HALF YEAR RESULTS

H1 2023

- Challenging operating environment due to simultaneous impact of WFH, interest rates and sustainability costs
- H1 capital value decline of 9.1% results in EPRA NAV of € 38.2 per June 2023
- H1 EPRA EPS of € 1.02, underpinned by 4.7% net rental growth (7.3% gross)
- EPRA vacancy rate at 7.3% at H1 2023, up 0.6% over the quarter
- Interim dividend set at € 0.75; new dividend policy to be proposed
- Strategic review: interim update

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FINANCIAL CALENDAR

Publication trading update Q3 2023	13 October 2023
Publication preliminary results FY 2023	25 January 2024
Publication annual report 2023	8 March 2024

Ex-dividend date	18 July 2023
Record date	19 July 2023
Payment date Interim dividend	11 August 2023

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NSI HIGHLIGHTS

KEY FINANCIAL METRICS[1]

REVENUES AND EARNINGS

	H1 2023	H1 2022	Change
Net rental income	27,983	28,341	-1.3%
Net rental income - like-for-like	27,802	26,544	4.7%
Direct investment result	20,434	19,489	4.9%
Indirect investment result	-118,049	7,772	-1618.9%
Total investment result	-97,615	27,261	-458.1%
EPRA earnings per share	1.02	0.99	3.0%
Weighted average number of ordinary shares outstanding	20,079,904	19,729,242	1.8%
EPRA cost ratio (excl. direct vacancy costs)	27.2%	28.2%	-0.9 pp

BALANCE SHEET

	30 June 2023	31 December 2022	Change
Investment property	1,129,029	1,259,235	-10.3%
Net debt	-345,474	-365,480	-5.5%
Other assets / liabilities	-13,801	-6,746	104.6%
Equity	769,754	887,008	-13.2%
EPRA NTA per share	38.19	44.17	-13.5%
Number of ordinary shares outstanding	20,155,221	20,054,240	0.5%
Net LTV	30.2%	28.7%	1.5 pp

KEY ESG METRICS (NON-FINANCIAL)

	30 June 2023	31 December 2022	Change
CRREM building energy intensity (kWh/sqm/year)	131[2]	131	n/a
EPC-label (percentage portfolio with label A or better)	92.9%	88.0%	4.9 pp
GRESB score	93[2]	93	n/a

KEY PORTFOLIO METRICS

	30 June 2023					
	Amsterdam	Other G4	Other NL	TOTAL	31 December 2022	Change
Number of properties	23	14	10	47	49	-4.1%
Market value (€ m)[3]	644	328	172	1,144	1,275	-10.3%
Lettable area (sqm k)	165	125	65	355	382	-7.0%
Annualised contractual rent (€ m)[4]	37	26	12	75	78	-3.9%
ERV (€ m)	44	27	13	84	88	-5.0%
EPRA net initial yield	4.4%	5.2%	4.8%	4.7%	4.6%	0.1 pp
Gross initial yield	6.3%	7.8%	7.1%	6.9%	6.4%	0.5 pp
EPRA vacancy	9.5%	6.4%	1.6%	7.3%	6.2%	1.0 pp
Wault	4.2	3.6	3.3	3.8	3.9	-2.1%

1 These half year results are unaudited.
2 CREMM building energy intensity and GRESB score are available only at year-end; 2023 figures represent year-end 2022 figures.
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

In our Q1 report we stated 'In short, the game is different', acknowledging the structurally different operating environment and that we have to adjust in response. The strategic review underway (see next page for an update) was initially started in response to the forthcoming FBI abolishment, but is now proving increasingly timely in light of the wider changes to the operating environment.

Capital values under pressure

Capital values are down 9.1% in H1 2023, of which 2.4% due to an increase in transfer tax, making for a 14.6% decline from 'peak' values in H1 2022. This is more or less in line with the decline seen for the wider Dutch office market over this period. The combination of falling values/high indexation has pushed the gross yield on the portfolio to 6.9% per June 2023.

Transactions are few and far between. The lack of evidence is a challenge for buyers, sellers and lenders. Any pick-up in deal flow in H2 should provide more comfort on where valuation levels really are. Positively, we are close to finalising the sale of our asset at Donauweg, with delivery foreseen by August 2023.

Solid operational performance

The vacancy in the portfolio has increased to 7.3% per June 2023. This is up from 6.1% at the year-end and up 0.8% on a like-for-like basis. This is specifically due to Centerpoint I and Q-Port, where we got space back that is now being refurbished. The disposal of Donauweg will reduce the vacancy rate to 6.3%.

Based on our H2 lease expiry schedule, current leasing pipeline and currently relatively slow leasing market, we expect to end the year with a vacancy rate at below 6.5% (ex Donauweg).

H1 Like-for-like rental growth was 7.3%, largely driven by lease indexation. Whilst indexation is well ahead of ERV growth in H1, the reversion in the portfolio still remains positive, at 3.5%.

Development update

In our Q1 report we stated that our two development projects faced permitting and zoning delays and that none of them were therefore ready to move to the realisation phase near term. At Laanderpoort the rezoning plan was eventually approved in May 2023 after the objection from the owner of the adjacent asset was withdrawn.

We are currently examining ways to optimise the Laanderpoort project. A further update on the strategy for this asset will be provided once the time line for the project is more clear.

At Vitrum we are in ongoing discussions with operators and leasing agents to see how we can best move forward and generate rent for the intermediary period, as we pursue the necessary court approval to be in a position to start the project. This project will, however, only be started if the return meets or exceeds our risk-adjusted cost of capital.

Balance sheet management

The fall in values in H1 has pushed the LTV to 30.2%. Pro forma for the disposal of Donauweg this falls back to ca. 29.5%. This is a comfortable level at this stage in the cycle, given the quantum of value declines we have already seen. The development of Laanderpoort would see the LTV rise to ca. 37-40% by mid 2026.

At the end of June we extended € 65m in secured financing with Berlin Hyp for a 4-year period at an improved margin of 136bps over Euribor. We now have no debt maturities until 2026.

Restructuring for a post-FBI world

Prior to last week's fall of the Dutch Cabinet we were increasingly convinced that budget day in September would confirm the abolishment of the FBI regime per 2025 and that no exception would be made for the listed sector. Whilst we still believe the FBI regime will eventually be abolished, timing is now less certain.

We have already prepared the fiscal restructuring of the company for a post-FBI world. We are ready to execute this restructuring and may decide to do so already in H2 2023 if, after budget day, we can confidently judge that the abolishment of the FBI regime is only just a matter of time.

