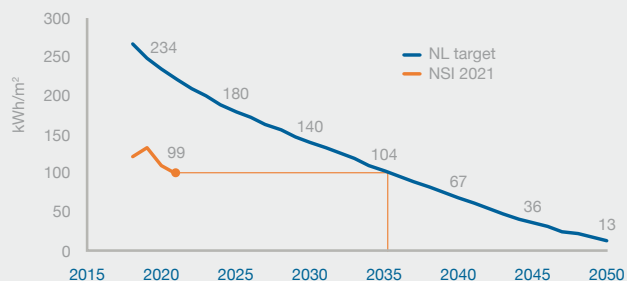
At NSI we are also committed to procuring Green Energy. All our procured electricity (for our multi-tenant buildings) is sourced from European Wind. In line with our approach to net-zero, all procured gas (for our multi-tenant buildings) emissions are offset as of 2022. District heating emissions will also be fully offset for 2022 and beyond.

## Upgrading asset sustainability labels

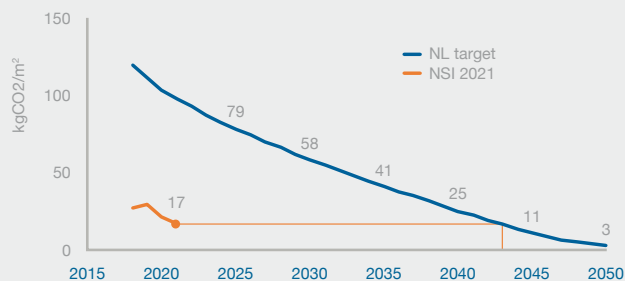
We are well on track to achieve the Dutch EPC requirement of at least C by 2023. Rather than focussing on the minimum label C, we already have 36 out of 51 assets at label A. By year-end 2022 we will only have two assets with a label below C, one of which is a State monument and excluded from the requirement and the other is being vacated for redevelopment/disposal.

We are on target to increase our assets with BREEAM “Excellent” rating from 1 to at least 8 assets by year-end 2022.

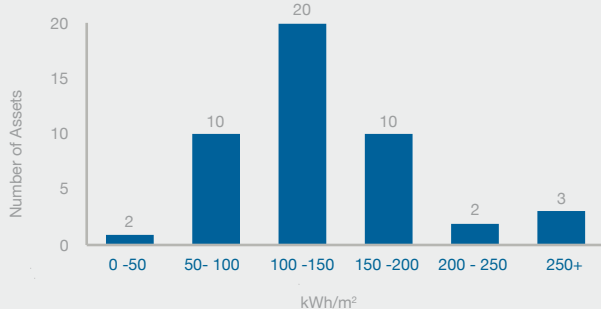
CRREM energy reduction pathway vs NSI portfolio



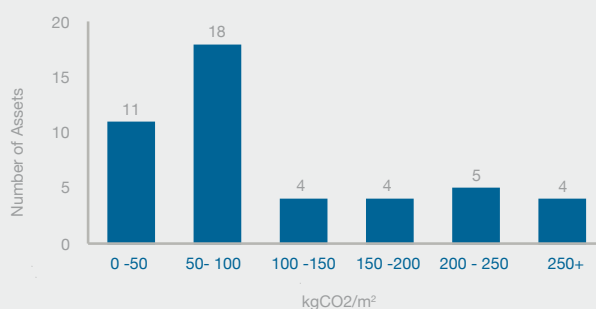
CRREM decarbonisation pathway vs NSI portfolio



