Interim report per 30 June 2012

NSI N.V.

Report of the Management Board

NSI: stable direct result

Results

- **Increase of 24% in direct investment result HY 2012 vs. HY 2011 as result of merger with VNOI**
- **Q2 2012 direct investment result of €16.4 million, up 1.3% versus Q1 2012**
- **Improved efficiency and cost control lead to stable direct investment result Q2 2012 of €0.26 per average outstanding share**

- Cost synergies from merger are developing according to plan
- Negative indirect investment result HY 2012 €78.3 million mainly due to revaluations (- € 60.4 million)
- Interim dividend Q2 2012: €0.25 per share

Financing

- **Loan-to-value improved to 56.4% in Q2 2012 from 57.3% in Q1 2012**
- **Refinanced 2012 & 2013 maturing loans with Deutsche Bank (€ 121 million); 2012 refinancing virtually covered**

- 70% of Swiss portfolio sold in Q2 2012; sale of two remaining Swiss assets expected to be finalized during the course of 2012
- Net debt reduction in HY 2012 of € 95 million versus year end 2011, of which €82 million in Q2
- Interest coverage ratio stable at 2.5
- Stock dividend for the final dividend 2011 and Q1 interim dividend 2012 successful; stock election of 53% on average results in significant retention of funds from operations

Operational

Retail NL (27 % of portfolio)
- High retention rate is evidence of attractiveness of location and quality of assets
- Occupancy stable at 95%

Offices NL (40% of portfolio)
- 33,114 sqm of new leases, representing 6% of total Dutch market take up (561,000 sqm, source: DTZ)
- Increase of take up in office space not yet sufficient to fully offset the above-average expiration level in 2012
- Occupancy decreased to 71.7% (not including future leases)
- Redevelopment Rode Olifant and HNK Rotterdam on schedule
- Effective rent levels stable at €120 /sqm

Belgium (27% of portfolio)
- Benefiting from operational synergies:
  - Flexible leasing concept launched in Mechelen Campus Toren
  - Virtual planning tool launched in Belgium: Officeplanner.be
- Acquisition of logistic site Oevel (€7.9 million) with contracts extended

Other (6% of portfolio)
- Include the two remaining Swiss assets which are expected to be sold in 2012 and some residential units in the Netherlands

Key figures

	30-06-2012	30-06-2011	FY 2011
Results (x €1,000)			
Gross rental income	81,349	51,694	119,964
Net rental income	69,501	43,580	101,497
Direct investment result	32,570	26,316	56,030
Indirect investment result	- 78,305	- 7,305	6,675
Result after tax	- 45,735	19,011	62,705
Occupancy rate (in %)	81.8	89.5	84.1
Loan-to-value (debts to credit institutions/real estate investments in %)	56.4	56.0	57.2
Issued share capital			
Ordinary shares with a nominal value of €0.46 on 30 June	65,964,770	43,286,677	60,282,917
Average number of outstanding ordinary shares during period under review	61,956,195	43,286,677	46,978,800
Data per average outstanding ordinary share (x €1)			
Direct investment result	0.53	0.61	1.19
Indirect investment result	- 1.27	- 0.17	0.14
Total investment result	- 0.74	0.44	1.33
Data per share (x €1)			
(interim) dividend	0.51	0.60	1.19
Net asset value	11.26	13.28	12.96
Net asset value according to EPRA	12.38	13.78	14.02

Johan Buijs, CEO of NSI:
"Today's results show how we are actively managing this year of transition. We are taking all the actions required to safeguard our results and to improve our balance sheet. We are deleveraging by selling our Swiss portfolio in 2012, of which 70% has been realized in the first half of 2012. We managed to compensate for the expected decline in rental income and delivered a second quarter direct investment result in line with the first quarter. The cost synergies from the merger are kicking in, and in addition we have taken measures to further increase our efficiency and reduce costs. Another key achievement is the progress we made in our financing base. We significantly reduced our outstanding net debt by €95 million and extended our loan maturities. We refinanced 40% of our total Dutch outstanding loans of € 863 million in only six months' time, mainly consisting of: €225 million with our ING-led syndicate and most recently €121 million with Deutsche Bank."

Outlook 2012

The uncertainty in the Eurozone and the European political struggle to restructure the financial system continues to dominate market sentiment. As a result sentiment in the real estate markets remains very challenging. At present market indicators show mixed signals regarding the Dutch retail and office markets. Retail turnovers are decreasing, except for food, although most recent research on occupancy (source: Locatus) show stable vacancy rates at 6.3% (NSI at 5%). In the offices market we have seen transaction volumes decreasing and negative revaluations at higher levels in the first half of 2012 than in 2011. However the spread between property yields and risk free rate in the Netherlands is the highest in Europe (source: RREEF).

In the second half of the year NSI will be focusing on:

Operational

- *Occupancy:*
  - Retail: continuation of stable occupancy (95%).
  - Offices: continuous active management of the challenging office expiration calendar, which shows a peak (23% for the full year vs average of 20%)) in 2012. Our Client Focus program, pro-active approach offer the best possible solution in dealing with lease expirations and tenant retention. In 2013 the expiration calendar is at a below average level of 17%.
- *Synergies:* Driving synergies from the merger. The overhead cost synergies from the merger will amount to approximately €2.0 million per annum. In addition, the focus will be on further transforming the company to capitalize upon operational synergies.
- *Cost control*: Continued focus on cost control and improving efficiencies.
- *Development*:
  - Actively pursuing development opportunities in the retail portfolio, including extension of the shopping centre Keizerslanden. The shopping centre will be extended with 7.500 sqm to 14,800 sqm. The preliminary works are scheduled to start in Q4 2012.
  - The launch and further development of new full service and flexible lease concepts. HNKR (HNK Rotterdam n het Vasteland) is scheduled for completion at the end of the third quarter of 2012. De Rode Olifant is expected to be completed by year end.

Financing

- *LTV*: Further reducing loan-to-value to 55% medium term and 50% over the long term, by selling non strategic assets.
- *Debt maturities*: Full attention on the refinancing of maturing debt. Following the recent refinancing with Deutsche Bank, NSI virtually covered its 2012 maturities. The discussion on refinancing the remaining 2% of the total Dutch debt portfolio maturing in 2012 is in progress. The Deutsche Bank arrangement covers 19% of NSI's 2013 refinancing requirements (outstanding per 30 June 2012).
- *Dividend*: NSI targets to distribute 30-50% of the total 2012 dividend in stock.
- *Disposals*: The sale of the two remaining Swiss assets is in progress and expected to be finalized during the course of 2012.