We expect NSI's effective tax rate in a post FBI world will be ca. 10-12% longer term, in line with levels previously indicated, but may be limited to only ca. 1-3% for the period 2023 and 2024.

Outlook 2023

H1 interim EPRA EPS is € 1.02 per share. The negative effect of disposals is partially offset in H1 by lower employee costs, lower overhead costs and lower financing costs.

We forecast a pre-tax EPRA EPS of €1.95-2.05 per share for the full year 2023. The final tax rate for 2023 will depend on what decision we end up making in H2 with respect to the FBI regime. This decision, in combination with the conclusions from the strategic review, will also influence what we deem to be an appropriate, sustainable, level of dividend going forward. This new level of dividend will be clarified with the FY results 2023, or earlier if possible.

We set the interim dividend at € 0.75 per share.

Bernd Stahli

STRATEGIC REVIEW UPDATE

In April 2022, at our post-covid CMD, and following the successful completion of the restructuring of the business, we presented a clear road map for the future. We emphasized the ever increasing importance of location, sustainability and services, identifying our development pipeline as a key way to deliver on all of these, potentially resulting in a high quality portfolio of circa EUR2.5bn in the medium term.

We subsequently further detailed our sustainability roadmap to have a clear - financially underwritten - path to meet our objective of having a Paris-aligned portfolio by 2035.

A lot has changed since. The effects of WFH/hybrid working have become increasingly clear, impacting both the nature and volume of tenant demand. Interest rates have re-based much higher and are unlikely to reverse, due to significantly higher levels of inflation. Construction costs are up significantly. The wider corporate and regulatory ESG agenda is pushing up the ‘brown’ discount, but also results in record rents for the best office products. Transfer taxes have increased to 10.4% and (specifically to NSI) the government announced the abolishment of the FBI tax regime by 2025.

Strategic review options and findings

As explained in the Q1 results, the material change in operating environment and our wide discount to NAV has made us review all strategic options for the business, with nothing ‘off the table’. Several options to specifically address the abolishment of the FBI regime (e.g. a potential conversion to a Dutch non-listed tax transparent FGR) are also being considered.

Options contemplated are, but not limited to:

- Continuation as a stand-alone listed company with a revised strategy
- Use of private capital (i.e. JVs/third-party management)
- Return of excess capital (if available)
- Take private/sale of the business
- Liquidation
- Merger/transformative deal
- FGR conversion

The challenging operating environment is clearly impacting the viability of some of the options available to the business as part of the strategic review. Based on very detailed discussions with our advisors we have had to conclude - for now - that a potential sale of the business is not a viable, value maximising option at this time.

A liquidation scenario is also highly complex, not only because of limited liquidity in the direct market at this time, but also because of the challenges of executing this in an orderly way in a listed environment. However, a sale of some assets is being considered (as described below).

A merger or alternative transformational deal might be possible but is hard to initiate given the current share price and is therefore not being prioritised.

The conversion of NSI to a non-listed tax transparent FGR is complex and highly dependent on shareholders willingness to stay invested in NSI as a private vehicle.

Even though some of the above strategic options do not appear to be viable at this time, the Board, jointly with its Supervisory Board, wishes to make clear that – in line with its wider fiduciary duty – it will continue to regularly review all its options as a business in its pursuit of sustainable long term value creation.

Revising the NSI strategy

The strategic review has clarified that in light of the change in market conditions a revision of the strategy is warranted. The direction of the revision has been discussed with the Supervisory Board and has their full support. The main points and context of this revised strategy are detailed below.

Occupational and investment market in flux

We are facing an office market which is now in what appears to be a multi-year adjustment process to find a new equilibrium, whereby both the demand side (type and volume of meters) and the investment side (yields and sustainability capex) are in flux, resulting in a reappraisal and repricing of all assets.

Corporates fully recognise that having the right office is more important than ever, not only in attracting the right talent, but also in actually making them come to the office, and they are acting on this. Only a small section of the Dutch office market meets this demand, i.e. prime locations, with critical mass, an excellent transport infrastructure, a clear focus on sustainability and well-being, and in pleasant and vibrant mixed-use surroundings with all sorts of amenities.

The investment market for offices has largely dried up. Buyers are not only cautious on rent levels and capex requirements, but also must take into account higher interest rates and a generally more difficult funding environment. IRR requirements are also up, to reflect the increased risk and in acknowledgment that the sector may well be in a multi-year adjustment process. Meanwhile, it appears that appraisers are actively rebasing valuations in search for a clearing price.

The real cost of sustainability

Investors are increasingly taking into account, in their underwriting, the need and cost of upgrading assets to the latest ESG standards, to be able to offer a future-proof, sustainable asset to the market. This includes not only the cash cost of upgrading, but also the (significant) cost of down time.

We already see that investors are selling older assets to avoid the risk of accelerated depreciation, or to avoid the capex costs entirely, and prefer new developments or assets that have been upgraded to the latest standards.

Given the current shortage of stock meeting the highest quality standards there is a significant opportunity to expand this stock, be it through new development or ‘brown to green’ upgrades. Having said that, not all office assets in the market can make this transition, at least not on an economical basis.

Key elements of the revised strategy

The changing operating environment has implications for both sides of the balance sheet. Not only should we reconsider how and where to invest for the best prospective returns, but we should also look at the sources and cost of capital available to the business.

1. Sharpened focus on Amsterdam

With many corporates looking for 'less but better' space, to attract talent, to persuade them to come to the office and to fulfil their own ESG ambitions, the best space in prime locations is experiencing healthy demand and rental growth.

It is exactly for this reason that the NSI portfolio over the years has gravitated to Amsterdam. Given the prevailing circumstances, it seems evident that a further shift towards Amsterdam is warranted.

A new disposal programme will be determined during the remainder of the year to further align the portfolio with a more focussed Amsterdam strategy and the other strategic priorities described below.

2. Increased commitment to sustainability

NSI is committed to pursue Paris-alignment for its assets as sustainability is increasingly becoming a driver of polarisation. The outcome will be binary in our view: only those buildings with the right credentials in the right locations will be able to remain occupied and generate rental growth.

Only in those locations where rent and capital value levels are sufficiently high enough will the economics for the necessary investments in sustainability be favourable. Everywhere else there is a clear risk of stranding. As such, sustainability will also remain a key criterion in defining our asset rotation / disposal strategy.

