PRELIMINARY RESULTS

FULL YEAR 2021

- Strong, focused investment portfolio and attractive 5.5% yield on cost on developments to drive long term returns
- Flexible balance sheet with 28.2% LTV provides ample opportunity to pursue profitable growth
- EPRA NTA of € 48.23 per share, up 8.5% year-on-year, with capital values up 4.8% in 2021
- EPRA vacancy rate down by 1.1% to 5.9%
- EPRA EPS at € 2.38 for FY 2021, up 1.3% year-on-year
- Capital Markets day scheduled for 14 April 2022

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FINANCIAL CALENDAR

Publication annual report 2021	4 March 2022
Publication trading update Q1 2022	14 April 2022
Publication trading update H1 2022	13 July 2022
Publication trading update Q3 2022	13 October 2022
AGM	15 April 2022
Ex-dividend date (final dividend 2021)	20 April 2022
Record date	21 April 2022
Stock dividend election period	22 April – 05 May 2022
Payment date	10 May 2022

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NSI HIGHLIGHTS

KEY FINANCIAL METRICS[1]

REVENUES AND EARNINGS

	2021	2020	Change
Gross rental income	77,507	76,854	0.8%[2]
Net rental income	63,272	60,466	4.6%[2]
Direct investment result	46,373	44,943	3.2%
Indirect investment result	74,588	-65,357	-214.1%
Total investment result	120,961	-20,414	-692.5%
Earnings per share	6.20	-1.07	-681.6%
EPRA earnings per share	2.38	2.35	1.3%
EPRA cost ratio (incl. direct vacancy costs)	28.2%	30.6%	-2.4 pp
EPRA cost ratio (excl. direct vacancy costs)	26.0%	28.4%	-2.4 pp

BALANCE SHEET

	31 December 2021	31 December 2020	Change
Investment property	1,338,034	1,240,192	7.9%
Net debt	-382,073	-366,194	4.3%
Equity	948,457	854,438	11.0%
IFRS equity per share	48.15	44.29	8.7%
EPRA NTA per share	48.23	44.44	8.5%
Net LTV	28.2%	29.2%	-1.0 pp
Number of ordinary shares outstanding	19,698,207	19,291,415	2.1%
Weighted average number of ordinary shares outstanding	19,499,825	19,138,717	1.9%

KEY PORTFOLIO METRICS

	31 December 2021					
	Offices	HNK	Other	TOTAL	31 December 2020	Change
Number of properties	38	11	3	52	60	-13.3%
Market value[3] (€m)	1,078	249	28	1,355	1,253	8.1%
Annual contracted rent[4] (€m)	55	18	3	76	84	-10.0%
ERV (€m)	63	21	3	87	93	-6.7%
Lettable area (sqm k)	274	103	31	409	473	-13.6%
Average rent / sqm (€/p.a.)	208	204	111	201	197	1.9%
EPRA vacancy	3.9%	11.2%	11.4%	5.9%	7.0%	-1.1 pp
EPRA net initial yield	4.0%	4.6%	4.4%	4.1%	4.5%	-0.4 pp
Reversionary yield	6.2%	8.4%	11.4%	6.7%	7.5%	-0.7 pp
Wault (yrs)	4.6	2.8	2.6	4.1	4.0	2.0%

1 These preliminary results are unaudited
2 On a like-for-like basis GRI growth is 0.0% and NRI growth is 3.0%
3 Reported in the balance sheet at book value including right of use leasehold (IFRS 16), excluding lease incentives and part of NSI HQ (own use)
4 Before free rent and other lease incentives

CEO COMMENTS

We have managed to further strengthen the business during 2021, despite the continuing challenges as a result of covid. This is clearly visible in all main KPIs. Going into 2022, having successfully completed the asset rotation programme started in 2017, we enter the next phase of NSI with a high quality, focussed portfolio with strong embedded growth potential, a balance sheet to support the growth, and we have the team and platform to execute our ambitions.

Scalable platform for attractive returns

The disposal in Q4 of our two remaining retail assets (Zuidplein and Heerlen) and the last of our non-core provincial assets truly marks the end of the substantial portfolio rotation plan that we announced back in 2017.

We now have a focussed, quality portfolio of just over 50 assets in locations where we want to be. Also, all the back-end systems are fully in place so that we are able to expand and scale from here if and when the right opportunity arises.

The LTV at 28.2% at year-end 2021 permits us to do exactly that, even with all the development capex still to come. Still, we remain highly disciplined when considering new acquisitions.

We are not dependent on acquisitions to drive shareholder returns. We estimate a 7-year unlevered forward IRR on the standing portfolio of 5.6%, of which 4.1% income return and 1.5% capital growth. This expected return will be supplemented by potential development profits and value-add initiatives.

Working on a Paris-proof roadmap

In recent years we have substantially invested in sustainability, which has once again been recognised with a GRESB five-star rating. We are now working on the next phase of our sustainability ambitions, aiming to bring the portfolio to BREEAM Excellent where possible and by preparing a Paris-proof roadmap.

Achieving Paris-proof (50 kWh/m2 per year) is a daunting task. Our ambition is to achieve this by upgrading the real estate. A substantial effort will be required over a multi-year period, in an active dialogue with our tenants – as it will be a joint effort.

Further progress in development

We continue to work hard to move all three major development projects (Vivaldi, Laanderpoort and Vitrum) forward. At Vivaldi we have entered the technical design phase, we have selected a contractor and are still scheduled to start in Q3 2022.

At Vitrum we have entered the final design phase and are still aiming for works to start Q4 2022. Unfortunately a variety of external factors have held back progress at Laanderpoort. We are now assuming works to start in Q1 2023.

We estimate an average yield on cost for the three projects of 5.5% per year-end 2021. This includes the latest building costs inflation (8-12%) and expected longer construction periods. As prime yields in Amsterdam remain firmly below 4.5% we believe these projects continue to remain viable and profitable.

Outlook for 2022

In Q4 2021 we made the choice to ‘take the pain’ and lose the rental income from the remaining non-core high yielding assets such as Heerlen, Zuidplein and HNK Apeldoorn. Whilst we are confident that redeploying the proceeds of these disposals will be a positive for shareholders in the long run, it will initially negatively impact our EPRA EPS.

Inflation is now a widely acknowledged phenomenon globally. Positively, almost all of our leases are indexed to CPI and only a small percentage of these have a cap on indexation. We expect indexation of 3-4% in 2022.

The year-end vacancy of 5.9% (or 4.1% if we exclude ‘t Loon and the strategic vacancy) is far below the level for the wider Dutch office market, at 9%. This befits the quality of the portfolio we now own and, going into 2022, this vacancy rate may well allow us to selectively push rents beyond ERV on lease renewals.

Almost two years into the covid pandemic it is now clear that the WFH debate is only partially about how much space will be required. It is much more about what type of office space will be needed. We are optimistic that, given our portfolio, this will prove more of an opportunity for us than a threat. With a NPS score of +20.3, up from +16.9 a year ago, our customers are increasingly recognising our product and services, whilst we still see plenty of room to further improve this score.

We forecast an EPRA EPS of € 2.05-2.10 per share for 2022. This forecast assumes no further acquisitions. Our intention is to maintain the dividend at € 2.16 as we continue to take the view that a sustainable level of dividend is a function of the long term income generating capacity of the business and not of the level of income in any individual year. A final dividend of € 1.12 per share will be proposed to the AGM.

We currently project a stabilised level of EPRA EPS of € 2.70-2.80 by 2026, based on the standing portfolio and assuming all three projects successfully completed and fully let.

We are organising a Capital Markets Day for investors in April to showcase the strength of the business, the attractive long term characteristics of our focus locations and our approach to providing services. We will also highlight the embedded future growth opportunities in the portfolio, including the existing development programme, and identify the potential future development pipeline.

Bernd Stahli

PURPOSE AND POSITIONING OF NSI

Purpose

NSI's stated purpose is: "We enable our customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations".

This purpose has served as a clear guide to all our decisions and initiatives in recent years, both with respect to real estate and services. In everything we have consistently worked back from the customer's needs to the real estate and services.

Two years of covid and WFH have undoubtedly accelerated a host of long existing trends for the office sector. Corporates appreciate even more now what the office is ultimately for: a great place for collaboration, identity and culture, but also, a way to attract talent by way of offering modern, healthy, high quality, sustainable space, preferably in vibrant locations, with a good mix of work-stations, meeting rooms, collaborative space and focus rooms, complemented by a variety of amenities.

We see an ongoing trend where larger tenants are upgrading to better locations, with a clear focus on sustainability, health and well-being. Lease flexibility appears to be less of an issue. We also expect owners of office buildings will increasingly have to offer at least a minimum level of services, be it reception services, F&B services, cleaning, booking systems, furniture etc.

As such, providing the right space in the right location, with services to match, remains the key to success. With this in mind, our purpose should continue to serve us well and sets out a clear path for the years ahead in terms of how we need to position the business and approach real estate and services.

Real estate positioning

In recent years we have acquired assets in only a select number of locations. In our view the right location is a well-connected, vibrant, diverse, location, where people want to work, live and play. This is where both corporates and start-ups want to be, because of the proximity to their wider network and available talent pool. We exited a variety of provincial assets, smaller assets and monofunctional locations, which did not fit this view.

This has left NSI to be a focussed real estate investor/developer, only active in Amsterdam and selected other key cities in The Netherlands, with a strong emphasis on inner city locations and locations at or near the main transport hubs, which are - or will become - vibrant multi-functional locations.

We pursue a long term total return strategy, through active asset management, large scale refurbs, asset repositioning and (re) development, always with a clear focus on sustainability and underpinned - where appropriate - by regular asset rotation.

The portfolio at present centres almost entirely on offices. Our focus in offices is on highly sustainable and adaptable buildings, with sufficient scale to be able to offer services on a profitable basis, but we may also own or acquire assets that in time can be redeveloped to offer all this (or can profitably be converted to alternative use).

