Interim report per 30 September 2012

Report of the Management Board

NSI- one year after merger

stable operational result in difficult market

Financial highlights

- Increase of 24% in direct investment result in first three quarters 2012 compared with same period in 2011 as result of merger with VNOI
- Continued market share in Dutch office take up of 6% compared to 1.3% size of portfolio
- Occupancy in sqm expected to improve marginally in Q4, further improvement is expected in 2013
- Slight decrease (-1.2%) like-for-like gross rental income Q3 2012 compared with Q2 2012
- Cost synergies (€2.0 million per annum) fully kicking in, within one year after merger and in line with expectations
- Q3 2012 direct investment result of €15.9 million, a decrease of 3% versus Q2 2012 (€16.4 million), mainly as a result of a lower contribution from Switzerland due to disposals (70% of portfolio sold in 2012 for € 82.1 million) and stable contribution from Dutch and Belgian portfolio
- VNOI merger is significantly accretive to direct result per share
- Negative Q3 2012 indirect investment result of €46 million due to revaluations of the real estate portfolio (- € 38 million), predominantly in Dutch office portfolio, and of derivatives (-€8 million)
- Interim dividend Q3 2012: €0.24 per share, year to date interim dividend € 0.75
- Loan to value increased to 57.6% in Q3 2012 from 56.4% in Q2 2012 as a result of revaluations.

Johan Buijs, CEO of NSI:

"Almost one year ago we started to manage the combined portfolio of Vastned Offices and NSI. We have integrated the operations, capitalized upon the cost synergies, and most importantly, introduced our client focused approach to VNOI tenants and properties. We are pleased that the VNOI portfolio turned out to be significantly accretive to our direct result per share within one year after the merger. Our forecast indicates that our active leasing management will lead us, after the initial anticipated decline in 2012, to a turning point in terms of occupancy in the Dutch office portfolio. Occupancy in sqm is expected to improve marginally in Q4 and is expected to continue to improve in 2013. Moreover, we have recently launched our first HNK property, which enables us to utilize the trend of full service and flexible demand in the office market. Our approach proves to work well in this market that remains challenging, as demonstrated by our 6% market share in total market take up in the Dutch office portfolio, while our portfolio represents 1.3% of the market."

Integration highlights

- Organization and portfolio integrated and managed as one company as per January 2012
- Larger size of office portfolio increases tenant retention; first tenants (Grontmij and Eleos, total 5,000 sqm) moved within portfolio
- NSI integral leasing strategy pays off, for example De Rode Olifant; NSI identified the market opportunity, matched property requirements with business model and tenant (Spaces) and manages redevelopment (expected to be completed by mid December 2012).
- Cost synergies on target and in time; €2.0 million per annum
- Fundamentals for operational synergies embedded: knowledge on asset and tenant base of VNOI in place to be able to manage portfolio pro-actively; first successes in smoothing and lowering the future annual expiration calendarInsourcing of technical property management for VNOI portfolio almost completed, required to further leverage tenant and property knowledge

Grontmij moved to property K.P. van der Mandele laan in Rotterdam

Impression of the interior of De Rode Olifant

Operational highlights

Retail NL (28% of portfolio)

- Solid occupancy of 94.5%, above average occupancy compared to overall Dutch retail market (93.2%).
- Focus on renting out vacant space paid off; 11,020 sqm new lettings
- Expansions in strategically important food sector driven by redevelopments with existing tenants, e.g. in Rotterdam and Alphen a/d Rijn

Offices NL (39% of portfolio)

- First property transformed to HNK concept recently opened in Rotterdam
- NSI retained its 6% market share of total market take up compared to 1.3% size of portfolio
- Significant expansions with existing tenants (5,261 sqm)
- Pro-active renewals before expiration date; managing expiration calendar and balancing negotiation momentum; as a result, the future expiration calendar decreased this quarter from 17% to 16% for 2013 and from 16% to 15% for 2014. Expiration levels for 2013 and 2014 are substantially below average (20%)
- New lettings and renewals did not fully compensate for above average number of contracts expiries; occupancy rate from 71.7% to 70%
- Ocupancy in sqm expected to improve marginally at year-end; further progressing in 2013.

Belgium (28% of portfolio)

- Intervest Offices & Warehouses extended the contract for its largest tenant PwC, representing approximately 10% of its rental income, until year-end 2021
- Start of redevelopment of (pre-let) logistic sites Oevel and Neerland 1

Other (5% of portfolio)

- The sale of the remaining Swiss assets is in progress and expected to be largely finalized before year end 2012.

Financial key figures

	Q3 2012	Q2 2012	30-09-2012	31-12-2011
Results (x €1,000)				
Gross rental income	38,879	39,850	120,228	119,964
Net rental income	33,541	34,421	103,042	101,497
Direct investment result	15,877	16,388	48,447	56,030
Indirect investment result	- 45,991	- 45,002	- 124,296	6,675
Result after tax	- 30,114	- 28,614	- 75,849	62,705
Occupancy rate (in %)	80.5	81.8	80.5	84.1
Loan-to-value (debts to credit-institutions/real estate investments in %)	57.6	56.4	57.6	57.2
Issued share capital				
Ordinary shares with a nominal value of €0.46 on 30 September	66,897,112	65,964,770	66,897,112	60,282,917
Average number of outstanding ordinary shares during period under review	63,346,375	61,956,195	63,346,375	46,978,800
Data per average outstanding ordinary share (x €1)				
Direct investment result	0.24	0.26	0.76	1.19
Indirect investment result	- 0.70	- 0.71	- 1.96	0.14
Total investment result	- 0.46	- 0.45	- 1.20	1.33
Data per average outstanding ordinary share (x €1)				
(Interim-) dividend	0.24	0.25	0.75	1.19
Net asset value	10.50	11.26	10.50	12.96
Net asset value according to EPRA	11.73	12.38	11.73	14.02

Outlook 2012

The Dutch office market is currently characterized by tenants postponing relocation decisions and fewer companies looking for new business premises. At the same time, total supply volume in the office market decreased slightly and appears to be stabilizing. This decrease is mainly caused by office transformations in De Randstad into residential units for students and hotels and due to limited new constructions. Demand is shifting towards sustainable real estate, which offers opportunities for redevelopment of existing real estate. The (financial) ability to invest in the quality of properties and to deliver upon tenant specific requirements is key.
Also the retail sector is experiencing challenging times due to decreasing consumer spending and increasing internet shopping.

In this market environment, NSI is well equipped to further exploit its unique competitive competencies. Its active leasing management, appealing business concepts and ability to invest in properties to match tenants' requirements prove to be crucial in the current market. In the retail market, NSI's strategy to target a balanced mix of chains and local entrepreneurs, supported by a strong presence of food, clearly pays off. NSI's retail portfolio has a vacancy of 5.5% (nation wide 6.8%).

