Q1 2012

Interim report per 31 March 2012

NSI N.V.

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Interim report per 31 March 2012

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Report of the Management Board
NSI: Innovating in transition period

NSI is rapidly transforming the merged companies to capitalize on operational synergies while focusing on innovative lease concepts to anticipate changes in the market. NSI's well organised letting platform and funding base leverages the company's competitive position. NSI's Q1 2012 results reflect a solid performance in the retail portolio, a strong contribution from its Belgian activities while the Dutch office portfolio continued its stable rental levels and retention rate. NSI's capability to keep its portfolio in sync with tenant needs is backed by its strong redevelopment skills and its effective financing base.

Highlights

- Netherlands (69% of total portfolio)
  - Retail Portfolio (37% of NL portfolio)
    - *Occupancy improved to 95.1% (Q4 2011 94.9%); stable valuations*
  - Office portfolio (56% of NLportfolio)
    - *Effective rental levels remain stable (at about 120 €/m²)*
    - *Retention rate at a solid 64% (Q4 2011, 60%) despite effects of expiration of a number of large contracts*
    - *Strongly going forward with development of full service and flexible concepts*
    - *21,905 m² of new leases (3.5% of portfolio) in Q1 2012*
    - *22,809 m² of renewed leases (2.2% of portfolio) in Q1 2012*
    - *Value per m² significantly below replacement costs*

- Belgium (26% of total portfolio)
  - *Increased direct result due to stable occupancy and acquisitions*
  - *50,000 m² logistics in Herentals fully operational*
  - *96% of formerly vacant Tibotec-Virco leased*
  - *Positive revaluation effect*

- Switzerland (5% of total portfolio), disposal of assets in progress

- Progress in redevelopment pipeline to enhance value potential of properties (e.g. Keizerslanden, start Rode Olifant and Vasteland)

- Stable loan-to-value (LTV) at 57.3% (Q4 2012: 57,2%)
  - *Interest coverage ratio (ICR) improved to 2.5 (Q4 2011: 2.4)*
  - *Lower financing costs at €14.0 million (Q4 2011: €14.8 million)*
  - *Renewed and extended syndicated €225 million loan*
  - *Upon completion, disposal of Swiss assets expected to reduce LTV by 2-2.5%*

Key figures

	31-03-2012	2011	31-03-2011
Results (x €1,000)			
Gross rental income	41,499	119,964	25,871
Net rental income	35,079	101,497	21,915
Direct investment result	16,181	56,030	12,826
Indirect investment result	- 33,302	6,675	5,851
Result after tax	- 17,121	62,705	18,677
Occupancy rate (in %)	82.2	84.1	90.1
Issued share capital			
Ordinary shares with a nominal value of €0.46 at quarter-end	60,225,539	60,282,917	43,286,677
Average number of outstanding ordinary shares during period under review	60,231,244	46,978,800	43,286,677
Data per average outstanding ordinary share (x €1)			
Direct investment result	0.27	1.19	0.30
Indirect investment result	-0.55	0.14	0.13
Total investment result	-0.28	1.33	0.43
Data per share (x €1)			
(Interim) dividend	0.26	1.19	0.30
Net asset value at quarter-end	12.68	12.96	13.86
Net asset value according to EPRA	13.83	14.02	14.27

Johan Buijs, CEO of NSI comments:
"We are confident that our well organised letting platform and funding base put us in a good position to be very competitive and even benefit from the current market and opportunities. We clearly notice in the market that our ability to invest in our properties does not only retain our tenants, but absolutely attracts interest of new tenants who are currently not being served according to their needs.
A number of large properties became vacant in the first quarter, which we anticipated by redeveloping these for multi-tenant and flexible concepts. Even though these properties became vacant, we have kept our rentention rate on a solid level. Also on the financing part we see positive signs. We are pleased that our financiers confirmed their confidence by renewing and extending our syndicated loan; we even had the novelty to welcome an insurance company in the syndicate."

Outlook 2012

NSI will continue to focus on enhancing its position in the market by:

- Further transforming the company and capitalising upon operational synergies from the merger with VNOI. Although NSI expects the full benefits to materialise as from Q4 2012, the increased prospect pipeline indicates the first positive signs already.

- Further innovating and implementing full service and flexible lease concepts: the refurbishment of The Red Elephant (De Rode Olifant) in The Hague is progressing according to schedule and planned to be completed by year end. NSI has started preparations to convert “Het Vasteland” property in Rotterdam into a HNK (“Het Nieuwe Kantoor/The New Office”). NSI recently acquired the HNK brand when it signed a contract with the current operator of HNK. Het Vasteland will be fully operational in its new set up at the end of Q3 2012.

- Extending the shopping centre Keizerslanden. The shopping centre will be extended with 7,500 m² to 14,800 m². The preliminary works are scheduled to start in Q4 2012 and to be finished in Q4 2014. The development will lead to approx. € 1.6 million extra rental income.

- Further implement the Client Focus program. Customer relationship management is now well embedded in the organization and is increasingly being applied to the former VNOI portfolio. NSI’s knowledge of its tenants offers the best possible preparation in retaining tenants, pursuing new lettings and cope with the 2012 peak in expirations (23%) in the office portfolio and the lower expiration level of 2013 (17%).

- Compared to its competitors, NSI is well placed to create and realise opportunities that arise in the current market because of its proven capacity to deliver on the changing needs of tenants, and even more importantly, backed by its ability to invest in its properties and its pro-active approach.

- Reducing the operational costs. The cost synergies from the merger will amount to approximately €2.0 million for the full year. In addition, procurement will benefit from economy of scale. An example is the smart purchase of solar panels in NSI’s headquarter in Hoofddorp and utilizing roofs on properties for use of solar panels.