Going forward the focus will be much more on the location, the future potential of that location and our ability to strengthen the attractiveness of these locations. We therefore no longer restrict ourselves solely to offices. As part of our Capital Markets Day in April we will highlight several mixed-use and residential development opportunities already embedded in our portfolio.

Service positioning

Our in-house team regularly reviews for every individual asset what level of services is appropriate and how these should be organised, based on location, size, (potential) tenant profile and market dynamics. This will range from the full package, typically offered via a serviced-office operator, to just basic cleaning.

We have the in-house team and partnerships to be able to offer the full package, if appropriate. If a building fits the profile, we could decide to provide this service package ourselves, by using our in-house HNK serviced-office operator brand, or it may be that contracting a third party serviced-office operator such as, say, WeWork, Spaces or Scalehub is better suited for a building.

For multi-tenant buildings where a smaller selection of services is deemed appropriate, we aim to start introducing NSI itself as a brand, with a clear brand promise as owner/operator of the building.

HNK

HNK is our in-house serviced office concept, currently operating a total of 11 buildings in the NSI portfolio. HNK offers a variety of workspaces, including workstations, meeting rooms with full AV equipment, managed offices (up to 20 work stations) and custom offices (20 workstations or more). Managed offices can be leased on a flexible basis and come with a number of services included, such as furniture, greenery, a personal WiFi network, unlimited coffee and tea, cleaning services, and access to the HNK Office App. Custom offices have a minimum lease term of 12 months and come with an extensive menu card for tailor-made services, such as furniture, F&B services, cleaning services, and IT facilities.

HNK's distinctive strength as operator is the ability to genuinely incorporate sustainability in all its activities, by virtue of owning the buildings it operates. As we control all sustainability efforts, HNK can pro-actively meet the increasing demands from its customers – a key differentiating feature that arguably very few other serviced-office operators can offer or promise.

In 2021 we defined a new brand positioning for HNK, based on the functionalities and experiences our customers want, with a strong focus on sustainability, well-being, and comfort. As part of the new brand positioning the Customer Excellence team has re-mapped the ultimate customer journey, established a brand manual and set the intended customer experiences: customers need to feel welcome, connected, truly supported and energized. This is the core of HNK culture.

In 2021 HNK also established a new program of requirements, with clear central design principles and standards for locations, spaces, fit-out, technology, systems and connectivity. This has been translated in a new service and product design, which we intend to launch in 2022 at HNK Scheepsvaartkwartier and at a new to open HNK at Amsterdam Sloterdijk (Motion building).

By operating an HNK we typically achieve higher overall rents. Over the past two years we sold three unprofitable HNKs: HNK Dordrecht, HNK Apeldoorn and HNK Groningen. In 2022 we are opening new HNKs near transport hubs at Amsterdam Sloterdijk and Rotterdam Alexander. We are also looking at opening a HNK at Eindhoven CS in 2023 (Kennedyplein).

Moving to a new segmentation in Q1 2022

Having completed our asset rotation in full, with the disposal of our last retail and non-core provincial assets, we consider it appropriate to adjust our segment reporting, to better reflect the positioning of NSI and how the business will evolve over the period ahead.

An HNK is in our view not materially different from any other multi-tenanted building. Perhaps HNK operates with a slightly shorter WAULT, but this does not capture how long tenants generally tend to stay (our existing MO tenants have already been tenants on average for 4 years), and with a vacancy rate more or less in line with our other multi-tenanted buildings it is increasingly difficult to argue HNK has a distinctly different risk-return profile.

As such, as per the next quarter, Q1 2022, we will be switching to a new segmentation. We will no longer report Office, HNK and Other, but instead will switch to Amsterdam, Other G4 and Other Netherlands. For transparency reasons, we already show what the new segments would look like per Q4 2021 below.

	A'dam	Other G4	Other NL	TOTAL
Number pf properties	23	15	14	52
Market value (€ m)	792	356	207	1,355
Ann. contract rent (€ m)	37	23	16	76
Lettable area (sqm k)	177	124	107	409

We will provide relevant supplemental vacancy information on HNK for reason of transparency, for the remainder of this year.

BENTINCK HUIS: PRESERVED FOR FUTURE GENERATIONS

Bentinck Huis is an iconic building located at Lange Voorhout 7 in The Hague. The building, a national monument, has a rich history that stretches to well over six hundred years. The timeline of Bentinck Huis, which for centuries housed many important politicians, is closely linked to the development of the nearby houses of parliament ‘Binnenhof’ and Lange Voorhout, the pre-eminent avenue in The Hague.

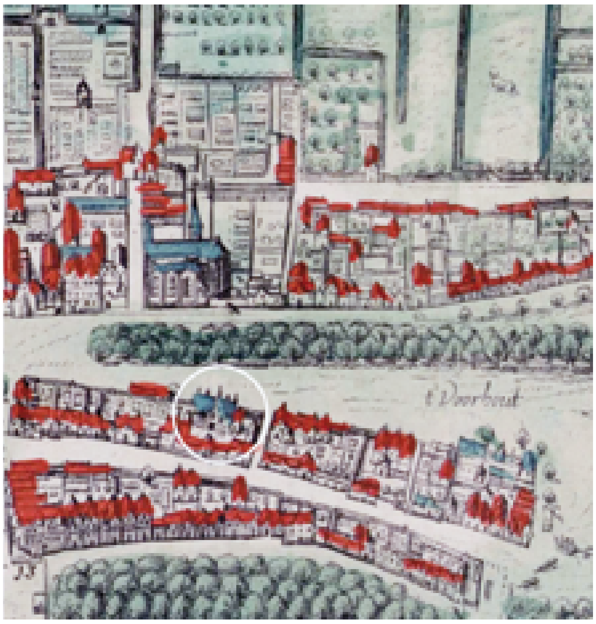
From 'Voerhoute' to 'Voorhout'

Over three thousand years ago, the “Voorhout” area was farm land. A deed from 1357 is the first proof that people inhabited the 'Voerhoute', then still a foreshore of the nearby forest ‘Haagse Bos’. The Counts of Holland had founded the Binnenhof in the previous century and through its gradual development the town of “Die Haghe” grew, where courtiers and craftsmen lived and worked.

Over the years, the upper class gradually settled on and around Lange Voorhout, giving the avenue its current stature. Adding to this standing was a visit of Emperor Karel V in 1536, in which he ordered four rows of Linden trees “to be planted in ’t Voorhout”.

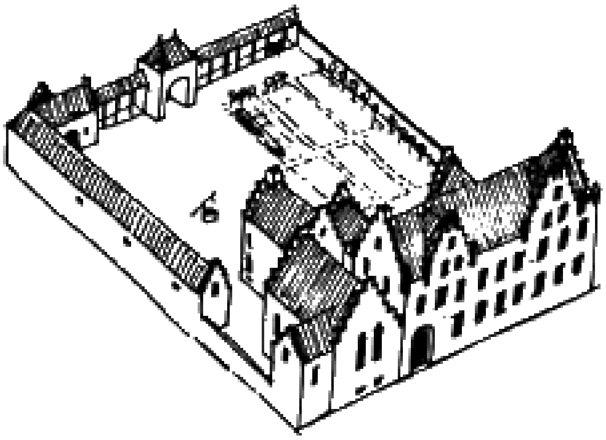
The history of Lange Voorhout 7

The first mention of a property at Lange Voorhout 7 dates back to 1415. At that time, the property was owned by Willem 'The Bastard' of Holland, the high-ranking, illegitimate grandson of the German Emperor. Ever since, men and women of high standing have inhabited the property.



Map drawn in 1617 by A. Hierat & A. Hogenberg. Source: HGA.

Other owners during that period were Jacob van Myerop, Lord of Cabau, who bought the building in 1553 and the exceptionally rich and influential François van Aerssen, who bought the property in 1613. Count Hans Willem Bentinck (1649-1709) became the subsequent owner in 1700 and rebuilt the property in Louis XIV style. Ever since, the name Bentinck has been associated with the property.



Huis Cabeau (±1590), Lange Voorhout 7. Drawing WFW, 1984.

Bentinck held many titles and political positions and, ever since his youth, had been a friend and confidant of Willem III, who would become Stadholder of The Netherlands and King of England. It remained in ownership with the Bentinck family until 1818. The house was rented to Willem IV and his wife, the English Princess Anna of Hanover, between 1749 and 1751. Grandson Willem Gustaaf Frederik Bentinck eventually surrendered the family property to a creditor in 1818. Soon after, Bentinck Huis was sold to the State of The Netherlands for a mere ƒ 31,150 in 1820. After a thorough renovation, Bentinck Huis was given its present appearance and the Ministry of the Navy moved in.

ENTERTAINMENT FOR ALL

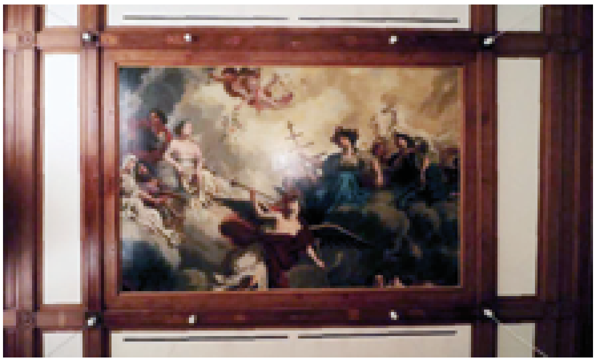
In the 18th century, Lange Voorhout had more or less acquired its present appearance. Most of the small houses had been demolished and replaced by stately buildings. The other houses had undergone major renovations. The royal family, noblemen and high court officials lived in the Hofbuurt. Residents from other neighborhoods hardly ever came to the Hofbuurt during the day, but in the evening strolling was still a popular activity among all walks of life.

Another tradition that remained in tact was the centuries-old fair. As early as the fourteenth century, there were annual fairs around the Binnenhof, which were accompanied by much entertainment. During the nineteenth century, however, resistance grew against the immorality of the festivities. As a result, a ban followed in 1887 but was lifted in 1948, when the fair returned to the Hofbuurt. No other bans followed as the annual fair still takes place today.

