

Preliminary results 2014

NSI N.V.

Significant steps in execution strategy:

- All non-core office assets sold
- Refinancing of €550 million in renewed structure

Highlights 2014

Quality improvement by asset rotation

- Entire non-core office portfolio (52,619 sqm) sold
- In total for €28.5 million of Dutch assets sold
- Transformation of 22,705 sqm office space to alternative use

Refinancing

- Agreement reached on refinancing of 80% of Dutch debt portfolio (€550 million, subject to documentation)
- Extension average loan duration from 2.0 years to approx. 4.0 years
- Funding at approx. 2% will lower the average interest costs after effectuation (begin Q2 2015) to approx. 4.4% vs. 4.6% (year end 2014)

Financial

- Direct result increased more than expected by 4.7% to €48.5 million (2013: €46.3 million)
- Proposal final dividend of €0.12 per share, resulting in a total dividend of €0.25 per share for 2014
- Revaluations (€183.1 million) declined (2013: €195.9 million)

Focus on active management:

Offices NL

- Take-up NSI two times higher than market
✓ 24,000 sqm take-up in 2014, being 2.4% of total market take-up while the NSI portfolio represents 1.2% of the market.
- Effective rent level new lettings shows upward trend (€128 per sqm in 2014), contrary to the market

HNK

- HNK continues strong commercial performance
✓ Take-up/ supply ratio of 26%; twice as high as market average (12.8%)
✓ Average effective rent level new leases of €188 per sqm
- L-f-l growth of 33.7%, 13.6% in Q4 versus Q3 2014

Retail

- Improved occupancy rate to 88.4% per 31 December 2014 compared to 87.8% at year end 2013, partly due to the completion of redevelopment of the Zuiderterras in Rotterdam
- Effective rent level new lettings at €169 per sqm in 2014, average effective rent level over total retail portfolio was €182 per sqm as per 31 December 2014

Belgium

- Following the acquisition of two logistical sites, the logistics portfolio now represents for 48% of the portfolio, progressing towards strategic target of 60%

Results (x € 1,000)	2014	Per share (x €)	2013	Per share (x €)
Gross rental income	133,599		144,564	
Net rental income	109,160		121,791	
Direct investment result	48,451	0.34	46,272	0.61
Indirect investment result	- 185,994	- 1.30	- 180,347	- 2.38
Result after tax	- 137,543	- 0.96	- 134,075	- 1.77
Occupancy rate (in %)	79.9		79.5	
Loan-to-value (in %)	48.9		45.4	
Dividend		0.25		0.28

Johan Buijs, CEO van NSI:

“We have made an important step in our asset rotation strategy with the sale of our non-core portfolio. After having sold these non-performing assets we can focus even more on those assets where we can achieve the best returns.

We have improved the quality level of our portfolio from an operational point of view. For example through the redevelopment of the retail center Zuiderterras, resulting in 3 new tenants, after which the shopping center is now fully let. Also the roll out of HNK progresses according to plan. In 2014 we opened 4 new HNK’s. HNK now represents approximately 10% of the rental income of the Dutch office portfolio. The HNK concept convincingly demonstrates its strength with strong rental levels and a like-for-like growth of over 33%.

Although the letting market remains persistently challenging, it is good to see that NSI is capable of exploiting opportunities. Unfortunately this doesn’t apply to real estate values, which are largely determined by market sentiment. The negative revaluations hurt, but fortunately, we have a solid financial position, as evidenced by the recently agreed refinancing.

In 2015 we will focus relentlessly on our letting and asset rotation activities, aimed at transforming our portfolio to a higher quality level.”

Key figures

	2 nd half year 2014	1 st half year 2014	31-12-2014	31-12-2013
Results (x €1,000)				
Gross rental income	66,596	67,003	133,599	144,564
Net rental income	54,306	54,854	109,160	121,791
Direct investment result	23,962	24,489	48,451	46,272
Indirect investment result	- 92,507	- 93,487	- 185,994	- 180,347
Result after tax	- 68,545	- 68,998	- 137,543	- 134,075
Occupancy rate (in %)	79.9	79.7	79.9	79.5
Loan-to-value (debts to credit-institutions/real estate investments in %)	48.9	47.8	48.9	45.4
Issued share capital				
Ordinary shares with a nominal value of €0.46	143,201,841	143,201,841	143,201,841	143,201,841
Average number of outstanding ordinary shares during period under review	143,201,841	143,201,841	143,201,841	75,804,581
Data per average outstanding ordinary share (x €1)				
Direct investment result	0.17	0.17	0.34	0.61
Indirect investment result	- 0.65	- 0.65	- 1.30	- 2.38
Total investment result	- 0.48	- 0.48	- 0.96	- 1.77
Data per average outstanding ordinary share (x €1)				
(Interim-) dividend	0.12	0.13	0.25	0.28
Net asset value	4.41	5.02	4.41	5.59
Net asset value according to EPRA	4.69	5.31	4.69	5.85

Strategic update

- **Quality improvement portfolio through asset rotation:**
 - Entire non-core office portfolio (52,619 sqm) sold
 - In total for €28.5 million of Dutch assets sold
 - Transformation of 22,705 sqm office space to alternative use
 - €25.7 million invested in portfolio
- **Significant progress in value creation through operational performance**
 - Roll out HNK on schedule; opening of 4 HNK's in 2014 brings total HNK in operation to 7
 - Redevelopment projects in retail portfolio completed
- **Refinancing**
 - Agreement reached on refinancing of 80% of Dutch loan portfolio (€550 million, subject to documentation)
 - Extending maturity of loan portfolio from 2.0 years to approx. 4.0 years
 - Reducing average interest costs

Asset rotation - disposals

In February 2014 NSI announced its redefined strategy. NSI's focus is on operational performance and transforming the current portfolio into a high quality core portfolio and a "value add" portfolio. The core portfolio will safeguard a solid cash flow (and dividend) that will enable the company to fund its investments in the "value add" portfolio. In combination with the stable performance of the core portfolio, unlocking the value potential in the value add portfolio will ultimately deliver the highest total returns. This also includes not wasting management time and capital on assets that are not profitable. Key in this process will be transforming "value-add" properties into core properties by upgrading these properties and addressing customer needs and market trends.