In the remainder of the of the year NSI will be focusing on:

Operational

- Occupancy:
  - Retail: continuation of solid occupancy
  - Offices: continuous active tenant management and further roll out of HNK concept.
  - Based on the expiration calendar and signed future leases, occupancy in terms of sqm is expected to improve marginally in the fourth quarter of 2012.
- 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.
- Development:
  - Actively pursuing (re)development opportunities in the retail portfolio.
  - The launch and further development of new full service and flexible lease concepts. NSI aims to transform approximately 15% of its Dutch office portfolio into HNK offices in the coming years, for which the focus is on the major cities. NSI will selectively launch a HNK 'light' concept in business park office locations.
  - The redevelopment of De Rode Olifant is, according to plan, expected to be finalized by Mid December 2012.

Financing:

- *LTV*: Further reducing loan-to-value to below 55% in the medium term by selling non strategic assets.
  Market sentiment regarding valuations of properties is still negative and volatile. The first three quarters of 2012 showed increasing property devaluations. Revaluations will mainly determine the future LTV and NSI will monitor current measures to manage the LTV on it's effectiveness and will take measures accordingly .
- *Debt maturities*: Full attention on the refinancing of maturing debt.
- *Dividend*: NSI targets to distribute 30-50% of the total 2012 dividend in stock. Since the introduction of stock dividend, on average 47% of the dividend rights opted for stock dividend.
- *Disposals*: The sale of the remaining Swiss assets is in progress and expected to be largely finalized before year end 2012.

Based on the above mentioned areas of focus, NSI expects its direct investment result in the range of €0.98- €1.01 per average outstanding share for the full year 2012. This might be influenced by the amount of newly issued shares through the stock dividend program.

Summary

Total investment result
NSI's Q3 2012 total investment result was - €30.1 million and - €75.8 million for the first three quarters 2012. This mainly results from a positive operational result and negative revaluations of properties, in particular in the Dutch office portfolio.

Direct investment result
In Q3 2012, NSI achieved a direct investment result of €15.9 million, and €48.4 million in the first three quarters of 2012 (€39.1 million in same period in 2011). Compared to Q2 2012 (€16.4 million), the direct investment result showed a slight decrease, mainly due to the lower contribution from Switzerland as a result of the disposal of Thalwil and Perolles Centre (sold in June 2012, annualized gross rental income of €2.4 million and €2.6 million respectively). On balance, gross rental income showed a stable development in the Dutch and Belgian portfolio, despite lower occupancy levels. Furthermore, NSI continued its focus on cost control, delivering upon cost synergies from the merger and controlling financing costs. The achieved synergies from the merger related to overhead cost reduction has reached the targeted level €0.5 million per quarter.

Leasing activities
The overall occupancy rate decreased to 80.5% on 30 September 2012 from 81.8% on 30 June 2012, mainly caused by the Dutch office portfolio.

Offices NL
The (financial) occupancy level of the Dutch office portfolio decreased to 70% (Q2 2012: 71.7%). As indicated earlier, an above average number of contracts expired in 2012 (23% annualized), which are not fully compensated for by the current level of (re)lettings. In addition, quite a number of these expiries concerned large single-tenant properties, which generally have a longer 'lead time' before being relet. Moreover, NSI adjusted its leasing strategy towards multi-tenancy in a number of properties, causing temporary (strategic) vacancy during the redevelopment phase. The most compelling example is the 18,000 sqm property at the Vasteland in Rotterdam, that has been transformed on the basis of the HNK concept ("Het Nieuwe Kantoor"/"The New Office"). The HNK concept anticipates the growing need for full service and flexible concepts in the office market. NSI will continue to roll out the HNK concept in its Dutch office portfolio. The redevelopment of De Rode Olifant (10,000 sqm in The Hague) is progressing according to plan and expected to be completed by mid December 2012.

The table below shows the development of occupancy in square meters. In financial reporting, NSI reports the financial occupancy, which is defined as equation of contractual rent / (contractual rent + vacancy * market rent).

Total area 1 /1/12	Leased 1/1/2012		Leased in period	Vacated in period	Total area 30/9/12	Leased 30/9/12		Expected in Q4 2012			
Area	Area	sqm%	Area	Area	Area	Area	sqm %	Expiry/ given notice	New leases	Renewals	sqm%
644,590	488,540	75.8	36,561	97,015	642,956	426,452	66.3	7,899/ 6,775	17,650	4,761	67.8%

The effective rent level, taking incentives into account, of new leases remained stable at € 120 per sqm over the first three quarters of 2012. The effective rent level of newly signed leases in the third quarter amounted to approximatley €100 per sqm, which does not indicate a trend as the average level in a quarter vary as a result of type of contract, property and region. The average lease duration of the portfolio developed from 3.0 year as per 30 June 2012 to 2.9 as per 30 September 2012.

Q3 was characterized by the usual seasonal pattern; the Dutch market saw a strong decrease in take up compared to Q2 2012 (source: Dynamis), which was also reflected in NSI's Dutch office portfolio. NSI signed approximately 37,274 sqm of new lettings (take up) in its Dutch office portfolio in the first three quarters of 2012, representing approximately 6% of the total uptake in the Dutch office market[1], while NSI's portfolio represents 1.3% of the market. In Q3, NSI signed 4,160 sqm of new lettings, representing 2.6% of the Dutch market take up in Q3 2012.
Recent transactions include a lease agreement with Danfoss for 1,931 sqm at the Vareseweg 105 in Rotterdam. In Arnhem, NSI has signed a lease with the rapidly growing Beslist.nl for 773 sqm. In Eindhoven, NSI welcomed the Open University as tenant (538 sqm). NSI welcomed two new tenants at the Burgemeester Stramanweg in Amsterdam; Norbain Netherlands (442sqm) and ADV Market Research (444 sqm).

Next to attracting new tenants, NSI was also able to realize significant expansions with existing tenants, e.g. SNT Netherlands (1,481 sqm expansion and 2,439 extension in Zoetermeer), BetonSon (2,500 sqm in Son) and Robert Bosch (606 sqm expansion and 2.915 sqm extension in Hoevelaken). Tenant Eleos moved within NSI's portfolio from Nieuwegein to Amersfoort (Hoefse Wing), where Eleos also expands from 1,271 sqm to 1,946sqm.

Furthermore, NSI continued its focus on renewals. NSI renewed 64,347 sqm in the first three quarters of 2012. In addition, driven by its pro-active approach and continuous dialogue with tenants, NSI renewed contracts with a future expiration date. This demonstrates NSI's approach to actively manage the expiration calendar and to create a more balanced negotiation momentum. As a result, the expiration level decreased this quarter from 17% to 16% for 2013 and from 16% to 15% for 2014. Furthermore, levels for 2013 and 2014 are substantially below average (20%).

Retention:

Expiry sqm 2012	Renewed sqm	Retention
150,299	64,347	43%

The lower retention rate than usual is caused by the expiring of an above average number of large (single) tenant contracts in 2012.