3. Revisiting capital allocation

We have always operated with a capital allocation policy where assets and projects are assessed on a forward IRR basis against our (risk adjusted) cost of capital to focus on value creation.

The new disposal programme will also follow this IRR approach. Whether proceeds from this programme are re-invested in accretive opportunities, used to reduce leverage or returned to shareholders will depend upon the timing of these disposals and prevailing market conditions at the time.

In keeping with the theme of optimal use of resources, we will revisit the cost base of the business to ensure it remains efficient. Whilst we believe we run a lean ship, management of the cost base is key to maximising investor returns.

4. Exploring JVs and 'capital light' structures

Up until now the strict conditions of the FBI regime have limited our ability to optimise our capital structure through the use of private capital. With the discount to NAV effectively restricting our ability to access new equity capital at a reasonable price and with the FBI regime set to disappear, it is now more than appropriate to pursue alternative capital options.

We will explore bringing in private capital into the business – for example through joint ventures. At the same time we will also consider 'capital light' models such as third-party management, where we can manage assets for fees with limited or no capital contribution from the NSI balance sheet.

Private capital is not only a balance sheet management tool, but may also have a broader appeal to the business to allow for better risk management and, depending on the capital partner, may bring relevant knowledge or validation.

5. Utilising retained earnings

Given the dividend distribution requirements for an FBI, retained earnings have not been a significant source of capital for NSI in the past. In fact, throughout the transformation of NSI we maintained the high historical dividend level, a level that is no longer in line with the current nature and quality of the portfolio and balance sheet.

Without the FBI regime we will be able to set a new dividend policy that weighs the needs and expectations of our shareholders vs the opportunities available to the company through retaining earnings. As mentioned in the CEO comments an update on the dividend will be given with the FY2023 results (or earlier).

Further stakeholder engagement

We have obtained a variety of valuable input from our shareholders and others following the announcement of the strategic review. We see these H1 results (including the interim update on the strategic review) as an opportunity to engage and invite further input to this process.

INCOME, COSTS AND RESULT

Introduction
EPRA earnings in H1 2023 amount to € 20.4m compared to € 19.5m in H1 2022 (+ 4.9%), which is the result of higher net rental income as well as lower administrative and financing costs. EPRA EPS is € 1.02, 3.0% higher than in the same period last year.

EPRA NTA is down 13.5% or € 5.98 per share compared to the end of 2022, primarily due to the negative revaluation of the portfolio in H1 2023.

Rental income
Gross rental income remained stable compared to H1 2022 at € 35.5m (- 0.1%), despite the negative effect from disposals in the past year (- € 1.4m) and the effect of the redevelopment of Laanderpoort as from February 2023 (- € 1.1m).

On a like-for-like basis gross rents increased by 7.3%, due to lease indexations during H2 2022 and H1 2023, partly offset by higher vacancy.

Non-recoverable service costs are € 0.4m higher than in the same period last year, the result of higher vacancy and caps on charges to tenants.

Operating costs are in line with H1 2022; higher property taxes (+ € 0.3m) and maintenance (+ € 0.2m) are offset by lower letting costs (- € 0.2m) and lower costs related to doubtful debts (- € 0.2m).

Net rental income amounts to € 28.0m, down € 0.3m (- 1.3%) versus H1 2022. The NRI margin is 78.8%, down 0.9 bps versus H1 2022.

Net rental income increased by 4.7% on a like-for-like basis, the result of an increase in Amsterdam, Other G4 (Den Haag, Rotterdam and Utrecht) and Other Netherlands of respectively 2.3% and 6.3% and 9.8%.

Administrative costs
Administrative costs are € 0.6m lower compared to H1 2022 due to a decrease in office costs, consultancy costs and marketing costs.

Net financing result
The direct net financing result is down by 17.1% (€ 0.7m) compared to the same period last year, caused by revenues on swaps (€ 1.9m) and higher capitalised interest related to development projects (€ 0.3m), which is partly offset by higher interest costs (- € 1.4m) reflecting higher interest rates on variable loans.

Indirect result
The investment portfolio incurred a negative H1 revaluation of € 116.8m compared to the end of December 2022. The reported loss on disposal of two HNK-properties in H1 reflects disposal costs of € 0.1m.

A negative mark-to-market effect on interest rate swaps (- € 1.2m) adds to a total indirect result for the first half of 2023 of - € 118.0m.

Post-closing events and contingencies

There are no major events post the half-year end.

Income segment split

	H1 2023					
	Amsterdam	Other G4	Other Netherlands	Corporate	TOTAL	H1 2022
Gross rental income	17,832	11,919	5,770		35,521	35,565
Service costs not recharged	-618	-236	-12		-866	-509
Operating costs	-3,005	-2,398	-1,269		-6,672	-6,715
Net rental income	**14,208**	**9,286**	**4,489**		**27,983**	**28,341**
Administrative costs				-4,000	-4,000	-4,579
Earnings before interest and taxes	**14,208**	**9,286**	**4,489**	**-4,000**	**23,983**	**23,762**
Net financing result				-3,547	-3,547	-4,272
Direct investment result before tax	**14,208**	**9,286**	**4,489**	**-7,548**	**20,435**	**19,490**
Corporate income tax				-1	-1	-1
Direct investment result / EPRA earnings	**14,208**	**9,286**	**4,489**	**-7,549**	**20,434**	**19,489**

REAL ESTATE PORTFOLIO

In January 2023, the disposal of HNK Den Bosch and HNK Ede, as announced in December 2022, was concluded for a total of € 23.2m. There were no acquisitions in H1 2023.

Portfolio breakdown - 30 June 2023

	# Assets	Market value (€ m)	Market value (%)
Amsterdam	23	644	56%
Other G4	14	328	29%
Other Netherlands	10	172	15%
TOTAL	**47**	**1,144**	**100%**

Vacancy

The EPRA vacancy as per end June 2023 is 7.3%, up from 6.2% at the end of 2022. On a like-for-like basis the increase was 0.8%, mainly due to tenant departures in Amsterdam.

The vacancy rate at H1 2023 includes 0.7% strategic vacancy for Alexanderpoort, Rotterdam. Adjusted for this the vacancy rate at the end of June 2023 is 6.6%.