- Focusing on reducing its loan-to-value to 55% medium term and 50% over the long term, by selling non strategic assets such as smaller offices and Swiss properties.

Integration

The integration between NSI and VNOI has been completed. Cost synergies are on track and are gradually kicking in, amounting to approximately €2.0 million for the full year. Besides cost synergies, NSI is driving operational synergies by applying the NSI client-focused approach to the former VNOI portfolio. The migration of data about VNOI’s tenants and properties to NSI’s system has been the first priority. NSI expects the full benefits to materialise as from Q4 2012, but the first positive signs are reflected in an increased prospect pipeline.

Total investment result

NSI’s Q1 2012 total investment result was €17.1 million negative (Q1 2011: +€18.7 million) This mainly results from a positive operational result and revaluations of properties, in particular in the office portfolio.

Direct investment result

During Q1 2012, NSI achieved a direct investment result of €16.2 million (Q1 2011: €12.8 million). Compared to Q4 2011 (€16.9 million), the direct result decreased as a result of lower occupancy rates.

Occupancy rate

Retail:

The occupancy rate in the retail portfolio improved to 95.1% (Q4 2011: 94.9%) and remained at friction levels.

Offices:

The occupancy rate in the Dutch office portfolio decreased to 73.4% on 31 March 2012 compared to 77.3% at year end 2011. In Belgium the occupancy in the office portfolio was stable at 81.4%. In the industrial portfolio the occupancy rate improved to 88.0%. These developments were in line with expectations, based on actively anticipating the expiration calendar.

An above average amount of office leases (23%) will expire in 2012. This was also the case for Q1 2012. The decreased occupancy rate in the office portfolio is mainly caused by a number of large leases that were not extended in Q1 2012. In total 39,172 m^2 expired (including 15,157 m^2 of "Het Vasteland" in Rotterdam) with an effect of 6.2% on the vacancy rate of the office portfolio. A second effect here is that expirations have an immediate effect on the occupancy while new leases are kicking in with a delay. In 2013, a below average amount of office leases will expire (17%).
The retention rate in the office portfolio in Q1 2012 was 64%. Taking into account the exceptionally high effect of large leases that expired in Q1 2012, the retention rate was in line with Q4 2011.

Indirect investment result

The negative indirect investment result of €33.3 million (Q1 2011: +€5.9 million) predominantly derived from a negative revaluation effect of €26.6 million and a negative effect of €4.8 million due to the valuation of derivatives.

The negative revaluation mainly occurred in the Dutch office portfolio. The valuation per square metre significantly below replacement costs per square metre indicates a general low level of valuations in the market. This is confirmed by an increased deal activity and investors returning to the market.

Net asset value per share decreased from €12.96 on 31 December 2011 (net asset value according to EPRA: (€14.02) to €12.68 (EPRA €13.83) on 31 March 2012.

Financing

NSI recently executed a €25 million equity issue (approximately 5% of the outstanding share capital).
The effect of the private placement on the LTV will be 1%.

In the first quarter a €225 million syndicated loan facility has been renewed and extended until 31 December 2015. In this facility also an insurance company stepped in for €50 million. With this renewal approximately 50% of the total amount of refinancing in 2014 has been done. The renewal and the size of this renewal clearly demonstrate that banks are willing to finance NSI.

The LTV remained stable at 57.3% at the end of Q1 2012 (57.2 % Q4 2011). NSI aims to reduce the LTV to below 55% in the short term and below 50% in the mid term. NSI is working on selling non strategic assets such as smaller offices and its Swiss properties. The effect of selling all Swiss properties on the LTV is expected to be approximately 2-2.5%.

NSI managed to lower its financing costs compared to Q4 2011, from €14.8 million to €14.0 million, mainly due to new interest rate swaps at a lower interest rate.

The interest coverage ratio improved to 2.5 on 31 March 2012 (31 December 2011: 2.4).

Interim dividend Q1 2012
The interim dividend for Q1 2012 amounts to €0.26 per share. In accordance with the new dividend policy, as adopted by the Annual General Meeting of Shareholders, NSI offers shareholders optional dividend, e.g. the choice to receive dividend in cash, in shares, or a combination of both. For 2012 NSI aims at a 30-50% pay out of the dividend in stock. On 25 May 2012, NSI will set the interim dividend and announce further details on the exchange rate for stock dividend.

Hoofddorp, 11 May 2012
The Management Board

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Financial results

Preliminary remark for the reader

On 14 October 2011, NSI and VastNed Offices/Industrial N.V. (VNOI) merged their companies. This merger has been processed in this press release as follows:

- The P&L statement over the first quarter 2012 and the balance sheet per 31 March 2012 include the results from VNOI
- The balance sheet at year-end 2011 includes VNOI
- The first three quarters of 2011 have not been amended for comparison.

This way of presenting the figures and accounting is in accordance with IFRS.

Integration

The integration between NSI and VNOI has been completed. Cost synergies are on track and gradually kicking in. Besides cost synergies, the operational organisation is working tirelessly to unlock the operational synergies. First priority was the migration of data about VNOI tenants and properties to NSI's system. This knowledge is in NSI's client-focused approach the basis to serve customers and to manage the portfolio pro-actively. NSI expects the full benefits to materialise as from Q4 2012, but the first positive signs are reflected in an increased prospect pipeline.

Total investment result

The Q1 2012 investment result, consisting of the balance of the direct and indirect investment results amounted to - €17.1 million (Q1 2011: €18.7 million).

Direct result

NSI uses the direct result (rental income less operating costs, service costs not recharged, administrative costs and financing costs) as a measure for its core business and for its dividend policy.

The Q1 2012 direct result amounted to €16.2 million (Q1 2011: €12.8 million).