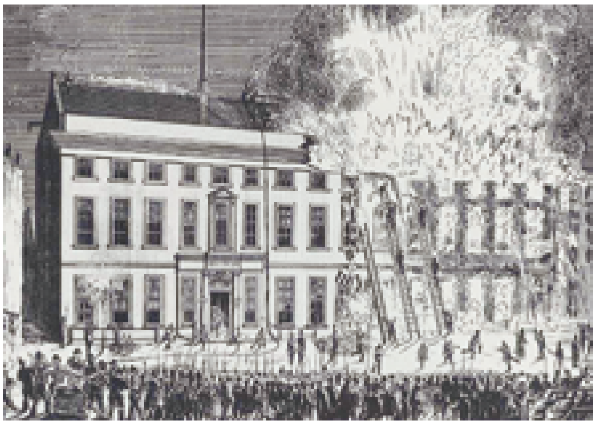
Bentinck Huis, 1751, Paulus Constantijn la Fargue, 1751 – 1757. Source: Rijksmuseum.

FUN FACTS

- Lange Voorhout was the inspiration for Unter den Linden in Berlin. Frederik Hendrik van Oranje Nassau and Amalia van Solms married their daughter Louise Henriëtte van Nassau to Elector Frederik Willem I of Brandenburg in the 17th century. She moved to Berlin but missed the ‘Linden’ trees so much that she asked for these trees to be planted in her street in Berlin. This street is now known as Unter den Linden.
- Lange Voorhout was often called Lindelaan. This is referred to in the Dutch children's verse “Leentje leerde Lotje lopen langs de Lange Lindelaan”. In another version of the verse it was not Leentje, but Liesje who took the initiative.
- Bentinck Huis houses a historic painting, “Allegorie op de Zeevaart” by Philip Tideman (ca. 1688), on the ceiling of its classical room. The painting is an allegorical representation with various classical gods and personifications in the clouds. Pheme, the personification of fame and renown, is in the foreground of the painting. She blows a trumpet and holds a second one in her hand. According to Greek mythology, Pheme spread fame and glory with one of the trumpets and blew false rumors into the air with the other one.



Allegorie op de Zeevaart” by Philip Tideman, ca. 1688.



Ministry of the Navy in The Hague during the fire in 1844 - unknown artist. Source: Rijksmuseum.

Residential area turns business area

With the establishment of the Ministry of the Navy, Bentinck Huis ceased its residential function. A fierce fire in 1844 did require the building to undergo another major renovation. Political relations changed in the second half of the nineteenth century, causing the nobility and the royal family to slowly disappear from the avenue, and with them the animated court life. The expensive buildings changed into offices, banks, associations and government institutions. This development was particularly strong between 1900 and 1915, when new money took over. Shipping company Müller & Co bought the buildings adjacent to Bentinck Huis and in 1913 Helene Kröller-Müller exhibited her famous Van Gogh collection at Lange Voorstraat 1.

The ministries of the Navy and War were merged into the Ministry of Defense in 1928. Lange Voorhout 7 became the General Headquarters of the Supreme Commander of the Land and Sea Forces. At this location, General Henri Winkelman decided, after the German bombardment of Rotterdam on 14 May 1940, to capitulate. Exactly fifty years later, his daughter unveiled a commemorative plaque on the facade of the building.

Unveiling of a plaque at Lange Voorhout 7 in memory of the fact that General H.G. Winkelman took the decision to capitulate to the Germans there on 14 May 1940. The unveiling was done by his daughter Mrs. A.E. Winkelman. On the right General D.J. Graaff, Chief of Defence Staff. Source: HGA.

Transitioning into the future

Following the departure of the Ministry of Defense to another location in 1950, the building remained in the hands of the Dutch State. It stood empty for a while, housed an anti-squatting organization and various small businesses. In 1996, Bentinck Huis was sold to construction company MAB, which began a comprehensive renovation in which modern new buildings, an atrium, a courtyard garden and an underground garage were added to the back of the property. Following the renovation, the property has hosted several organizations, including The Dutch Supreme Court and PWC. Other destinations for the property were also explored, including a permit for a hotel or museum, but were rejected by the municipality.

In 2018, NSI acquired Bentinck Huis and subsequently transformed it to a highly sustainable building, including the latest technologies, whilst fully respecting its historical grandeur. The building has been made future-proof by investing in sustainable features such as a thermal energy storage system, solar panels on the roof and sensors that measure humidity, temperature and CO_2 levels. These readings are used to optimize ventilation and increase comfort levels. As a result, the building has been awarded energy label A and a BREEAM-NL In-Use Excellent certificate.

In 2020, the Dutch Central Government Real Estate Agency (Rijksvastgoedbedrijf) signed a 10-year lease for the entire building, bringing it back into the hands of the State.

We would like to thank historian Bettina J Mulder for her major contribution to this document

INCOME, COSTS AND RESULT

Introduction

EPRA earnings in 2021 amount to € 46.4m compared to € 44.9m in 2020 (+ 3.2%). The increase in EPRA earnings is fully explained by higher net rental income. EPRA EPS is € 2.38, 1.3% higher than last year. The fact that the increase in EPS is smaller than the increase in EPRA earnings reflects the higher average number of shares in 2021.

EPRA NTA is up 8.5% or € 3.76 per share compared to the end of 2020, primarily due to positive revaluation of the investment portfolio and a strong positive result on sales.

Rental income

Compared to last year, gross rental income (GRI) increased by € 0.7m (0.8%) to € 77.5m. This growth is fully driven by acquisitions in the past two years, resulting in an additional GRI of € 4.1m in 2021. The negative effect of disposals in GRI amounts to € 3.4m, whereas on a like-for-like basis gross rental income is the same as in 2020. Adjusting for the 'half rent' arrangement with ING on Laanderpoort, as part of the overall agreement with ING for the redevelopment for this asset, the like-for-like GRI is up 2.2%.

Non-recoverable service costs are € 0.1m higher than last year, whereas operating costs are € 2.2m (15.4%) lower compared to 2020. These lower operating costs are the net effect of lower maintenance (€1.0m), lower letting fees (€0.4m) and lower property management costs (€0.9m), given exceptional costs incurred in 2020 related to covid , partly offset by higher municipal taxes (€0.3m).

Net rental income amounts to € 63.3m, up € 2.8m (4.6%) versus 2020. The NRI margin is 81.6%, up 2.9 bps vs last year. On a like-for-like basis NRI is up by 3.0%, the result of an increase in Offices and HNK of respectively 0.5% and 13.4% and a 10.6% decrease in Other. Adjusting for Laanderpoort like-for-like NRI growth improves to 5.9% for the entire portfolio and 4.3% for Offices.

Administrative costs

Administrative expenses are € 0.5m higher compared to 2020, reflecting an increase in staff costs and costs made in relation to the move to a new headquarter.

Net financing costs

Financing costs are up by 10.0% (€ 0.8m) compared to the same period last year. This is primarily driven by a higher average amount of debt outstanding during the period.

Indirect result

In 2021 the investment portfolio incurred a positive revaluation of € 63.1m (+4.8% at market value) compared to the valuation in 2020. In addition, properties were sold with a profit on disposal of € 10.2m. A positive mark-to-market effect on interest rate swaps and other indirect costs bring the total indirect result for 2021 to € 74.6m.

Post-closing events and contingencies

In December 2021 NSI signed an unconditional agreement for the disposal of shopping centre 't Loon in Heerlen. Transfer of the asset took place on 21 January 2022.

Income segment split

	2021							
	Offices		HNK					TOTAL
	A'dam	Other NL	A'dam	Other NL	Other	Corporate	TOTAL	2020
Gross rental income	30,362	23,231	4,456	12,900	6,557		77,507	76,854
Service costs not recharged	-206	-356	-238	-815	-259		-1,873	-1,778
Operating costs	-2,974	-4,315	-783	-2,659	-1,632		-12,362	-14,610
Net rental income	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**		**63,272**	**60,466**
Administrative costs						-7,612	-7,612	-7,096
Earnings before interest and taxes	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-7,612**	**55,660**	**53,370**
Net financing result						-9,285	-9,285	-8,438
Direct investment result before tax	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-16,897**	**46,375**	**44,932**
Corporate income tax						-2	-2	10
Direct investment result / EPRA earnings	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-16,899**	**46,373**	**44,943**

DUTCH PROPERTY MARKET OVERVIEW

Economic conditions

Dutch GDP contracted by -3.8% in 2020, but rebounded by 4.5% in 2021. The Dutch economy has marginally outperformed the wider eurozone economy over the past two years, mostly due to higher household spending.

The economic recovery is very uneven so far. The hospitality and culture sector continue to struggle, due to ongoing covid- related restrictions, with Dutch Government stimulus directed to businesses facing a major fall in turnover and to the labour market, amongst others. As a result, the labour markets remain surprisingly tight, with an unemployment rate of only 2.7%.

Dutch CPI inflation increased in the second half of 2021, ending up at 2.7% for the year. In the short term inflation is expected to remain elevated. Going into 2022 economic conditions are expected to continue on the same trajectory as in 2021, but this is subject to further covid-related uncertainty.

Occupational market

2021 started with sluggish take-up and delayed relocation and extension decisions by corporates. Post summer we saw more tenant inquiries, but actual leasing activity really only picked up in earnest towards the end of Q3 and in Q4.

Dutch office take up in 2021 was circa 1m sqm, 9% higher than in 2020, according to Cushman & Wakefield. Net absorption was negative as the vacancy rate increased 80bps to 9%. The "office vs WFH" debate became more nuanced in 2021 with evidence both of tenants giving back space (especially in more fringe locations) while other tenants have taken up more space to better accommodate hybrid and more collaborative work.