EPRA vacancy

	Dec. 2022	L-f-l	Other	Jun. 2023
Amsterdam	7.0%	1.9%	0.6%	9.5%
Other G4	6.1%	0.3%	0.0%	6.4%
Other Netherlands	4.1%	-1.9%	-0.5%	1.6%
TOTAL	**6.2%**	**0.8%**	**0.3%**	**7.3%**

Rents

On a like-for-like basis, gross rents are up by 7.3% in H1 2023. Split by segment, Amsterdam is up by 6.5%, Other G4 is up by 7.5% and Other Netherlands 9.6%. The increase versus the first half of 2022 can be fully explained by indexation in the past year. Net rents increased by 4.7% on a like-for-like basis in H1 2023 as a result of higher service costs not recharged due to caps and vacancy, higher property taxes and higher maintenance costs.

Like-for-like growth net rental income

	2023	2022	L-f-l
Amsterdam	14.3	14.0	2.3%
Other G4	9.1	8.5	6.3%
Other Netherlands	4.4	4.0	9.8%
TOTAL	**27.8**	**26.5**	**4.7%**

Reversionary potential / ERV bridge

In H1 2023 ERVs were up by 1.3% on a like-for-like basis. The highest increases in ERV were recorded in Rotterdam (+ 2.7%) and Leiden (+ 3.1%).

Like-for-like growth ERV

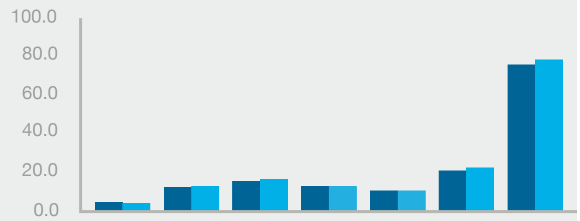
	Jun. 2023	Dec. 2022	L-f-l
Amsterdam	44	44	1.0%
Other G4	26	26	1.6%
Other NL	13	13	1.7%
TOTAL	**83**	**82**	**1.3%**

As per end of June 2023 the investment portfolio is 3.5% reversionary, down from 6.1% at year-end 2022. This is mainly the result of higher rent levels, mostly attributable to indexation.

Reversionary potential

	Jun. 2023	Dec. 2022
Amsterdam	7.5%	11.0%
Other G4	-2.6%	-0.6%
Other NL	3.9%	3.6%
TOTAL	**3.5%**	**6.1%**

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	4.1	12.3	15.2	12.7	10.2	20.6	75.1
ERV	4.1	12.5	16.0	12.9	10.4	21.9	77.7
# Contracts	213	93	74	49	65	77	571
Rev. Potential	-1.7%	1.0%	5.9%	1.4%	1.9%	6.2%	3.5%

The reversion for lease contracts due for renewal in 2023 is 1.7% negative, which is fully attributable to negative reversion in Rotterdam (- 7.8%); in Amsterdam reversion amounts to 1.4% and in Other Netherlands 9.9%.

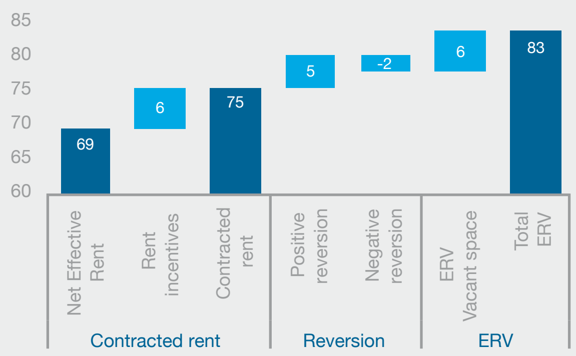
At the start of 2023 € 10.6m of rental income was set to expire during the year, including ING's lease at Laanderpoort, which expired end of January 2023 ahead of the development.

Contracts representing an annualised rental income of € 4.1m are still set to expire in H2 2023. This includes € 3.0m in flexible lease contracts with maturities of one to three months, which typically are just rolled over.

The WAULT of the portfolio is 3.8 years.

During H1 2023, contracts, including renewals, were signed on average at approximately 2% below ERV. The total tenant retention rate for H1 2023 was 50.2%.

Bridge Contracted rent to ERV - 30 June 2023



Portfolio yields

The EPRA net initial yield is up by 10bps to 4.7% in the first half of 2023. The gross initial yield is up 50 bps to 6.9%. This reflects both yield expansion and the impact of higher rents. The lack of liquidity in the investment market in combination with higher interest rates has resulted in appraisers applying higher yield requirements.

Portfolio yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Jun. 2023	Dec. 2022	Jun. 2023	Dec. 2022	Jun. 2023	Dec. 2022
Amsterdam	4.4%	4.4%	6.3%	5.9%	7.5%	7.0%
Other G4	5.2%	4.9%	7.8%	7.2%	8.1%	7.6%
Other NL	4.8%	4.6%	7.1%	7.0%	7.5%	7.5%
TOTAL	**4.7%**	**4.6%**	**6.9%**	**6.4%**	**7.7%**	**7.3%**

Valuations

The total portfolio valuation is down by 9.1% H1 2023; excluding revaluation of the development portfolio, capital values are down 7.0%.

The largest fall in capital values was incurred in Amsterdam (- € 93.1m; -12.7%), of which € 35.5m relates to the revaluation of Laanderpoort and Vitrum. In Other G4 and Other Netherlands the fall in capital values amounted to respectively 4.8% and 3.7%.

The write-down in the standing Amsterdam portfolio (- 9.0%) is almost entirely attributable to yield expansion in response to heightened market uncertainty, higher interest rates and decreased investment volumes. Also the increase in transfer tax has a negative effect on capital values.

The negative revaluation in Other G4 and Other Netherlands can mainly be explained by the increased transfer tax as from 1 January 2023.

Revaluation

	Market value (€ m)	Revaluation Positive	Negative	TOTAL	%
Amsterdam	644	1	-94	-93	-12.7%
Other G4	328	1	-17	-17	-4.8%
Other NL	172	1	-8	-8	-3.7%
TOTAL	**1,144**	**2**	**-120**	**-117**	**-9.1%**

Capital expenditure

Capex in H1 2023 is € 8.5m, of which € 1.4m is defensive. Offensive capex is € 7.1m, of which € 1.0m in development projects and € 3.8m in rebranding and renovation of (future) HNK-locations.