Based on the above mentioned areas of focus, NSI expects its direct investment result to develop in the range of €0.97- €1.02 per average outstanding share for the full year 2012. This might be influenced by the amount and timing of the disposals, the exact success rate of the letting activities and new concepts and the amount of new issued shares through the stock dividend program.

Effects of merger with VastNed Offices (VNOI)
The integration between NSI and VNOI has been completed during Q1 2012. The increase in direct investment result in Q2 2012 compared to Q1 2012 is partly due to strict cost management and the cost synergies from the merger starting to have an effect. The achieved synergies related to overhead cost reduction is currently reaching €0.5 million per quarter. Besides these overhead costs synergies, NSI will continue to focus on driving operational synergies. NSI recently demonstrated how the larger scale of its office portfolio contributes to tenant retention due to its increased ability to satisfy changing housing requirements of tenants; e.g. NSI recently relocated a tenant from a NSI property to a former VNOI property.

Total investment result
NSI's HY 2012 total investment result was €45.7 million negative (Q2 2012:- €28.6million). This mainly results from a positive operational result and negative revaluations of properties, in particular in the Dutch office portfolio.

Direct investment result
During Q2 2012, NSI achieved a direct investment result of €16.4 million, and € 32.6 million for HY 2012 (HY 2011: € 26.3 million). Also compared to Q1 2012 (€ 16.2 million), the direct investment result showed a slight increase due to lower operational, administrative and financing costs, offset by lower occupancy levels. Compared to Q1 2012, NSI was able to offset the anticipated decline in rental income by increasing focus on cost control, delivering upon cost synergies from the merger and lower financing costs. In addition to cost synergies due to reduced overhead costs, savings resulted from the integration of operations, including applying NSI's approach to portfolio management to the VNOI portfolio. An example of the latter is the insourcing of technical property management, which is by now being applied to approximately 50% of the former VNOI portfolio with the remaining part to be finalized during the remainder of 2012. Next to initiating measures to reduce costs structurally, such as improving cost efficiencies in service costs in vacant properties(for instance by better managing the energy usage), the decline in operating costs also involves a number of one-off items (e.g. the release of provision in Belgium related to Tibotec).

Leasing activities
The overall occupancy rate decreased slightly to 81.8% on 30 June 2012 compared to 82.2.% on 31 March 2012. The increase in vacancy is mainly caused by the Dutch office portfolio and the sale of well-let Swiss properties. The effective rental level in the office portfolio remained stable at € 120/ sqm.

Offices NL
The take up of office space in the Dutch office portfolio increased, although not sufficient to fully offset the above-average lease expiration level, which resulted in a decreased occupancy rate of 71.7% (Q1 2012: 73.4%). In HY 2012, 35 contracts involving 21,585 sqm of relettings and 33,114 sqm of new lettings have been signed, totaling 8.7% of the office portfolio. Part of the vacancy level of 28.3% at 30 June 2012 can be explained by assets that are currently in the process of being redeveloped and accordingly temporarily not available for leasing, but these are included in the reported vacancy level. The Red Elephant (de Rode Olifant, The Hague) is already fully let and will contribute approx. 2% in the occupancy rate once completed, which is expected by end of Q4 2012.
The redevelopment of het Vasteland (reflecting approx. 2% of the vacancy level) into HNK Rotterdam is progressing according to plan and expected to be completed by the end of Q3 2012. The pre-marketing of HNK Rotterdam has recently started.

Renewing existing leases remains top priority. NSI pro-actively approaches tenants well before contracts expire to enable a timely and appropriate renewal offer. In Q2 2012, 15 contracts (13,818 sqm) have been renewed which would expire in 2014, mitigating the expiration calendar by approx. 2%.
Furthermore, a number of initiatives are taking place to further enhance NSI's letting propositions, including increased marketing and branding activities.

As indicated previously, an above average number of office leases (23%) expires in 2012, which will also have an effect on the occupancy rates in the second half of the year.

Retail
The vacancy rate in the retail portfolio remained at a normal friction level (5%). In Q2 2012, in total 25,302 sqm representing 148 contracts have been signed (8.4% of portfolio), of which the vast majority were renewals. The retention rate of 97% clearly shows the quality of the assets and NSI's ability to provide the right environment to its tenants to run their businesses.

Belgium
The occupancy rate in Belgium remained stable at 86% overall (Offices: 85%, Logistics: 88%).

Intervest Offices & Warehouses positions itself increasingly as provider of turn-key housing solutions. A flexible leasing concept ("Re:flex; flexible business hub") has recently been launched in the Mechelen Campus Toren. Another highlight is the extension at the logistic site in Oevel, which will be managed as one integrated site with the West Logistics site. The extension is already backed by a new leasing agreement with UTi Belgium, the logistics partner of Estee Lauder.

Indirect investment result
The negative indirect investment result of €78.3 million (HY 2011 €7.3 million negative) predominantly derived from a revaluationt of - €60.4 million, a negative result on sales of investments (€7.8 million) and an effect of - €10.9 million of the valuation of derivatives. The net result on sales of investments (2 Swiss assets and a number of smaller assets in the Netherlands) includes a book loss (€3.8 million), breakage costs on fixed interest rate CHF loans (€1.9 million), costs of sale (€0.7 million) and a provision for a rental guarantee (€1.3 million). The book loss is partly compensated by the release of a provision for deferred tax liabilities (€1.2 million).

The downward revaluation mainly relates to the office portfolio, in particular in the Dutch portfolio. This development is partly driven by the increased vacancy in NSI's portfolio, but is also reflecting the high vacancy level in the market in general due to oversupply, resulting in ongoing pressure on property values.

Net Asset Value per share
The number of outstanding shares increased from 60.2 million (31 March 2012) to 66.0 million (30 June 2012) as a result of the private placement and stock dividend.
Net asset value per share, including deferred taxes and the market value of the derivatives, decreased from € 12.68 on 31 March 2012 to € 11.26 on 30 June 2012. If the deferred taxes and the value of the derivatives are excluded (the net asset value according to EPRA), the net asset value amounts to €12.38 compared to € 13.83 on 31 March 2012. 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.

Financing
NSI is committed to reduce its LTV (loan-to-value) to below 55% in the medium term and below 50% in the long term.