Energy intensity 2021



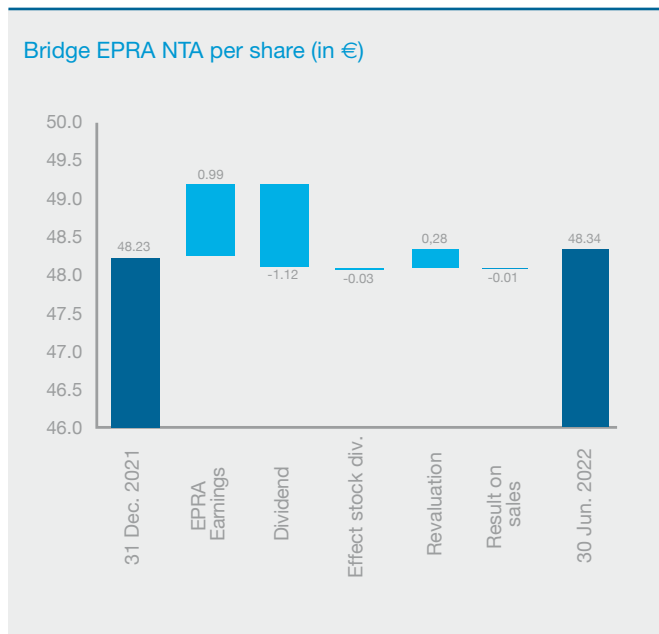
Carbon intensity 2021



# BALANCE SHEET, NTA AND FINANCING

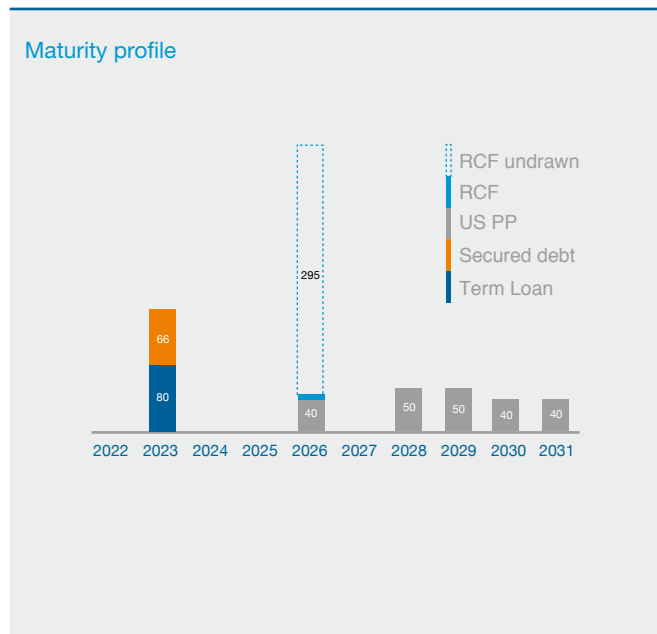
## Net tangible assets

EPRA NTA per June 2022 is € 957.5m, up 0.8% compared to the end of 2021, largely as a result of a positive revaluation of the investment portfolio (+0.5%). Due to a small rise in the number of shares following the issuance of stock dividend, EPRA NTA per share increased by 0.2% from € 48.23 at the end of 2021 to € 48.34 at the end of June 2022.



to lower costs related to financial derivatives. A sustainability linked margin adjustment on the RCF was also captured by achieving all sustainability related targets for 2021.

The €146m in maturities due in 2023 are now classified as short term debt. On refinancing, the aim is to maintain an element of secured debt in the capital structure, as a funding alternative.



## Funding

Net debt at the end of June 2022 is down € 6.6m compared to the end of December 2021. This is primarily due to the disposal of the last retail asset in Heerlen, back in January.

### Net debt

	Jun. 2022	Dec. 2021	Change
Debt outstanding	371.1	391.4	-20.4
Amortisation costs	-1.4	-1.6	0.2
<b>Book value of debt</b>	<b>369.6</b>	<b>389.8</b>	<b>-20.2</b>
Cash and cash equivalents	0.0	-7.7	7.7
Debts to credit institutions	5.9	0.0	5.9
<b>Net debt</b>	<b>375.5</b>	<b>382.1</b>	<b>-6.6</b>

At the end of June 2022 NSI has circa € 295m of committed undrawn credit facilities at its disposal. This leaves ample room for selective acquisitions and capacity to fund the development pipeline.

With sufficient committed undrawn facilities at its disposal, NSI is in a relatively favourable position given the current volatility in the funding environment.

At the end of June 2022 the average loan maturity is 4.4 years (December 2021: 4.9 years), with no loans maturing until April 2023. As per the end of June 82% of debt drawn is unsecured. The cost of debt has slightly decreased to 2.1% (December 2021: 2.2%) due

## Leverage and hedging

The LTV is 27.6% at the end of June 2022, 0.6 percentage point lower compared to December 2021, driven by the disposal of the last retail asset in Heerlen.

The ICR stands at 6.6x<sup>4</sup> compared to 6.8x at the end of 2021. The ICR remains firmly above the 2.0x covenant.

### Covenants

	Covenant	Dec. 18	Dec. 19	Dec. 20	Dec. 21	Jun. 22
LTV	≤ 60.0%	36.9%	27.4%	29.2%	28.2%	27.6%
ICR	≥ 2.0x	5.5x	6.8x	7.2x	6.8x	6.6x

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the lower utilisation of the RCF, the volume hedge ratio at the end of June 2022 increased to 99% (target range: 70-100%). The weighted average maturity of both the derivatives and the fixed rate debt is 4.4 years at the end of June 2022. The maturity hedge ratio is 100% (target range: 70-120%).

<sup>4</sup> Adjusted for capitalised interest, the ICR stands at 5.7x.



# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Note	H1 2022	H1 2021
Gross rental income	2	35,565	40,406
Service costs recharged to tenants		5,475	6,428
Service costs		-5,984	-7,252
Service costs not recharged	2	-509	-824
Operating costs	2, 3	-6,715	-8,411
<b>Net rental income</b>		<b>28,341</b>	<b>31,171</b>
Revaluation of investment property	4	5,572	9,369
Net result on sale of investment property	5	-140	1,638
<b>Net result from investments</b>		<b>33,773</b>	<b>42,178</b>
Administrative costs	6	-4,579	-3,862
Other income and costs		-106	-29
Financing income		20	1
Financing costs		-4,292	-4,843
Movement in market value of financial derivatives		2,447	-713
Net financing result		-1,825	-4,129
<b>Result before tax</b>		<b>27,262</b>	<b>-34,158</b>
Corporate income tax		-1	-2
<b>Total result for the year</b>		<b>27,261</b>	<b>-34,157</b>
<b>Other comprehensive income / expense</b>			
<b>Total comprehensive income / expense for the year</b>		<b>27,261</b>	<b>-34,157</b>
Total comprehensive income / expense attributable to:			
Shareholders		27,261	-34,157
<b>Total comprehensive income / expense for the year</b>		<b>27,261</b>	<b>-34,157</b>
Data per average outstanding share:			
Diluted as well as non-diluted result after tax		1.38	1.76

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 2022	31 December 2021
Assets			
Investment property	7	1,342,715	1,338,034
Financial fixed assets		0	0
Tangible fixed assets		4,401	5,165
Intangible fixed assets		66	134
Other non-current assets		14,185	13,148
<b>Non-current assets</b>		<b>1,361,368</b>	<b>1,356,481</b>
Derivative financial instruments	11	708	
Debtors and other receivables	8	4,457	4,015
Cash and cash equivalents		47	7,729
<b>Current assets</b>		<b>5,213</b>	<b>11,744</b>
<b>Total assets</b>		<b>1,366,580</b>	<b>1,368,225</b>
Shareholders' equity			
Issued share capital	9	72,887	72,489
Share premium reserve	9	916,365	916,768
Other reserves	9	-58,265	-161,762
Total result for the year		27,261	120,961
<b>Shareholders' equity</b>		<b>958,247</b>	<b>948,457</b>
Liabilities			
Interest bearing loans	10	223,697	389,096
Derivative financial instruments	11		1,739
Other non-current liabilities		4,173	3,742
<b>Non-current liabilities</b>		<b>227,870</b>	<b>394,577</b>
Redemption requirement interest bearing loans	10	145,933	700
Creditors and other payables	12	28,640	24,485
Debts to credit institutions		5,890	7
<b>Current liabilities</b>		<b>180,463</b>	<b>25,192</b>
<b>Total liabilities</b>		<b>408,333</b>	<b>419,769</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,366,580</b>	<b>1,368,225</b>

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

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	Notes	H1 2022	H1 2021
Result from operations after tax		27,261	34,157
Adjusted for:			
Revaluation of investment property	4	-5,572	-9,369
Net result on sale of investment property	5	140	-1,638
Net financing result		1,825	4,129
Corporate income taxes		1	2
Depreciation and amortisation	6	392	244
		-3,213	-6,633
Movements in working capital:			
Debtors and other receivables		-1,909	-2,054
Creditors and other payables		4,778	-2,506
		2,869	-4,560
<b>Cash flow from operations</b>		<b>26,917</b>	<b>22,964</b>
Financing income received		20	1
Financing costs paid		-5,076	-4,670
Settlement of derivatives			
Tax paid		6	-45
<b>Cash flow from operating activities</b>		<b>21,868</b>	<b>18,250</b>
Purchases of investment property and subsequent expenditure	7	-6,500	-97,205
Proceeds from sale of investment property	7	8,995	24,039
Investments in tangible fixed assets		-100	
Disinvestments in tangible fixed assets		4	
Investments in intangible fixed assets		-6	
<b>Cash flow from investment activities</b>		<b>2,394</b>	<b>-25,593</b>
Dividend paid to the company's shareholders		-17,470	-14,922
Proceeds from interest bearing loans	10		130,000
Transaction costs interest bearing loans paid		-7	
Repayment of interest bearing loans	10	-20,350	-60,350
<b>Cash flow from financing activities</b>		<b>-37,827</b>	<b>54,728</b>
<b>Net cash flow</b>		<b>-13,565</b>	<b>-189</b>
<b>Cash and cash equivalents and debts to credit institutions - balance as per 1 January</b>		<b>7,723</b>	<b>-234</b>
<b>Cash and cash equivalents and debts to credit institutions - balance as per 30 June</b>		<b>-5,842</b>	<b>-423</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 2022

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
<b>Balance as per 1 January 2022</b>	<b>72,489</b>	<b>916,768</b>	<b>-161,762</b>	<b>120,961</b>	<b>948,457</b>
Total result for the year				27,261	27,261
<b>Total comprehensive income / expense for the year</b>				<b>27,261</b>	<b>27,261</b>
Profit appropriation – 2021			120,961	-120,961	
Distribution final dividend – 2021	398	-403	-17,464		-17,470
<b>Contributions from and to shareholders</b>	<b>398</b>	<b>-403</b>	<b>103,496</b>	<b>-120,961</b>	<b>-17,470</b>
<b>Balance as per 30 June 2022</b>	<b>72,887</b>	<b>916,365</b>	<b>-58,265</b>	<b>27,261</b>	<b>958,247</b>

### 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>

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. (registration number Chamber of Commerce: 36040044; hereinafter 'NSI', or the 'company'), with its principal place of business in Hoogoorddreef 62, 1101 BE Amsterdam, the Netherlands and its registered office in Amsterdam, the Netherlands is a real estate company, primarily focussing on offices.