Capital expenditure

	Offensive	Defensive	TOTAL
Amsterdam	5.4	0.8	6.1
Other G4	1.6	0.5	2.1
Other NL	0.2	0.1	0.3
TOTAL	**7.1**	**1.4**	**8.5**

Amsterdam

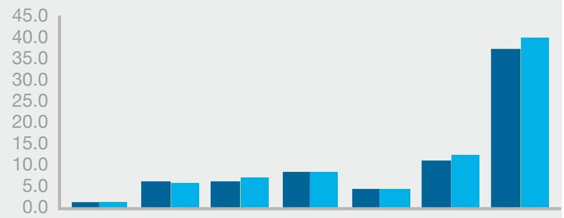
Key metrics Amsterdam

	Jun. 2023	Dec. 2022	Change
Number of properties	23	23	
Market value (€ m)	644	730	-11.8%
Lettable area (sqm k)	165	178	-7.1%
Ann. contract rent (€ m)	37	40	-6.2%
ERV (€ m)	44	47	-6.6%
EPRA net initial yield	4.4%	4.4%	0.0 pp
Gross initial yield	6.3%	5.9%	0.4 pp
EPRA vacancy	9.5%	7.0%	2.5 pp
WAULT	4.2	4.1	2.5%

Vacancy increased from 7.0% as per year-end 2022 to 9.5% at the end of H1 2023, mostly as a result of tenant departures at Centerpoint I and Q-Port, partly offset by a new lease in HNK Amsterdam Zuidoost.

The tenant retention rate during H1 2023 was 45.3%.

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	1.3	6.1	6.2	8.5	4.5	10.8	37.3
ERV	1.3	6.0	7.2	8.5	4.7	12.3	40.1
# Contracts	53	44	26	14	34	28	199
Reversion	1.4%	-0.9%	16.4%	0.9%	5.1%	13.9%	7.5%

Other G4

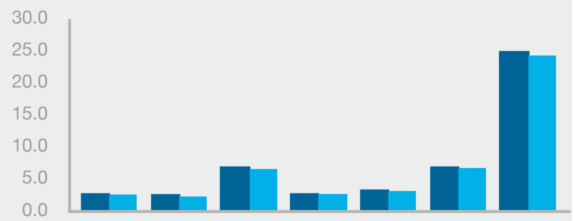
Key metrics Other G4

	Jun. 2023	Dec. 2022	Change
Number of properties	14	14	
Market value (€ m)	328	342	-4.2%
Lettable area (sqm k)	125	122	2.7%
Ann. contract rent (€ m)	26	24	5.3%
ERV (€ m)	27	26	3.9%
EPRA net initial yield	5.2%	4.9%	0.3 pp
Gross initial yield	7.8%	7.2%	0.6 pp
EPRA vacancy	6.4%	6.1%	0.3 pp
WAULT	3.6	4.0	-10.3%

The EPRA vacancy rate for Other G4 is 6.4%, up from 6.1% at year-end 2022. The vacancy includes 2.3% in strategic vacancy for Alexanderpoort, where several floors are being held vacant as part of a major refurbishment.

The retention rate for H1 2023 amounts to 51.0%.

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	2.7	2.6	7.0	2.8	3.4	7.0	25.5
ERV	2.6	2.4	6.8	2.8	3.3	6.9	24.9
# Contracts	153	39	37	29	23	29	310
Reversion	-3.7%	-7.7%	-3.0%	1.3%	-3.9%	-0.9%	-2.6%

Other Netherlands

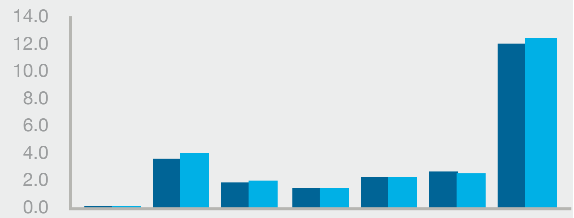
Key metrics Other Netherlands

	Jun. 2023	Dec. 2022	Change
Number of properties	10	12	-16.7%
Market value (€ m)	172	203	-15.0%
Lettable area (sqm k)	65	82	-21.0%
Ann. contract rent (€ m)	12	14	-13.1%
ERV (€ m)	13	15	-15.0%
EPRA net initial yield	4.8%	4.6%	0.2 pp
Gross initial yield	7.1%	7.0%	0.2 pp
EPRA vacancy	1.6%	4.1%	-2.5 pp
WAULT	3.3	3.3	-1.0%

The vacancy rate was 1.6%, down from 4.1% at year-end 2022, which can mainly be explained by the disposal of HNK Den Bosch and HNK Ede in January 2023. The vacancy in our Life Sciences activities in Leiden remains 0%.

The retention rate in this segment is 100.0%.

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	0.1	3.7	1.9	1.5	2.3	2.8	12.3
ERV	0.2	4.1	2.0	1.5	2.4	2.6	12.8
# Contracts	7	10	11	6	8	20	62
Reversion	9.9%	10.2%	4.6%	4.8%	4.4%	-6.3%	3.9%

Development and renovations

Laanderpoort

The final design has been approved by both ING and NSI. The agreement letter with the Municipality was signed at the end of 2022. The rezoning of Laanderpoort was approved in Q2 2023 after an initial objection was withdrawn.

Vitrum

The final design phase was completed in January 2023 and the agreement letter with the Municipality was signed in Q1 2023. In anticipation of an expected court approval process to obtain the necessary permits for the project, we are now examining a temporary leasing of the asset.

Well House

At the end of 2022 we made the decision to postpone the Well House project. We will revisit the case for Well House in the coming year, looking at potential alternative ways to fund the project if viable, taking into account the latest evidence on construction costs, land values, yields, rent levels and potential for pre-lets.

Project	New area (sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
Laanderpoort, Amsterdam	ca. 39.0	ca. 26.0	TBD	Technical Design
Vitrum, Amsterdam	ca. 13.4	ca. 1.8	TBD	Technical Design
Well House, Amsterdam	ca. 19.0		TBD	n/a

Balance sheet impact of development

At the end of H1 2023, the balance sheet value of investment property under construction consists of the book value of Laanderpoort and Vitrum, excluding the value of the parking places, which are let until start of demolition. Furthermore, the development costs of the beforementioned assets and Well House are included.

During Q1 2023, the decision was made to lease Alexanderhof, instead of pursuing a development project. As a result, the asset was transferred back to investment property in operation.

The negative revaluation in H1 2023 is related to declines in the market valuations of Vitrum and Laanderpoort, due to yield expansion.