Gross rental income increased in Q1 2012 compared to Q1 2011, from €25.9 million to €41.5 million as a result of the merger with VNOI. Compared to Q4 2011 gross rental income showed a decline, mainly due to a lower occupancy rate in the Dutch office portfolio that was partly compensated by an improved performance of the Belgian portfolio. The retail portfolio maintained its strong performance.

The decreased occupancy rate in the office portfolio is mainly caused by a number of large leases that were not extended in Q1 2012. As mentioned before, the year 2012 shows a peak in lease expirations, in particular in the Dutch office market. In total 39,172 m² expired (e.g. 15,157 m² of "Het Vasteland" in Rotterdam) with an effect of 6.2% on the vacancy rate of the office portfolio. The retention rate in the office portfolio in Q1 2012 was 64%. Taking into account the effect of large leases that expired, the retention rate was in line compared with Q4 2011.

Operating costs as well as service costs not recharged in Q1 2012 developed in line with Q4 2011, €4.9 million and €1.5 million respectively.

Rental income in the Netherlands, Belgium and Switzerland
x €1,000

		1st quarter 2012	1st quarter 2011
The Netherlands	Gross rental income	29,122	24,094
	Net rental income	23,454	20,677
Switzerland	Gross rental income	1,954	1,777
	Net rental income	1,419	1,238
Belgium	Gross rental income	10,423	–
	Net rental income	10,206	–

Gross rental income Q1 2011 - Q1 2012 by segment in the Netherlands, Belgium and Switzerland

x €1,000	Q1 2011	Acquired through business combinations	Purchases	Disposals	Organic growth	Q1 2012
The Netherlands						
Offices	12,370	5,851	–	- 40	- 1,341	16,840
Retail	10,511	–	78	- 32	- 549	10,008
Industrial	1,060	1,026	–	–	19	2,105
Residential	153	–	–	–	16	169
Total the Netherlands	24,094	6,877	78	- 72	- 1,855	29,122
Switzerland						
Offices	754	–	–	–	68	822
Retail	1,023	–	–	–	109	1,132
Total Switzerland	1,777	–	–	–	177	1,954
Belgium						
Offices	–	6,797	–	–	–	6,797
Industrial	–	3,626	–	–	–	3,626
Total Belgium	–	10,423	–	–	–	10,423
Total NSI	25,871	17,300	78	- 72	- 1,678	41,499

The interest expenses increased in line with the increased size of the portfolio due to he merger with VNOI to €14.0 million in Q1 2012 (Q1 2011: €8.1), which is a decrease compared to Q4 2011 (€14.8 million) due to the closing of new interest rate swaps at a lower interest rate.

Indirect result

The indirect investment result for the first quarter of 2012 amounted to €33.3 million negative. The indirect result consists of both realised revaluations (sales results on investments sold) and unrealised revaluations. These unrealised revaluations concern the changes in the market value of the property portfolio (- €26.6 million) and the interest-rate hedging instruments (-€4.8 million).
NSI utilises interest-rate hedging instruments exclusively for hedging of operational interest rate risks. There is not a situation of “overhedging” nor is NSI exposed to margin calls. The value of the financial derivatives automatically reverts to zero at the end of the duration of these instruments.

The revaluation of the Dutch property portfolio in Q1 2012 amounted to - €23.8 million (Q1 2010: - €5.1 million) The value of the Swiss properties decreased due to the reclassification into assets held for sale; the expected sales costs have been deducted from the value of the portfolio. The Dutch office portfolio declined in value by €20.8 million. Although market rents are stable, occupancy rates are still under pressure which will keep pressure on valuations.

Extension of lease contracts resulted in a stable occupancy rate in the Belgian portfolio. The positive revaluation result was mainly realized in the industrial portfolio (logistics).

Revaluation results of properties in the Netherlands
(x €1,000)

	Q1 2012	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008
Offices	- 20,809	- 31,400	- 10,278	- 5,667	- 8,795	- 6,660	- 21,435	- 37,875	- 44,871
Retail	- 2,828	- 622	- 3,525	317	925	1,661	- 1,179	- 7,920	7,770
Industrial	- 197	- 1,351	- 1,071	- 265	135	- 150	- 2,416	- 5,504	- 4,367
Residential	- 5	135	65	- 10	20	60	- 1,747	44	- 248
Total	- 23,839	- 33,238	- 14,809	- 5,625	- 7,715	- 5,089	- 26,777	- 51,255	- 41,716

Revaluation of properties in Belgium
(x €1,000)

	Q1 2012	2011	Q4 2011
Offices	426	2.555	2.555
Industrial	1.125	- 6.126	- 6.126
Total	1.551	- 3.571	- 3.571

Revaluation results of properties in Switzerland
(x € 1,000)

	Q1 2012	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008
Offices	- 2,559	208	263	- 47	- 7	- 1	980	- 278	802
Retail	- 1,734	- 1,152	- 762	- 347	- 36	- 7	1,036	- 749	- 1,800
Total	- 4,293	- 944	- 499	- 394	- 43	- 8	2,016	- 1,027	- 998

Yields in % at 31 March 2012 and 31 December 2011

	Gross yield * 31-03-2012	Net yield** 31-03-2012	Gross yield* 31-12-2011	Net yield** 31-12-2011
Offices	9.7	8.1	9.9	8.4
Retail	7.4	6.2	7.5	6.3
Industrial	8.9	8.2	8.6	7.5
Residential	6.0	6.4	7.0	6.0
Total	8.9	7.5	9.0	7.6

* gross yield: the theoretical annual rent expressed as a percentage of the market value of the property.
**net yield: the theoretical net rental income expressed as a percentage of the market value of the property.