These condensed consolidated financial statements are presented for the company and its subsidiaries (together referred to as the 'Group').

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 2021.

The interim financial information was authorised for issue by the Company's Management and Supervisory Board on 13 July 2022. 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 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 2021. 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, the feasibility of the four investment properties under construction and timing of capitalisation of interest for the development projects, determination of ground lease terms and principle versus agent considerations for services provided to tenants.

#### Valuation principles

The condensed consolidated interim financial statements have been prepared on the basis of historical cost except for investment property, investment property under construction and derivative financial instruments, which are subsequently measured at fair value.

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

At the end of H1 2022 NSI had a negative working capital position. However, this does not impact the assumption of continuity as NSI still has a remaining committed undrawn credit facility amply exceeding this negative working capital.

### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2021, except for assets held for sale. Assets held for sale are presented as part of investment property in operation, as disposal of individual assets is currently considered as part of ongoing business.

## 1. SEGMENT INFORMATION

Having completed the asset rotation in full, with the disposal of the last retail and non-core provincial assets, the segment reporting has been adjusted as from 2022, to better reflect the positioning of NSI and how the business will evolve over the period ahead. NSI will no longer report Office, HNK and Other, but instead has switched to Amsterdam, Other G4 and Other Netherlands.

Comparative figures have been adjusted accordingly.

### H1 2022

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	17,895	11,128	6,542		35,565
Service costs not recharged	-290	-183	-36		-509
Operating costs	-2,824	-2,420	-1,471		-6,715
<b>Net rental income</b>	<b>14,782</b>	<b>8,524</b>	<b>5,035</b>		<b>28,341</b>
Revaluation of investment property	-14,522	7,261	12,833		5,572
Net result on sale of investment property		-127	-13		-140
<b>Net result from investment</b>	<b>259</b>	<b>15,658</b>	<b>17,855</b>		<b>33,773</b>
Administrative costs				-4,579	-4,579
Other income and costs				-106	-106
Net financing result				-1,825	-1,825
<b>Result before tax</b>	<b>259</b>	<b>15,658</b>	<b>17,855</b>	<b>-6,511</b>	<b>27,262</b>
Corporate income tax				-1	-1
<b>Total result for the year</b>	<b>259</b>	<b>15,658</b>	<b>17,855</b>	<b>-6,512</b>	<b>27,261</b>
<b>Other comprehensive income / expense</b>					
<b>Total comprehensive income / expense for the year</b>					<b>27,261</b>

### H1 2021

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	19,232	13,255	7,918		40,406
Service costs not recharged	-205	-386	-232		-824
Operating costs	-2,534	-3,940	-1,937		-8,411
<b>Net rental income</b>	<b>16,492</b>	<b>8,929</b>	<b>5,749</b>		<b>31,171</b>
Revaluation of investment property	12,778	-4,496	1,087		9,369
Net result on sale of investment property		1,371	268		1,638
<b>Net result from investment</b>	<b>29,270</b>	<b>5,804</b>	<b>7,104</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>29,270</b>	<b>5,804</b>	<b>7,104</b>	<b>-8,020</b>	<b>34,158</b>
Corporate income tax				-2	-2
<b>Total result for the year</b>	<b>29,270</b>	<b>5,804</b>	<b>7,104</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>34,157</b>



## 2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Amsterdam	17,895	19,232	-290	-205	-2,824	-2,534	14,782	16,492
Other G4	11,128	13,255	-183	-386	-2,420	-3,940	8,524	8,929
Other Netherlands	6,542	7,918	-36	-232	-1,471	-1,937	5,035	5,749
<b>Net rental income</b>	<b>35,565</b>	<b>40,406</b>	<b>-509</b>	<b>-824</b>	<b>-6,715</b>	<b>-8,411</b>	<b>28,341</b>	<b>31,171</b>

## 3. OPERATING COSTS

	H1 2022	H1 2021
Leasehold	-3	0
Municipal taxes	-2,562	-2,855
Insurance premiums	-305	-284
Maintenance costs	-824	-2,002
Property management costs	-1,954	-1,989
Letting costs	-572	-643
Contribution to owner association	-61	-283
Doubtful debt costs	-180	-223
Other operating costs	-255	-133
<b>Operating costs</b>	<b>-6,715</b>	<b>-8,411</b>

Property management costs include administrative costs charged to operations for an amount of € 1.5m (H1 2021: € 1.6m). Letting costs include an amount of € 0.3m (H1 2021: € 0.3m) for straight-lined letting investments and commissions.