In 2014, NSI has sold the entire non-core portfolio, involving 52,619 sqm of non-performing office space. These properties had an average vacancy of over 80%, a negative cash flow and lacked the perspective within the strategy of NSI to be redeveloped in a profitable way.

Furthermore, NSI sold properties of which the value under NSI's management was optimized, after these assets were fully let out.

Action	Properties	sqm	Sqm leased	Financial Occupancy %
Sale of non-core:				
Offices	Uraniumweg 23, Amersfoort *	6,658	0	0%
	Hettenheuvelweg 12, Amsterdam *	2,347	0	0%
	Hettenheuvelweg 14, Amsterdam *	2,367	546	24%
	Paasheuvelweg 15, Amsterdam *	1,929	851	53%
	Rivium Boulevard 82-100, Capelle a/d IJssel *	1,875	285	34%
	Keulenstraat 6, Deventer *	3,571	1,579	44%
	Snipperlingsdijk, Deventer *	1,208	350	32%
	Hanzeweg 5, Gouda *	5,855	0	0%
	Adelbert van Scharnlaan 170-180, Maastricht *	3,937	956	31%
	Touwslagerstraat 17, Ridderkerk *	1,711	0	0%
	Volmerlaan 7, Rijswijk *	5,499	0	0%
	Van Houten Industriepark 23, Weesp *	1,309	273	24%
	Zaagmolenlaan 12, Woerden *	1,662	136	9%
	Engelandlaan 270-340, Zoetermeer *	2,681	1,315	53%
	Kobaltweg, Utrecht	10,009	737	12%
	Total offices	52,619		

Action	Properties	sqm
Sale of non-core		
Industrial	Tijnmuiden, Amsterdam	1,883
	Beemsterweg, Almere	10,926
	Dukaat, Deurne	2,722
	Total Industrial	15,531
Residential	Zevenkampsering, Rotterdam	48 units
Total non-core		68,150
Sale of value add:		
Offices	Max Euwelaan, Rotterdam	1,100
	Luchthavenweg, Eindhoven	1,972
	Bovendonk, Roosendaal*	3,361
	Villawal, Nieuwegein*	5,783
Total Value add		12,216
*) Transfer in 2015		

NSI sold for €28.5 million of assets in 2014, of which €15.4 million of assets will be delivered in 2015.

With the above mentioned transactions NSI has made a clear step in migrating to a higher quality in the portfolio. The sale of the non-core portfolio came with a book loss (€ 8.1 million), but has a positive effect on the direct result. The value-add properties were sold at book values.

Asset rotation – transformations

In 2014, NSI transformed two office buildings (into a school and a hotel) and the transformation of two office properties into (student) housing are currently being prepared. These transformations involved in total 22,705 sqm, representing approximately 4% of the Dutch office portfolio.

Action	Properties	sqm
Transformations into:		
Hotel	Delftlandlaan, Amsterdam	7,500
School	Arlandaweg, Amsterdam	4,205
(Student)housing	2 assets in Amsterdam	11,000
Total		22,705

Operational performance – HNK

The roll out of HNK to 20 properties by the year 2016 in the office Dutch office portfolio is progressing according to schedule. In 2014, four new HNK properties have been opened, bringing the HNK's in operation to 7 as per year end 2014.

Action	Properties	sqm
Transformations into:		
HNK – completed	Oude Middenweg, Den Haag	15,000
	Van Diemenstraat, Amsterdam	10,000
	Zernikepark, Groningen	3,500
	Boogschutterstraat, Apeldoorn	14,000
HNK – in progress	Bennekomseweg, Ede	10,331
	Europalaan, Den Bosch	7,500
	Arthur van Schendelstraat,	9,200
	Utrecht	

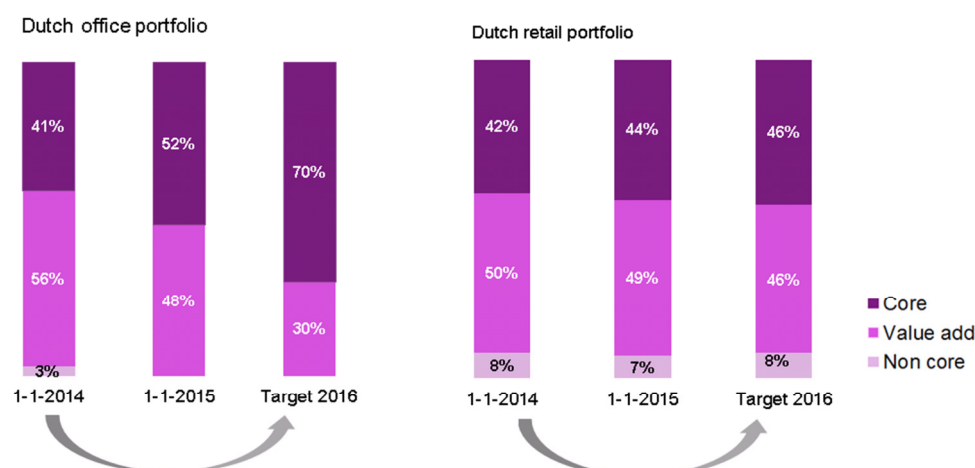
Operational performance – Redevelopment

Also in the retail portfolio, NSI added value through redevelopment and active management. In 2014 NSI completed the redevelopment of the Zuiderterras, part of shopping center Zuidplein in Rotterdam. The redevelopment resulted in the arrival of 3 new tenants. In shopping center Zevenkamp in Rotterdam active management resulted amongst others, in the relocation of tenants to new locations to accommodate new tenants and to facilitate expansions of existing tenants. Both retail centers are now fully let.

Portfolio targets 2016

In 2014 NSI has thoroughly reviewed its retail portfolio and assessed how the changing retail landscape should be anticipated. This analysis has resulted in the decision to fully focus on the 'daily shopping needs' segment in which 'convenience' for the consumer is crucial. In addition, NSI has worked on a strategy in which NSI can support its retailers online in their business.