NSI improved its LTV from 57.3% at 31 March 2012 to 56.4% at 30 June 2012, despite the revaluation effect of - €33.8 million in Q2, as a result of the proceeds from the sale of assets and the proceeds of the share issue. NSI sold 70% of its Swiss assets in Q2 2012 (proceeds CHF94.5 million) and some smaller Dutch assets. The process of selling the two remaining assets (bookvalue CHF43.9 million) in Switzerland is ongoing, which will further reduce LTV.

Furthermore, NSI works diligently on its refinancing requirements and improving its debt maturity. NSI extended its €225 million syndicated loan facility in Q1 2012 until 31 December 2015.

After the Q2 closing, NSI refinanced its full outstandings with Deutsche Bank. In total, €121 million of debt maturing in 2012 and 2013 has been extended until 2015 and 2016. NSI has now virtually covered its 2012 maturities. The discussion on refinancing the remaining 2% of the total Dutch debt portfolio maturing in 2012 is in progress. The arrangement covers 19% of NSI's 2013 refinancing requirements (outstanding per 30 June 2012). Following this refinancing (after Q2 closing), the average remaining maturity of the loans improved to 2.4 years (30 June 2012: 2.1 years).

NSI issued a €25 million private placement (approx. 5% of the outstanding share capital) in Q1 2012.

NSI reduced its outstanding net debt by €95 million versus year end 2011, of which €82 million relates to Q2 2012.

The financing costs decreased slightly despite higher bank charges, which were compensated by lower interest base rates, lower hedging cost rates and a reduction in outstanding loans.

The interest coverage ratio remained stable at 2.5 on 30 June 2012.

Interim dividend Q2 2012

The proposed interim dividend for Q2 2012 is €0.25 per share. Following the dividend policy, as adopted by the Annual General Meeting of Shareholders, NSI offers shareholders optional dividend; shareholders can choose to receive dividend in cash, in shares, or a combination of both. NSI aims to distribute 30-50% of the total 2012 dividend in stock. On 24 August 2012, NSI will set the interim dividend and announce further details regarding the distribution of dividend.

Hoofddorp, 10 August 2012
The Management Board

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Financial results

Preliminary remark for the reader
On 14 October 2011, NSI and VNOI completed the merger of their companies. This merger has been processed in this quarterly results as follows:

- The P&L-statement HY 2012 and the balance sheet per 30 June 2012 include the results from VNOI
- The first three quarters of 2011 have not been amended for comparison and represent only NSI
- As of the fourth quarter of 2011 all results of NSI and VNOI are fully consolidated

Integration
The integration between NSI and VNOI has been completed during Q1 2012. The increase in direct investment result in Q2 2012 compared to Q1 2012 is partly due to a strict cost management and the effect of cost synergies from the merger starting to have an effect. Besides cost synergies, NSI is focusing on realizing the operational synergies from the merger.
As a result of its expanded office portfolio, NSI can offer an improved proposition to its tenants which leads to higher retention. For example, NSI recently agreed to move tenant Grontmij from an NSI office building in Roosendaal to a former VNOI property in Rotterdam, following organizational changes within Grontmij, while re-letting the property in Roosendaal to a new tenant. Other examples of operational synergies are the roll out of a flexible office lease concept and the virtual office planner (kantoorplanner.nl) to Belgium (officeplanner.be). The latter is a proven commercial tool in increasing the success rate of renting out vacant office space.

Total investment result

The total investment result, consisting of the sum of the direct and indirect investment results amounted to - €45.7 million over the first half of 2012 (HY 2011: €19 million).

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

The HY 2012 direct investment result amounted to €32.6 million (HY 2011: €26.3 million). The direct investment result in Q2 2012 increased to €16.4 million compared to €16.2 million in Q1 2012.

Gross rental income increased in HY 2012 to €81.3 million compared to €51.7 million in HY 2011 as a result of the merger with VNOI. Compared to Q1 2012 gross rental income declined by 4.0% in Q2 2012, mainly due to the expiration of a number of large leases in Q1 2012 (e.g. RET in Rotterdam, municipality of Amsterdam, KPN). Gross rental income in Belgium decreased by €0.3 million in Q2 2012 compared to Q1 2012, mainly due to a one-off release of a provision (related to Tibotec) in Q1 2012. Another release of a provision (related to Tibotec) impacted operational costs in HY 2012.The retail portfolio continued its strong performance. Gross rental income in the retail portfolio increased by 1.9% in Q2 2012 compared to Q1 2012 mainly due to the re-opening of the 't Loon shopping centre on 11 February 2012; the shopping centre was closed since December 2011 for partial demolition and reconstruction.
Gross rental income in Switzerland increased by 6% (to €3.8 million) compared to HY 2011. The Swiss assets that have been sold at the end of Q2 2012 (70% of Swiss portfolio) delivered annual gross rental income of €2.6 million.

The overall occupancy rate decreased slightly to 81.8% on 30 June 2012 compared to 82.2.% on 31 March 2012. The increase in vacancy is mainly caused by the Dutch office portfolio and the sale of the well-let Swiss assets. The occupancy rate of the total office portfolio decreased 0.8% from 76% to 75.2%, while the occupancy of the retail portfolio remained stable at a solid 95%.

The increase in direct investment result in Q2 2012 compared to Q1 2012 is mainly the result of a strict cost discipline and cost synergies from the merger with VNOI starting to have an effect. Operating costs, administrative costs and non-recharged service costs all decreased in Q2 2012 compared to Q1 2012. The operating costs also involved a number of one-off items (e.g. the release of a provision in Belgium related to Tibotec).

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

	1st HY 2012	1st HY 2011
The Netherlands		
Gross rental income	57,046	48,150
Net rental income	46,663	40,955
Switzerland		
Gross rental income	3,787	3,544
Net rental income	2,697	2,625
Belgium		
Gross rental income	20,516	-
Net rental income	20,141	-

Gross rental income HY 2011 – HY 2012
Gross rental income by segment in the Netherlands, Belgium and Switzerland

X €1,000	half year 2011	acquired through business combinations	purchases	disposals	organic growth	half year 2012
The Netherlands						
Offices	24,638	11,938	-	- 69	- 4,112	32,395
Retail	21,083	-	108	- 63	- 890	20,238
Industrial	2,116	1,909	-	-	50	4,075
Residential	313	-	-	-	25	338
Total	48,150	13,847	108	- 132	- 4,927	57,046
Switzerland						
Offices	1,509	-	-	- 40	60	1,529
Retail	2,035	-	-	104	119	2,258
Total	3,544	-	-	64	*179	3,787
Belgium						
Offices	-	13,190	-	-	-	13,190
Industrial	-	7,326	-	-	-	7,326
Total	-	20,516	-	-	-	20,516
Total NSI	51,694	34,363	108	- 68	- 4,748	81,349

* *Including exchange-rate differences of €0.2 million.*

Financing costs amounted to €27.9 million in HY 2012 (HY 2011: €16.6 million). This increase is in line with the increased size of the portfolio due to the merger with VNOI. Financing costs in Q2 2012 decreased by 1.6% compared to Q1 2012 due to lower interest base rates, lower hedging costs and a reduction in outstanding loans.