An amount of € 0.2 (H1 2021: € 0.1m) relates to operating costs of fully vacant properties.

## 4. REVALUATION OF INVESTMENT PROPERTY

	H1 2022			H1 2021		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation	55,202	-48,041	7,161	24,883	-13,639	11,244
Investment property under construction		-137	-137			
<b>Revaluation - market value</b>	<b>55,202</b>	<b>-48,178</b>	<b>7,024</b>	<b>24,883</b>	<b>-13,639</b>	<b>11,244</b>
Movement in right of use leasehold			-30			-58
Movement in lease incentives			-1,422			-1,817
<b>Revaluation of investment property</b>			<b>5,572</b>			<b>9,369</b>

## 5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	H1 2022	H1 2021
Proceeds on sale of investment property	9,007	24,297
Transaction costs on sale of investment property	-12	-259
<b>Sale of investment property</b>	<b>8,995</b>	<b>24,039</b>
Book value at the time of sale (excl. right of use leasehold)	-9,136	-22,400
<b>Net result on sale of investment property</b>	<b>-140</b>	<b>1,638</b>

The result on the right of use leasehold at the moment of disposal amounts to € 0.0 (H1 2021: € 0.0m).

The net result on sale of investment property includes an amount of - € 0.1m (H1 2021: € 0.0m) related to prior years' sales. During H1 2022 1 object (H1 2021: 6 objects), was sold.

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

## 6. ADMINISTRATIVE COSTS

	H1 2022	H1 2021
Salaries and wages	-3,116	-2,823
Social security	-397	-348
Pensions	-185	-167
Depreciation right of use tangible fixed assets	-150	-139
Other staff costs	-497	-561
Staff costs	-4,345	-4,037
Compensation supervisory board	-100	-139
Depreciation and amortisation	-242	-105
Other office costs	-739	-610
Office costs	-981	-715
Audit, consultancy and valuation costs	-608	-458
Other administrative costs	-618	-493
<b>Administrative costs</b>	<b>-6,650</b>	<b>-5,842</b>
<b>Allocated administrative costs</b>	<b>2,071</b>	<b>1,980</b>
<b>Administrative costs</b>	<b>-4,579</b>	<b>-3,862</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 2021: € 0.3m).

Furthermore, part of the reception staff of HNK are included in the payroll of NSI. These costs (€ 0.3m, H1 2021: € 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”.

## 7. INVESTMENT PROPERTY

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

	30 June 2022	31 December 2021
Investment property in operation	1,276,937	1,275,988
Investment property under construction	65,778	62,046
<b>Investment property</b>	<b>1,342,715</b>	<b>1,338,034</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 2022 100% (31 December 2021: 100%) of investment property were externally appraised by external appraisers. In 2022 the appraisers are JLL, Colliers and Cushman & Wakefield. In 2021 there were four appraisers: 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 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.

## Investment property in operation

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

### H1 2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
<b>Balance as per 1 January 2022</b>	<b>725,852</b>	<b>346,699</b>	<b>203,436</b>	<b>1,275,988</b>
Acquisitions			-3	-3
Investments	2,011	1,023	381	3,415
Revaluation	-14,492	7,373	12,833	5,714
Transfer from/ to real estate in own use			573	573
Disposals		-62	-8,688	-8,750
<b>Balance as per 30 June 2022</b>	<b>713,371</b>	<b>355,033</b>	<b>208,533</b>	<b>1,276,937</b>
Right of use leasehold as per 30 June 2022	-714		-72	-787
Lease incentives as per 30 June 2022	6,704	5,617	1,864	14,185
Market value as per 30 June 2022	719,361	360,650	210,325	1,290,336

### H1 2021

	Amsterdam	Other G4	Other Netherlands	TOTAL
<b>Balance as per 1 January 2021</b>	<b>658,249</b>	<b>387,091</b>	<b>191,896</b>	<b>1,237,237</b>
Acquisitions	72,902	13,562		86,464
Investments	1,584	6,235	1,013	8,921
Revaluation	12,778	-4,496	1,087	9,369
Disposals		-13,739	-8,065	-21,804
<b>Balance as per 30 June 2021</b>	<b>745,513</b>	<b>388,744</b>	<b>185,930</b>	<b>1,320,187</b>
Right of use leasehold as per 31 December 2021	-817		-89	-906
Lease incentives as per 31 December 2021	4,234	6,416	2,734	13,384
Market value as per 31 December 2021	748,930	395,160	188,575	1,332,665

### Collateral

On 30 June 2022, properties with a market value of € 247.8m (31 December 2021: € 248.4m) were mortgaged as security for loans drawn and current account overdraft facilities at banks amounting to € 66.1m (31 December 2021: € 66.4m). 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 gross initial yield of 5.9% (31 December 2021: 5.9%). Valuations can be affected by the general macro-economic and market environment, but also by local factors. For this reason NSI has performed a sensitivity analysis.