Due to the above actions, the Dutch portfolio in 2014 progressed as follows towards the targets set for 2016



Refinancing

Following the strengthening of the balance sheet after the private placement in November 2013, NSI has further implemented its financing strategy in 2014. The main objectives were to achieve greater diversification of funding sources, to extend the average maturity of the loan portfolio and to reduce financing costs. Moreover NSI sought a simplification and standardization of the loan documentation and structure.

The agreed facility of €550 million (subject to documentation) gives substance to all above mentioned objectives.

Characteristics of the new facility are:

- Diversification of funding sources through participation of international banks and the introduction of €100 million institutional facility
- Simplification of the financing structure of NSI: 2 syndicated facilities and several bilateral agreements are merged into one single loan document
- The average maturity of the facility is five years, which increases the average duration of the entire loan portfolio from 2.0 to approximately 4.0 years
- Lower interest margins will lead to structurally lower average financing costs to approximately 4.4% when the facility takes effect (begin Q2 2015) compared to 4.6% (year-end 2014)
- The new facility will take effect after completion of the full loan documentation in the 2nd quarter of 2015
- The new facility explicitly provides the possibility of releasing securities over time, after which the largest part of the facility will continue as corporate facility.
- The applicable conditions provide flexibility to the implementation of the strategy of NSI, including asset rotation.

Prospects

The modest economic growth of 2014 is expected to continue in 2015 with a forecasted growth rate of 1.5%. The consumer confidence is growing, and thanks to increased purchasing power and the recovery of the housing market, consumer spending is expected to increase after years of contraction. Also on the labour market a tipping point seems to be reached. The unemployment rate has reached its peak in 2014 and is expected to decline in 2015. (source: CPB)

Despite these positive economic indicators, the letting market will remain challenging due to a number of structural dynamics, among others the changing demand of customers. Success on the letting market is therefore primarily determined by the ability to respond to the changing demand rather than by the business cycle. NSI has in both its office and retail portfolio a clear proposition that is anticipating these changing requirements. In 2015 NSI will therefore continue to focus on the further execution of its customer-centered strategy.

In the office portfolio, NSI will remain focused on the rollout of HNK. In its objective to evolve to a higher quality in the portfolio, NSI will remain focused on selling non-strategic properties.

In the retail portfolio, NSI will increase its focus on 'convenience' in its local neighborhood shopping centers. This new focus will fully determine the execution of the asset rotation strategy in the retail portfolio.

Financial report

Total investment result

The total investment result, consisting of the sum of the direct and indirect investment results amounted to - €137.5 million in 2014 (2013: - €134.1 million), which mainly results from a positive operational result and negative revaluations of properties and financial instruments.

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 performance of its core business and for determining its dividend.

The direct result improved by 4.7% to €48.5 million in 2014 (2013: €46.3 million), as a result of lower financing costs which offset lower rental income.

The gross rental income amounted to €133.6 million compared with €144.6 million in 2013, mainly as result of loss of rental income due to sales (€5.4 million) and lower reversionary rent levels. The gross rental income remained stable at €33.3 million in the 4th quarter of 2014.

The occupancy rate of the total portfolio increased to 79.9% compared with 31 December 2013 (79.5%), being a stable development compared with 30 September 2014 (79,8%).

Leasing activities

Offices NL

Leasing activities 2014							
Leases started (sqm)	Vacated (sqm)	Expired (sqm)	Renewed (sqm)	Disposed (sqm)	Retention rate	Financial occupancy as per 31 December 2014	Take-up/supply ratio ²
19,913	59,554	112,383	53,277	61,010	47.4%	71.5%	13.3%

The occupancy rate declined to 71.5% compared with year-end 2013 (72.1%). The decline compared with 30 September 2014 (72.2%) was due to a number of large contract expirations and a number of exceptionals:

In the 4th quarter, assets for a total of 50,268 sqmm² have been classified as ‘held for sale’ as NSI reached agreement on the sale of these assets. The transactions will only be completed after balance sheet date. These assets are no longer included in the calculation of the occupancy rate. The majority of these assets concern the non-core assets, which had an average occupancy rate of 23%. The impact of the sale of the non-core portfolio on the occupancy rate as per 31 December 2014 is 2.0%.

Furthermore, 1 asset has been classified as ‘real estate under development’ due to the transformation to HNK (Arthur van Schendelstraat in Utrecht), after the contract of Prorail expired on 31 December 2014. Therefore this asset is also not included in calculation of the occupancy rate during the redevelopment, with an effect of 1.7% on the occupancy rate.

The retention rate was negatively affected by a number of large contract expired at 31 December 2014, including the Central Government Real Estate agency (“Rijksgebouwendienst”, 5,000 sqm), ROC Amsterdam (5,000 sqm) and Prorail (9,000 sqm).

NSI signed 24,000 sqm of new leases (take-up) in the Dutch office portfolio in 2014. NSI continues to consistently perform better than the market average in terms of take-up. NSI realized a take-up of 2.4% of the total market take up, while the NSI portfolio represents 1.2% of the total market. The take-up/supply ratio of NSI was 13.3%, compared with 12.5% in the total office market.

The effective rent level of new leases in the office portfolio, taking incentives into account, amounted to €128 per sqm in 2014. This is significantly above the 2013 level (€106 per sqm), partly as a result of the growing share of HNK lettings. The effective rent level for the overall Dutch office portfolio amounted to €134 per sqm as per 31 December 2014 (31 December 2013: €144 per sqm) due to the expiration of a number of large long term leases. The average lease duration of the portfolio was 3.8 years as per 31 December 2014.

HNK

The roll-out of the HNK concept is progressing according to plan, with 7 HNK's in operation at year-end 2014. Furthermore, the transformations of the HNK's in Ede (ca. 10,000 sqm), Den Bosch (ca. 7,500 sqm) and Utrecht (9,000 sqm) have commenced. Given the success of HNK Utrecht, NSI decided to open a second HNK in Utrecht. The property at the Arthur van Schendelstraat, which became available as per 31 December 2014 after Prorail vacated the property, is a perfect HNK location and located nearby Utrecht Central Station. The first lease agreement for 1,100 sqm has already been signed for this property.