	Gross yield * 31-03-2012	Net yield** 31-03-2012	Gross yield* 31-12-2011	Net yield** 31-12-2011
The Netherlands	9.1	7.7	9.4	8.0
Switzerland	6.7	4.9	6.6	4.9
Belgium	8.9	7.5	8.5	7.9
Total	8.9	7.5	9.0	7.6

Balance-sheet ratios and finance

The value of the real estate investments amounted to €2,294 million on 31 March 2012 (31 March 2011: €1,358 million). This increase is the result of the balance of purchases, disposals, revaluations and investments, but in particular of the merger with VNOI. Loan-to-value remained more or less stable at 57.3% compared to 57.2% on 31 December 2012. NSI will remain active in lowering loan-to-value by disposing of assets that do not fit NSI's strategy. Debts to credit institutions amounted to €1,316 million on 31 March 2012.

Equity

NSI's equity decreased during the first quarter of 2012 by €14.2 million to €895.4 million. (31 December 2011: €909.6 million). This was the result of the balance of the Q1 2012 net loss (€13.7 million), the share buy-back programme (€0.5 million) and the increase of the other reserves due to exchange-rate differences. No dividend was paid out during Q1 2012.

The net asset value, including deferred tax and the market value of the derivatives, amounted to €12.68 per share on 31 March 2012 (31 March 2011: €13.86). If the deferred tax and the value of the derivatives are excluded (the net asset value according to EPRA), the net asset value amounts to €13.83 per share (31 March 2011: €14.27).

Financial ratios

The funding available to the company under the credit facilities committed as at 31 March 2012 amounted to €71.3 million (€102.7 million at year-end 2011). Net debts to credit institutions fell from €1,329.2 million at year-end 2011 to €1,315.7 million as at 31 March 2012. The average remaining maturity of the loans increased from 2.1 years at year-end 2011 to 2.3 years and the fixed-interest part of the mortgage loans increased from 91.3% at year-end 2011 to 91.6% as at 31 March 2012. The average interest rate on the loans and interest-rate hedging instruments increased from 4.2% to 4.3%, including margin, on 31 March 2012. The interest-rate coverage ratio was 2.5 on 31 March 2012 (31 December 2011: 2.4).

Interim dividend Q1 2012

The basic principle of the company's dividend policy is to distribute the entire direct result to shareholders as dividend. For the first quarter of 2012 the interim dividend will be €0.26 per share. Following the new dividend policy, as adopted by the Annual General Meeting of Shareholders, NSI offers shareholders optional dividend, e.g. the choice to receive dividend in cash, in shares, or a combination of both. For 2012 NSI aims at a 30-50% pay out of the dividend in stock. On 25 May 2012, NSI will set the interim dividend and announce further details.

Developments in the portfolio

The value of the real estate portfolio decreased by €27.6 million during Q1 2012, or 1.2%, from €2.322 million at year-end 2011 to €2.294 million. This decrease is the result of revaluations of - €26.6 million, investments of €1.9 million, exchange-rate differences of €1.1 million and the sale of an industrial property in St. Niklaas, Belgium, for € 4.0 million. In the Netherlands, NSI sold a small office property in Amsterdam in the Lairessestraat that no longer fitted NSI's strategy in April 2012.

The sales process for the Swiss portfolio is on track. Consequently, the Swiss portfolio is classified as assets held for sale.

As at 31 March 2012 the portfolio consisted of 96 residential properties and 274 commercial properties, spread across:

Sector spread	in %	x €1,000
Offices	57	1,315,127
Retail	29	661,566
Industrial	13	307,727
Residential	1	9,840
Total real estate investments	100	2,294,260

Geographical spread	in %	x €1,000
Netherlands	69	1,584,811
Switzerland	5	119,925
Belgium	26	589,524
Total property investments	100	2,294,260

Occupancy rate

The vacancy level in the entire portfolio as at 31 March 2012 amounted to 17.8% (31 December 2011: 15.9%). Vacancy levels per sector were: 24.0% in offices, 12.0% in industrial premises and 4.9% in retail. Per country this was 18.7% in the Netherlands, 7.6% in Switzerland and 16.6% in Belgium.

Retail:
The occupancy rate in the retail portfolio improved to 95.1% (Q4 2011: 94.9%) and remained at friction levels.

Offices:
The occupancy rate in the Dutch office portfolio decreased to 73.4% on 31 March 2012 compared to 77.3% at year end 2011. In Belgium the occupancy in the office portfolio was stable at 81.4%. In the industrial portfolio the occupancy rate improved to 88.0%. These developments were in line with expectations, based on actively anticipating the expiration calendar.

An above average amount of office leases (23%) will expire in 2012. This was also the case for Q1 2012. The decreased occupancy rate in the office portfolio is mainly caused by a number of large leases that were not extended in Q1 2012. In total 39,172 m² expired (including 15,157 m² of "Het Vasteland" in Rotterdam) with an effect of 6.2% on the vacancy rate of the office portfolio. A second effect here is that expirations have an immediate effect on the occupancy while new leases are kicking in with a delay. In 2013, a below average amount of office leases will expire (17%).The retention rate in the office portfolio in Q1 2012 was 64%. Taking into account the exceptionally high effect of large leases that expired in Q1 2012, the retention rate was in line with Q4 2011.

Contractual rental income from the portfolio amounted to €167.1 million as at 31 March 2012.

The theoretical gross rental annual income per segment in the Netherlands, Belgium and Switzerland per 31 March 2012 (x €1,000)

	Netherlands	Belgium	Switzerland	Total
Offices	89,718	33,560	3,169	126,447
Retail	43,777	-	4,870	48,647
Industrial	9,816	17,498	-	27,314
Residential	686	-	55	741
Total	143,997	51,058	8,094	203,149

Shareholders' resolutions

All proposals that were put to the vote in the Annual General Meeting of Shareholders of NSI on 27 April 2012 were approved. The required attendance quorum was not present to vote about the change of the articles of association related to the abolition of the priority foundation. A second shareholders' meeting will be held on 15 June 2012.