We see that tenant requirements for office space have changed over the past two years and now focus more on sustainability, well-being and collaboration. As such, the debate on the future of the office has shifted away from how much office space will be given back, to whether the office fits the new way of working in terms being able to offer the right mix of spaces. On balance this may not necessarily translate into a shortage of office space per se but will certainly highlight the relative scarcity of Grade A office space in top locations and increase polarisation with respect to not only location but also to sustainability, layout and services.

Amsterdam

Office take-up in Amsterdam in 2021 was circa 222.000 sqm (vs 2020: 167.000 sqm), accounting for nearly a quarter of all take-up in the Netherlands.

The office vacancy rate in Amsterdam ended 2021 at 7.7%, up 2.5pp from 2020. The vacancy in the prime South-axis market is up 1.2 pp to 3.9%, Southeast is up 0.8 pp to 4.2% and Sloterdijk is up 2.5pp to 8.4%. These main submarkets which concentrate 50% of supply account for 25% of the rise in vacancy, whilst the lion's share of the increase was led by other more secondary submarkets.

Despite the increase in vacancy in 2021, rent levels are back to 2019 levels. Incentives, which temporarily increased to as much as 10-15% during the height of the covid pandemic, even for prime South Axis space , have come back to 7% on average.

In 2022, 400,000 sqm of new office completions are expected in Amsterdam (circa 6% of total stock), most of which is currently speculative. Whilst availability is likely to rise, polarisation will also increase as all the new developments will put pressure on the existing more outdated stock.

Other markets

Utrecht was remarkably soft in 2021. Take up remained below long-term average levels and the vacancy increased from 4.9% in 2020 to 6.2% by year end 2021, mainly due to the delivery of new supply in the prime Central Station area. Prime rents and incentive levels remained stable and are respectively at all time highs and near record low levels.

In 2021 Rotterdam benefitted from good take-up levels (+23%) in the CBD and city center. Prime rents increased slightly, while incentives remained at historically low levels. The vacancy was basically stable at 8.6% per year end 2021, suggesting that also here the market has polarised in favour of better locations.

The vacancy rate in Eindhoven decreased slightly to 7.3%, with low take-up levels in 2021 confirming the scarcity of high quality office space in the area. In The Hague, where the Government is the largest occupier, the vacancy increased by 1 pp to 5.3%. At the Bio Science Park in Leiden 1.3% of office space is vacant.

Investment market

The investment market in 2021 confirmed that prime yields are back to their pre-pandemic levels for the most part (Amsterdam is now at 3.3% vs 3.2% at the end of 2020). Investment volumes were up 55% yoy to € 5.1bn, mostly due to two major deals.

The return of liquidity was mixed in terms of pricing, with some deals closing at asking price or above, whilst other transactions were withdrawn due to sellers not meeting expectations. Indeed, the bulk of demand was for prime, well-let, modern assets, which are least likely to be affected by the uncertainty brought on by the pandemic and its effects on office space requirements.

REAL ESTATE PORTFOLIO

In 2021 NSI acquired four assets and sold twelve assets. The acquisitions are two assets in Amsterdam, one in Rotterdam and one in Leiden, for a combined price of € 100.8m (excluding acquisition costs). Disposal proceeds in 2021 were € 105.0m and reflected, on average, a circa 13% premium to December 2020 book values.

The above disposal data excludes the sale of ‘t Loon in Heerlen, with the actual transfer of this asset foreseen in January 2022. Following the sale of Heerlen and the sale of Zuidplein in 2021, NSI has no remaining retail exposure and has fully completed the non-core disposal program initiated in 2017.

Portfolio breakdown - 31 December 2021

	# Assets	Market value (€ m)	Market value (%)
Offices	38	1,078	80%
HNK	11	249	18%
Other	3	28	2%
TOTAL	**52**	**1,355**	**100%**

Vacancy

The EPRA vacancy at the end of 2021 is 5.9%, markedly down from 7.0% at YE 2020. Occupancy improvements at both HNK Houthavens in Amsterdam and HNK Scheepvaartkwartier in Rotterdam have had the biggest positive impact on the vacancy. Conversely, HNK Southeast, having seen one building vacated for refurbishment in 2021, had the largest negative impact.

The 5.9% vacancy rate at year-end includes 0.3% vacancy from ‘t Loon and a 1.5% strategic vacancy from HNK Amsterdam Southeast and Alexanderpoort. Adjusted for these the vacancy rate at year-end 2021 is 4.1%. HNK’s vacancy rate in 2021 was reduced to 11.2%, from 14.9% at YE 2020.

EPRA vacancy

	Dec. 2020	L-f-l	Other	Dec. 2021
Offices	4.2%	0.2%	-0.5%	3.9%
HNK	14.9%	-2.3%	-1.3%	11.2%
Other	6.9%	0.6%	3.9%	11.4%
TOTAL	**7.0%**	**-0.5%**	**-0.6%**	**5.9%**

	EPRA vacancy		
	Real	Strategic	TOTAL
Offices	3.0%	0.9%	3.9%
HNK	7.5%	3.7%	11.2%
Other	11.4%		11.4%
TOTAL	**4.4%**	**1.5%**	**5.9%**

Rents

Gross rents are flat on a like-for-like basis in 2021, or up by 2.2% excluding the impact of the lower contractual rent agreement for Laanderpoort (half rent) ahead of the redevelopment of this asset. Split by segment, Offices are down by -1.2% (up by 1.8% adjusting for LdP). HNK’s 3.1% increase is directly related to occupancy improvement. Other is up by 1.5% vs the same period last year.

Net rents increased by 3% on a like-for-like basis in 2021, or by 5.9% adjusting for Laanderpoort. The office segment’s like-for-like net rents are up 0.5%, or 4.3% excluding Laanderpoort.

Like-for-like net rents at HNK are up 13.4%, as net rents in 2020 were negatively impacted by a variety of covid-related measures and costs.

Net rents in the segment ‘Other’ are down by –10.6% mainly as a result of higher vacancy and straight-lining of covid-related incentives given in 2020 and 2021 to retail tenants.

Like-for-like growth net rental income

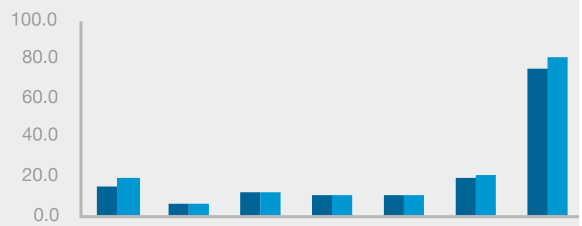
	2021	2020	L-f-l
Offices	36.6	36.4	0.5%
HNK	12.0	10.6	13.4%
Other	1.4	1.5	-10.6%
TOTAL	50.0	48.6	3.0%

Reversionary potential / ERV bridge

As per 2021 the investment portfolio is 7.9% reversionary, up from 2.8% at YE 2020. However, adjusting for Laanderpoort, the reversion for the portfolio is a more limited 5%.

The reversion for lease contracts due for renewal in 2022 is 22%, which is also heavily impacted by Laanderpoort. Adjusted for this asset the reversion is 8.5%.

Annual expirations and reversionary potential



	2022	2023	2024	2025	2026	2026+	Total
Contract rent	15.8	6.2	11.6	11.2	11.0	20.0	75.8
ERV	19.3	6.4	12.0	11.4	11.0	21.8	81.8
# Contracts	339	62	79	59	41	71	651
Rev. Potential	22.2%	2.0%	2.9%	1.9%	0.5%	8.8%	7.9%

Reversionary potential

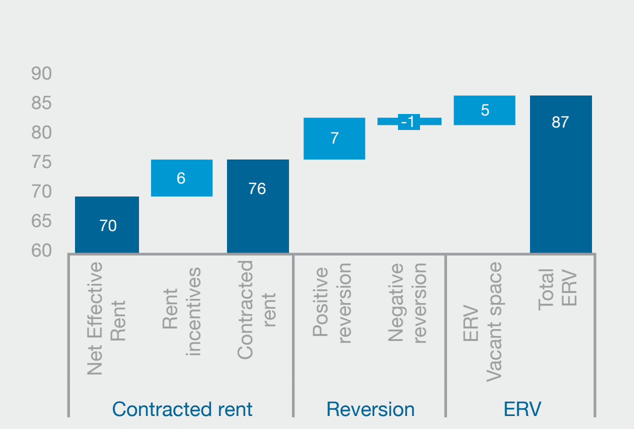
	Dec. 2021	Dec. 2020
Offices	10.7%	4.8%
HNK	0.1%	0.4%
Other	4.6%	-7.0%
TOTAL	**7.9%**	**2.8%**

Like-for-like growth ERV (€ m)

	Dec. 2021	Dec. 2020	L-f-l
Offices	57	54	5.9%
HNK	21	21	1.1%
Other	3	3	0.8%
TOTAL	**81**	**78**	**4.4%**

The ERV's of Vitrum and Alexanderhof which have now moved to the development pipeline are not included in the graoh below.

Bridge Contracted rent to ERV - 31 December 2021 (€ m)



EPRA yields

The EPRA net initial yield is down by 40bps to 4.1% in 2021. This reflects both yield compression and the impact of disposals at relatively higher yields. A return of liquidity to the investment market in combination with dissipating uncertainty over future demand for offices in a post-pandemic world have provided appraisers with more comfort to apply lower valuation yields.

Portfolio yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
Offices	4.0%	4.4%	5.4%	6.2%	6.2%	6.8%
HNK	4.6%	4.3%	7.4%	7.8%	8.4%	9.2%
Other	4.4%	6.1%	9.6%	9.6%	11.4%	9.6%
TOTAL	**4.1%**	**4.5%**	**5.9%**	**6.7%**	**6.7%**	**7.5%**

Valuations

The portfolio valuation is up by 4.8% over the 12-month period (+0.8% in H1 and +4.9% in H2)[1]. Capital values for Offices are up by 6.1% and are now above pre-pandemic valuation levels despite the negative impact of the increased transfer tax (from 6% to 8% in January 2021).