HNK-R (Het Nieuwe Kantoor- Rotterdam) was opened on 18 October 2012. The transformation process took 4 months and an investment of €3.0 million; according to plan and budget. HNK-R provides flexibility in rental space and duration, ICT facilities, meeting rooms, meeting accommodations, flexible workplaces, catering and support services. HNK is 10% pre-let, with marketing activities being intensified after opening, resulting in an increasing pipeline of potential tenants (for more information see www.hnkr.nl).

Retail NL

The retail portfolio continued its solid occupancy (94.5%), with vacancy remaining at friction levels. The occupancy level and high retention show that NSI's leasing strategy succeeds in attracting healthy tenants at one hand, and its ability to provide the right environment to its tenants to run their businesses on the other hand.

The table below shows the development of occupancy in square meters. In financial reporting, NSI reports the financial occupancy (see below), which is defined as equation of contractual rent / (contractual rent + vacancy * market rent).

Total area 1/1/12	Leased 1/1/12		Leased in period	Vacated in period	Total area 30/9/12	Leased 30/9/ 2012		Expected in Q4 2012			
Area	Area	%	Area	Area	Area	Area	%	Expiry/ given notice	New leases	Renewals	Sqm%
292,843	275,720	94.2	11,020	11,862	292,843	274,878	93.8	9,745/ 2,367	2,249	6,390	94,4%

[1] In the first three quarters of 2012, total take up in the Dutch office market amounted to 663,857 sqm (of which 161,228 in Q3) according to Dynamis.

In addition to strong retention, the focus on renting out vacant space paid off. Shopping center Zuidplein in Rotterdam for example, recently welcomed three new tenants and nationwide retailer Bruynzeel Kitchens will open its doors at the Woonboulevard Apeldoorn soon. Furthermore, NSI could facilitate a number of supermarkets in their expansion requirement, supporting NSI's strategy to have a strong share of supermarkets within its portfolio. In Alphen aan de Rijn (shopping centre Euromarkt), NSI cooperated with the municipality and its tenant Aldi to redevelop one of its units (approx. 1,000 sqm) to a supermarket, for which the permit has been granted by the municipality recently.

Expiry sqm 2012	Renewed	Retention
48,857	43,825	90%

The average lease duration of the portfolio developed from 3.2 year as per 30 June 2012 to 3.0 as per 30 September 2012.

Belgium

The overall occupancy in the Belgian portfolio slightly decreased to 84.4% (from 85.6% at 30 June 2012). The occupancy of the logistics portfolio decreased to 85.2% from 88.3% at 30 June 2012, mainly due to a loss of a tenant in Merchtem Cargo Center. Intervest Offices & Warehouses kept its occupancy level for Offices stable at 85%.

Intervest Offices & Warehouses extended the contract with its largest tenant, PwC, which represents 10% of its gross rental income. The contract for 21,272 sqm in Woluwe Garden (in- Sint- Stevens- Woluwe) is extended until 31 December 2021,
In its Logistics portfolio, Intervest Offices & warehouses progressed in its redevelopment of the logistic site in Oevel. The site will be expanded with 5,036 sqm and is already let to UTi Belgium, effective from the third quarter 2013 until 31 december 2023. Moreover the other existing contracts with UTi Belgium for the Oevel site have been extended until 31 December 2023.

Indirect investment result

The indirect investment result in Q3 amounted to €46.0 million negative (first three quarters of 2012 €124.3 million negative and € 31.8 million negative over the same period in 2011) predominantly derived from revaluations of real estate of - €38 million and an effect of - €8.3 million of the valuation of derivatives.
The downward revaluation of real estate mainly relates to the Dutch office portfolio (- € 32.6 million). This development is partly driven by the increased vacancy in NSI's portfolio, but valuations are also impacted by the vacancy level and oversupply situation in the market in general, resulting in ongoing pressure on property values. In addition, due to a lackluster number of real estate transactions, and distressed sales not being appropriate to serve as reference value, there is less reference available for the purpose of determining market yields or market rents. As a result , the influence of assumptions on valuations has increased.

Net Asset Value per share

The number of outstanding shares increased from €66.0 million (30 June 2012) to 66.9 million as per 30 September 2012 as a result of stock dividend.

Net asset value per share, including deferred taxes and the market value of the derivatives, decreased from €11.26 on 30 June 2012 to € 10.50 on 30 September 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 €11.73 compared to €12.38 on 30 June 2012. NSI utilizes interest-rate hedging instruments exclusively for hedging of operational interest rate risks. NSI is not overhedged (nominal value of derivatives are lower than nominal values of interest-bearing debts) and does not receive margin calls from its hedge counter parties to deposit cash in case of changing hedge derivative valuations. 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.

The LTV increased from 56.4% at 30 June 2012 to 57.6% at 30 September 2012, mainly as result of the revaluations of - €38 million in Q3 2012. The process of selling the two remaining assets (book value CHF43.9 million) in Switzerland is ongoing, which will reduce LTV.

Furthermore, NSI works diligently on its refinancing requirements and improving its debt maturity. In August 2012 NSI refinanced its full facility with Deutsche Bank, extending €121 million of debt maturing in 2012 and 2013 until 2015 and 2016.

Due to a higher awareness within financing partners in relation with real estate related risks, in combination with the overall economic situation and changing regulation (Basel III/ Solvency II), NSI notes a general decreased availability of real estate financing in the market. Processes of refinancing take materially longer to complete. Margins and costs have been rising substantially since the beginning of the crisis as a result of before-mentioned trends. Loan covenants tend to become more restrictive and are more diligently monitored to the effects of real estate valuations, property sales and vacancy.
NSI notes that listed real estate benefit from its transparency versus non listed real estate in the appetite for financing. NSI works closely with a group of longstanding relationship banks. In order to address the related uncertainty on refinancing, NSI is pro-actively and early negotiating its upcoming maturities for 2013 (€281.5 million) and 2014. The last € 17.7 million remaining part of debt maturing in 2012 is expected to be refinanced shortly.

The average remaining maturity of the loans remained stable at 2.2 years (30 June 2012: 2.2 years).

Whilst overall costs of debt funding increased to 4.7%, total financing costs decreased slightly as higher bank charges were compensated by lower interest base rates, lower hedging cost rates and a reduction in outstanding loans (including repayment of relatively low interest rate loans in Switzerland).

The interest coverage ratio remained stable at 2.5 at 30 September 2012.

Interim-dividend Q3 2012
The proposed interim dividend for Q3 2012 is €0.24 per share, which totals the year to date dividend to € 0.75 for the first three quarters 2012. 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. Since the introduction of stock dividend, on average 47% of the dividend rights opted for stock dividend.. On 23 November 2012, NSI will set the interim dividend and announce further details regarding the distribution of dividend.

Hoofddorp, 9 November 2012
The Management Board

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Financial report

Preliminary remark for the reader

On 14 October 2011, NSI and Vastned Offices (VNOI) completed the merger of their companies. This merger has been processed in this quarterly results as follows:

- The P&L-statement up to Q3 2012 and the balance sheet per 30 September 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

Total investment result

The total investment result, consisting of the sum of the direct and indirect investment results amounted to - €75.8 million over the first three quarters of 2012 (first three quarters 2011: €7.4 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 direct investment result for the first three quarters of 2012 amounted to €48.4 million (first three quarters 2011: €39.1 million). The direct investment result in Q3 2012 decreased to €15.9 million compared to €16.4 million in Q2 2012.