Key figures

	31-03-2012	2011	31-03-2011
Results (x €1,000)			
Gross rental income	41,499	119,964	25,871
Net rental income	35,079	101,497	21,915
Direct investment result	16,181	56,030	12,826
Indirect investment result	- 33,302	6,675	5,851
Result after tax	- 17,121	62,705	18,677
Occupancy rate (in %)	82.2	84.1	90.1
Balance sheet data (x €1,000)			
Real estate investments (including assets held for sale)	2,294,260	2,321,813	1,357,829
Equity including minority interests	895,404	909,620	600,105
Shareholders' equity attributable to NSI shareholders	763,647	781,218	600,105
Net debts to credit institutions (excluding other investments)	1,315,693	1,329,166	737,412
Loan-to-value *(debts tot credit institutions/real estate investments in %)*	57.3	57.2	54.4
Issued share capital			
Ordinary shares with a nominal value of €0.46 at quarter-end	60,225,539	60,282,917	43,286,677
Average number of outstanding ordinary shares during period under review	60,231,244	46,978,800	43,286,677
Data per average outstanding ordinary share (x €1)			
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Indirect investment result	-0.55	0.14	0.13
Total investment result	-0.28	1.33	0.43
Data per share (x €1)			
(Interim) dividend	0.26	1.19	0.30
Net asset value at quarter-end	12.68	12.96	13.86
Net asset value according to EPRA	13.83	14.02	14.27
Average stock-exchange turnover *(shares per day, without double counting)*	88,034	77,675	51,118
Highest price	9.70	15.34	15.34
Lowest price	8.50	8.28	14.43
Last price	8.77	9.45	14.65

Consolidated direct and indirect investment result

(x €1,000)

	1st quarter 2012	1st quarter 2011
Gross rental income	41,499	25,871
Service costs not recharged	- 1,482	- 407
Operating costs	- 4,938	- 3,549
Net rental income	35,079	21,915
Financing income	28	13
Financing costs	- 14,007	- 8,084
Administrative costs	- 1,816	- 999
Direct investment result before tax	19,284	12,845
Corporate income tax	- 80	- 19
Direct investment result after tax	19,204	12,826
Direct result attributable to minority interests	- 3,023	–
Direct investment result	16,181	12,826
Revaluation of investments	- 26,581	- 5,097
Elimination of rental incentives	- 293	–
Result from other investments	–	- 254
Movements in market value of financial derivatives	- 4,799	11,564
Exchange-rate differences	- 523	275
Allocated management costs	- 581	- 340
Merger costs	–	- 217
Indirect investment result before tax	- 32,777	5,931
Corporate income tax	- 193	- 80
Indirect investment result after tax	- 32,970	5,851
Indirect result attributable to minority interests	- 332	–
Indirect investment result	- 33,302	5,851
Total investment result	- 17,121	18,677
Data per average outstanding share (x €1)		
Direct investment result	0.27	0.30
Indirect investment result	- 0.55	0.13
Total investment result	- 0.28	0.43

Consolidated statement of comprehensive income

(x €1,000)

		1st quarter 2012		1st quarter 2011
Gross rental income		41,499		25,871
Service costs recharged to tenants	5,684		3,022	
Service costs	- 7,166		- 3,429	
Service costs not recharged		- 1,482		- 407
Operating costs		- 4,938		- 3,549
Net rental income		35,079		21,915
Revaluation of investments		- 26,874		- 5,097
Net result on sales of investments		–		–
Total net proceeds from investments		8,205		16,818
Administrative expenses		- 2,397		- 1,556
Financing income	28		288	
Financing expenses	- 14,530		- 8,084	
Result from other investments	–		- 254	
Movements in market value of financial derivatives	- 4,799		11,564	
Net financing result		- 19,301		3,514
Result before tax		- 13,493		18,776
Corporate income tax		- 273		- 99
Result after tax		- 13,766		18,677
Exchange-rate differences on foreign participations		52		- 198
Total non-realised result		52		- 198
Total comprehensive income		- 13,714		18,479
Result after tax attributable to:				
NSI shareholders		- 17,121		18,677
Non-controlling interests		3,355		–
Result after tax		- 13,766		18,677
Total realised and non-realised results attributable to:				
NSI shareholders		- 17,069		18,479
Non-controlling interests		3,355		–
Total comprehensive income		- 13,714		18,479
Data per average outstanding share (x € 1)				
Diluted as well as non-diluted result after tax		- 0.28		0.43

Consolidated statement of financial position

Before proposed profit appropriation Q4 2011 and Q1 2012

(x €1,000)

	31-03-2012	31-12-2011	31-03-2011
Assets			
Real estate investments	2,174,335	2,321,813	1,357,829
Intangible assets	8,496	8,509	8,498
Tangible assets	3,904	3,890	3,396
Financial derivatives	–	–	3,011
Total non-current assets	2,186,735	2,334,212	1,372,734
Assets held for sale	119,925	–	–
Other investments	–	–	11,581
Debtors and other accounts receivable	18,886	13,957	4,409
Cash	5,097	4,399	1,774
Total current assets	143,908	18,356	17,764
Total assets	2,330,643	2,352,568	1,390,498
Shareholders' equity			
Issued share capital	27,706	27,732	19,914
Share premium reserve	636,578	637,054	451,076
Other reserves	53,779	53,727	85,354
Unallocated result	45,584	62,705	43,761
Total shareholders' equity attributable to shareholders	763,647	781,218	600,105
Non-controlling interests	131,757	128,402	–
Total shareholders' equity	895,404	909,620	600,105
Liabilities			
Interest bearing loans	999,822	1,122,648	592,758
Financial derivatives	67,192	62,297	19,239
Deferred tax liabilities	1,886	1,678	973
Total non-current liabilities	1,068,900	1,186,623	612,970
Redemption requirement long-term liabilities	226,439	137,189	115,313
Financial derivatives	–	96	460
Debts tot credit institutions	94,529	73,727	42,696
Other accounts payable and deferred income	45,371	45,313	18,954
Total current liabilities	366,339	256,325	177,423
Total liabilities	1,435,239	1,442,948	790,393
Total shareholders' equity and liabilities	2,330,643	2,352,568	1,390,498