The strongest positive revaluations were seen in Amsterdam Sloterdijk, driven by higher ERVs, and in Amsterdam city centre and Leiden, both of which saw substantial yield compression. The continued investor interest in well-let prime assets as well as the increased desirability of medical offices and lab space were the main drivers behind these positive revaluations.

HNK's positive revaluation reflects mostly occupancy gains and higher ERVs, whilst yield compression also contributed.

Revaluation

	Market value (€ m)	Revaluation Positive	Negative	TOTAL	%
Offices	1,078	71	-7	64	6.1%
HNK	249	10	-3	7	2.6%
Other	28	1	-5	-4	-5.4%
TOTAL	**1,355**	**81**	**-15**	**66**	**4.8%**

Capital expenditure

Capex in 2021 is €18.9m, of which €3.7m is deemed defensive. The €15.2m in offensive capex includes €3.4m of investments in our three major development projects.

Capital expenditure

	Offensive	Defensive	TOTAL
Offices	6.8	1.7	8.5
HNK	4.2	1.6	5.9
Other	4.2	0.3	4.5
TOTAL	**15.2**	**3.7**	**18.9**

Offices

In 2021 the office vacancy rate decreased to 3.9% (2020: 4.2%), of which 0.9% is strategic vacancy relating to Alexanderpoort, where several floors are intentionally held vacant as part of a major refurbishment and repositioning of the asset.

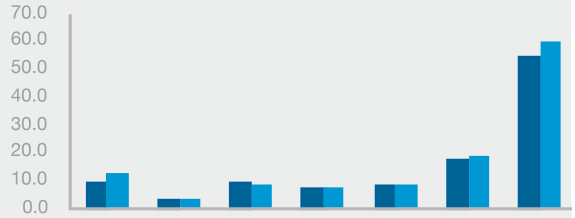
Key office metrics - breakdown by segment

	Dec. 2021 A'dam	Other NL	TOTAL	Dec. 2020
Number of properties	18	20	38	43
Market value (€ m)	681	397	1,078	931
Market value asset (€ m)	38	20	28	22
Market value / sqm	4,829	2,989	3,937	3,142
Ann. contract rent (€ m)	30	24	55	58
Average rent / sqm	225	189	208	206
Reversionary potential	16.3%	3.8%	10.7%	4.8%
Lettable area (sqm k)	141	133	274	296
Market rent (€ m)	37	26	63	63
EPRA vacancy	4.3%	3.4%	3.9%	4.2%
EPRA net initial yield	3.7%	4.4%	4.0%	4.4%
Gross initial yield	4.9%	6.2%	5.4%	6.2%
Reversionary yield	5.9%	6.6%	6.2%	6.8%
Wault	4.7	4.4	4.6	4.1

During 2021 leases were signed on average 3.9% ahead of ERV. The tenant retention rate was also strong 76.0%.

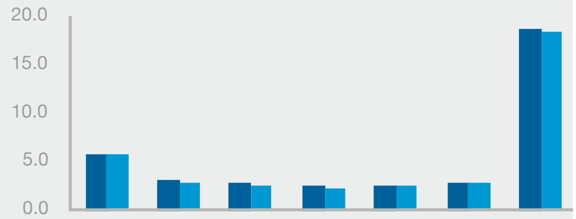
1 Not like-for-like figures

Annual expirations and reversionary potential



	2022	2023	2024	2025	2026	2026+	Total
■ Contract rent	9.5	3.2	8.6	7.5	8.5	17.3	54.7
■ ERV	12.6	3.5	9.1	7.9	8.6	18.9	60.5
# Contracts	43	22	35	27	22	41	190
Reversion	33.0%	6.7%	5.3%	5.3%	0.4%	9.3%	10.7%

Annual expirations and reversionary potential



	2022	2023	2024	2025	2026	2026+	Total
■ Contract rent	5.7	2.8	2.6	2.2	2.4	2.7	18.4
■ ERV	5.7	2.8	2.5	2.2	2.5	2.8	18.5
# Contracts	290	37	40	25	19	27	438
Reversion	0.8%	-1.9%	-2.6%	-0.2%	0.9%	3.1%	0.1%

HNK

The EPRA vacancy rate for HNK is 11.2% at year-end, down from 14.9% the previous year, and includes 3.7% in strategic vacancy pertaining to HNK Amsterdam Southeast of which one building is undergoing refurbishment.

The vacancy in Managed Offices is 10.4% (2020: 15.3%). Net new take-up was up circa 30% by number of contracts (78 new contracts since YE 2020 vs 60 same period last year) and 78% by contracted rent. The overall HNK tenant retention rate in 2021 is high at 78.2%.

Key HNK metrics - breakdown by segment

	Dec. 2021			Dec. 2020
	A'dam	Other NL	TOTAL	
Number of properties	3	8	11	13
Market value (€ m)	92	157	249	249
Market value asset (€ m)	31	20	23	19
Market value / sqm	3,392	2,056	2,407	2,011
Ann. contract rent (€ m)	5	13	18	19
Average rent / sqm	241	192	204	190
Reversionary potential	8.1%	-3.4%	0.1%	0.4%
Lettable area (sqm k)	27	76	103	124
Market rent (€ m)	7	14	21	23
EPRA vacancy	15.5%	9.1%	11.2%	14.9%
EPRA net initial yield	3.7%	5.1%	4.6%	4.3%
Gross initial yield	5.8%	8.4%	7.4%	7.8%
Reversionary yield	7.4%	8.9%	8.4%	9.2%
Wault	2.1	3.0	2.8	3.2

Development and renovations

At the end of 2021 we have updated the business cases for all development projects. We estimate the yield on cost for the three main projects in the development pipeline (Vitrum, Vivaldi III and Laanderpoort) to be circa 5.5%. This incorporates the latest building cost inflation (8%-12%) and expected longer construction periods.

Development and Renovation projects

Project	New area (sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
Vitrum, Amsterdam	ca. 13.4	ca. 1.8	Q4 2022 / H2 2024	Design
Laanderpoort, Amsterdam	ca. 39.0	ca. 26.0	Q1 2023 / H2 2025	Design
Vivaldi III, Amsterdam	ca. 19.0	ca. 19.0	Q3 2022 / H2 2025	Design
Alexanderhof, Rotterdam	t.b.d.	t.b.d	t.b.d.	Definition

Vitrum

At Vitrum the Municipality of Amsterdam expressed in 2021 its desire to include an upgrade of the surrounding public space as part of the redevelopment of the asset. This resulted in a delay of the project as we needed to (re-)define the scope and the next steps of this request, before being able to integrate this in our project timeline. We expect to finalise these conditions in the agreement letter with the Municipality in the course of Q1 2022. Construction is expected to start in Q4 2022.

Laanderpoort

For Laanderpoort we faced a delay during the design phase, mainly due to capacity problems within the municipality of Amsterdam for the approval of the sketch design and the preparation of the agreement letter. We have agreement with ING on the preliminary design and have started the final design phase. We expect to receive the approval from the Municipality on the preliminary design in February 2022.

Vivaldi III

For Vivaldi III the Municipality has formally approved the final design and the zoning plan has become irrevocable. As a result of our tender process, we have selected a contractor to enter the technical design phase and are still scheduled to start construction in Q3 2022.

Alexanderhof

In late 2021 we transferred Alexanderhof in Rotterdam to the development pipeline. We are currently already upgrading the adjacent Alexanderpoort and have noted strong interest. We therefore decided that Alexanderhof, which is a relatively small, old and vacant building, is better off being redeveloped than renovated. We will use 2022 to work out our plans for this asset.

Balance sheet impact of developments

The size of our development programme is starting to show in the balance sheet. In July 2021, when the building was vacated, Vitrum transferred to investment property under construction.

In December 2021 Alexanderhof also transferred to investment property under construction. The revaluation is related to the transfer of these two properties.

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

Movement table investment property under construction 2021

	TOTAL
Balance 1 January 2021	**2.9**
Capital expenditure (Investments)	3.4
Capitalised interest	0.5
Revaluation	-1.1
Transfer from / to inv. property in operation	56.2
Balance 31 December 2021	**62.0**
Market value 31 December 2021	61.9

ESG

We are convinced that the pursuit of sustainability in all of our activities and initiatives is critical to the long term viability of NSI as a business. We believe the financial performance of assets and businesses is increasingly correlated to their sustainability credentials. We do not consider sustainability just another box to tick. We have a genuine intrinsic motivation to improve the sustainability of our assets and activities, recognising in full our responsibility for future generations.

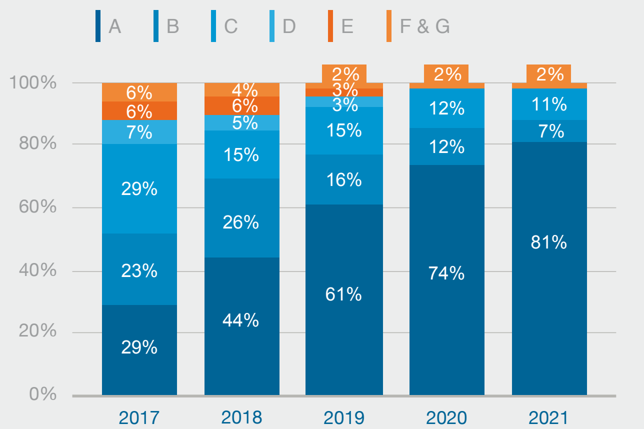
Moreover, At NSI we expect occupiers' increased focus on sustainability will lead to them demanding more sustainable buildings. Upgrading our portfolio will give us a clear first mover competitive advantage in the years to come.

2021 milestones:

GRESB
NSI obtained a GRESB score of 92 points (out of 100) in 2021, a significant improvement over the 2020 score of 88 points, and enough to obtain once again a 5-star rating, the highest rating available. The significant improvement from our initial score of 49 points (in 2018) reflects NSI's journey and ongoing commitment to sustainability, responsible leadership and well-being.