Indirect investment result

The indirect investment result for the first half year of 2012 amounted to €78.3 million negative. The indirect investment result consists of both realized revaluations (sales results on investments sold) and unrealized revaluations. These unrealized revaluations concern the changes in the market value of the property portfolio (- €60.4 million) and the interest-rate hedging instruments (-€10.9 million).

The realized revaluations contain the sales result of - €0.1 million realized on the sale of the offices properties at the Lairessestraat and Herengracht in Amsterdam and the disposal of 70% of NSI's Swiss properties. The Swiss assets have been sold for €3.8 million below book value. Furthermore the net accounting result includes significant breakage costs (€ 1.9 million) on fixed interest rate CHF loans and a provision for a rental guarantee (€ 1.3 million). The book loss is partly compensated by the release of a provision for deferred tax liabilities (€1.2 million).

The value of interest hedges further decreased due to an ongoing reduction in Euro market interest curves as a result of the economic situation in the Eurozone.

NSI utilizes interest-rate hedging instruments exclusively for hedging of operational interest rate risks. There is no 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 HY 2012 amounted to - €54.6 million (HY 2011: - €12.8 million), - €30.8 million in Q2 2012 and - €23.8 million in Q1 2012. These revaluations in HY 2012 were mainly caused by the decrease in value of the Dutch offices portfolio by €46.2 million. Occupancy rates remain under pressure which results in ongoing pressure on property values.
The value of the Belgian properties remained stable during the first half of 2012.
The value of the Swiss properties decreased by €5.6 million, mainly due to the reclassification into assets held for sale; as a result of this reclassification, the expected sales costs have been deducted from the value of the portfolio.

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

	Q2 2012	Q1 2012	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008
Offices	-25,434	-20,809	-31,400	-10,278	-5,667	-8,795	-6,660	-21,435	-37,875	-44,871
Retail	-3,951	-2,828	-622	-3,525	317	925	1,661	-1,179	-7,920	7,770
Industrial	-1,285	-197	-1,351	-1,071	-265	135	-150	-2,416	-5,504	-4,367
Residential	-125	-5	135	65	-10	20	60	-1,747	44	-248
Total	-30,795	-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)

	Q2 2012	Q1 2012	2011	Q4 2011
Offices	-3,587	426	2,555	2,555
Industrial	1,872	1,125	-6,126	-6,126
Total	-1,715	1,551	-3,571	-3,571

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

	Q2 2012	Q1 2012	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008
Offices	-265	-2,559	208	263	-47	-7	-1	980	-278	802
Retail	-1,011	-1,734	-1,152	-762	-347	-36	-7	1,036	-749	-1,800
Total	-1,276	-4,293	-944	-499	-394	-43	-8	2,016	-1,027	-998

Yields in % at 30 June 2012 and 31 December 2011

	gross yield* 30-06-2012	net yield** 30-06-2012	gross yield* 31-12-2011	net yield** 31-12-2011
Offices	9.8	8.3	9.9	8.4
Retail	7.5	6.4	7.5	6.3
Industrial	8.9	8.2	8.6	7.5
Residential	7.2	6.6	7.0	6.0
Total	9.0	7.7	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* 30-06-2012	net yield** 30-06-2012	gross yield* 31-12-2011	net yield** 31-12-2011
The Netherlands	9.2	8.0	9.4	8.0
Switzerland	6.7	4.8	6.6	4.9
Belgium	8.7	8.5	8.5	7.9
Total	9.0	7.7	9.0	7.6

Balance-sheet ratios and finance

The value of the real estate investments amounted to €2,189 million on 30 June 2012 (30 June 2011: €1,357 million, 31 December 2011: €2,322 million). This is the result of the balance of purchases, disposals, revaluations and investments, but in particular of the merger with VNOI and the subsequent sale of predominantly Swiss assets.

NSI reduced its net debt by €95 million versus 31 December 2011.

The loan-to-value decreased during HY 2012 from 57.3% at the end of Q1 2012 to 56.4% at the end of Q2 2012, mainly due to the sale of 70% of the Swiss portfolio; the proceeds of this sale were used to redeem debt. NSI will remain active in reducing loan-to-value by disposing of assets that do not fit its strategy. Debts to credit institutions amounted to €1,234 million on 30 June 2012 (31 December 2011: €1,329 million).

Equity

NSI's equity decreased during the first half year of 2012 by €42.5 million to €867.1 million (31 December 2011: €909.6 million). This was the result of the balance of the HY 2012 net loss of €41 million, the equity issue of €24.3 million, the paid cash dividend payments of €25.3 million, including the full 2011 dividend of Intervest Warehouses & Offices, and the increase of the other reserves due to exchange-rate differences.

The number of outstanding shares increased from 60.3 million ultimo 2011 to 66.0 million on 30 June 2012. The net asset value, including deferred tax and the market value of the derivatives, amounted to €11.26 per share on 30 June 2012 (31 December 2011: €14.02). 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 €12.38 per share (31 December 2011: €14.02).

Financial ratios

The funding available to the company under the credit facilities committed as at 30 June 2012 amounted to €87.0 million (31 December 2011: €102.7 million). Net debts to credit institutions fell from €1,329.2 million at year-end 2011 to €1,233.7 million as at 30 June 2012. The average remaining maturity of the loans remained stable at 2.1 years and the fixed-interest part of the mortgage loans decreased from 91.3% at year-end 2011 to 90.6% as at 30 June 2012. Following the refinancing with Deutsche Bank (after Q2 closing), the average remaining maturity of the loans improved to 2.4 years. The average interest rate on the loans and interest-rate hedging instruments increased from 4.2% to 4.4%, including margin, on 30 June 2012. The interest-rate coverage ratio improved to 2.5 on 30 June 2012 (31 December 2011: 2.4).

Interim dividend Q2 2012

The basic principle of the company's dividend policy is to distribute almost the entire direct investment result to shareholders as dividend. For the first half year of 2012 the interim dividend will be €0.51 per share of which a Q1 2012 interim dividend of €0.26 has already been distributed. The Q2 2012 interim dividend will therefore amount to €0.25 per share.