HNK continues to perform strongly. 44% of the new letting transactions in the office portfolio relate to HNK. HNK realized a take-up/supply ratio of 26%, which is twice as the market average. The effective rent level of new leases of €188 per sqm is significantly higher than in the traditional office portfolio. Also the significant higher conversion rate from interest to transaction emphasizes the strength of the proposition.

The average occupancy rate in HNK was 56.6% The gross rental income from HNK amounted to €5.4 million, representing 9.9% of the gross rental income of the Dutch office portfolio in 2014.

HNK realized a like-for-like growth of 33.7% in 2014, and grew 13.6% organically in the 4th quarter versus the 3rd quarter on 2014.

NSI invested €5.1 million in HNK in 2014, bringing the total cumulative investments in the HNK roll-out to €11.7 million, out of the total 3-years investment plan of €31.0 million.

Retail NL

Leasing activities 2014					
Leases started (sqm)	Vacated (sqm)	Expired (sqm)	Renewed (sqm)	Retention rate	Financial occupancy as per 31 December 2014
16,155	15,597	63,279	47,715	75%	88.4%

The occupancy rate of the retail portfolio improved from 87.8% per 31 December 2013 to 88.4% (30 September 2014: 88.8%). The most important driver of the improvement was the completion of the redevelopment of the Zuiderterras, after which NSI was able to accommodate 3 new tenants, including crowd puller Primark.

The effective rent level of new leases amounted to €169 per sqm in 2014. The effective rent level for the overall Dutch retail portfolio amounted to €182 per sqm at year-end 2014. The average lease duration of the portfolio increased to 4.5 years (31 December 2013: 4.0 years).

Belgium

The occupancy rate of the Belgian portfolio increased to 86.0% (31 December 2013: 85.0%, 30 September 2014: 84.8%) as a result of an increase in the office portfolio to 82.7% (31 December 2013: 81.5%). The industrial portfolio at the end of December 2014 remained stable at 91.2% (31 December 2013: 91.3%), despite the sale of a fully let semi-industrial property at the beginning of 2014.

The leasing activity was primarily focused on the renewal of existing lease agreements in 2014. In total, agreements representing 20% of the annual rental income were extended, while 2% worth of new lease agreements were signed. The main contract extensions are with Hewlett-Packard Belgium in the office segment portfolio and with Nike Europe and CEVA Logistics Belgium in the logistics portfolio. Furthermore, the agreements with Sofidel Benelux in Duffel was long term extended. Sofidel will fully integrate its production site with the warehouse of Intervest Offices & Warehouses.

In 2014 and early 2015, Intervest Warehouses and Offices made further progress in delivering on its strategic objective to grow the share of its logistics portfolio to 60%. Following the acquisitions, for in total €61.9 million, of the logistic site in Opglabbeek (77,000 sqm) by the end of 2014 and the site in Luik (52,000 m²) in February 2015, the logistics portfolio represents now 48%.

Rental income in the Netherlands and Belgium

x €1,000

	2014	2013
Netherlands		
Gross rental income	93,333	103,208
Net rental income	72,053	81,578
Belgium		
Gross rental income	40,266	40,219
Net rental income	37,067	39,304

Gross rental income by segment

Gross rental income by segment in the Netherlands, Belgium and Switzerland

x € 1,000	2013	Purchases	Disposals	Organic Growth	2014
The Netherlands					
Offices	57,915	-	-892	-981	54,659
Retail	32,181	-	-1,855	-3,554	26,772
Large scale retail	6,591	-	-	-1,225	5,366
Industrial	6,212	-	-660	-518	6,416
Residential	309	-	-189	-	120
Total	103,208	-	-3,596	-6,279	93,333
Switzerland					
Offices	318	-	-318	-	-
Retail	819	-	-819	-	-
Total	1,137	-	-1,137	-	-
Belgium					
Offices	24,807	-	-	-67	24,740
Industrial	15,412	67	-714	761	15,526
Total	40,219	67	-714	693	40,266
Total NSI	144,564	67	-5,447	-5,585	133,599

The lower rental income in 2014 compared with 2013 is for 50% caused by the sale of properties. In 2013, 5 office properties, 5 retail centres and 2 industrial properties were sold in the Dutch portfolio. In Belgium an industrial property and a plot of land were sold. Furthermore, the last remaining Swiss assets, an office property and a retail centre, were sold.

The organic (like-for-like) rental development of the retail portfolio was for approx. 70% impacted by the redevelopments in two assets; shopping centres Zuidplein and 't Loon. In Zuidplein, the impact of the strategic early termination of the contract with MediaMarkt Saturn (1 January), to be able to facilitate Primark (1 November). The impact of this strategic decision was approx. -€1,0 million. The impact of shopping centre 't Loon in the organic growth was approx. -€1.5 million. The negative organic growth in the large scale retail is mainly caused by a (previously disclosed) rent reduction with a home furniture store. On a like-for-like growth in the office portfolio, growth was -1.7%. The rental development in the 4th quarter was stable versus the 3rd quarter.

Gross rental income Q3 2014 up to Q4 2014

Gross rental income by segment in the Netherlands and Belgium:

x €1,000	Q3 2014	Purchases	Disposals	Organic Growth	Q4 2014
The Netherlands					
Offices	13,545	-	-	-7	13,538
Retail	6,637	-	-	-60	6,578
Large scale retail	1,370	-	-	-73	1,297
Industrial	1,681	-	32	-32	1,681
Residential	-	-	-	-	-
Total	23,233	-	32	-171	23,095
Belgium					
Offices	6,241	-	-	-35	6,206
Industrial	3,833	67	-	88	3,989
Total	10,074	67	-	53	10,194
Total NSI	33,307	67	32	-117	33,289

Service costs not recharged to tenants increased in 2014 to €5.8 million (2013: €4.7 million), but remained stable in the 2nd half compared with the 1st half (€2.9 million). The increase is caused by start up costs of new HNK properties and fragmented vacancy in multi-tenant properties.