Movement investment property under construction 2023

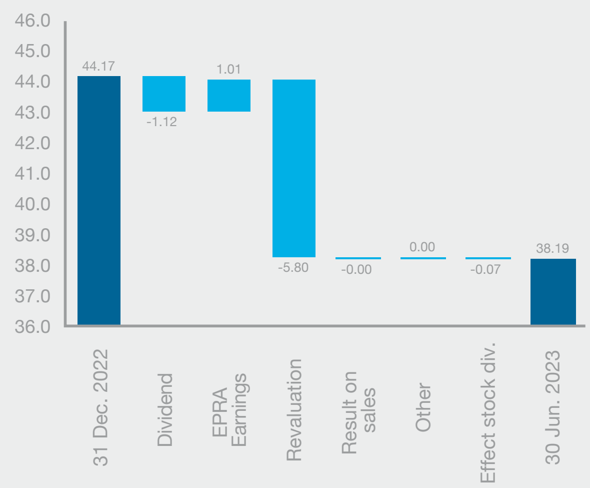
	TOTAL
Balance 1 January 2023	**59.1**
Capital expenditure (Investments)	1.0
Capitalised interest	0.9
Revaluation	-32.2
Transfer from / to operation	22.8
Balance 30 June 2023	**51.6**
Market value 30 June 2023	51.4

BALANCE SHEET, NTA AND FINANCING

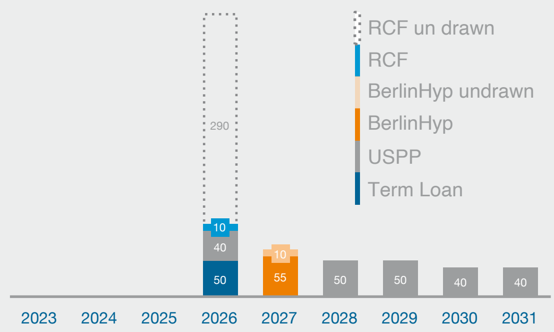
Net tangible assets

EPRA NTA as of H1 2023 is € 770m, down 13.1% compared to the end of 2022 (€ 887m), largely as a result of a negative revaluation of the investment portfolio. Due to a small rise in the number of shares following the issuance of stock dividend, EPRA NTA per share decreased by 13.5% from € 44.17 at the end of 2022 to € 38.19 as of H1 2023.

Bridge EPRA NTA per share (in €)



Maturity profile



Funding

At the end of H1 NSI extended its € 65m secured financing with Berlin Hyp. Whilst the loan facility remains € 65m, only € 55m has been drawn as of H1. The remainder is available for NSI to draw for a duration of 18 months.

Net debt

	Jun.2023	Dec. 2022	Change
Debt outstanding	335.0	353.2	-18.2
Amortisation costs	-1.4	-1.6	0.1
Book value of debt	**333.6**	**351.6**	**-18.1**
Cash and cash equivalents	-0.5	-0.2	-0.3
Debts to credit institutions	12.4	14.0	-1.6
Net debt	**345.5**	**365.5**	**-20.0**

Net debt is down by € 20.0m compared to the end of December 2022. This is primarily due to disposals totalling € 22.8m (net of transaction costs). As of H1 2023 NSI has circa € 290m of committed undrawn credit facilities at its disposal. The average loan maturity is 4.3 years (December 2022: 4.7 years), with no loans maturing until 2026. This ensures sufficient flexibility for the business.

As of H1 2023 84% of debt drawn is unsecured. The average cost of debt is up to 2.6% (2.0% per the end of 2022) due to the expiration of swaps in April (€ 97.5 m) and an increase in the Euribor rate. In July the cost of debt will increase to circa 3.1%, as the remaining legacy swaps expire (€ 50m at -0.1% coupon) and are replaced with new swaps at an increased cost (€ 55m at circa 3.3% coupon).

Leverage and hedging

The LTV is 30.2% as of H1 2023, 1.5 percentage points higher compared to December 2022, driven by negative revaluations of assets in 2023 and partly offset by lower net debt.

The ICR stands at 6.0x as of H1 2023, compared to 6.3x at the end of December 2022, and firmly above the 2.0x covenant.

Covenants

	Covenant	Dec. '19	Dec. '20	Dec. '21	Dec. '22	Jun. '23
LTV	≤ 60.0%	27.4%	29.2%	28.2%	28.7%	30.2%
ICR	≥ 2.0x	6.8x	7.2x	6.5x	6.3x	6.0x

NSI is using swaps to hedge interest rate risk on variable rate loans. In July we have agreed new swaps with a notional value of € 55 million and a tenor of four years, i.e. for the entirety of our drawn Berlin Hyp financing, to stay in line with our hedging policy. The remaining floating debt, being a € 50 million term loan and € 10 million drawdown on our revolving credit facility, is unhedged.

This results in a volume hedge ratio of 80.6% (target range 70-100%). The weighted average maturity for the derivatives and fixed rate loans is 4.7 years as of H1 2023. The maturity hedge ratio is 92.7% (target range 70-120%).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Note		H1 2023		H1 2022
Gross rental income	2		35,521		35,565
Service costs recharged to tenants		6,784		5,475	
Service costs		-7,650		-5,984	
Service costs not recharged	2		-866		-509
Operating costs	2, 3		-6,672		-6,715
Net rental income			**27,983**		**28,341**
Revaluation of investment property	4		-116,794		5,572
Net result on sale of investment property	5		-88		-140
Net result from investments			**-88,899**		**33,773**
Administrative costs	6		-4,000		-4,579
Other income and costs			-4		-106
Financing income		9		20	
Financing costs		-3,556		-4,292	
Movement in market value of financial derivatives		-1,163		2,447	
Net financing result			-4,710		-1,825
Result before tax			**-97,614**		**27,262**
Corporate income tax			-1		-1
Total result for the year			**-97,615**		**27,261**
Other comprehensive income / expense					
Total comprehensive income / expense for the year			**-97,615**		**27,261**
Total comprehensive income / expense attributable to:					
Shareholders			-97,615		27,261
Total comprehensive income / expense for the year			**-97,615**		**27,261**
Data per average outstanding share:					
Diluted as well as non-diluted result after tax			-4.85		1.38

The notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(x € 1,000)