NSI offers shareholders the option to receive dividend in cash, in shares, or a combination of both. On 24 August 2012, NSI will set the interim dividend and announce further details regarding the distribution of dividend.

Developments in the portfolio

The value of the real estate portfolio decreased by €133.0 million during the first half of 2012, from €2,321.8 million at year-end 2011 to €2,188.8 million. This decrease is the result of the sale of the major part of the Swiss portfolio for €82.1 million, other sales of €8.9 million, acquisitions of €8.0 million, revaluations of - €60.4 million, investments of €9.4 million and exchange-rate differences of €1.0 million.

NSI sold its Swiss office property “Silvergate” in Thalwill and its retail property “Perolles-centre” in Fribourg in the last week of Q2 2012 for CHF 94.5 million. These two properties represent approximately 70% of NSI’s Swiss portfolio. It is NSI’s intention to sell the remaining two properties in the Swiss portfolio during the remaining half of 2012.

In the Netherlands NSI sold two smaller office properties located in Amsterdam in separate transactions totalling €4.9 million. In Belgium, an industrial property located in St. Niklaas was sold for €4.0 million whilst another industrial property located in Oevel was purchased for €8.0 million.

As at 30 June 2012 the portfolio consisted of 94 residential units and 271 commercial properties, spread across:

	in %	x €1,000
Sector spread		
Offices	57	1,248,577
Retail	27	612,094
Industrial	15	318,430
Residential	1	9,715
Total real estate investments	100	2,188,816
Geographical spread		
The Netherlands	71	1,551,235
Switzerland	2	36,527
Belgium	27	601,054
Total real estate investments	100	2,188,816

Occupancy rate
The occupancy in the entire portfolio as at 30 June 2012 amounted to 81.8% (31 March 2012: 82.2%). Occupancy levels per sector were: 75.2% in offices, 88.5% in industrial premises and 95.1% in retail. Per country this was 80.2% in the Netherlands, 95.4% in Switzerland and 85.6 % in Belgium.

Retail
The vacancy rate in the retail portfolio remained at friction level (5%), with an occupancy rate of (95%).

Offices
The occupancy rate in the Dutch office portfolio decreased to 71.7% (Q1 2012: 73.4%). Part of the vacancy level of 28.3% at 30 June 2012 can be explained as strategic vacancy; assets that are currently being redeveloped and therefore during the construction process temporarily not available for leasing, but are included in the vacancy number.
The occupancy rate of the total office portfolio decreased 0.8% to 75.2% (Q1 2012 : 76%)

As indicated previously, an above average amount of office leases (23%) expires in 2012, which is reflected in the occupancy rates and which will also have an effect in the second half of the year.

Logistics
The occupancy rate in the logistics portfolio remained stable at 88%.

Contractual rental income from the portfolio amounted to €161.7 million as at 30 June 2012.

The theoretical gross annual rental income per segment in the Netherlands, Belgium and Switzerland per 30 June 2012:

(x €1,000)

	The Netherlands	Belgium	Switzerland	Total
Offices	88,572	33,672	497	122,741
Retail	44,022	-	1,958	45,980
Industrial	9,826	18,424	-	28,250
Residential	701	-	-	701
Total	143,121	52,096	2,455	197,672

Shareholders' resolution

On 15 June 2012 an Extraordinary General Meeting of Shareholders was held. This meeting approved the abolition of Stichting Prioriteit NSI (Priority Foundation NSI). The mandate of Stichting Prioriteit involved responsibilities, such as determining the remuneration of the Supervisory Board and making binding nominations for Management Board Members, which now in accordance with current corporate governance standards, belong to the Annual General Meeting of Shareholders.

Financial key figures

	30-06-2012	30-06-2011	FY 2011
Results (x €1,000)			
Gross rental income	81,349	51,694	119,964
Net rental income	69,501	43,580	101,497
Direct investment result	32,570	26,316	56,030
Indirect investment result	- 78,305	- 7,305	6,675
Result after tax	- 45,735	19,011	62,705
Occupancy rate (in %)	81.8	89.5	84.1
Balance sheet data (x €1,000)			
Real estate investments	2,188,816	1,354,499	2,321,813
Equity including minority interests	867,120	574,881	909,620
Shareholders' equity attributable to NSI shareholders	742,770	574,881	781,218
Net debts to credit institutions (exluding other investments)	1,233,736	759,044	1,329,166
Loan-to-value (debts to credit institutions/real estate investments in %)	56.4	56.0	57.2
Issued share capital			
Ordinary shares with a nominal value of €0.46 on 30 June	65,964,770	43,286,677	60,282,917
Average number of outstanding ordinary shares during period under review	61,956,195	43,286,677	46,978,800
Data per average outstanding ordinary share (x €1)			
Direct investment result	0.53	0.61	1.19
Indirect investment result	- 1.27	- 0.17	0.14
Total investment result	- 0.74	0.44	1.33
Data per share (x €1)			
(interim) dividend	0.51	0.60	1.19
Net asset value	11.26	13.28	12.96
Net asset value according to EPRA	12.38	13.78	14.02
Average stock-exchange turnover (shares per day, without double counting)	105,463	55,795	77,675
High price	9.70	15.34	15.34
Low price	5.95	13.42	8.28
Closing price	6.72	14.01	9.45

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

	HY 2012	HY 2011	2nd quarter 2012	2nd quarter 2011
Gross rental income	81,349	51,694	39,850	25,823
Service costs not recharged to tenants	- 2,587	- 815	- 1,105	- 408
Operating costs	- 9,261	- 7,299	- 4,323	- 3,750
Net rental income	69,501	43,580	34,422	21,665
Financing income	52	868	24	855
Financing costs	- 27,787	- 16,414	- 13,780	- 8,330
Administrative costs	- 3,153	- 1,648	- 1,337	- 649
Direct investment result before tax	38,613	26,386	19,329	13,541
Corporate income tax	- 226	- 70	- 146	- 51
Direct investment result after tax	38,387	26,316	19,183	13,490
Direct investment result attributable to non-controlling interest	- 5,817	-	- 2,794	-
Direct investment result	32,570	26,316	16,389	13,490
Revaluation of real estate investments	- 60,367	- 12,855	- 33,786	- 7,758
Elimination of rental incentives	- 91	-	202	-
Net result on sales of investments	- 7,801*	13	- 7,801	13
Revaluation of other investments	-	- 340	-	- 86
Movements in market value of financial derivatives	- 10,893	7,709	- 6,094	- 3,855
Exchange-rate differences	- 122	- 156	401	- 431
Allocated management costs	- 1,161	- 679	- 580	- 339
Acquisition cost of merger	-	- 688	-	- 471
Indirect investment result before tax	- 80,435	- 6,996	- 47,658	- 12,927
Corporate income tax	1,061**	- 309	1,254**	- 229
Indirect investment result after tax	- 79,374	- 7,305	- 46,404	- 13,156
Indirect investment result attributable to non-controlling interest	1,069	-	- 1,401	-
Indirect investment result	- 78,305	- 7,305	- 45,003	- 13,156
Total investment result	- 45,735	19,011	- 28,614	334
Data per average outstanding share (x €1)				
Direct investment result	0.53	0.61	0.26	0.31
Indirect investment result	- 1.27	- 0.17	- 0.71	- 0.30
Total investment result	- 0.74	0.44	- 0.45	0.01