The operating costs amounted to €18.6 million in 2014 (2013: €18.1 million) and showed a slight increase in the 2nd half of 2014 (€9.4 million) due to higher maintenance costs and increased letting costs. The letting costs reflect the intensified efforts required to acquire new tenants, but also the trend of smaller contracts and shorter durations resulting in more contract handling.

Financing costs significantly decreased to €42.4 million in 2014 compared with €58.0 in 2013, due to a lower debt position following the equity placement in November 2013 and the improved financing terms related to this.

Indirect investment result

The indirect investment result for 2014 amounted to €186.0 million negative (2013: -€180.3 million). The indirect investment result consists of both realized revaluations (sales results on investments sold) and unrealized revaluations. These unrealized revaluations concern primarily the changes in the market value of the property portfolio (-€183.1million).

The indirect investment result amounted to -€92.5 million in the 2nd half of 2014 (1st half 2014: -€93.5 million, mainly as result of revaluations in the property portfolio (-€93.1 million)).

The realised revaluations include the result on sales (-€1.4 million) of transactions completed in 2014, being 3 office properties, 3 industrial assets and 48 residential units in the Netherlands and the sale of a semi-industrial asset in Belgium.

The effect of the value of the derivatives on the indirect investment result amounted to - € 2.6 million in 2014 as result of the low Euribor-rates, compared with a positive effect of €26.2 million in 2013.

NSI utilizes interest-rate hedging instruments exclusively to limit operational interest rate risks. There is no 'over-hedging situation' and NSI is not exposed to margin calls. The value of the financial derivatives automatically reverts to zero at the end of the duration of these instruments.

Values in the Dutch portfolio remained under pressure, resulting in revaluations of - €177.9 million in 2014 (€90.5 million in the 2nd half of 2014), of which -€122.5 million was related to the Dutch office portfolio (-€63.0 million in the 2nd half of 2014), -€41.6 million to the retail portfolio (-€19.2 million in the 2nd half of 2014) and €13.6 million to the large scale retail portfolio (-€7.5 million in the 2nd half of 2014). The value of the Dutch industrial portfolio remained stable.

A change in market yields caused the largest impact on revaluations in both the office and the retail portfolio. Furthermore, there were some exceptional situations in the 2nd half of the year. NSI reached agreement about the sale of a portfolio of non-

core assets. As the sale was not yet completed as per 31 December 2014, the book loss (€8.1 million) on this sale is included in the revaluations. Corrected for this exceptional item, the negative revaluation was lower in 2nd half of the year compared with the 1st half year of 2014.

Shoppingcenter 't Loon had a large impact (€12.7 million) in the retail portfolio. The reconstruction and redevelopment will be completed on 5 March 2015 when the completely renewed C&A store will be officially opened. In the large scale retail environments, the revaluations were mainly caused by the continued challenging market conditions. This resulted in pressure on market rents and specifically by a rent reduction provided to a home furniture store.

In the Belgian portfolio, a negative revaluation in the office portfolio (€7.0 million) was partially offset by a positive revaluation in the industrial portfolio (€1.8 million), resulting in a total revaluation of - €5.2 million.

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

	FY 2014	HY1 2014	HY1 2014	FY 2013	HY2 2013	HY1 2013	2012	2011*
Offices	- 122,519	- 63,010	- 59,510	- 131,658	- 68,951	- 62,707	- 102,090	- 31,400
Retail	- 41,604	- 19,232	- 22,371	- 38,812	- 25,395	- 13,417	- 11,304	- 72
Large scale retail	- 13,645	- 7,486	- 6,159	- 11,284	- 7,689	- 3,595	- 5,120	- 550
Industrial	- 109	- 758	- 650	- 11,024	- 7,178	- 3,845	- 6,094	- 1,351
Residential	-	-	-	- 575	- 490	- 85	- 155	- 135
Total	- 177,876	- 90,487	- 87,390	- 193,352	- 109,703	- 83,649	- 124,763	- 33,238

*) In accordance with IFRS the figures prior to the merger with VNOI (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.

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

	FY 2014	HY2 2014	HY1 2014	2013	2012	Q4 2011
Offices	- 6,971	- 4,845	- 2,126	- 19,308	- 21,899	2,555
Retail	1,773	2,218	- 445	20,513	7,946	- 6,126
Total	- 5,198	- 2,627	- 2,572	1,205	- 13,953	3,571

EPRA Yields in % at 31 December 2014 en 31 December 2013

The EPRA net initial yield (NI yield) is calculated as annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable operating and service costs, divided by the market value of the property, increased with (estimated) purchasers' costs.

The EPRA Topped-up NI yield is calculated as an adjustment to the EPRA NI yield in respect of the expiration of rent free periods (or other unexpired lease incentives).

	EPRA GIY	EPRA NIY	EPRA topped up NIY	EPRA GIY	EPRA NIY	EPRA topped up NIY
	2014	2014	2014	2013	2013	2013
Offices	8.4%	6.3%	6.5%	8.1%	6.4%	6.6%
Retail	7.0%	6.0%	6.1%	6.7%	5.6%	5.6%
Large scale retail	7.8%	6.0%	6.0%	7.9%	6.9%	6.9%
Industrial	8.8%	7.5%	7.5%	9.2%	8.1%	8.1%
Residential	-	-	-	-	5.5%	5.5%
Total Netherlands	7.9%	6.2%	6.4%	7.7%	6.3%	6.4%
Total Belgium	6.9%	6.3%	6.9%	6.9%	6.3%	6.7%
Total	7.6%	6.3%	6.6%	7.5%	6.3%	6.5%

In 2014 NSI received a Gold Medal and the award for Most Improved Annual Report for its annual report 2013. The Gold Medal is being awarded to companies for their exceptional compliance with the Best Practice Recommendations (BPR) of EPRA in order to improve transparency and consistency in financial reporting.

Balance-sheet and financing

The value of the real estate investments amounted to €1,668.2 million on 31 December 2014 (2013 €1,808.8 million). This is the result of the balance of disposals, revaluations, acquisitions and investments.