Consolidated cash flow statement

(x €1,000)

		31-03-2012		31-03-2011
Result after tax		- 13,766		18.677
Adjusted for:				
Revaluation of real estate investments	26,581		5,097	
Revaluation of other investments	–		254	
Net result on sales of investments	–		- 1	
Net financing expenses	19,301		- 3,780	
Deferred tax liabilities	193		80	
Depreciation	111		208	
Cash flow from operating activities		46,186		1,858
Movement in debtors and accounts receivable		- 4,929		- 2,104
Movement in other liabilities, accrued expenses and deferred income		1,497		- 725
Financing income		28		13
Financing expenses		- 15,446		- 8,306
Cash flow from operations		13,570		9,413
Purchases of real estate and investments in existing properties		- 1,899		- 6,870
Proceeds of sale of real estate investments		4,005		–
Investments in tangible fixed assets		–		–
Divestments of tangible fixed assets		- 134		- 87
Investments in intangible assets		22		6
Cash flow from investment activities		1,994		- 6,951
Share issue		- 502		–
Drawdown of loans		29,940		- 150
Redemption of loans		- 64,656		- 752
Cash flow from financing activities		- 35,218		- 902
Net cash flow		- 19,654		1,560
Exchange-rate differences		- 450		- 67
Cash and debts to credit institutions as at 1 January		- 69,328		- 42,415
Cash and debts to credit institutions as at 31 March		- 89,432		- 40,922

Consolidated statement of movements in shareholders' equity

(x €1,000)

The development of the item shareholders' equity in Q1 2012 was as follows

	issued share capital	share premium reserve	other reserve	result	total shareholders' equity attributable to shareholders	Minority interest	total share-holders' equity
Balance as of 1 January 2012	27,732	637,054	53,727	62,705	781,218	128,402	909,620
Result Q1 2012	–	–	–	- 17,121	- 17,121	3,355	- 13,766
Exchange rate differences on foreign participations	–	–	52	–	52	–	52
Total comprehensive income Q1 2012	–	–	52	- 17,121	- 17,069	3,355	- 13,714
Own shares acquired	- 26	- 476	–	–	- 502	–	- 502
Total contributions by and to shareholders	- 26	- 476	–	–	- 502	–	- 502
Balance as of 31 March 2012	27,706	636,578	53,779	45,584	763,647	131,757	895,404

The development of the item shareholders' equity in Q1 2011 was as follows

	issued share capital	share premiun reserve	other reserve	result	total shareholders' equity attributable to shareholders	Minority interest	total share-holders' equity
Balance as of 1 January 2011	19,914	451,076	85,552	25,084	581,626	–	581,626
Result Q1 2011	–	–	–	18,677	18,677	–	18,677
Exchange rate differences on foreign participations	–	–	- 198	–	- 198	–	- 198
Total comprehensive income Q1 2011	–	–	- 198	18,677	18,479	–	18,479
Balance as of 31 March 2011	19,914	451,076	85,354	43,761	600,105	–	600,105

Notes to the figures for the first quarter 2012

1. Most important principles for valuation and determination of the result

The financial statements of NSI N.V. for the first quarter of 2012 were drawn up in compliance with International Financial Reporting Standards, IFRS, as approved within the European Union. This report on the first quarter of 2012 has been drawn up in accordance with IAS 34, ‘Interim Financial Reporting’.

For the most important principles for consolidation, valuation and determination of the result applied in this report, please refer to the published 2011 financial statements (see www.nsi.nl). The consolidated figures are drawn up on the basis of historical cost, except for property investments and financial derivatives, which are recognised at fair value. Unless stated otherwise, the figures are presented in thousands of euros rounded to the nearest thousand.

This report on the first quarter of 2012 was approved by the Management Board and Supervisory Board on 11 May 2012.

The compilation of this interim report in accordance with IFRS requires that the Management Board forms an opinion, and should make estimates and assumptions that affect the application of the accounting policies and the reported value of assets and liabilities, and of income and expenses. The estimates and the associated assumptions are based on past experience and various other factors that are regarded as reasonable. The actual results may deviate from these estimates. The estimates and their underlying assumptions are continually assessed. Revisions of the estimates are recognised in the period in which the estimate is revised, if the revision has consequences only for that period, or in the period of revision and future periods as well, if the revision has consequences for both the period under review and future periods.