If, on 30 June 2022, 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 8.8% (31 December 2021: 8.9%). In that case NSI's equity would be € 120m (31 December 2021: € 120m) higher due to a higher positive result. The loan-to-value would then decrease from 27.6% (31 December 2021: 28.2%) to 25.4% (31 December 2021: 25.9%).

If, on 30 June 2022, 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 7.0% (31 December 2021: - 7.5%). In that case NSI's equity would be € 101m (31 December 2021: € 102m) lower due to a lower result for the year. The loan-to-value would then increase from 27.6% to 29.8%.

## Investment property under construction

The movement in investment property under construction per segment was as follows:

### H1 2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
<b>Balance as per 1 January 2022</b>	<b>58,371</b>	<b>3,675</b>		<b>62,046</b>
Investments	3,205	7		3,213
Capitalised interest	662			662
Revaluation	-30	-112		-143
<b>Balance as per 30 June 2022</b>	<b>62,208</b>	<b>3,570</b>		<b>65,778</b>
Right of use leasehold as per 30 June 2022	-221			-221
Market value as per 30 June 2022	61,987	3,570		65,557

### H1 2021

	Amsterdam	Other G4	Other Netherlands	TOTAL
<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

As per 30 June 2022, investment property under construction consists of capitalised project costs of Laanderpoort, Vivaldi III and Vitrum, all located in Amsterdam and Alexanderhof in Rotterdam.

## 8. DEBTORS AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
Gross debtors	1,421	782
Provision for doubtful debts	-488	-300
<b>Debtors</b>	<b>933</b>	<b>483</b>
Tenant loans	0	28
Taxes	44	89
Prepayments and accrued income	278	528
Other current receivables	3,202	2,887
<b>Debtors and other receivables</b>	<b>4,457</b>	<b>4,015</b>

The largest items under debtors and other receivables concern debtors (€ 1.4m) and other current receivables (€ 3.2m).

Debtors are mainly tenant overdue receivables, which are reported after deduction of a provision for expected credit losses over the term of the receivables.

Other current receivables contains a receivable due by a tenant, which is due in H2 2022.

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 2021 19,698,207 ordinary shares with a nominal value of € 3.68 were placed and fully paid up. In May 2022 108,025 shares were issued as stock dividend, relating to the final dividend distribution for 2022. This resulted in 19,806,231 shares issued at 30 June 2022.

## 10. INTEREST BEARING LOANS

The development of the interest bearing loans the first half of 2022 and the first half of 2021 was as follows:

	2022	2021
<b>Balance as per 1 January</b>	<b>389,796</b>	<b>365,960</b>
Drawn interest bearing loans		140,000
Transaction costs paid	-7	-744
Amortisation transaction costs	191	280
Repayment of interest bearing loans	-20,350	-115,700
<b>Balance as per 30 June</b>	<b>369,630</b>	<b>389,796</b>
Redemption requirement interest bearing loans	145,933	700
<b>Balance as per 30 June</b>	<b>223,697</b>	<b>389,096</b>

The remaining maturities of the loans at 30 June 2022 were as follows:

	30 June 2022			31 December 2021		
	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Up to 1 year		145,933	145,933		700	700
From 1 to 2 years					145,529	145,529
From 2 to 5 years	39,916	4,109	44,025	39,904	24,015	63,919
From 5 to 10 years	179,672		179,672	179,648		179,648
More than 10 years						
<b>Total</b>	<b>219,588</b>	<b>150,042</b>	<b>369,630</b>	<b>219,552</b>	<b>170,244</b>	<b>389,796</b>

In the coming year € 145.9m (31 December 2021: € 0.7m) of financing will expire. The amount concerns the expiration of two loans in H1 2023. NSI aims to refinance these loans and to maintain an element of secured debt in the capital structure.

Loans outstanding have a remaining average maturity of 4.4 years (31 December 2021: 4.9 years). The weighted average annual interest rate on the loans and interest-rate swaps at the end of June 2022 was 2.1% (31 December 2021: 2.2%). These include margin, utilisation fees and amortised costs and exclude commitment fees.

The interest coverage ratio amounted to 6.6x as at 30 June 2022 (31 December 2021: 6.8x). 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 2022			31 December 2021		
		Fair value level	Amortised cost price	Fair value	Fair value level	Amortised cost price	Fair value
Financial assets valued at fair value through profit or loss							
Derivative financial instruments		2		708			
Financial assets valued at amortised cost price							
Financial fixed assets		2	0		2	0	
Debtors and other receivables	8	2	4,135		2	3,398	
Cash and cash equivalents		1	47		1	7,729	
Financial liabilities valued at fair value through profit or loss							
Derivative financial instruments					2		1,739
Financial liabilities valued at amortised cost price							
Interest bearing loans	10	2	369,630		2	389,796	
Other non-current liabilities		2	4,173		2	3,742	
Creditors and other payables	12	2	16,118		2	15,051	
Debts to credit institutions		1	5,890		2	7	

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

	30 June 2022				31 December 2021			
	# contracts	Nominal value	Fair value assets	Fair value liabilities	# contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year	9	147,500	708					
From 1 to 5 years					9	147,500		1,739
<b>Total</b>	<b>9</b>	<b>147,500</b>	<b>708</b>		<b>9</b>	<b>147,500</b>		<b>1,739</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 2021: - 0.11% to 0.73%) and with maturity dates in 2023 (31 December 2021: 2023). The weighted average remaining maturity of the derivatives is 0.9 years (31 December 2021: 1.4 years).