Gross rental income in the first three quarters of 2012 increased to €120.2 million compared to €77.4 million in the same period of 2011 as a result of the merger with VNOI. Compared to Q2 2012 gross rental income declined by 2.4% in Q3 2012, mainly as a result of the disposal of Swiss assets. The Swiss assets that have been sold at the end of Q2 2012 (70% of Swiss portfolio) delivered annual gross rental income of approximately €5.0 million, which is also reflected in the gross rental income of the retail portfolio (Perolles-Centre; annualized rent €2.6 million) and the office portfolio (Silvergate; annualized rent €2.4 million). Gross rental income of the logistics portfolio increased in Q3 2012 compared to Q2 2012 by 7% as a result of a one-off effect (reimbursement of lost rental income due to a fire in Rotterdam in April 2012), despite a decreased occupancy to 86% (Q2 2012: 88.5%).
The occupancy rate of the total portfolio decreased to 80.5% on 30 September 2012 compared to 81.8.% on 30 June 2012. The increase in vacancy is mainly caused by the Dutch office portfolio. The occupancy level in the office portfolio declined from 75.2% in Q2 2012 to 73.8% in Q3 2012, while retail remained fairly stable at a solid level of 94.5% in retail

NSI continued its focus on strict cost discipline and achieving further cost synergies from the merger with VNOI. The achieved synergies from the merger related to overhead cost reduction has reached the targeted level of €0.5 million per quarter. Service costs not recharged to tenants decreased, despite higher vacancy, due to the sales of Swiss assets. The financing costs decreased slightly despite higher bank charges, which were compensated by lower interest base rates, lower average hedging costs and a reduction in outstanding loans.

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

	up to 3rd quarter 2012	up to 3rd quarter 2011
Netherlands		
Gross rental income	84,959	71,900
Net rental income	70,123	61,195
Switzerland		
Gross rental income	4,384	5,489
Net rental income	3,179	4,098
Belgium		
Gross rental income	30,885	-
Net rental income	29,740	-

Gross rental income up to Q3 2011 – up to Q3 2012
Gross rental income by segment in the Netherlands, Belgium and Switzerland

x €1,000	up to Q3 2011	acquired through business combinations	Purchases	Disposals	organic growth	up to Q3 2012
The Netherlands						
Offices	36,818	18,562	-	-91	-6,515	48,774
Retail	31,451	-	132	-63	-1,022	30,498
Industrial	3,154	1,998	-	-	31	5,183
Residential	477	-	-	-	27	504
Total	71,900	20,560	132	-154	-7,479	84,959
Switzerland						
Offices	2,327	-	-	-716	22	1,633
Retail	3,162	-	-	-508	97	2,751
Total	5,489	-	-	-1,224*)	119	4,384
Belgium						
Offices	-	19,733	-	-	-	19,733
Industrial	-	11,152	-	-	-	11,152
Total	-	30,885	-	-	-	30,885
Total NSI	77.389	51,445	132	-1,378	-7,360	120,228

* *Including exchange-rate differences of €0.1 million.*

Compared to the first three quarters of 2011 (€24.9 million), financing costs developed in line with the increased portfolio to €41.5 million in the first three quarters of 2012. Compared to Q2 2012, financing costs slightly decreased by 0.7% in Q3 2012 despite higher bank charges, which were compensated by lower interest base rates, lower average hedging costs and a reduction in outstanding loans.

Indirect investment result
The indirect investment result for the first three quarters of 2012 amounted to €124.3 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 (- €98.3 million) and the derivatives (-€19.2 million). The realized revaluations contain the sales result of sold assets. In Q3 2012, one Industrial asset in Antwerp (Kaaien 218-220) in Belgium has been sold slightly above book value.

The value of derivatives 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 to limit operational interest rate risks. There is no situation of "over hedging" (nominal value of derivatives are lower than nominal values of interest-bearing debts) 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 Q3 2012 amounted to - €37.6 million (Q2 2012: - €30.8 million), which totals the revaluation in the first three quarters in 2012 to - €92.3 million (first three quarters 2011: - €18.4 million). These revaluations were mainly caused by the decrease in value of the Dutch offices portfolio by €32.6 million in Q3 2012 (first three quarters €78.8 million). Lower occupancy rates and the oversupply situation in the Dutch office market in general result in ongoing pressure on property values.
The value of the Belgian portfolio remained stable in Q3 2012 (- €0.3 million, first three quarters 2012 -€0.5 million). The increased valuation in the industrial portfolio in Q3 2012 (€2.5 million) was offset by a negative revaluation in its office portfolio (€2.8 million).

The value of the Swiss properties are reclassified 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)

	Total	Q3 2012	Q2 2012	Q1 2012	2011*	Q4 2011	Q3 2011*	Q2 2011*	Q1 2011*	2010*	2009*	2008*
Offices	- 214,407	- 32,583	- 25,434	- 20,809	- 31,400	- 10,278	- 5,667	- 8,795	- 6,660	- 21,435	- 37,875	- 44,871
Retail	- 11,623	- 2,893	- 3,951	- 2,828	- 622	- 3,525	317	925	1,661	- 1,179	- 7,920	7,770
Industrial	- 17,265	- 2,145	- 1,285	- 197	- 1,351	- 1,071	- 265	135	- 150	- 2,416	- 5,504	- 4,367
Residential	- 1,971	- 25	- 125	- 5	135	65	- 10	20	60	- 1,747	44	- 248
Total	- 245,266	- 37,646	- 30,795	- 23,839	- 33,238	- 14,809	- 5,625	- 7,715	- 5,089	- 26,777	- 51,255	- 41,716

*) In accordance with IFRS; the figures prior to the merger (over the period 2008- first three quarters of 2011) have not been amended and represent only NSI. As of the fourth quarter of 2011 all results of NSI and VNOI are fully consolidated.
VNOI revaluations in this pre-merger period (2008-Q3YTD 2011), related to the properties that are included in the portfolio at the date of merger, amounted to €116.9 million, bringing the total adjusted revaluation level to €362.2 million.