EPC
The Dutch Government requires all offices to have a minimum energy performance certificate (EPC) label C per January 2023. At present 98% of our assets meet this requirement. We do not consider label C ambitious enough and aim higher. We expect to have 90% of our assets at Label A by 2023 (2021: 81%).

EPC score (by value)

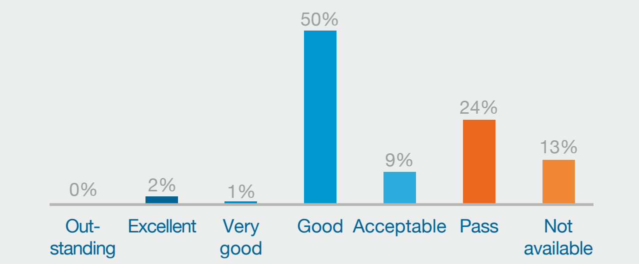


Green financing
In 2021 NSI extended its €300m revolving credit facility (RCF). Included in the extension is a sustainability-linked mechanism whereby the interest margin will be adjusted depending on our performance on four sustainability indicators: (1) percentage of assets labelled BREEAM "Very good" or better, (2) percentage of buildings with EPC A energy label, (3) sustainable investments as a percentage of capex, and (4) the company's GRESB rating.

BREEAM
In 2021 we have continued to work on improving the BREEAM credentials of our assets. The aim is to have all assets achieve at least BREEAM 'Very Good' by 2025 and where viable we will upgrade assets to BREEAM 'Excellent'. We estimate the cost of upgrading to "Excellent" to be in the range of € 5m – € 6m. This excludes the upgrade costs for circa 18 assets; assets where we may explore potential redevelopment opportunities and where the cost of upgrading will be part of any such redevelopment.

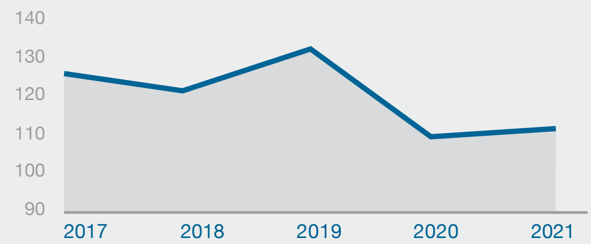
For all our new developments, such as Laanderpoort and Vivaldi III, as well as our redevelopment at Vitrum, we aim to achieve Breeam Outstanding, the highest possible Breeam rating.

BREEAM score (by value)

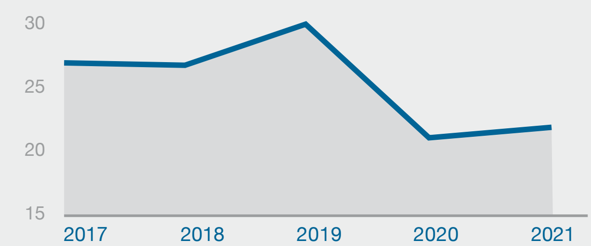


Improving the energy efficiency of our assets to reach the 'Paris proof' maximum of 50 kWh/m2 well before 2050 will require a multi-year effort. In 2021 we saw an Energy intensity increase to 112 kWh/m2 (vs 109 kWh/m2 in 2020) and a Carbon intensity increase to 22 kgCO2/m², both mostly attributable to a specific tenant in Leiden Bioscience park. The increase in 2021 is also explained by the on average colder temperatures in 2021 (vs 2020).

NSI Energy intensity (KWh/m2)



NSI Carbon Intensity (kgCO2/m2)



Plan for 2022: Paris-proof roadmap
In 2021 we started to work on our Paris-proof roadmap. In 2022 we will finish and present the roadmap, which will include a clear identifiable list of actions and timeline for to achieve a Paris-proof portfolio i.e. using a max of 50kWh/m2 of energy per year, a concrete carbon reduction target for each of the following years (for both the standing portfolio and embodied carbon of developments) and quantifiable investments in sustainability as a percentage of total capex.

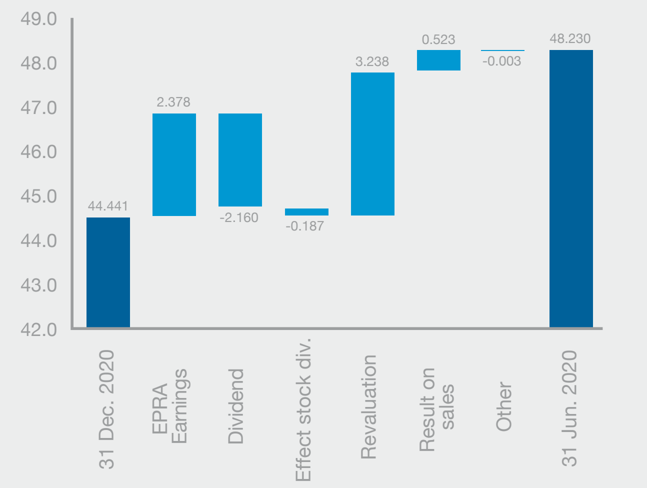
BALANCE SHEET, NTA AND FINANCING

Net tangible assets

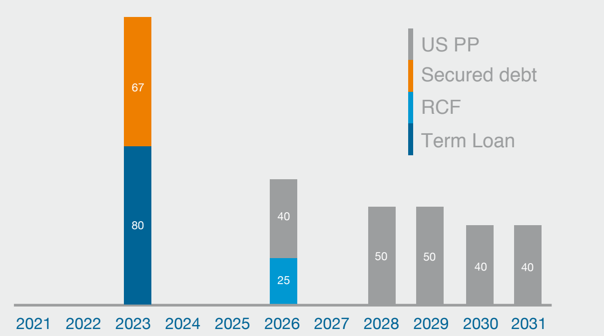
EPRA NTA per end of December 2021 is € 950m, up 10.8% compared to the end of 2020 (€ 857m), largely as a result of a positive revaluation of the investment portfolio. Due to a small rise in the number of shares following the issuance of the stock dividend, EPRA NTA per share increased by 8.5% from € 44.44 at the end of 2020 to € 48.23 at the end of 2021.

At the end of 2021 NSI has circa € 283m of cash and committed undrawn credit facilities at its disposal. The average loan maturity is 4.9 years (December 2020: 5.2 years) with no loans maturing until 2023. This ensures sufficient flexibility and capacity to fund the development pipeline and selective further acquisitions.

Bridge EPRA NTA per share (in €)



Maturity profile



Funding

In June 2021 NSI issued € 50m of 8-year unsecured notes with a fixed coupon of 1.4%, reflecting the confidence in NSI's long-term strategy and prospects by our financial investors.

At the end of the year NSI amended and extended its € 300m Revolving Credit Facility ("RCF"). The RCF's maturity is set for a new 5 year term, in effect extending it from its original maturity date in 2024 to now December 2026, including two extension options of one year. Consistent with NSI's strategy to integrate sustainability into all aspects of its business and operations, the amended facility is now 'Green' and includes a sustainability-linked interest margin mechanism.

Net debt

	Dec. 2021	Dec. 2020	Change
Debt outstanding	391.4	367.1	24.3
Amortisation costs	-1.6	-1.1	-0.5
Book value of debt	**389.8**	**366.0**	**23.8**
Cash and cash equivalents	-7.7	-0.2	-7.6
Debts to credit institutions	0.0	0.4	-0.4
Net debt	**382.1**	**366.2**	**15.9**

Net debt is up by € 15.9m compared to the end of December 2020. This is primarily due to the acquisitions totalling € 100.8m (excluding transaction costs), dividend distribution and capital expenditures, and is partially offset by disposals (€ 103.9m) and retained earnings.

At year-end 83% of debt drawn is unsecured (89% of available debt). The average cost of debt is slightly higher at 2.2% (was 2.1% per the end of 2020) due to higher swap costs and a lower level of utilisation of the – relatively lower margin - RCF.

Leverage and hedging

The LTV is 28.2% at the end of 2021, 1.0 percentage point lower compared to December 2020 (29.2%), driven by the positive revaluation of assets in 2021.

The ICR stands at 6.8x at the end December 2021, compared to 7.2x at the end of December 2020. This is the result of higher interest costs due to the timing of acquisitions at the start of the year and dispositions skewed towards the end of 2021. The ICR remains firmly above the 2.0x covenant.

Covenants

	Covenant	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21
LTV	≤ 60.0%	36.9%	36.9%	27.4%	29.2%	28.2%
ICR	≥ 2.0x	4.7x	5.5x	6.8x	7.2x	6.8x

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the lower utilisation of the RCF, the volume hedge ratio at the end of 2021 increased to 94% (target range: 70-100%). The weighted average maturity of both the derivatives and the fixed rate debt is 4.9 years at the end of December 2021. The maturity hedge ratio is 100% (target range 70-120%).

CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

(x € 1,000)

		2021		2020
Gross rental income		77,507		76,854
Service costs recharged to tenants	12,659		12,612	
Service costs	-14,532		-14,390	
Service costs not recharged		-1,873		-1,778
Operating costs		-12,362		-14,610
Net rental income		**63,272**		**60,466**
Revaluation of investment property		63,149		-64,965
Net result on sale of investment property		10,207		720
Net result from investments		**136,628**		**-3,778**
Administrative costs		-7,612		-7,096
Other income and costs		-170		-747
Financing income	45		1	
Financing costs	-9,330		-8,439	
Movement in market value of financial derivatives	1,401		-365	
Net financing result		-7,884		-8,803
Result before tax		**120,962**		**-20,424**
Corporate income tax		-2		10
Total result for the year		**120,961**		**-20,414**
Other comprehensive income / expense				
Total comprehensive income / expense for the year		**120,961**		**-20,414**
Total comprehensive income / expense attributable to:				
Shareholders		120,961		-20,414
Total comprehensive income / expense for the year		**120,961**		**-20,414**
Data per average outstanding share:				
Diluted as well as non-diluted result after tax (€)		6.20		-1.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021
(x € 1,000)

	31 December 2021	31 December 2020
Assets		
Investment property	1,338,034	1,240,192
Financial fixed assets	0	1,659
Tangible fixed assets	5,165	1,464
Intangible fixed assets	134	242
Other non-current assets	13,148	12,164
Non-current assets	**1,356,481**	**1,255,721**
Debtors and other receivables	4,015	2,226
Cash and cash equivalents	7,729	155
Current assets	**11,744**	**2,382**
Total assets	**1,368,225**	**1,258,103**
Shareholders' equity		
Issued share capital	72,489	70,992
Share premium reserve	916,768	918,275
Other reserves	-161,762	-114,416
Total result for the year	120,961	-20,414
Shareholders' equity	**948,457**	**854,438**
Liabilities		
Interest bearing loans	389,096	365,260
Derivative financial instruments	1,739	2,920
Other non-current liabilities	3,742	3,960
Non-current liabilities	**394,577**	**372,140**
Redemption requirement interest bearing loans	700	700
Derivative financial instruments		220
Creditors and other payables	24,485	30,216
Debts to credit institutions	7	390
Current liabilities	**25,192**	**31,525**
Total liabilities	**419,769**	**403,665**
Total shareholders' equity and liabilities	**1,368,225**	**1,258,103**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021
(x € 1,000)

		2021		2020
Result from operations after tax		120,961		-20,414
Adjusted for:				
Revaluation of investment property	-63,149		64,965	
Net result on sale of investment property	-10,207		-720	
Net financing result	7,884		8,803	
Corporate income tax	2		-10	
Depreciation and amortisation	477		546	
		-64,994		73,583
Movements in working capital:				
Debtors and other receivables	-3,427		-7,351	
Creditors and other payables	-5,527		4,545	
		-8,954		-2,807
Cash flow from operations		**47,013**		**50,362**
Financing income received		45		1
Financing costs paid		-10,135		-8,925
Settlement of derivatives				-1,411
Tax paid		12		-8
Cash flow from operating activities		**36,935**		**40,020**
Purchases of investment property and subsequent expenditure		-128,696		-54,276
Proceeds from sale of investment property		103,879		29,511
Investments in tangible fixed assets		-743		-7
Investments in intangible fixed assets		-33		-83
Cash flow from investment activities		**-25,593**		**-24,856**
Dividend paid to the company's shareholders		-26,942		-28,456
Proceeds from interest bearing loans		140,000		85,125
Transaction costs interest bearing loans paid		-744		-75
Repayment of interest bearing loans		-115,700		-60,850
Cash flow from financing activities		**-3,386**		**-4,255**
Net cash flow		**7,957**		**10,909**
Cash and cash equivalents and debts to credit institutions - balance as per 1 January		**-234**		**-11,143**
Cash and cash equivalents and debts to credit institutions - balance as per 31 December		**7,723**		**-234**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2021
(x € 1,000)

2021

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2021	**70,992**	**918,275**	**-114,416**	**-20,414**	**854,438**
Total result for the year				120,961	120,961
Total comprehensive income / expense for the year				**120,961**	**120,961**
Profit appropriation - 2020			-20,414	20,414	
Distribution final dividend - 2020	687	-692	-14,917		-14,922
Interim dividend - 2021	810	-815	-12,015		-12,020
Contributions from and to shareholders	**1,497**	**-1,507**	**-47,346**	**20,414**	**-26,942**
Balance as per 31 December 2021	**72,489**	**916,768**	**-161,762**	**120,961**	**948,457**

2020

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2020	**69,617**	**919,661**	**-282,266**	**196,297**	**903,308**
Total result for the year				-20,414	-20,414
Total comprehensive income / expense for the year				**-20,414**	**-20,414**
Profit appropriation - 2019			196,297	-196,297	
Distribution final dividend - 2019	1,186	-1,192	-10,357		-10,362
Interim dividend - 2020	189	-194	-18,089		-18,094
Contributions from and to shareholders	**1,375**	**-1,385**	**167,851**	**-196,297**	**-28,456**
Balance as per 31 December 2020	**70,992**	**918,275**	**-114,416**	**-20,414**	**854,438**

SEGMENT INFORMATION

As from 2021, the former sub-segments “Other target cities” and “Other Netherlands” for both offices and HNK have been combined into one sub-segment, “Other Netherlands”, reflecting the strategic choices made by the management in recent years. Comparative figures have been adjusted accordingly.

2021

Statement of comprehensive income

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Gross rental income	30,362	23,231	4,456	12,900	6,557		77,507
Service costs recharged to tenants	3,440	3,308	923	3,635	1,354		12,659
Service costs	-3,646	-3,663	-1,161	-4,449	-1,613		-14,532
Service costs not recharged	-206	-356	-238	-815	-259		-1,873
Operating costs	-2,974	-4,315	-783	-2,659	-1,632		-12,362
Net rental income	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**		**63,272**
Revaluation of investment property	43,150	18,006	-325	7,012	-4,694		63,149
Net result on sale of investment property		13,753		911	-4,457		10,207
Net result from investment	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**		**136,628**
Administrative costs						-7,612	-7,612
Other income and costs						-170	-170
Net financing result						-7,884	-7,884
Result before tax	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,666**	**120,962**
Corporate income tax						-2	-2
Total result for the year	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,667**	**120,961**
Other comprehensive income							
Total comprehensive income for the year	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,667**	**120,961**
Attributable to shareholders	70,332	50,320	3,111	17,350	-4,484	-15,667	120,961

Statement of financial position as per 31 December

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Investment property	672,706	391,561	91,933	153,568	28,265		1,338,034
Other assets	5,088	5,222	544	1,873	422	17,043	30,192
Total assets	**677,794**	**396,783**	**92,476**	**155,441**	**28,687**	**17,043**	**1,368,225**
Non-current liabilities	1,097	429	793	766	270	391,223	394,577
Current liabilities	2,494	1,046	660	1,140	326	19,526	25,192
Total liabilities	**3,591**	**1,475**	**1,452**	**1,906**	**596**	**410,749**	**419,769**
Purchases of investment property and subsequent expenditures	79,319	39,009	2,870	2,997	4,501		128,696

2020

Statement of comprehensive income

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Gross rental income	29,389	23,324	4,673	12,666	6,803		76,854
Service costs recharged to tenants	3,223	3,324	992	3,723	1,350		12,612
Service costs	-3,390	-3,676	-1,173	-4,648	-1,503		-14,390
Service costs not recharged	-166	-352	-181	-925	-153		-1,778
Operating costs	-3,039	-4,693	-999	-4,200	-1,679		-14,610
Net rental income	**26,184**	**18,279**	**3,493**	**7,540**	**4,970**		**60,466**
Revaluation of investment property	-33,154	-9,299	-5,782	-9,497	-7,233		-64,965
Net result on sale of investment property		-613		1,446	-113		720
Net result from investment	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**		**-3,778**
Administrative costs						-7,096	-7,096
Other income and costs						-747	-747
Net financing result						-8,803	-8,803
Result before tax	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,646**	**-20,424**
Corporate income tax						10	10
Total result for the year	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,636**	**-20,414**
Other comprehensive income							
Total comprehensive income for the year	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,636**	**-20,414**
Attributable to shareholders	-6,970	8,368	-2,289	-512	-2,375	-16,636	-20,414

Statement of financial position as per 31 December

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Investment property	552,876	369,883	89,380	155,045	73,008		1,240,192
Other assets	2,377	5,717	519	2,850	701	5,747	17,911
Total assets	**555,253**	**375,601**	**89,898**	**157,895**	**73,709**	**5,747**	**1,258,103**
Non-current liabilities	1,075	502	812	613	405	368,733	372,140
Current liabilities	3,161	2,690	880	1,937	447	22,411	31,525
Total liabilities	**4,236**	**3,192**	**1,692**	**2,550**	**852**	**391,144**	**403,665**
Purchases of investment property and subsequent expenditures	44,209	6,334	1,163	2,053	518		54,276

EPRA KEY PERFORMANCE MEASURES

Overview key performance indicators

	2021		2020	
	€ ‘ 000	per share (€)	€ ‘ 000	per share (€)
EPRA earnings	46,373	2.38	44,943	2.35
EPRA cost ratio (incl. direct vacancy costs)	28.2%		30.6%	
EPRA cost ratio (excl. direct vacancy costs)	26.0%		28.4%	
EPRA property related capital expenditure	128,704		50,643	

	31 December 2021		31 December 2020	
	€ ‘ 000	per share (€)	€ ‘ 000	per share (€)
EPRA NRV	1,058,582	53.74	932,755	48.35
EPRA NTA	950,062	48.23	857,335	44.44
EPRA NDV	945,661	48.01	854,035	44.27
EPRA net initial yield (NIY)	4.1%		4.5%	
EPRA topped-up net initial yield	4.5%		4.9%	
EPRA vacancy rate	5.9%		7.0%	

EPRA earnings

	2021	2020
Gross rental income	77,507	76,854
Service costs not recharged	-1,873	-1,778
Operating costs	-12,362	-14,610
Net rental income	**63,272**	**60,466**
Administrative costs	-7,612	-7,096
Net financing result	-9,285	-8,438
Direct investment result before tax	**46,375**	**44,932**
Corporate income tax	-2	10
Direct investment result / EPRA earnings	**46,373**	**44,943**
Direct investment result / EPRA earnings per share	2.38	2.35

EPRA cost ratio

	2021	2020
Administrative costs	7,612	7,096
Service costs not recharged	1,873	1,778
Operating costs (adjusted for municipality taxes)	12,362	14,610
Leasehold	0	44
EPRA costs (including direct vacancy costs)	**21,847**	**23,528**
Direct vacancy costs	-1,690	-1,674
EPRA costs (excluding direct vacancy costs)	**20,157**	**21,854**
Gross rental income	77,507	76,854
EPRA gross rental income	**77,507**	**76,854**
EPRA cost ratio (incl. direct vacancy costs)	28.2%	30.6%
EPRA cost ratio (excl. direct vacancy costs)	26.0%	28.4%