NSI is hedged at a weighted average interest rate of 0.4% (31 December 2021: 0.4%), excluding margin, 1.0% of the total outstanding variable interest loans (31 December 2021: 6.1%) are not hedged (volume hedge of 99.0%).

## 12. CREDITORS AND OTHER PAYABLES

	30 June 2022	31 December 2021
Creditors	3,223	2,627
Taxes	2,135	1,587
Interest	373	721
Security deposits	1,966	2,059
Lease liabilities	421	413
Deferred income and accruals	20,385	16,994
Other current payables	137	84
<b>Creditors and other payables</b>	<b>28,640</b>	<b>24,485</b>

### 13. OFF-BALANCE SHEET ASSETS AND LIABILITIES

In January 2022, the disposal of shopping centre 't Loon in Heerlen was concluded. Pursuant to the SPA, the risks, but also possible benefits, related to existing and / or new claims as a consequence of the sink hole that occurred in 2011 under the shopping mall, remain with NSI.

#### Off- balance sheet assets

##### Shopping center 't Loon, Heerlen - Insurance companies

In the court case initiated by (the insurance company of) a former tenant of shopping mall 't Loon against – amongst others - the association of owners of shopping mall 't Loon, the Dutch Supreme Court presented its judgement on 4 February 2022.

The outcome of the judgement is, amongst others, that the decision of the Amsterdam Court of Appeal dated 10 September 2019, is annulled. The court case is forwarded to the The Hague Court of Appeal for further judgement.

The legal basis for the payment of the association of owners of € 563k to the insurance company of the tenant, made pursuant to the decision of the Amsterdam Court of Appeal of 10 September 2019, is therefore also annulled. This means that the association of owners has a due and payable claim of € 563k (to be increased with the statutory interest) against the insurance company of the tenant. NSI, as (former) member of the association owners, is entitled to approximately 60% of this claim.

##### Park Office, Rotterdam – New owner of the building

In December 2021 NSI sold the Park Office, Rotterdam asset. NSI agreed a conditional additional payment of € 2.5m (earn-out clause relating to transformation potential), to be paid by the new owner or future owner(s), if an irrevocable environmental permit will be obtained by the owner before 2050.

#### Off- balance sheet 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.

By final decision of the District Court dated 26 January 2022, the claims of the former tenant have been denied in full. Please note that the former tenant has not appealed the decision of the District Court, with the effect that no further appeal is possible. The decision of the District Court, denying the claims of the former tenant, is therefore final and binding.

#### Other

The company has entered into investment commitments for an amount of € 3.6m (31 December 2021: € 2.4m) relating to investment properties. For maintenance, technical property management, IT-providers etc. the company has entered into other contractual obligations for € 6.6m (31 December 2021: € 8.6m).

The company has unused credit facilities amounting to € 295.0m (31 December 2021: € 275.0m).

### 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.

Amsterdam, 13 July 2022

## 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 2022 of NSI N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The management board is responsible for the preparation and presentation of this (condensed) 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 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 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 13 July 2022

**PricewaterhouseCoopers Accountants N.V.**

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

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# EPRA KEY PERFORMANCE MEASURES

	H1 2022		H1 2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	19,489	0.99	22,465	1.16
EPRA cost ratio (incl. direct vacancy costs)	29.6%		28.9%	
EPRA cost ratio (excl. direct vacancy costs)	28.2%		27.0%	
EPRA property related capital expenditure	6,625		97,213	

	30 June 2022		31 December 2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	1,066,269	53.84	1,058,582	53.74
EPRA NTA	957,473	48.34	950,062	48.23
EPRA NDV	975,447	49.25	945,661	48.01
EPRA LTV	28.4%		28.8%	
EPRA net initial yield (NIY)	4.1%		4.1%	
EPRA topped-up net initial yield	4.5%		4.5%	
EPRA vacancy rate	6.6%		5.9%	

## EPRA earnings

	H1 2022	H1 2021
Gross rental income	35,565	40,406
Service costs not recharged	-509	-824
Operating costs	-6,715	-8,411
<b>Net rental income</b>	<b>28,341</b>	<b>31,171</b>
Administrative costs	-4,579	-3,862
Net financing result	-4,272	-4,842
<b>Direct investment result before tax</b>	<b>19,490</b>	<b>22,467</b>
Corporate income tax	-1	-2
<b>Direct investment result / EPRA earnings</b>	<b>19,489</b>	<b>22,465</b>
Direct investment result / EPRA earnings per share	0.99	1.16