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

	Q3 2012	Q2 2012	Q1 2012	2011	Q4 2011
Offices	- 2,847	- 3,5[illegible]	426	2,555	2,555
Industrial	2,529	1,872	1,125	- 6,126	- 6,126
Total	- 318	- 1,715	1,551	- 3,571	- 3,571

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

	Q3 2012	Q2 2012	Q1 2012	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008
Offices	3	- 265	- 2,559	208	263	- 47	- 7	- 1	980	- 278	802
Retail	6	- 1,011	- 1,734	- 1,152	- 762	- 347	- 36	- 7	1,036	- 749	- 1,800
Total	9	- 1,276	- 4,293	- 944	- 499	- 394	- 43	- 8	2,016	- 1,027	- 998

Yields in % at 30 September 2012 and 31 December 2011

	gross yield* 30-09-2012	net yield** 30-09-2012	gross yield* 31-12-2011	net yield** 31-12-2011
Offices	9.8	8.3	9.9	8.4
Retail	7.6	6.5	7.5	6.3
Industrial	8.9	8.2	8.6	7.5
Residential	7.2	6.7	7.0	6.0
Total	9.1	7.8	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* 30-09-2012	net yield** 30-09-2012	gross yield* 31-12-2011	net yield** 31-12-2011
The Netherlands	9.3	8.1	9.4	8.0
Switzerland	6.8	4.9	6.6	4.9
Belgium	8.7	8.4	8.5	7.9
Total	9.1	7.8	9.0	7.6

Balance-sheet ratios and finance

The value of the real estate investments amounted to €2,154.8 million on 30 September 2012 (30 September 2011: €1,351 million, 30 June 2012: €2,189 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.

The loan-to-value increased to 57.6% at 30 September 2012 compared to 56.4% at 30 June 2012 (30 September 2011: 56.4%), mainly as a result of revaluations. NSI will remain focused on reducing loan-to-value by disposing of assets that do not fit its strategy. NSI reduced it debts to credit institutions to €1,242.0 million on 30 September 2012 (31 December 2011: €1,329 million).

Furthermore, NSI works diligently on its refinancing requirements and improving its debt maturity. In August 2012 NSI refinanced its full facility with Deutsche Bank, extending €121 million of debt maturing in 2012 and 2013 until 2015 and 2016.

Equity

NSI's equity decreased during the first three quarters of 2012 to €828.6 million (31 December 2011: €909.6 million). This was the result of the balance of net loss of €69.2 million, the equity issue of €24.3 million, the paid cash dividend payments of €35.7 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 66.9 million on 30 September 2012. The net asset value, including deferred tax and the market value of the derivatives, amounted to €10.50 per share on 30 September 2012 (31 December 2011: €12.96). 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 €11.73 per share (31 December 2011: €14.02).

Financial ratios

The funding available to the company under the credit facilities committed as at 30 September 2012 amounted to €109.2 million (31 December 2011: €102.7 million). Net debts to credit institutions fell from €1,329.2 million at year-end 2011 to €1,242.0 million as at 30 September 2012. The average remaining maturity of the loans slightly improved to 2.2 years and the fixed-interest part of the mortgage loans increased from 91.3% at year-end 2011 to 97.8% as at 30 September 2012. The average interest rate on the loans and derivatives increased from 4.2% as per ultimo 2011 to 4.7% on 30 September 2012, predominantly as a result of refinancing low interest loans at higher market based margins and repayment of relatively low interest rate loans in Switzerland. However, due to overall loan repayments, total financing costs decreased. As a result, the interest-rate coverage ratio remained stable at 2.5 on 30 September 2012 (31 December 2011: 2.4).

Interim-dividend Q3 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 three quarters of 2012 the interim dividend will be €0.75 per share of which a €0.51 has already been distributed. The Q3 2012 interim dividend will therefore amount to €0.24 per share.
NSI offers shareholders the option to receive dividend in cash, in shares, or a combination of both. On 23 November 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 €167.0 million during the first three quarters of 2012, from €2,321.8 million at year-end 2011 to €2,154.8 million. This decrease is the result of revaluations of - €98.3 million, sales of €91 million, acquisitions of €8.0 million, investments of €13.4 million and exchange-rate differences of €0.9 million.

In Q3 an industrial asset in Antwerp (Kaaien 218-220) in Belgium has been sold for € 1.3 million. NSI is still in the process of selling the two remaining Swiss properties, which are intended to be finalized before year-end.
The sale of the Plein van de Verenigde Naties in Zoetermeer was finalized in October 2012.

The most important investments took place in the redevelopment of 'De Rode Olifant' in Den Haag (€2.9 million) and the transformation of the Vasteland in Rotterdam into HNK-R (€3.0 million).

NSI continues its efforts to divest non strategic assets. NSI notes that the market is still very soft with limited transactions. In addition, transactions take longer to complete.

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

	in %	x € 1.000
Sector spread		
Offices	56	1,216,683
Retail	28	608,993
Industrial	15	319,388
Residential	1	9,690
Total real estate investments	100	2,154,754
Geographical spread		
The Nederlands	70	1,517,000
Switzerland	2	36,319
Belgium	28	601,435
Total real estate investments	100	2,154,754

Occupancy rate
The occupancy in the entire portfolio as at 30 September 2012 amounted to 80.5% (30 September 2011: 89.0%, which does not include VNOI). Occupancy levels per sector were: 73.8% in offices, 86.0% in industrial premises and 94.5% in retail. Per country occupancy was 78.8% in the Netherlands, 95.3% in Switzerland and 84.4 % in Belgium.

Retail
The retail portfolio continued its solid occupancy (94.5%), with vacancy remaining at around friction levels.

Offices
The occupancy rate in the office portfolio decreased from 75.2% at 30 June 2012 to 73.8% at 30 September 2012, mainly due to the Dutch office portfolio. The occupancy rate in the Dutch office portfolio decreased to 70% (Q2 2012: 71.7%).

Logistics
The occupancy rate in the logistics portfolio decreased from 88.5% at 30 June 2012 to 86.0% at 30 September 2012.

The theoretical gross annual rental income per segment in the Netherlands, Belgium and Switzerland per 30 September 2012:
(x € 1.000)

	The Netherlands	Belgium	Switzerland	Total
Offices	88,554	33,577	507	122,638
Retail	44,534	-	1,959	46,493
Industrial	9,940	18,544	-	28,484
Residential	700	-	-	700
Total	143,728	52,121	2,466	198,315

Contractual rental income from the portfolio amounted to €159.6 million as at 30 September 2012.

Financial key figures

	30-09-2012	30-09-2011	2011
Results (x €1,000)			
Gross rental income	120,228	77,389	119,964
Net rental income	103,042	65,293	101,497
Direct investment result	48,447	39,142	56,030
Indirect investment result	- 124,296	- 31,754	6,675
Result after tax	- 75,849	7,388	62,705
Occupancy rate (in %)	80.5	89.0	84.1
Balance sheet data (x €1,000)			
Real estate investments	2,154,754	1,348,991	2,321,813
Equity including minority interests	828,575	550,210	909,620
Shareholders' equity attributable to NSI shareholders	702,304	550,210	781,218
Net debts to credit institutions (exluding other investments)	1,241,966	760,228	1,329,166
Loan-to-value (debts to credit institutions/real estate investments in %)	57.6	56.4	57.2
Issued share capital			
Ordinary shares with a nominal value of €0.46 on 30 September	66,897,112	43,286,677	60,282,917
Average number of outstanding ordinary shares during period under review	63,346,375	43,286,677	46,978,800
Data per average outstanding ordinary share (x €1)			
Direct investment result	0.76	0.90	1.19
Indirect investment result	- 1.96	- 0.73	0.14
Total investment result	- 1.20	0.17	1.33
Data per share (x €1)			
(Interim-) dividend	0.75	0.90	1.19
Net asset value	10.50	12.71	12.96
Net asset value according to EPRA	11.73	13.58	14.02
Average stock-exchange turnover (shares per day, without double counting))	94,672	67,660	77,675
High price	9.70	15.34	15.34
Low price	5.95	10.33	8.28
Closing price	6.37	11.19	9.45