	Note	30 June 2023	31 December 2022
Assets			
Investment property	7	1,129,029	1,259,235
Intangible fixed assets		47	72
Tangible fixed assets		4,000	4,063
Financial fixed assets		0	0
Other non-current assets		12,812	13,659
Non-current assets		**1,145,888**	**1,277,027**
Debtors and other receivables	8	3,186	1,403
Derivative financial instruments	12		1,163
Cash and cash equivalents		511	196
Current assets		**3,697**	**2,763**
Total assets		**1,149,585**	**1,279,790**
Shareholders' equity			
Issued share capital	9	74,171	73,800
Share premium reserve	9	915,069	915,447
Other reserves	9	-121,871	-70,868
Total result for the year		-97,615	-31,370
Shareholders' equity		**769,754**	**887,008**
Liabilities			
Interest bearing loans	10	333,556	285,984
Derivative financial instruments	12		
Other non-current liabilities		4,121	3,744
Non-current liabilities		**337,677**	**289,727**
Redemption requirement interest bearing loans	10		65,656
Debts to credit institutions		12,429	14,037
Creditors and other payables	11	29,725	23,361
Current liabilities		**42,154**	**103,054**
Total liabilities		**379,832**	**392,782**
Total shareholders' equity and liabilities		**1,149,585**	**1,279,790**

The notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	Notes		H1 2023		H1 2022
Result from operations after tax			-97,615		27,261
Adjusted for:					
Revaluation of investment property	4	116,794		-5,572	
Net result on sale of investment property	5	88		140	
Net financing result		4,710		1,825	
Corporate income taks		1		1	
Depreciation and amortisation	6	317		392	
			121,911		-3,213
Movements in working capital:					
Debtors and other receivables		-1,237		-1,909	
Creditors and other payables		7,317		4,778	
			6,079		2,869
Cash flow from operations			**30,375**		**26,917**
Financing income received			9		20
Financing costs paid			-5,088		-5,076
Settlement of derivatives					
Tax paid			-57		6
Cash flow from operating activities			**25,238**		**21,868**
Purchases of investment property and subsequent expenditure	7		-8,484		-6,500
Proceeds from sale of investment property	7		23,116		8,995
Investments in tangible fixed assets					-100
Disinvestments in tangible fixed assets					4
Investments in intangible fixed assets					-6
Cash flow from investment activities			**14,632**		**2,394**
Dividend paid to the company's shareholders			-19,639		-17,470
Proceeds from interest bearing loans	10		10,000		
Transaction costs interest bearing loans paid			-108		-7
Repayment of interest bearing loans	10		-28,200		-20,350
Cash flow from financing activities			**-37,947**		**-37,827**
Net cash flow			**1,923**		**-13,565**
Cash and cash equivalents and debts to credit institutions - balance as per 1 January			**-13,840**		**7,723**
Cash and cash equivalents and debts to credit institutions - balance as per 30 June			**-11,918**		**-5,842**

The notes form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (x € 1,000)

H1 2023

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2023	**73,800**	**915,447**	**-70,868**	**-31,370**	**887,008**
Total result for the year				-97,615	-97,615
Total comprehensive income / expense for the year				**-97,615**	**-97,615**
Profit appropriation - 2022			-31,370	31,370	
Distribution final dividend - 2022	372	-378	-19,633		-19,639
Contributions from and to shareholders	**372**	**-378**	**-51,003**	**31,370**	**-19,639**
Balance as per 30 June 2023	**74,171**	**915,069**	**-121,871**	**-97,615**	**769,754**

H1 2022

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2022	**72,489**	**916,768**	**-161,762**	**120,961**	**948,457**
Total result for the year				27,261	27,261
Total comprehensive income / expense for the year				**27,261**	**27,261**
Profit appropriation - 2021			120,961	-120,961	
Distribution final dividend - 2021	398	-403	-17,464		-17,470
Contributions from and to shareholders	**398**	**-403**	**103,496**	**-120,961**	**-17,470**
Balance as per 30 June 2022	**72,887**	**916,365**	**-58,265**	**27,261**	**958,247**

The notes form an integral part of the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

REPORTING ENTITY

NSI N.V. (registration number Chamber of Commerce: 36040044; hereinafter 'NSI', or the 'company'), with its principal place of business in Hoogoorddreef 62, 1101 BE Amsterdam, the Netherlands and its registered office in Amsterdam, the Netherlands is a real estate company, primarily focussing on offices.

These condensed consolidated financial statements are presented for the company and its subsidiaries (together referred to as the 'Group').

The company is licensed pursuant to the Dutch Financial Supervision Act (Wet op het financiële toezicht). NSI N.V. is listed on Euronext Amsterdam.

BASIS OF PREPARATION

Statement of compliance

The interim financial information has been prepared in accordance with IAS34 Interim Financial Reporting. This does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

The interim financial information was authorised for issue by the Company's Management and Supervisory Board on 13 July 2023. The interim financial information was reviewed by the independent auditor and is unaudited.

Unless stated otherwise, all amounts in the interim financial information are in thousands of euros, the euro being the company's functional currency, and are rounded off to the nearest thousand. There could be minor rounding differences in the figures presented.

Assumptions and estimation uncertainties

The preparation of the financial statements requires that the Management Board forms opinions, estimates and assumptions that affect the application of accounting principles and reported figures for assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022. The most significant assumption relates to the unobservable information used in the valuation of the investment property. Other judgements are made relating to the claims for shopping center 't Loon, the feasibility of the three investment properties under construction and timing of capitalisation of interest for the development projects, determination of ground lease terms and principle versus agent considerations for services provided to tenants.

Valuation principles

The condensed consolidated interim financial statements have been prepared on the basis of historical cost except for investment property, investment property under construction and derivative financial instruments, which are subsequently measured at fair value.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in financial statements are based on the assumption of continuity (going concern) of the company.

At the end of H1 2023 NSI had a negative working capital position. However, this does not impact the assumption of continuity as NSI still has a remaining committed undrawn credit facility amply exceeding this negative working capital. Therefore, these financial statements are drawn up based on a going concern.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2022.