* including breakage costs (€1.9 million) on fixed interet rate CHF loans and the provision for a rental guarantee (€1.2 million).
** including €1.3 million release of a provision for deferred tax liabilities to sold Swiss assets.

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

	note		HY 2012		HY 2011		2nd quarter		2nd quarter
Gross rental income			81,349		51,694		39,850		25,823
Service costs recharged to tenants		10,678		6,399		4,994		3,377	
Service costs		- 13,265		- 7,214		- 6,099		- 3,785	
Service costs not recharged			- 2,587		- 815		- 1,105		- 408
Operating costs	4		- 9,261		- 7,299		- 4,323		- 3,750
Net rental income	2		69,501		43,580		34,422		21,665
Revaluation of investments			- 60,458		- 12,855		- 33,584		- 7,758
Net result on sales of investments	5		- 7,801		13		- 7,801		13
Total net proceeds from investments			1,242		30,738		- 6,963		13,920
Administrative expenses	6		- 4,314		- 3,015		- 1,917		- 1,459
Financing income		52		13		24		- 275	
Financing expenses		- 27,909		- 16,570		- 13,379		- 8,486	
Result from other investments		-		515		-		769	
Movements in market value of financial derivatives		- 10,893		7,709		- 6,094		- 3,855	
Net financing result			- 38,750		- 8,333		- 19,449		- 11,847
Result before tax			- 41,822		19,390		- 28,329		614
Corporate income tax	13		835		- 379		1,108		- 280
Result after tax			- 40,987		19,011		- 27,221		334
Exchange-rate differences on foreign participations			31		219		- 21		417
Total non-realised result			31		219		- 21		417
Total realised and non-realised result			- 40,956		19,230		- 27,242		751
Result after tax attributable to:									
NSI shareholders			- 45,735		19,011		- 28,614		334
Non-controlling interest			4,748		-		1,393		-
Result after tax			- 40,987		19,011		- 27,221		334
Total realised and non-realised results attributable to:									
NSI shareholders			- 45,704		19,230		- 28,635		751
Non-controlling interest			4,748		-		1,393		-
Total comprehensive income			- 40,956		19,230		- 27,242		751
Data per average outstanding share (x €1)									
Diluted as well as non-diluted result after tax			- 0.74		0.44		- 0.45		0.01

Consolidated statement of financial position

Before proposed profit appropriation Q2 2012
(x €1,000)

	note	30-06-2012	31-12-2011	30-06-2011
Assets				
Real estate investments	7	2,152,289	2,321,813	1,356,784
Intangible assets		8,495	8,509	8,490
Tangible fixed assets		3,928	3,890	3,420
Financial derivatives		-	-	1,314
Total fixed assets		2,164,712	2,334,212	1,370,008
Assets held for sale	8	36,527	-	-
Other investments		-	-	11,495
Debtors and other accounts receivable	9	22,885	13,957	5,801
Cash		27,131	4,399	3,007
Total current assets		86,543	18,356	20,303
Total assets		2,251,255	2,352,568	1,390,311
Shareholders' equity				
Issued share capital		30,344	27,732	19,914
Share premium reserve		658,966	637,054	451,076
Other reserves		108,196	53,727	97,867
Retained earnings		- 54,736	62,705	6,024
Total shareholders' equity attributable to shareholders		742,770	781,218	574,881
Non-controlling interest		124,350	128,402	-
Total shareholders' equity	10	867,120	909,620	574,881
Liabilities				
Interest-bearing loans	11	730,832	1,122,648	642,638
Financial derivatives	12	72,854	62,297	21,313
Deferred tax liabilities	13	635	1,678	1,271
Total long-term liabilities		804,321	1,186,623	665,222
Redemption requirement long-term liabilities	11	445,743	137,189	71,925
Financial derivatives	12	432	96	544
Debts to credit institutions		84,292	73,727	58,984
Other accounts payable and deferred income	14	49,347	45,313	18,755
Total current liabilities		579,814	256,325	150,208
Total liabilities		1,384,135	1,442,948	815,430
Total shareholders' equity and liabilities		2,251,255	2,352,568	1,390,311

Consolidated cash flow statement
(x €1,000)

	note		30-06-2012		30-06-2011
Result after tax			- 40,987		19,011
Adjusted for:					
Revaluation of real estate investments	5	60,367		12,855	
Revaluation of other investments		-		340	
Net result on sales of investments		7,801		- 17	
Net financing expenses		38,750		8,390	
Deferred tax liabilities	13	- 1,061		309	
Depreccation		231		503	
Cash flow from operating activities			106,088		22,380
Movements in debtors and other accounts receivable	9		- 8,928		- 3,495
Movements in other liabilities, accrued expenses and deferred income			6,031		- 971
Financing income			52		13
Financing expenses			- 29,784		- 16,574
Cash flow from operations			32,472		20,364
Purchases of real estate and investments in existing properties	7		- 17,394		- 7,441
Proceeds of sale of real estate investments			83,238		2,413
Investments in tangible fixed assets			- 287		- 206
Divestments of tangible fixed assets			31		19
Cash flow from investment activities			65,588		- 5,215
Dividend paid			- 25,340		- 25,975
Costs related to optional dividend			- 50		-
Share issue			24,348		-
Repurchase of own shares			- 502		-
Drawdown of loans	11		30,775		- 150
Redemption of loans	11		- 115,311		- 3,209
Cash flow from financing activities			- 86,080		- 29,334
Net cash flow			11,980		- 14,185
Exchange-rate differences			- 187		623
Cash and debts to credit institutions as of 1 January			- 69,328		- 42,415
Cash and debts to credit institutions as of 30 June			- 57,161		- 55,977