The LtV (loan-to-value) was 48.9% on 31 December 2014 (31 December 2013 45.4%) mainly as result of negative revaluations. NSI is committed to maintain the LtV level below 50%.

Debts to credit institutions amounted to €815.5 million as per 31 December 2014 (31 December 2013: €821.9 million).

The funding available to the company under the committed credit facilities as at 31 December 2014 amounted to €201.0 million (31 December 2013: €150.8 million).

The average remaining maturity of the loans amounted to 2.0 years at 31 December 2014 (31 December 2013: 2.2 years), but will be significantly extended to 4.0 years by the new facility, subject to documentation, as announced today.

In April 2014, Intervest Offices & Warehouses successfully placed 2 bonds for a total amount of €60 million, with maturities of respectively 5 years (€25 million, interest rate 3.430%) and 7 years (€35 million, interest rate 4.057%), expiring respectively on 1 April 2019 and 1 April 2021. The proceeds have been used to repay temporary committed bank facilities. These bonds will replace the current outstanding bond of 75 million with a coupon of 5.1%, which will be repaid on 29 June 2015. Until then, the financing costs will be temporarily higher.

Furthermore, the refinancing of € 59 million that would expire in 2016 has been completed, with the term of the loans being extended to 2018, 2019 and 2020.

The fixed-interest part of the interest bearing debt, including interest rate swaps, increased from 82.4% at year-end 2013 to 89.7% as at 31 December 2014, mainly as result of the earlier mentioned pre-funding through the Belgian bond issue.

The average costs of debt (including margins) decreased from 4.8% as at year-end 2013 to 4.6% as per 31 December 2014. The average cost of debt is based on the current interest margins by quarter end, which does not reflect the average interest margin for the period.

The interest coverage ratio amounted to 2.6 as per 31 December 2014.

Equity

NSI's equity decreased to €788.3 million (31 December 2013: €932.9 million), predominantly as the result of the loss of €137.5 million, the cash dividend payments (€31.5 million) and the increase in the minority interest (€24.4 million).

Intervest Warehouses & Offices issued new shares for an amount of €26 million on 22 December 2014, in relation to the acquisition of the logistical site in Opglabbeek.

(EPRA) Net Asset Value per share

The net asset value, including the market value of the derivatives, decreased to €4.41 per share on 31 December 2014 (31 December 2013: €5.59, 30 June 2014: €5.02). If the value of the derivatives are excluded (the net asset value according to EPRA), the net asset value amounts to €4.69 per share (31 December 2013: €5.85, 30 June 2014: €5.31).

Final dividend 2014

In line with the applicable dividend policy (pay-out of the direct result of at least 75% of the direct result), NSI proposes a final dividend of €0.12 per share in cash. This totals the 2014 dividend to €0.25 per share of which €0.13 has already been distributed as interim dividend.

Developments in the portfolio

The value of the real estate portfolio decreased by €140.6 million to €1,668.2 million in 2014 (year-end 2013: €1,808.8). This decrease is the result of revaluations of (- €183.1 million), disposals of (€16.2 million), investments (€25.7 million) and acquisitions (€33.0 million).

In 2014, NSI has sold the properties below in the Dutch portfolio (see for more details the tables page 4&5).

Sold in 2 nd half year 2014	Sold in 1st half year 2014	Sold in 2014, transfer in 2015 (held for sale)
Office Kobaltweg Utrecht	Office Max Euwelaan Rotterdam	Portfolio non-core assets (table pag. 4)
Office Luchthavenweg Eindhoven	48 residential units Rotterdam	Office Bovendonk Roosendaal
Industrial property Dukaat Deurne	Industrial property Tijnmuiden	Office Villawal Nieuwegein
Industrial property Beemsterweg Almere	Amsterdam	

In Belgium, a logistical site of 77,000 sqm in Opglabbeek (€33.1 million) has been acquired in 2014. Furthermore, Intervest Offices & Warehouses announced the acquisition of a logistical site (52,000 sqm) in Luik on 5 February 2015. When including these acquisitions, the logistical portfolio accounts now for 48% of the portfolio of Intervest Offices & Warehouses, progressing towards the strategic target of 50%.

Furthermore, a semi-industrial asset was sold (Riyadstraat, Meer) in the Belgian portfolio.

The annualized rental income of the properties sold in 2015 amount to €2.2 million.

The most important investments included the roll out of HNK (€5.1 million), the redevelopment of Zuiderterras in Rotterdam (€3.8 million) and the reconstruction of shopping centre 't Loon (€6,0 million).

As at 31 December 2014, the portfolio consisted of 249 commercial properties, spread across:

	in %	# assets	x € 1.000
Sector spread			
Offices	54	164	896,201
Retail	26	42	431,075
Industrial	20	43	340,300
Total real estate investments	100	249	1,668,176
Geographical spread			
The Nederland's	63	211	1.056.30
Belgium	37	38	611,446
Total real estate investments	100	249	1,668,176

Financial occupancy rate

The occupancy rate of the entire portfolio as at 31 December 2014 rose to 79.9% (31 December 2013: 79.5%, 30 September 2014: 79.8%). Occupancy levels as at 31 December 2014 per sector were: 75.0% in offices, 87.2% in industrial premises and 88.4% in retail and 84.5% in large-scale retail. Occupancy levels per country were: 77.1% in the Netherlands and 86.0% in Belgium.

Offices

The occupancy rate in the total office portfolio remained stable at 75.0%. The occupancy rate in the Belgian office portfolio improved from 81.5% (31 December 2013) to 82.7%. The occupancy rate of the Dutch office portfolio (71.5%) declined (31 December 2013: 72.1%, 30 September 72.2%), amongst other due to a number of large contract expiration at year end 2014.

Retail

The occupancy rate improved in the retail portfolio from 87.8% per 31 December 2014 to 88.4% (30 September 2014: 88.8%), amongst other due to the completion of the redevelopment of Zuiderterras. The occupancy rate was stable at 84.5% in the large scale retail portfolio (31 December 2013: 84.7%).