## EPRA cost ratio

	H1 2022	H1 2021
Administrative costs	4,579	3,862
Service costs not recharged	509	824
Operating costs (adjusted for municipality taxes)	5,433	6,984
Leasehold	-3	0
<b>EPRA costs (including direct vacancy costs)</b>	<b>10,520</b>	<b>11,669</b>
Direct vacancy costs	-504	-760
<b>EPRA costs (excluding direct vacancy costs)</b>	<b>10,016</b>	<b>10,910</b>
Gross rental income	35,565	40,406
<b>EPRA gross rental income</b>	<b>35,565</b>	<b>40,406</b>
EPRA cost ratio (incl. direct vacancy costs)	29.6%	28.9%
EPRA cost ratio (excl. direct vacancy costs)	28.2%	27.0%



## EPRA property related capital expenditure

	H1 2022	H1 2021
Acquisitions	72	86,490
Development	3,213	1,828
Like-for-like portfolio	3,277	4,410
Other	64	4,485
<b>EPRA capital expenditure</b>	<b>6,625</b>	<b>97,213</b>

## EPRA NAV

	30 June 2022			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
<b>IFRS Equity attributable to shareholders</b>	<b>958,247</b>	<b>958,247</b>	<b>958,247</b>	<b>948,457</b>	<b>948,457</b>	<b>948,457</b>
Hybrid instruments						
<b>Diluted NAV</b>	<b>958,247</b>	<b>958,247</b>	<b>958,247</b>	<b>948,457</b>	<b>948,457</b>	<b>948,457</b>
<b>Diluted NAV at fair value</b>	<b>958,247</b>	<b>958,247</b>	<b>958,247</b>	<b>948,457</b>	<b>948,457</b>	<b>948,457</b>
Fair value of financial instruments	-708	-708		1,739	1,739	
Intangibles as per IFRS balance sheet		-66	-66		-134	-134
Fair value of fixed interest rate debt			17,266			-2,662
Real estate transfer tax	108,730			108,387		
<b>NAV</b>	<b>1,066,269</b>	<b>957,473</b>	<b>975,447</b>	<b>1,058,582</b>	<b>950,062</b>	<b>945,661</b>
Fully diluted number of shares	19,806,232	19,806,232	19,806,232	19,698,207	19,698,207	19,698,207
<b>NAV per share</b>	<b>53.84</b>	<b>48.34</b>	<b>49.25</b>	<b>53.74</b>	<b>48.23</b>	<b>48.01</b>

## EPRA LTV

	30 June 2022	31 December 2021
Borrowings from financial institutions	375,520	389,803
Foreign currency derivatives	-708	1,739
Net payables	14,171	11,064
Owner occupied property (debt)	-3,234	-4,571
Cash & cash equivalents	-47	-7,729
<b>Net debt</b>	<b>385,701</b>	<b>390,305</b>
Owner occupied property	3,234	4,571
Investment properties at fair value	1,290,336	1,288,406
Properties under construction	65,557	61,863
Intangibles	66	134
Financial assets	0	0
<b>Total property value</b>	<b>1,359,193</b>	<b>1,354,974</b>
<b>LTV</b>	<b>28.4%</b>	<b>28.8%</b>

## EPRA yield

	30 June 2022	31 December 2021
Investment property including assets held for sale	1,307,802	1,354,840
Developments	-14,232	-61,863
<b>Property investments</b>	<b>1,293,570</b>	<b>1,292,977</b>
Allowance for estimated purchasers' costs	116,421	116,368
<b>Gross up completed property portfolio valuation</b>	<b>1,409,991</b>	<b>1,409,345</b>
Annualised cash passing rental income	70,115	69,744
Annualised property outgoings	-12,437	-11,919
<b>Annualised net rent</b>	<b>57,678</b>	<b>57,825</b>
Notional rent expiration of rent free periods or other lease incentives	6,105	6,121
<b>Topped-up annualised net rent</b>	<b>63,783</b>	<b>63,946</b>
EPRA net initial yield	4.1%	4.1%
EPRA topped-up net initial yield	4.5%	4.5%

## EPRA vacancy

	30 June 2022	31 December 2021
Estimated rental value of vacant space	5,830	5,174
Estimated rental value of the whole portfolio	87,894	87,023
<b>EPRA vacancy</b>	<b>6.6%</b>	<b>5.9%</b>

# GLOSSARY

## 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 (fiscally 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.

## G4

G4 refers to the locations Amsterdam, The Hague, Rotterdam and Utrecht, being the largest cities in the Netherlands.

## 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 RELETTING 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 (WAUL)

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 market value of the real estate investments in operation, increased with estimated purchasers' costs;
- 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.