2. Segment information

Below, a summary of the results of each of the reporting segments is included

Per country	The Netherlands		Switzerland		Belgium		Total	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Gross rental income	29,122	24,094	1,954	1,777	10,423	–	41,499	25,871
Service costs not recharged to tenants	- 1,053	- 328	- 48	- 79	- 381	–	- 1,482	- 407
Operating costs	- 4,615	- 3,089	- 487	- 460	164	–	- 4,938	- 3,549
Net rental income	23,454	20,677	1,419	1,238	10,206	–	35,079	21,915
Revaluation result	- 24,001	- 5,089	- 4,293	- 8	1,420	–	- 26,874	- 5,097
Net result on sales	–	–	–	–	–	–	–	–
Segment result	- 547	15,588	- 2,874	1,230	11,626	-	8,205	16,818
Administrative costs	- 1,322	–	- 205	–	- 870	–	- 2,397	- 1,556
Net financing costs	- 15,078	–	- 678	–	- 3,545	–	- 19,301	3,514
Result before tax	- 16,947	–	- 3,757	–	7,211	–	- 13,493	18,776
Corporate income tax	- 2	–	- 256	–	- 15	–	- 273	- 99
Result after tax	- 16,949	–	- 4,013	–	7,196	–	- 13,766	18,677
Minority interests	–	–	–	–	- 3,355	–	- 3,355	–
Investment income attributable to shareholders	- 16,949	–	- 4,013	–	- 3,841	–	- 17,121	18,677
Purchases and investments in existing properties	1,460	6,454	–	416	439	–	1,899	6,870

3. Exchange rates

For the hedge of currency risk, investments in currencies other than euros are usually financed by loans borrowed in the currency of the investments (Swiss Francs). As at 31 March 2012, the exchange-rate for the Swiss franc was: CHF1 = €0.83022 (31 March 2011: €0.76894).

4. Operating costs

The operating costs for the properties can be specified as follows:

	Q1 2012	Q1 2011
Municipal taxes	1,046	829
Insurance premiums	205	142
Maintenance costs	1,046	521
Contributions to owners' associations	177	166
Property management (including attributed administrative costs	1,245	776
Letting costs	540	692
Other expenses	679	423
Total	4,938	3,549

5. Administrative expenses

The administrative expenses can be broken down as follows:

	Q1 2012	Q1 2011
Management costs	3,043	1,397
Audit costs	138	90
Consultancy costs	237	101
Appraisal costs	130	75
Compensation of Supervisory Board, members of the Investment Advisory Board and Stichting Prioriteit NSI	72	66
Merger costs	–	217
Other costs	123	167
Total	3,743	2,113
Allocated to operating costs	- 1,256	- 320
Allocated to real estate portfolio	- 90	- 20
Merger costs	–	- 217
Total	2,397	1,556

6. Real estate investments

The development of the real estate investments in operation and under development was as follows:

	Q1 2012	Q1 2011
Real estate investments in operation	2,157,585	1,357,829
Real estate investments under development	16,750	-
Total	2,174,335	1,357,829

The book value of the properties until the time of revaluation is equal to the acquisition price plus the costs of any improvements made, including attributable costs of acquisition, such as legal costs, transfer tax, agents' charges, the costs of due diligence investigations and other transaction charges, and thereafter equal to the market value.

Real estate investments in operation

The development of the real estate investments in operation per country was as follows:

	The Netherlands	Switzerland	Belgium	Total Q1 2012	The Netherlands	Switzerland	Belgium	Total Q1 2011
Balance on 1 January	1,605,790	123,084	587,889	2,316,763	1,243,061	117,522	–	1,360,583
Purchases	–	–	–	–	6,433	–	–	6,433
Investments	1,460	–	439	1,899	21	416	–	437
Reclassification into real estate investments under development	- 11,700	–	–	- 11,700	–	–	–	–
Reclassification into assets held for sale	–	- 119,925	–	- 119,925	–	–	–	–
Sales	–	–	- 4.005	- 4.005	–	–	–	–
Revaluations	- 23,839	- 4,293	1,551	- 26,581	- 5,089	- 8	–	- 5,097
Exchange-rate differences	–	1,134	–	1,134	–	- 4,527	–	- 4,527
Balance on 31 March	1,571,711	–	585,874	2,157,585	1,244,426	113,403	–	1,357,829

The valuations per 31 March contain:

	The Netherlands	Switzerland	Belgium	Total Q1 2012	The Netherlands	Switzerland	Belgium	Total Q1 2011
Prepayment and accrued income in relation to rent incentives	8,956	–	4,057	13,013	2,486	–	–	2,486

The development of the investments by real estate type was as follows:

	retail	offices	industrial	residential	Total
Balance as at 1 January 2012	664,897	1,331,525	310,496	9,845	2,316,763
Investments	539	1,052	308	–	1,899
Reclassification into real estate investment under development	–	- 11,700	–	–	- 11,700
Reclassification into real estate investment held for sale	- 74,066	- 45,859	–	–	- 119,925
Sales	–	–	- 4,005	–	- 4,005
Revaluations	- 4,562	- 22,942	928	- 5	- 26,581
Exchange-rate differences	692	442	–	–	1,134
Balance as at 31 March 2012	587,500	1,252,518	307,727	9,840	2,157,585

As at 31 March 2012, properties with a carrying amount of €1,297.2 million (31 March 2011: €1,287.8 million) had been supplied as mortgage collateral for loans taken up and overdraft facilities with banks for a total of €1,061.9 million (31 March 2011: €778.9 million).

Real estate investments under development	Q1 2012	Q1 2011
Balance as at 1 January	5,050	-
Reclassification into real estate investments under development	11,700	-
Balance as at 31 March	16,750	-

7. Assets held for sale

Swiss real estate portfolio	Q1 2012	Q1 2011
Balance as at 1 January	-	-
Reclassification of real estate investments in operation	119,925	-
Balance as at 31 March	119,925	-

8. Debtors and other accounts receivable

The largest items concern prepaid costs 2012 for an amount of €4.8 million, corporate income tax (€3.5 million) and rental income overdue for an amount of €4.5 million.

9. Shareholders' equity attributable to shareholders

The number of issued shares declined by 57,378 shares (€0.5 million) due to the share buy-back programme during January 2012.