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

	up to 3rd quarter 2012	up to 3rd quarter 2011	3rd quarter 2012	3rd quarter 2011
Gross rental income	120,228	77,389	38,879	25,695
Service costs not recharged to tenants	- 3,613	- 1,282	- 1,026	- 467
Operating costs	- 13,573	- 10,814	- 4,312	- 3,515
Net rental income	103,042	65,293	33,541	21,713
Financing income	84	1,184	32	316
Financing costs	- 41,466	- 24,922	- 13,679	- 8,508
Administrative costs	- 4,539	- 2,361	- 1,386	- 713
Direct investment result before tax	57,121	39,194	18,508	12,808
Corporate income tax	- 231	- 52	- 5	18
Direct investment result after tax	56,890	39,142	18,503	12,826
Direct investment result attributable to non-controlling interest	- 8,443	-	- 2,626	-
Direct investment result	48,447	39,142	15,877	12,826
Revaluation of real estate investments	- 98,322	- 18,873	- 37,955	- 6,018
Elimination of rental incentives	46	-	137	-
Net result on sales of investments	- 7,754*	707	47	694
Revaluation of other investments	-	- 2,603	-	- 2,263
Movements in market value of financial derivatives	- 19,176	- 7,681	- 8,283	- 15,390
Exchange-rate differences	- 139	- 93	- 17	63
Allocated management costs	- 1,741	- 1,019	- 580	- 340
Acquisition cost of merger	-	- 1,584	-	- 896
Indirect investment result before tax	- 127,086	- 31,146	- 46,651	- 24,150
Corporate income tax	1,015**	- 608	- 46	- 299
Indirect investment result after tax	- 126,071	- 31,754	- 46,697	- 24,449
Indirect investment result attributable to non-controlling interest	1,775	-	706	-
Indirect investment result	- 124,296	- 31,754	- 45,991	- 24,449
Total investment result	- 75,849	7,388	- 30,114	- 11,623
Data per average outstanding share (x €1)				
Direct investment result	0.76	0.90	0.24	0.30
Indirect investment result	- 1.96	- 0.73	- 0.70	- 0.56
Total investment result	- 1.20	0.17	- 0.46	- 0.27

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

Condensed consolidated interim financial information

Consolidated statement of comprehensive income

(x €1,000)

	note		up to 3rd quarter 2012		up to 3rd quarter 2011		3rd quarter 2012		3rd quarter 2011
Gross rental income			120,228		77,389		38,879		25,695
Service costs recharged to tenants		17,051		9,511		6,373		3,112	
Service costs		- 20,664		-10,793		- 7,399		- 3,579	
Service costs not recharged			- 3,613		- 1,282		- 1,026		- 467
Operating costs	4		-13,573		-10,814		- 4,312		- 3,515
Net rental income	2		103,042		65,293		33,541		21,713
Revaluation of investments			-98,276		-18,873		-37,818		- 6,018
Net result on sales of investments	5		- 7,754		707		47		694
Total net proceeds from investments			- 2,988		47,127		- 4,230		16,389
Administrative expenses	6		- 6,280		- 4,964		- 1,966		- 1,949
Financing income		84		28		32		15	
Financing expenses		- 41,605		-25,015		- 13,696		- 8,445	
Result from other investments		-		- 1,447		-		- 1,962	
Movements in market value of financial		- 19,176		- 7,681		- 8,283		-15,390	
Net financing result			-60,697		- 34,115		-21,947		-25,782
Result before tax			-69,965		8,048		-28,143		- 11,342
Corporate income tax	13		784		- 660		- 51		- 281
Result after tax			- 69,181		7,388		-28,194		- 11,623
Exchange-rate differences on foreign participations			70		159		39		- 60
Total non-realised result			70		159		39		- 60
Total realised and non-realised result			- 69,111		7,547		- 28,155		- 11,683
Result after tax attributable to:									
NSI shareholders			-75,849		7,388		- 30,114		- 11,623
Non-controlling interest			6,668		-		1,920		-
Result after tax			- 69,181		7,388		-28,194		- 11,623
Total realised and non-realised results attributable to:									
NSI shareholders			-75,779		7,547		-30,075		- 11,683
Non-controlling interest			6,668		-		19,620		-
Total comprehensive income			- 69,111		7,547		- 28,155		- 11,683
Data per average outstanding share (x €1)									
Diluted as well as non-diluted result after tax			- 1.20		0.17		- 0.46		- 0.27

Consolidated statement of financial position

Before proposed profit appropriation Q3 2012
(x €1,000)

	note	30-09-2012	31-12-2011	30-09-2011
Assets				
Real estate investments	7	2,117,210	2,321,813	1,351,263
Intangible assets		8,486	8,509	8,483
Tangible fixed assets		3, 836	3,890	3,337
Financial derivatives		-	-	-
Total fixed assets		2,129,532	2,334,212	1,363,083
Assets held for sale	8	37,544	-	-
Other investments		-	-	9,232
Debtors and other accounts receivable	9	21,554	13,957	3,174
Cash		7,601	4,399	3,872
Total current assets		66,699	18,356	16,278
Total assets		2,196,231	2,352,568	1,379,361
Shareholders' equity				
Issued share capital		30,773	27,732	19,914
Share premium reserve		658,527	637,054	451,076
Other reserves		88,854	53,727	97,807
Retained earnings		- 75,849	62,705	- 18,587
Total shareholders' equity attributable to shareholders		702,305	781,218	550,210
Non-controlling interest		126,270	128,402	-
Total shareholders' equity	10	828,575	909,620	550,210
Liabilities				
Interest-bearing loans	11	847,931	1,122,648	579,314
Financial derivatives	12	81,133	62,297	35,532
Deferred tax liabilities	13	670	1,678	1,562
Total long-term liabilities		929,734	1,186,623	616,408
Redemption requirement long-term liabilities	11	306,644	137,189	155,821
Financial derivatives	12	436	96	401
Debts to credit institutions		94,992	73,727	38,197
Other accounts payable and deferred income	14	35,850	45,313	18,324
Total current liabilities		437,922	256,325	212,743
Total liabilities		1,367,656	1,442,948	829,151
Total shareholders' equity and liabilities		2,196,231	2,352,568	1,379,361

Consolidated cash flow statement
(x €1,000)