EPRA property related capital expenditure

	2021	2020
Acquisitions	109,850	36,704
Development	3,419	8,207
Like-for-like portfolio	10,419	8,323
Other	5,016	1,042
EPRA capital expenditure	**128,704**	**54,276**

EPRA NRV / NTA / NDV

	31 December 2021			31 December 2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Hybrid instruments						
Diluted NAV	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Diluted NAV at fair value	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Fair value of financial instruments	1,739	1,739		3,140	3,140	
Intangibles as per IFRS balance sheet		-134	-134		-242	-242
Fair value of fixed interest rate debt			-2,662			-161
Real estate transfer tax	108,387			75,178		
NAV	**1,058,582**	**950,062**	**945,661**	**932,755**	**857,335**	**854,035**
Fully diluted number of shares	19,698,207	19,698,207	19,698,207	19,291,415	19,291,415	19,291,415
NAV per share	**53.74**	**48.23**	**48.01**	**48.35**	**44.44**	**44.27**

EPRA yield

	31 December 2021	31 December 2020
Investment property	1,354,840	1,252,959
Developments	-61,863	-2,956
Property investments	**1,292,977**	**1,250,004**
Allowance for estimated purchasers' costs	116,368	87,500
Gross up completed property portfolio valuation	**1,409,345**	**1,337,504**
Annualised cash passing rental income	69,744	78,833
Annualised property outgoings	-11,919	-18,909
Annualised net rent	**57,825**	**59,924**
Notional rent expiration of rent free periods or other lease incentives	6,121	5,479
Topped-up annualised net rent	**63,946**	**65,403**
EPRA net initial yield	4.1%	4.5%
EPRA topped-up net initial yield	4.5%	4.9%

EPRA vacancy

	31 December 2021	31 December 2020
Estimated rental value of vacant space	5,174	6,536
Estimated rental value of the whole portfolio	87,023	93,224
EPRA vacancy	5.9%	7.0%

GLOSSARY

AVERAGE RENT PER SQM
The total annual contracted rent divided by the total leased square meters.

COST RATIO (EPRA)
EPRA costs include all administrative costs, net service costs and operating expenses as reported under IFRS, but do not include ground rent costs. These costs are reflected including and excluding direct vacancy costs. The EPRA cost ratio is calculated as a percentage of gross rental income less ground rent costs.

DUTCH REIT (FBI-REGIME)
NSI qualifies as a Dutch Real Estate Investment Trust (fiscale beleggingsinstelling or FBI) and as such is charged a corporate income tax rate of 0% on its earnings. The tax regime stipulates certain conditions, such as a maximum ratio of 60% between debt and the book value of real estate, maximum ownership of shares by one legal entity or natural persons, and the obligation to pay out the annual profit by way of dividends within eight months after the end of the financial year.

Before 2014, activities permitted under FBI legislation were limited to portfolio investments activities only. Effective 1 January 2014, new legislation that allows FBI's to perform enterprise-type business activities within certain limits. These activities must be carried out by a taxable subsidiary and must support the operation of the FBI's real estate business.

EARNINGS (EPRA)
EPRA earnings is a measure of operational performance and represents the net income generated from operational activities. It excludes all components not relevant to the underlying net income performance of the portfolio.

EARNINGS PER SHARE (EPRA)
Indicator for the profitability of NSI; portion of the EPRA earnings attributable to shareholders allocated to the weighted average number of ordinary shares.

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION (EPRA)
Association of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors.

ESTIMATED RENTAL VALUE (ERV)
The estimated amount at which a property or space within a property, would be let under the market conditions prevailing on the date of valuation.

HNK
HNK stands for 'Het Nieuwe Kantoor', (which means 'The New Office'). HNK is NSI's flexible office concept and offers an inspiring environment with stylish workplaces, office spaces, meeting areas, catering facilities and various ancillary services. HNK offers different propositions, including memberships (flexible workstations), managed offices (fully equipped offices), bespoke offices and meeting rooms.

INTEREST COVERAGE RATIO (ICR)
Debt ratio and profitability ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing net rental income during a given period by net financing expenses during the same period.

INVESTMENT RESULT - DIRECT
The direct result reflects the recurring income arising from core operational activities. The direct result consists of gross rental income minus operating costs, service costs not recharged to tenants, administrative costs, direct financing costs, corporate income tax on the direct result, and the direct investment result attributable to non-controlling interests.

INVESTMENT RESULT - INDIRECT
The indirect result reflects all income and expenses not arising from day-today operations. The indirect result consists of revaluations of property, net result on sales of investment, indirect financing costs (movement in market value of derivatives and exchange rate differences, corporate income tax on the indirect result, and the indirect investment result attributable to non-controlling interests.

INVESTMENT RESULT – TOTAL
The total result reflects all income and expenses; it is the total of the direct and the indirect investment result.

LEASE INCENTIVES
Adjustments in rent granted to a tenant or a contribution to tenants' expenses in order to secure a lease. The impact of lease incentives on net rental income is straight line over the firm duration of the lease contract under IFRS.

LIKE-FOR-LIKE RENTAL INCOME
Like-for-like growth figures aim at assessing the organic growth of NSI. In the case of like-for-like rental income the aim is to compare the rental income of all or part of the standing portfolio over a certain period with the rental income for the same portfolio over a previous period (i.e. year-onyear and/or quarter-on-quarter). In order to calculate like-for-like growth, the nominal increase in rent is adjusted for the impact of acquisitions, divestments and properties transferred to and from the development portfolio and between segments (e.g. office to HNK).

LOAN TO VALUE (LTV, NET)
The LTV-ratio reflects the balance sheet value of interest-bearing debts plus short term debts to credit institutions, net of cash and cash equivalents, expressed as a percentage of the total real estate investments, including assets held for sale.

MARKET VALUE INVESTMENT PROPERTY (FAIR VALUE)
The estimated amount for which a property should change hands on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein each party had acted knowledgeably, prudently, and without compulsion. The market value does not include transaction costs.

NET ASSET VALUE (NAV)
The net asset value represents the total assets minus total liabilities. At NSI this equates to the shareholders' equity (excluding non-controlling interests as stated in the balance sheet). The NAV is often expressed on a per share basis; in this calculation the number of shares outstanding at reporting date is used rather than the average number of shares is used.

NET ASSET VALUE (NAV, EPRA-DEFINITION)
The EPRA NAV metrics make adjustments to the NAV as per the IFRS financial statements to provide the most relevant information on the fair value of the assets and liabilities, under different scenario's.
- EPRA net reinstatement value (NRV): assumes that entities never sell assets and aims to represent the value required to rebuild the entity;
- EPRA net tangible assets (NTA): assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax;
- EPRA net disposal value (NDV): represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

NET MARGIN
The net margin measures operating efficiency; it indicates how effective NSI is in managing its expense base. It is calculated as net rental income as a percentage of gross rental income.

NET RESULT ON SALE OF INVESTMENT PROPERTY
The net result on sales of investment property reflects the disposal price paid by a third party for a property minus the value at which the respective property was recorded in the accounts at the moment of sale, net of sales costs made. The sales costs include costs of real estate agents and legal costs, but can also include internal costs made which are directly related to transaction.

RENT - EFFECTIVE RENT
The effective rent reflects the contractual annual rent after straight-lining of rent free periods and rental discounts.

RENT - GROSS RENTAL INCOME (GRI)
Gross rental income reflects the rental income from let properties, after taking into account the net effects of straight lining for lease incentives and key money, including turnover rent and other rental income (e.g. specialty leasing and parking income).

RENT - NET RENTAL INCOME (NRI)
Gross rental income net of (net) costs directly attributable to the operation of the property (non-recoverable service charges and operating costs). Income and costs linked to the ownership structure, such as administrative expenses, are not included.

RENT - PASSING CASH RENT / CONTRACTED RENT
The estimated annualised cash rental income as at reporting date, excluding the net effects of straight-lining of lease incentives. Vacant units and units that are in a rent-free period at the reporting date are deemed to have no passing cash rent.

REVERSIONARY POTENTIAL
This ratio compares the minimum guaranteed rent and the turnover rent to the estimated rental value and as such indicates whether a unit or property is underlet or over-rented.

REVERSIONARY RATE / RESULT FROM RELETTING AND RENEWAL
The reversionary rate measures the rental gain/loss of a deal as the difference between the new rent (after the deal) and the old rent (before the deal).

STANDING PORTFOLIO
Standing portfolio is used in like-for-like calculations and concerns the real estate investments at a specific date that have been consistently in operation as part of NSI's portfolio during two comparable periods. Note that an investment property can be considered both standing and at the same time non standing, depending on the comparison periods used (e.g. year-on-year and quarter-on-quarter).

TARGET CITIES
Target cities refers to the locations Amsterdam, The Hague, Rotterdam, Utrecht, Eindhoven, Den Bosch and Leiden, being the focus cities of NSI in the Netherlands.

VACANCY RATE (EPRA)
Vacancy rate (EPRA): reflects the loss of rental income against ERV as a percentage of ERV of the total operational portfolio.

WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WAULT)
This ratio is used as an indicator of the average length of leases in portfolios. It can be calculated over the full lease term of the contracts either up to expiration date or up to break option date.

YIELD
Yield can generally be defined as the income or profit generated by an investment expressed as a percentage of its costs or the total capital invested.
- Gross initial yield: the passing rent as a percentage of the market value of an object;
- Net initial yield: the passing rent, net of property related costs, as a percentage of the market value of an object;
- Net theoretical yield: annualised net theoretical rental income as a percentage of the real estate investments in operation;
- EPRA net initial yield: annualised net effective cash passing rent (including estimated turnover rent and other recurring rental income) net of non-recoverable property operating expenses as a percentage of the gross market value of the real estate investments in operation;
- EPRA topped-up net initial yield: EPRA net initial yield adjusted for expiring lease incentives;
- Reversionary yield: the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.