Industrial/logistics

The occupancy rate in the total logistics portfolio decreased from 88.0% as at 31 December 2013 to 87.2% as per 31 December 2014 (30 September 2014: 88.4%). The occupancy rate of the Belgian portfolio remained stable at 91.2% (31 December 2013: 91.3%) despite the sale of a fully let industrial property in the 1st quarter of 2014.

The theoretical gross annual rental income per segment in the Netherlands and Belgium per 31 December 2014:(x € 1,000)

	Netherlands	Belgium	Total
Offices	76,712	32,957	109,669
Retail	32,140		32,140
Large scale retail	6,703		6,703
Industrial	7,764	21,155	28,919
Total	123,319	54,112	177,431

The annualized contractual rental income from the real estate portfolio as at 31 December 2014 amounted to € 140.1 million (31 December 2013: € 145.0 million, 30 June 2014: € 143.2 million).

Financial key figures

	2014	2013
Results (x €1,000)		
Gross rental income	133,599	144,564
Net rental income	109,160	121,791
Direct investment result	48,451	46,272
Indirect investment result	- 185,994	- 180,345
Result after tax	- 137,543	- 134,075
Occupancy rate (in %)	79,9	79,5
Balance sheet data (x €1,000)		
Real estate investments	1,668,176	1,808,768
Shareholders' equity	788,302	932,915
Shareholders' equity attributable to NSI shareholders	632,112	801,159
Net debts to credit institutions (excluding other investments)	815,483	821,854
Loan-to-value (debts to credit institutions/ real estate investments in %)	48.9	45.4
Issued share capital (in shares)		
Ordinary shares with a nominal value of €0.46 during period under review	143,201,841	143,201,841
Average number of outstanding ordinary shares during period under review	143,201,841	75,804,581
Data per average outstanding ordinary share (x €1)		
Direct investment result	0.34	0.61
Indirect investment result	- 1.30	- 2.38
Total investment result	- 0.96	- 1.77
Data per share (x €1)		
(Interim-) dividend	0.25	0.28
Net asset value	4.41	5.59
Net asset value according to EPRA	4.69	5.85
Average stock-exchange turnover (shares per day, without double counting)	177,660	199,858
High price	5.04	7.00
Low price	3.57	4.51
Closing price	3.68	4.60

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

		2014		2013	2 nd halfyear 2014		2 nd halfyear 2013
Gross rental income		133,599		144,564		66,596	70,952
Service costs not recharged to tenants	-	5,828	-	4,723	-	2,902	2,359
Operating costs	-	18,611	-	18,050	-	9,388	9,268
Net rental income		109,160		121,791		54,306	59,325
Financing income		176		477		53	321
Financing costs	-	42,391	-	58,042	-	21,063	29,702
Administrative costs	-	7,711	-	6,458	-	3,934	3,371
Direct investment result before tax		59,234		57,768		29,362	26,573
Corporate income tax	-	111	-	121	-	44	55
Direct investment result after tax		59,123		57,647		29,318	26,518
Direct investment result attributable to non-controlling interest	-	10,672	-	11,375	-	5,356	5,717
Direct investment result		48,451		46,272		23,962	20,801
Revaluation of real estate investments	-	183,075	-	192,314	-	93,114	112,318
Elimination of rental incentives		54		1,049	-	527	186
Revaluation of other investments	-	-	-	3,536	-	-	3,536
Net result on sales of real estate investments	-	1,358	-	3,649	-	674	2,836
Movements in market value of financial derivatives		2,488		25,705	-	1,371	8,116
Exchange-rate differences		72		287		41	214
Allocated management costs	-	2,261	-	2,546	-	1,131	1,273
Indirect investment result before tax	-	189,164	-	175,578	-	94,034	111,875
Corporate income tax		22		95		22	93
Indirect investment result after tax	-	189,186	-	175,483	-	94,056	111,626
Indirect investment result attributable to non-controlling interest	-	3,192	-	4,864	-	1,549	93
Indirect investment result	-	185,994	-	180,347	-	92,507	111,626
Total investment result	-	137,543	-	134,075	-	68,545	90,825
Data per average outstanding share (x €1)							
Direct investment result		0.34		0.61		0.61	0.24
Indirect investment result	-	1.30	-	2.38	-	0.65	1.38
Total investment result	-	0.96	-	1.77	-	0.48	1.14

Condensed consolidated interim financial information

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

	2014		2013	
Gross rental income		133,599		144,564
Service costs recharged to tenants	21,104		22,016	
Service costs	- 26,932		- 26,739	
Service costs not recharged to tenants	-	5,828	-	4,723
Operating costs	-	18,611	-	18,050
Net rental income		109,160		121,791
Revaluation of investments	-	183,129	-	194,801
Proceeds sales	14,876		120,035	
Book value sales	- 16,234		- 123,684	
Net result on sales of investments	-	1,358	-	3,649
Total net proceeds from investments		- 75,327		- 76,659
Administrative costs	-	9,972	-	9,004
Financing income	244		264	
Financing costs	- 42,387		- 58,116	
Movements in market value of financial derivatives	- 2,488		25,705	
Net financing result	-	44,631	-	32,147
Result before tax		- 129,930		- 117,810
Corporate income tax	-	133	-	26
Result after tax		130,063		- 117,836
Exchange-rate differences on foreign participations		-	-	1
Total non-realised result		-		1
Total realised and non-realised result		- 130,063		- 117,837
Result after tax attributable to:				
NSI shareholders	-	137,543	-	134,075
Non-controlling interest		7,480		16,239
Result after tax		- 130,063		- 117,836
Total realised and non-realised result attributable to:				
NSI shareholders	-	137,543	-	134,076
Non-controlling interest		7,480		16,239
Total comprehensive income		- 130,063		- 117,837
Data per average outstanding share (x €1)				
Diluted as well as non-diluted result after tax	-	0.96	-	1.77

Consolidated statement of financial position

Before proposed profit appropriation 2014
(x €1,000)