Consolidated statement of movements in shareholders' equity

(x €1,000)

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

	issued share capital	share premium reserve	other reserves	retained earnings	total share-holders' equity attributable to shareholders	non-controlling 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 financial HY 2012	-	-	-	- 45,735	- 45,735	4,748	- 40,987
Exchange rate differences on foreign participations	-	-	31	-	31	-	31
Total comprehensive income HY 2012	-	-	31	- 45,735	- 45,704	4,748	- 40,956
Final cash dividend for 2011	-	-	- 7,539	-	- 7,539	- 8,8000	- 16,339
Stock dividend	685	- 685	-	-	-	-	-
Costs related to optional dividend	-	- 25	- 10	-	- 35	-	- 35
2011 profit appropriation	-	-	62,705	- 62,705	-	-	-
Distributed cash interim dividend 2012	-	-	-	- 9,001	- 9,001	-	- 9,001
Stock dividend	566	- 566	-	-	-	-	-
Costs related to optional dividend	-	- 15	-	-	- 15	-	- 15
Issue of shares	1,389	23,677	- 718	-	24,348	-	24,348
Own shares acquired	- 28	- 474	-	-	- 502	-	- 502
Total contributions by and to shareholders	2,612	21,912	54,438	- 71,706	7,256	- 8,800	- 1,544
Situation as of 30 June 2012	30,344	658,966	108,196	- 54,736	742,770	124,350	867,120

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

	issued share capital	share premium reserve	other reserves	retained earnings	total share-holders' equity attritutable to shareholders	non-controlling interest	total share-holders'-equity
Balance as of 1 January 2011	19,914	451,076	85,552	25,084	581,626	-	581,626
Result financial HY 2011	-	-	-	19,011	- 19,011	-	19,011
Exchange rate differences on foreign participations	-	-	219	-	219	-	219
Total comprehensive income HY 2011	-	-	219	19,011	19,230	-	19,230
Final cash dividend for 2010	-	-	- 12,988	-	- 12,988	-	- 12,988
2010 Profit appropriation			25,084	- 25,084	-	-	-
Distributed cash interim dividend 2011	-	-	-	- 12,987	- 12,987	-	- 12,987
Total contributions by and to shareholders	-	-	12,096	- 38,071	- 25,975	-	- 25,975
Situation as of 30 June 2011	19,914	451,076	97,867	- 6,024	574,881	-	574,881

Notes to the figures for the first half

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

The financial statements of NSI N.V. for the first half of 2012 were drawn up in compliance with International Financial Reporting Standards, IFRS, as approved within the European Union. This report on the first half 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 half of 2012 was approved by the Management Board and Supervisory Board on 10 August 2012.

The compilation of this interim report in accordance with IFRS requires that the Management Board forms opinions, estimates and assumptions that affect the application of the accounting principles and the reported figures for assets, liabilities, income and expenses. The estimates and the related assumptions are based on experience and various other factors that are considered appropriate. Actual results from these estimates. The estimates and underlying assumptions are continually assessed. Revisions to estimates are wholly included in the period in which the revision is made, if the effect has only applies to that period.

2. Segment information

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

Per country	The Netherlands		Switzerland		Belgium		Total	
	HY 2012	HY 2011	HY 2012	HY 2011	HY 2012	HY 2011	HY 2012	HY 2011
Gross rental income	57,046	48,150	3,787	3,544	20,516	-	81,349	51,694
Service costs not recharged to tenants	- 1,891	- 679	- 170	- 136	- 526	-	- 2,587	- 815
Operating costs	- 8,492	- 6,516	- 920	- 783	151	-	- 9,261	- 7,299
Net rental income	46,663	- 40,955	2,697	2,625	20,141	-	69,501	43,580
Revaluation result	- 54,410	- 12,804	- 5,569	- 51	- 479	-	- 60,458	- 12,855
Net result on sales	- 123	20	- 7,678	- 7	-	-	- 7,801	13
Segment result	- 7,870	28,171	- 10,550	2,567	19,662	-	1,242	30,738
Reconcilation								
Administrative costs	- 2,141		- 358		- 1,815	-	- 4,314	- 3,015
Net financing costs	- 29,939		- 1,353		- 7,458	-	- 38,750	- 8,333
Result before tax	- 39,950		- 12,261		10,389	-	- 41,822	19,390
Corporate income tax	- 5		886		- 46	-	835	- 379
Result after tax	- 39,955		- 11,375		10,343	-	- 40,987	19,011
Non-controlling interest	-		-		- 4,748	-	- 4,748	-
Investment income attritubable to shareholders	-39,955		- 11,375		5,595	-	45,735	19,011
Purchases and investments in existing properties	3,599	6,147	111	987	13,684	-	17,394	7,134

3. Exchange rates

In order to hedge currency risks, real estate investments in currencies other than the euro are generally funded by loans in the currency of the investment (in this case Swiss Francs). As at 30 June 2012, the exchange rate for the Swiss franc was: CHF1 = €0.83126 (30 June 2011: €0.82843).

4. Operating costs

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

	HY 2012	HY 2011
Municipal taxes	2,482	1,717
Insurance premiums	379	312
Maintance costs	1,974	1,127
Contributions to owners' assocations	286	315
Property management (including attributed administrative expenses)	2,440	1,551
Letting costs	741	1,422
Other expenses	959	855
Total	9,261	7,299

5. Net result on sales of investments

	HY 2012	HY 2011
Sales of real estate investments	87,135	2,420
Book value at time of sale	91,039	2,400
Total	- 3,904	20
Sales costs	- 3,897	- 7
Total	- 7,801	13

The sales costs are including broker costs, legal costs, breakage costs for loan redemption and a rental guarantee.