	Note		30-09-2012		30-09-2011
Result after tax			-69,181		7,388
Adjusted for:					
Revaluation of real estate investments	5	98,322		18,873	
Revaluation of other investments		-		2,603	
Net result on sales of investments		7,754		-712	
Net financing expenses		60,697		32,639	
Deferred tax liabilities	13	-1,015		608	
Depreciation		389		609	
Cash flow from operating activities			166,147		54,620
Movements in debtors and other accounts receivable	9		-7,597		-868
Movements in other liabilities, accrued expenses and deferred income			-6,309		-1,305
Financing income			84		28
Financing expenses			-44,621		-25,207
Cash flow from operations			38,523		34,656
Purchases of real estate and investments in existing properties	7		-21,419		-10,189
Proceeds of sale of real estate investments			83,287		4,355
Investments in tangible fixed assets			-344		-209
Divestments of tangible fixed assets			31		19
Cash flow from investment activities			61,555		-6,024
Dividend paid			-35,712		-38,963
Costs related to optional dividend			-68		-
Share issue			24,348		-
Repurchase of own shares			-502		-
Drawdown of loans	11		30,043		31,010
Redemption of loans	11		-136,382		-12,783
Cash flow from financing activities			-118,273		-20,736
Net cash flow			-18,195		7,896
Exchange-rate differences			132		194
Cash and debts to credit institutions as of 1 January			-69,328		-42,415
Cash and debts to credit institutions as of 30 September			-87,391		-34,325

Consolidated statement of movements in shareholders' equity

(x €1,000)

The development of the item shareholders' equity up to Q3 2012 was as follows:

	issued share capital	share premium reserve	other reserves	retained earnings	total shareholders' equity attributable to shareholders	non-controlling interest	total shareholders'-equity
Balance as of 1 January 2012	27,732	637,054	53,727	62,705	781,218	128,402	909,620
Result Q3 2012	-	-	-	- 75,849	- 75,849	6,668	- 69,181
Exchange rate differences on foreign participations	-	-	70	-	70	-	70
Total comprehensive income Q3 2012	-	-	70	- 75,849	- 75,779	6,668	- 69,111
Final cash dividend for 2011	-	-	- 7,539	-	- 7,539	- 8,800	- 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	-	-	- 19,373	-	- 19,373	-	- 19,373
Stock dividend	995	- 995	-	-	-	-	-
Costs related to optional dividend	-	- 25	- 8	-	- 33	-	- 33
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	3,041	21,473	35,057	- 62,705	-3,134	- 8,800	- 11,934
Situation as of 30 September 2012	30,773	658,527	88,854	- 75,849	702,305	126,270	828,575

The development of the item shareholders' equity up to Q3 2011 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 2011	19,914	451,076	85,552	25,084	581,626	-	581,626
Result financial Q3 2011	-	-	-	7,388	7,388		7,388
Exchange rate differences on foreign participations	-	-	159	-	159		159
Total comprehensive income Q3 2011	-	-	159	7,388	7,547	-	7,547
Final cash dividend for 2010	-	-	- 12,988	-	- 12,988	-	- 12,988
2010 Profit appropriation			25,084	- 25,084	-	-	-
Distributed cash interim dividend 2011	-	-	-	- 25,975	- 25,975	-	- 25,975
Total contributions by and to shareholders	-	-	12,096	- 51,059	- 38,963	- -	- 38,963
Situation as of 30 September 2011	19,914	451,076	97,807	- 18,587	550,210	-	550,210

Notes to the figures for the first three quarters

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

The financial statements of NSI N.V. for the first three quarters of 2012 were drawn up in compliance with International Financial Reporting Standards, IFRS, as approved within the European Union. This report on the first three quarters 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 three quarters of 2012 was approved by the Management Board and Supervisory Board on 9 November 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	
	up to 3rd quarter 2012	up to 3rd quarter 2011	up to 3rd quarter 2012	up to 3rd quarter 2011	up to 3rd quarter 2012	up to 3rd quarter 2011	up to 3rd quarter 2012	up to 3rd quarter 2011
Gross rental income	84,959	71,900	4,384	5,489	30,885	-	120,228	77,389
Service costs not recharged to tenants	- 2,719	- 1,092	- 160	- 190	- 734	-	- 3,613	- 1,282
Operating costs	- 12,117	- 9,613	- 1,045	- 1,201	- 411	-	- 13,573	- 10,814
Net rental income	70,123	61,195	3,179	4,098	29,740	-	103,042	65,293
Revaluation result	- 91,586	- 18,428	- 5,559	- 445	- 1,131	-	- 98,276	- 18,873
Net result on sales	- 123	729	- 7,771	- 22	140	-	- 7,754	707
Segment result	- 21,586	43,496	- 10,151	3,631	28,749	-	- 2,988	47,127
Reconcilation								
Administrative costs	- 3,067	-	- 471	-	- 2,742	-	- 6,280	- 4,964
Net financing costs	- 47,855	-	- 1,534	-	- 11,308	-	- 60,697	- 34,115
Result before tax	- 72,508	-	- 12,156	-	14,699	-	- 69,965	8,048
Corporate income tax	-	-	862	-	- 78	-	784	- 660
Result after tax	- 72,508	-	- 11,294	-	14,621	-	- 69,181	7,388
Non-controlling interest	-	-	-	-	- - 6,668	-	- 6,668	-
Investment income attributable to shareholders	- 72,508	-	- 11,294	-	7,953	-	- 75,849	-
Purchases and investments in existing properties	7,010	8,191	166	1,998	14,243	-	21,419	10,189

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 September 2012, the exchange rate for the Swiss franc was: CHF1 = €0.82651 (30 September 2011: €0.82843).

4. Operating costs

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

	up to 3rd Quarter 2012	up to 3rd Quarter 2011
Municipal taxes	3,483	2,706
Insurance premiums	605	483
Maintance costs	2,867	1,883
Contributions to owners' assocations	370	453
Property management (including attributed administrative expenses)	3,607	2,322
Letting costs	1,307	2,104
Other expenses	1,334	863
Total	13,573	10,814

5. Net result on sales of investments

	up to 3rd Quarter 2012	up to 3rd Quarter 2011
Sales of real estate investments	88,517	4,407
Book value at time of sale	92,266	3,648
Total	- 3,749	759
Sales costs	- 4,005	- 52
Toaal	- 7,754	707

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:

	up to 3rd Quarter 2012	up to 3rd Quarter 2011
Management costs	8,936	4,913
Audit costs	322	112
Consultancy costs	537	241
Appraisal costs	335	172
Compensation of Supervisory Directors, members of the Investments Advisory Board and Stichting Prioriteit NSI	189	196
Acquisition costs of merger	-	1.584
Other expenses	339	347
Total	10,658	7,565
Allocated to operating costs	- 4,108	- 2,406
Allocated to real estate portfolio	- 270	- 195
Total	6,280	4,964

7. Real estate investments

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

	30-09-2012	30-09-2011
Real estate investments in operation	2,101,565	1,351,263
Real estate investmetns under development	15,645	-
Total	2,117,210	1,351,263

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.

Due to the financial downturn, the number of real estate transactions (both in terms of signed leases as well as property sales) has significantly decreased in recent years and even more in 2012. As a result of which there are less comparables available for the purpose of determining market yields or market rents. Due to the lack of clear comparables, the influence of assumptions on valuations has increased. This in turn increases volatility on valuations in the market.
Distressed sales cannot be adequately used as reference value for the valuation of real estate. In order to address this, NSI makes use of a number of well-established external appraisers, values all its properties internally each quarter and rotates external appraisers over time and properties.