10. Interest-bearing debt

The development of the loans during the period under review was as follows:

	Q1 2012	Q1 2011
Balance as at 1 January	1,259,837	713,607
Drawdowns	29,940	- 150
Redemptions	- 64,656	- 752
Exchange-rate differences	1,140	- 4,634
Balance as at 31 March	1,226,261	708,071
Redemption requirement long-term debt	226,439	115,313
Balance as at 31 March	999,822	592,758

Remaining maturities of the loans at 31 March 2012 were as follows:

	fixed interest rate	variable interest rate	total
Up to 1 year	72,263	154,176	226,439
From 1 to 2 year	29,888	364,179	394,067
From 2 to 5 year	174,222	418,982	593,204
From 5 to 10 year	–	7,484	7,484
Longer than 10 years	–	5,067	5,067
Total loans	276,373	949,888	1,226,261

The interest-bearing debt contains loans from banks with agreed residual terms averaging 2.3 years. As collateral for the loans and the overdraft facilities at the banks, mortgages have been attached to properties with a value of €1,297.2 million. The weighted average interest rate on the mortgage loans and interest rate swaps outstanding as at 31 March 2011 amounts to 4.3% per annum including margin. The interest coverage ratio amounted to 2.5 as at 31 March 2012.

11. Financial derivatives

NSI limits its interest rate risk by exchanging the variable rates of interest that are paid on some of its loans for fixed rates of interest. Derivative contracts have been entered into for this purpose with fixed interest rates varying from 1.95% to 4.613% and expiration dates varying from 2013 up to 2018. The market value of the financial derivatives amounted to - €67.2 million as at 31 March 2012.

	number of contracts	nominal	Positive market value	negative market value
Up to 1 year	–	–	–	–
From 1 to 5 year	35	701,841	–	51,180
From 5 to 10 year	11	145,000	–	16,012
Total swaps	46	846,841	–	67,192

The weighted average remaining maturity of the financial derivatives amounts to 3.9 years. NSI is hedged at an average interest rate (excluding margins) of 3.1%. 8.4% of the current loans have a variable interest rate and are not hedged.

12. Deferred tax liabilities

Deferred tax liabilities are recognized at nominal value for the corporate income tax payable in future periods that arise because of the differences between market value and value for tax purposes of the properties in Switzerland.

13. Other payables and accrued liabilities

The largest items recognized under the other payables and accrued liabilities concern prepaid rent of €13.5 million, payable operational costs of €9.4 million and payable interest of €6.4 million.

14. Liabilities not appearing on the balance sheet

Divestment obligations
During March 2012, NSI reached an agreement about the sale of an office property in the Lairessestraat in Amsterdam. The sales price amounted to €1.8 million and the transfer took place in April 2012.

Hoorn, 11 May 2012

Management Board
J. Buijs, *CEO*
D.S.M. van Dongen, *CFO*

Supervisory Board
H. Habas, *chairman*
H.J. van den Bosch
H.W. Breukink
G.L.B. de Greef
W.M. Steenstra Toussaint

Other information

Statement pursuant to the Financial Supervision Act

The Netherlands Authority for the Financial Markets granted a licence to NSI N.V. on 13 July 2006. A copy of this license can be obtained at the company's office as well as via its website: www.nsi.nl

The members of NSI's Supervisory Board and Management Board have no personal interests in any of the investments made by NSI. Furthermore, they never had any such interest at any time during the period under review. The company is not aware of any property transactions during the period under review with any people or organisations that could be considered to have a direct relationship with the company.

Holders of shares with a capital interest of 5% or more

NSI has one major investor, Stichting Prioriteit NSI, holder of all 5,000 preference shares. In accordance with the Financial Supervision Act, the Netherlands Authority for the Financial Markets received a notification of a shareholder with an interest of more than 5% in the company. According to the most recent notification, this interest was as follows: Habas Investments (1960) Ltd. And it subisidaries (20.07%). The date of the notification mentioned above was 12 April 2012.

Subsequent events

NSI issued 3,020,000 (5%) new shares to qualified investors on 12 april 2012. The issue price was €8.30 per share and the proceeds amounted to €24,6 million after deduction of costs.

Review report

To: the shareholders of NSI N.V.

Introduction
We have reviewed the accompanying condensed consolidated interim financial information of NSI N.V. in Hoofddorp (statutory seat Hoorn), which comprises the consolidated statement of financial position as at 31March 2012, the consolidated statements of comprehensive income, changes in equity, and cash flows for the period of 3 months ended 31March 2012, and the notes. Management is responsible for the preparation and presentation of this 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 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 as at 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 11 May 2012

KPMG ACCOUNTANTS N.V.
H.D. Grönloh RA

Financial calender 2012

Financial calendar 2012	
Publication of result for HY 2012	10 August 2012
Publication of result for first three quarters 2012	9 November 2012

Interim-dividend payments	
Establishment of interim-dividend Q1 2012	25 May 2012
Listing ex-dividend	29 May 2012
Interim-dividend for Q1 2012 made payable	19 June 2012
Establishment of interim-dividend Q2 2012	24 August 2012
Listing ex-dividend	28 August 2012
Interim-dividend for Q2 2012 made payable	18 September 2012
Establishment of interim-dividend Q3 2012	23 November 2012
Listing ex-dividend	27 November 2012
Interim-dividend for Q3 2012 made payable	18 December 2012

Future-oriented information disclaimer

This press release contains future-oriented information related to the financial position, objectives and market circumstances in which the company operates. Because they concern known and unknown events and situations that might or might not occur in the future, making future-oriented statements and forecasts obviously entails risks and uncertainties. The future-oriented statements and forecasts in this press release are based in the current insights and assumptions of the management board. Actual results and developments can deviate from expectations due to the effects of a number of factors including the general economic situation, results of financial markets, changes in interest rates, amendments to legislation and regulations, and changes in the policy of government bodies and/or regulatory authorities.