6. Administrative expenses

The administrative expenses can be specified as follows:

	HY 2012	HY 2011
Management costs	6,115	3,913
Audit costs	285	101
Consultancy costs	300	197
Appraisal costs	231	116
Compensation of Supervisory Directors, members of the Investments Advisory Board and Stichting Prioriteit NSI	135	132
Acquisition costs of merger	-	688
Other expenses	222	228
Total	7,288	5,375
Allocated to operating costs	- 2,794	- 1,617
Allocated to real estate portfolio	- 180	- 55
Merger costs	-	- 688
Total	4,314	3,015

7. Real estate investments

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

	30-06-2012	30-06-2011
Real estate investments in operation	2,135,784	1,354,499
Real estate investmetns under development	16,505	-
Total	2,152,289	1,354,499

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	2012 Total	The Netherlands	Switzerland	Belgium	2011 Total
Balance on 1 January	1,605,790	123,084	587,889	2,316,763	1,243,167	117,522	-	1,360,689
Purchases	-	-	7,966	7,966	6,126	-	-	6,126
Investments	3,599	-	5,718	9,317	21	987	-	1,008
Reclassification into real estate investments under development	- 11,455	-	-	- 11,455	-	-	-	-
Reclassification into assets held for sale	-	- 119,925	-	- 119,925	-	-	-	-
Sales	- 4,920	-	- 4,005	- 8,925	- 2,400	-	-	- 2,400
Revaluations	- 54,634	- 4,293	- 164	- 59,091	- 12,804	- 51	-	- 12,855
Exchange rate differences	-	1,134	-	1,134	-	4,216	-	4,216
Balance on 30 June	1,538,380	-	597,404	2,135,784	1,234,110	122,674	-	1,356,784

The valuations per 30 June 2012 contain:

	The Netherlands	Switzerland	Belgium	Total 2012	The Netherlands	Switzerland	Belgium	Total 2011
Prepayment and accrued income in relation to incentives	8,570	-	4,434	13,004	2,285	-	-	2,285

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

	retail	offices	industrial	residential	total 2012
Balance on 1 January 2012	664,897	1,331,525	310,496	9,845	2,316,763
Purchases	-	-	7,966	-	7,966
Investments	805	6,054	2,458	-	9,317
Reclassification into real estate investment under development	-	- 11,455	-	-	- 11,455
Reclassification into real estate investments held for sale	- 74,066	- 45,859	-	-	- 119,925
Sales	-	- 4,920	- 4,005	-	- 8,925
Revaluations	- 8,513	- 51,963	1,515	- 130	- 59,091
Exchange-rate differences	692	442	-	-	1,134
Balance on 30 June 2012	583,815	1,223,824	318,430	9,715	2,135,784

On 30 June 2012, properties with a book value of €1,195.4 million (30 June 2011: €1,286.4 million) were mortgaged as security for loans taken out and credit facilities at banks amounting to €959.7 million (30 June 2011: €785,3million).

Real estate investments under development	30-06-2012	30-06-2011
Balance on 1 January	5,050	-
Reclassification of real estate investments in operation	11,455	-
Balance on 30 June	16,505	-

8. Assets held for sale

Swiss real estate portfolio	30-06-2012	30-06-2011
Balance on 1 January	-	-
Reclassification of real estate investments in operation	119,925	-
Investments	111	-
Sales	- 82,114	-
Revaluation	- 1,276	-
Exchange-rate differences	- 119	-
Balance on 30 June	36,527	-

9. Debtors and other accounts receivable

The main items concern prepaid costs 2012 for an amount of €4.8 million, corporate income tax (€3.4 million) and rental income overdue for an amount of €7.0 million.

10. Shareholders' equity

The number of issued shares increase due to a share issue on 12 April 2012 (3,020,000 shares), the 2011 final dividend (as stock: 1,489,976 shares), the Q1 2012 interim-dividend (as stock: 1,229,255 shares) and own shares acquired (52,378 shares) by 5,686,853 shares.

The Stichting Prioriteit NSI was dissolved on 30 June 2012. The preference shares were changed into ordinary shares that were acquired by the company.

11. Interest-bearing debt

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

	2012	2011
Balance on 1 January	1,259,837	713,607
Drawdowns	30,775	- 150
Redemptions	- 115,311	- 3,209
Exchange-rate differences	1,274	4,315
Balance on 30 June	1,176,575	714,563
Redemption requirement long-term debt	445,743	71,925
Balance on 30 June	730,832	642,638

Remaining maturities of the loans at 30 June 2012 were as follows:

	fixed interest	variable interest	2012 total
Up to 1 year	46,485	399,259	445,744
From 1 to 2 year	-	245,864	245,864
From 2 to 5 year	173,659	298,951	472,610
From 5 to 10 year	-	7,434	7,434
More than 10 years	-	4,923	4,923
Total loans	220,144	956,431	1,176,575

The interest-bearing debt are loans from banks with an average remaining maturity of 2.1 years. The weighted average interest on outstanding mortgages and interest-rate swaps at 30 June 2012 was 4.4% per annum including margin. The interest coverage ratio amounted to 2.5 as at 30 June 2012.

As collateral for the loans and the current account facilities at the banks, mortgages are registered on real estate with a value of €1,195.4 million, together with a possessory lien on the rental income in some cases.

12. Financial derivatives

NSI limits its interest-rate risk by swapping the majority of the variable interest it pays on its loans into a fixed interest rate, by means of contracts with fixed interest rates varying from 1.95% to 4.613% and with maturity dates between 2013 and 2022. The market value of the financial derivatives amounted to - €73,3 million as at 30 June 2012.

	number of contracts	nominal	postive market value	negative market value
Up to 1 year	2	22,500	-	432
From 1 to 5 year	37	699,370	-	56,566
From 5 to 10 year	7	125,000	-	16,288
Total swaps	46	846,870	-	73,286

The weighted average remaining maturity of the financial derivatives is 3.9 years. NSI is hedged at a weighted interest rate of 3.1%, excluding margin. 9.4% of the current interest bearing debts, excluding debts to credit institutions, are not hedged.

13. 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.

14. Other payables and accrued liabilities

The largest items recognized under the other payables and accrued liabilities concern prepaid rent of €15.8 million, payable operational costs of €9.8 million and payable interest of €5.8 million.

Supervisory Board and Management Board Statement

The Supervisory Board and the Management Board state that, as far as they are aware:

- this interim report gives a true and fair view of the assets, liabilities, the financial position and the results;
- this interim report is a fair reflection of the situation on balance date and the state of affairs during the period under review;
- this interim report describes the main risks the company is facing.

Hoorn, 10 August 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 had one major investor, Stichting Prioriteit NSI, holder of all 5,000 preference shares. The Stichting Prioriteit NSI was dissolved on 30 June 2012. The preference shares were changed into ordinary shares that were acquired by the company. 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 subsidiaries (20.4%). The date of the notification mentioned above was 19 June 2012.

Events after balance sheet date

No significant events that NSI is required to disclose have occurred after the balance sheet date.

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 30 June 2012, the consolidated statements of comprehensive income, changes in equity, and cash flows for the period of 6 months ended 30 June 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 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 10 August 2012

KPMG Accountants N.V.
H.D. Grönloh RA

Financial calendar 2012

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

Interim dividend payments	
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