	31-12-2014	31-12-2013
Assets		
Real estate investments	1,645,271	1,808,768
Intangible assets	8,449	8,481
Tangible assets	1,952	2,865
Financial derivatives	-	234
Total fixed assets	1,655,672	1,820,348
Assets held for sale	22,905	-
Debtors and other accounts receivable	11,374	14,291
Cash	10,235	13,204
Total current assets	44,514	27,495
Total assets	1,700,186	1,847,843
Shareholders' equity		
Issued share capital	65,872	65,872
Share premium reserve	923,435	923,435
Other reserves	- 219,652	- 54,073
Retained earnings	- 137,543	- 134,075
Total shareholders' equity attributable to shareholders	632,112	801,159
Non controlling interest	156,190	131,756
Total shareholders' equity	788,302	932,915
Liabilities		
Interest-bearing loans	492,046	707,300
Financial derivatives	38,406	36,857
Total long-term liabilities	530,452	744,157
Redemption requirement long-term liabilities	300,826	106,579
Financial derivatives	1,536	517
Debts to credit institutions	32,846	21,179
Other accounts payable and deferred income	46,224	42,496
Total current liabilities	381,432	170,771
Total liabilities	911,884	914,928
Total shareholders' equity and liabilities	1,700,186	1,847,843

Consolidated cash flow statement

(x €1,000)

	2014		2013	
Result after tax	-	130,063	-	117,836
Adjusted for:				
Revaluation of real estate investments	183,075		192,314	
Net result on sales of investments	1,358		3,649	
Book profit on divestment tangible fixed assets	-	18	-	24
Net financing expenses	44,631		32,147	
Corporate income tax	-	133	-	26
Depreciation	408		725	
Cash flow from operating activities		229,321		228,785
Movements in debtors and other accounts receivable		2,903		5,850
Movements in other liabilities, accrued expenses and deferred income		1,109		359
Financing income		244		264
Financing expenses	-	39,773	-	59,603
Tax paid		465		1,522
Cash flow from operations		64,206		59,341
Purchases of real estate and investments in existing properties	-	58,717	-	18,221
Proceeds of sales of real estate investments		14,876		120,035
Investments in tangible fixed assets	-	185	-	662
Divestments of tangible fixed assets		774		70
Investments in intangible fixed assets	-	33	-	66
Cash flow from investment activities	-	43,285	-	101,156
Dividend paid	-	38,415	-	27,882
Costs related to optional dividend		-	-	8
Share issue		23,865		294,341
Issue costs		-	-	5,487
Unwinding derivatives		-	-	17,122
Drawdown of loans		115,397		31,653
Redemption of loans	-	136,404	-	364,554
Cash flow from financing activities	-	35,557	-	89,059
Netto kasstroom	-	14,636		71,438
Exchange-rate differences		-	-	301
Cash and debts to credit institutions as of 1 January	-	7,975	-	79,112
Cash and debts to credit institutions as of 31 December	-	22,611	-	7,975

Consolidated statement of movements in shareholders' equity (x €1,000)

The development of the item shareholders' equity 2014 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 2014	65,872	923,435	- 54,073	- 134,075	801,159	131,756	932,915
Result 2014	-	-	-	137,543	- 137,543	7,480	- 130,063
Total realised and non-realised results 2014	-	-	- -	137,543	- 137,543	7,480	- 130,063
Distributed final dividend 2013 in cash	-	-	- 12,888	-	- 12,888	- 6,911	- 19,799
Profit appropriation 2013	-	-	134,075	- 134,075	-	-	-
Distributed interim-dividend 2014 in cash	-	-	- 18,616	-	- 18,616	-	18,616
Share issue	-	-	-	-	-	23,865	23,865
Total contributions by and to shareholders	-	-	- 165,579	- 134,075	- 31,504	16,954	- 14,550
Balance as of 31 December 2014	65,872	923,435	- 219,652	- 137,543	632,112	156,190	788,302

The development of the item shareholders' equity per over 2013 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 2013	31,372	657,912	80,683	- 103,117	666,850	122,938	789,788
Result 2013	-	-	-	134,075	- 134,075	16,239	- 117,836
Exchange-rate differences on foreign participations	-	-	- 1	-	- 1	-	1
Total realised and non-realised results	-	-	- 1	134,075	- 134,076	16,239	- 117,837
Distributed final dividend 2012 in cash	-	-	- 7,502	-	- 7,502	- 7,421	- 14,923
Costs related to optional dividend	-	-	- 8	-	- 8	-	8
Profit appropriation 2012	-	-	103,117	103,117	-	-	-
Distributed interim-dividend 2013 in cash	-	-	- 12,959	-	- 12,959	-	12,959
Issue of shares	34,500	265,523	- 11,169	-	288,854	-	288,854
Total contributions by and to shareholders	34,500	265,523	- 134,755	103,117	268,385	- 7,421	260,964
Balance as of 31 December 2013	65,872	923,435	- 54,073	- 134,075	801,159	131,756	932,915

Financial Calendar 2015

	Date
Publication annual report 2013 & convocation AGM	Mid March 2015
AGM	30 April 2015
Publication trading update first quarter 2015	8 May 2015
Publication first half year results 2015	31 July 2015
Publication trading update third quarter 2015	30 October 2015

Dividend distribution 2015	Date
Setting of final dividend for 2014	30 April 2015
Listing ex-dividend	6 May 2015
Payment of final dividend for 2014	12 May 2015

The figures in this press release have not been audited.

Conference call & audiowebcast for analysts

NSI will host a conference call and audiocast at 10.00 a.m. CET for analysts.

The dial in number for the conference call (participation code: 53740461#)is:

Netherlands: +31 (0) 20 717 68 68

United Kingdom +44 (0)20 30 43 24 42

United States +1 914 885 07 80

Israel (toll free) - 1 809 214 432

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About NSI

NSI creates - with and for its customers - inspiring environments to meet, work and do business. NSI realises this by investing in offices and retail in attractive, high-quality locations in the Netherlands and Belgium. NSI is a publicly listed real estate company, and manages invested assets of around €1.7 billion.

End press release

For more information:

NSI N.V. – Eva Lindner

T +31(020) 763 0300

E eva.lindner@nsi.nl / I www.nsi.nl/