Real estate investments in operation

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

	The Netherlands	Switzerland	Belgium	Total 2012	The Netherlands	Switzerland	Belgium	Total 2011
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	7,331	-	-	7,331
Investments	7,010	-	6,277	13,287	860	1,998	-	2,858
Reclassification into real estate investments under development	-10,595	-	-	-10,595	-	-	-	-
Reclassification into assets held for sale	-	-119,925	-1,225	-121,150	-	-	-	-
Sales	-4,920	-	-3,865	-8,785	-3,648	-	-	-3,648
Revaluations	-92,280	-4,293	-482	-97,055	-18,748	-445	-	-19,193
Exchange rate differences	-	1,134	-	1,134	-	3,226	-	3,226
Balance on 30 September	1,505,005	-	596,560	2,101,565	1,228,962	122,301	-	1,351,263

The valuations per 30 September 2012 contain:

	The Netherlands	Switzerland	Belgium	Total 2012	The Netherlands	Switzerland	Belgium	Total 2011
Prepayment and accrued income in relation to incentives	8,099	-	4,720	12,819	2,272	-	-	2,272

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	758	9,637	2,892	-	13,287
Reclassification into real estate investments under development	-	- 10,595	-	-	- 10,595
Reclassification into assets held for sale	- 74,066	- 45,859	- 1,225	-	- 121,150
Sales	-	- 4,920	- 3,865	-	- 8,785
Revaluations	- 11,406	- 87,393	1,899	- 155	- 97,055
Exchange rate differences	692	442	-	-	1,134
Balance on 30 September 2012	580,875	1,192,837	318,163	9,690	2,101,565

On 30 September 2012, properties with a book value of €1,545.5 million (30 September 2011: €1,322.1 million) were mortgaged as security for loans taken out and credit facilities at banks amounting to €967.4 million (30 September 2011: €805,8million).

Real estate investments under development	30-09-2012	30-09-2011
Balance on 1 January	5,050	-
Reclassification of real estate investments in operation	10,595	-
Balance on 30 September	15.645	-

8. Assets held for sale

Swiss real estate portfolio	30-09-2012	30-09-2011
Balance on 1 January	-	-
Reclassification of real estate investments in operation	121,150	-
Investments	166	-
Sales	- 82,256	-
Revaluations	- 1,266	-
Exchange rate differences	- 250	-
Balance on 30 September	37,544	-

9. Debtors and other accounts receivable

The main items concern prepaid costs 2012 for an amount of €6.2 million, corporate income tax (€3.3 million) and rental income overdue for an amount of €6.0 million.

10. Shareholders' equity

The number of issued shares increased 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 and Q2 2012 interim-dividend (as stock: 1,229,255 and 932,342 shares) and own shares acquired (57,378 shares) by 6,614,19 shares.

The Stichting Prioriteit NSI was dissolved on 30 June 2012. The priority 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	30,043	31,010
Redemptions	- 136,382	- 12,783
Exchange-rate differences	1,077	3,301
Balance on 30 September	1,154,575	735,135
Redemption requirement long-term debt up to 1 year	306,644	155,821
Balance on 30 September	847,931	579,314

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

	Fixed interest	variable interest	total
Up to 1 year	46,237	260,407	306,644
From 1 to 2 year	-	265,659	265,659
From 2 to 5 year	227,521	342,524	570,045
From 5 to 10 year	-	7,436	7,436
More than 10 years	-	4,791	4,791
Total loans	273,758	880,817	1,154,575

The interest-bearing debt are loans from banks with an average remaining maturity of 2.2 years. The weighted average interest on outstanding mortgages and interest-rate swaps at 30 September 2012 was 4.7% per annum including margin. The interest coverage ratio amounted to 2.5 as at 30 September 2012.

As collateral for the loans and the current account facilities at the banks, mortgages are registered on real estate with a value of €1,545.5 million, together with a possessory lien on the rental income in some cases.

Furthermore, NSI works diligently on its refinancing requirements and improving its debt maturity. In August 2012 NSI refinanced its full facility with Deutsche Bank, extending €121 million of debt maturing in 2012 and 2013 until 2015 and 2016.

Due to a higher awareness within financing partners in relation with real estate related risks, in combination with the overall economic situation and changing regulation (Basel III/ Solvency II), NSI notes a general decreased availability of real estate financing in the market. Processes of refinancing take materially longer to complete. Margins and costs have been rising substantially since the beginning of the crisis as a result of before-mentioned trends. Loan covenants tend to become more restrictive and are more diligently monitored to the effects of real estate valuations, property sales and vacancy.
Listed real estate benefits from its transparency versus non listed real estate in the appetite for financing. NSI works closely with a group of longstanding relationship banks. In order to address the related uncertainty on refinancing, NSI is pro-actively and early negotiating its upcoming maturities for 2013 (€281,5 million) and 2014. The last €17.7 million remaining part of debt maturing in 2012 is expected to be refinanced shortly.

NSI closely monitors its framework of covenants, which vary per bank, related to its loan facilities.

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 1.995% to 4.613% and with maturity dates between 2013 and 2022. The market value of the financial derivatives amounted to - €81.6 million as at 30 September 2012.

	number of contracts	nominal	negative market value	positive market value
Up to 1 year	2	22,500	436	-
From 1 to 5 year	37	679,939	57,253	-
From 5 to 10 year	8	154,300	23,880	-
Total swaps	47	856,739	81,569	-

The weighted average remaining maturity of the financial derivatives is 4.2 years. NSI is hedged at a weighted interest rate of 3.1%, excluding margin. 2.2% 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 €7,9 million, payable operational costs of €9.2 million and payable interest of €4.7 million.

15. Liabilities not appearing on the balance sheet

Divestment obligations

NSI reached an agreement about the sale of an office property in the Plein van de Verenigde Naties in Zoetermeer. The sales price amounted to €4.5 million and the transfer took place in October 2012.

Hoofddorp, 9 November 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 priority 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 (20.5%). The date of the notification mentioned above was 18 September 2012.

Events after balance sheet date

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

Financial calendar 2012

Interim dividend payments	
Establishment and details of interim-dividend Q3 2012	23 November 2012
Listing ex-dividend	27 November 2012
Interim-dividend for Q3 2012 made payable	18 December 2012

Review report

To: the General Meeting of 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, as included in the interim report on pages 18 to 29, which comprises the consolidated statement of financial position as at 30 September 2012, the consolidated statement of comprehensive income for the period of 9 months ended 30 September 2012, and for the period of 3 months ended 30 September 2012, and the consolidated statement of movements in shareholders' equity, and consolidated cash flow statement for the period of 9 months ended 30 September 2012, and the notes. Management of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial

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 September 2012 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 9 November 2012

KPMG Accountants N.V.

H.D. Grönloh RA