1. SEGMENT INFORMATION

H1 2023

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	17,832	11,919	5,770		35,521
Service costs not recharged	-618	-236	-12		-866
Operating costs	-3,005	-2,398	-1,269		-6,672
Net rental income	**14,208**	**9,286**	**4,489**		**27,983**
Revaluation of investment property	-93,267	-16,258	-7,268		-116,794
Net result on sale of investment property		-1	-87		-88
Net result from investment	**-79,059**	**-6,974**	**-2,867**		**-88,899**
Administrative costs				-4,000	-4,000
Other income and costs				-4	-4
Net financing result				-4,710	-4,710
Result before tax	**-79,059**	**-6,974**	**-2,867**	**-8,715**	**-97,614**
Corporate income tax				-1	-1
Total result for the year	**-79,059**	**-6,974**	**-2,867**	**-8,716**	**-97,615**
Other comprehensive income / expense					
Total comprehensive income / expense for the year	**-79,059**	**-6,974**	**-2,867**	**-8,716**	**-97,615**

H1 2022

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	17,895	11,128	6,542		35,565
Service costs not recharged	-290	-183	-36		-509
Operating costs	-2,824	-2,420	-1,471		-6,715
Net rental income	**14,782**	**8,524**	**5,035**		**28,341**
Revaluation of investment property	-14,522	7,261	12,833		5,572
Net result on sale of investment property		-127	-13		-140
Net result from investment	**259**	**15,658**	**17,855**		**33,773**
Administrative costs				-4,579	-4,579
Other income and costs				-106	-106
Net financing result				-1,825	-1,825
Result before tax	**259**	**15,658**	**17,855**	**-6,511**	**27,262**
Corporate income tax				-1	-1
Total result for the year	**259**	**15,658**	**17,855**	**-6,512**	**27,261**
Other comprehensive income / expense					
Total comprehensive income / expense for the year	**259**	**15,658**	**17,855**	**-6,512**	**27,261**

2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Amsterdam	17,832	17,895	-618	-290	-3,005	-2,824	14,208	14,782
Other G4	11,919	11,128	-236	-183	-2,398	-2,420	9,286	8,524
Other Netherlands	5,770	6,542	-12	-36	-1,269	-1,471	4,489	5,035
Net rental income	**35,521**	**35,565**	**-866**	**-509**	**-6,672**	**-6,715**	**27,983**	**28,341**

3. OPERATING COSTS

	H1 2023	H1 2022
Leasehold	0	-3
Municipal taxes	-2,853	-2,562
Insurance premiums	-325	-305
Maintenance costs	-1,039	-824
Property management costs	-2,003	-1,954
Letting costs	-328	-572
Contribution to owner association	-44	-61
Doubtful debt costs	48	-180
Other operating costs	-129	-255
Operating costs	**-6,672**	**-6,715**

Property management costs include administrative costs charged to operations for an amount of € 1.4m (H1 2022: € 1.5m). Letting costs include an amount of € 0.2m (H1 2022: € 0.3m) for straight-lined letting investments and commissions.

An amount of € 0.2m (H1 2022: € 0.2m) relates to operating costs of fully vacant properties.

4. REVALUATION OF INVESTMENT PROPERTY

	H1 2023			H1 2022		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation	2,342	-87,364	-85,022	55,202	-48,041	7,161
Investment property under construction		-32,191	-32,191		-137	-137
Revaluation - market value	**2,342**	**-119,555**	**-117,213**	**55,502**	**-48,178**	**7,024**
Movement in right of use leasehold			-30			-30
Movement in lease incentives			449			-1,422
Revaluation of investment property			**-116,794**			**5,572**

5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	H1 2023	H1 2022
Proceeds on sale of investment property	23,150	9,007
Transaction costs on sale of investment property	-34	-12
Sale of investment property	**23,116**	**8,995**
Book value at the time of sale (excl. right of use leasehold)	-23,204	-9,136
Net result on sale of investment property	**-88**	**-140**

The result on the right of use leasehold at the moment of disposal amounts to € 0.0m (H1 2022: € 0.0m).

The net result on sale of investment property includes an amount of € 0.0m (H1 2022: - € 0.1m) related to prior years' sales. During H1 2023 2 objects (H1 2022: 1 objects) were sold.

Transaction costs on sale include the costs of real estate agents and legal fees.

6. ADMINISTRATIVE COSTS

		H1 2023		H1 2022
Salaries and wages	-2,984		-3,116	
Social security	-412		-397	
Pensions	-210		-185	
Depreciation right of use tangible fixed assets	-148		-150	
Other staff costs	-519		-497	
Staff costs		-4,273		-4,345
Compensation supervisory board		-126		-100
Depreciation and amortisation	-169		-242	
Other office costs	-667		-739	
Office costs		-836		-981
Audit, consultancy and valuation costs		-371		-608
Other administrative costs		-518		-618
Administrative costs		**-6,124**		**-6,650**
Allocated administrative costs		**2,124**		**2,071**
Administrative costs		**-4,000**		**-4,579**

Administrative costs directly related to the operation of the investment property portfolio are recharged to the operating costs.

Directly attributable costs related to development project are capitalised as part of the respective project (€ 0.4m, H1 2022: € 0.3m).

Furthermore, part of the reception staff of HNK are included in the payroll of NSI. These costs (€ 0.4m, H1 2022: € 0.3m) are part of service costs and as such are allocated to the respective properties.

The total of those costs are reported as “Allocated administrative costs”.

7. INVESTMENT PROPERTY

Investment property consists of investment property in operation and investment property under construction:

	30 June 2023	31 December 2022
Investment property in operation	1,077,416	1,200,153
Investment property under construction	51,613	59,082
Investment property	**1,129,029**	**1,259,235**

Investment property in operation and investment property under construction are recognised at fair value. The fair value is determined on the basis of level 3 of the fair value hierarchy.

At 30 June 2023 100% (31 December 2022: 100%) of investment property were externally appraised by external appraisers. In both 2023 and 2022 the appraisers are JLL, Colliers and Cushman & Wakefield. The fair value is based on the market value (including buyer’s costs, i.e. adjusted for purchase costs such as transfer tax). That means the estimated price on the date of valuation at which a property can be traded between a seller and a purchaser willing to enter into an objective, arm’s length transaction preceded by sound negotiations between both well-informed parties.

The valuations are determined on the basis of a capitalisation method, on the basis of a gross initial yield and the therefrom derived net initial yield calculation, whereby the net market rent prices are capitalised, and is subsequently validated by the discounted cash flow calculation method, based on the present value of the future cash flows for the next ten years including an exit value at the end of the tenth year. The respective outcomes of both methods are compared. The returns applied are specified for the type of investment property, location, maintenance condition and letting potential of each property, and are based on comparable transactions, along with market-specific and property-specific knowledge.

The fair value is the outcome of the (theoretical) rent divided by the net initial yield (expressed as a percentage) of the investment property. The yields applied are specific to the type of property, location, maintenance condition and letting potential of each asset. The yields are determined based on comparable transactions, as well as on market and asset-specific knowledge.

Assumptions are made for each property, tenant and vacant unit based on the likelihood of letting (and reletting), the expected duration of vacancy (in months), incentives, capital expenditure and operating costs.

Change in transfer tax rate

As per 1 January 2023, the transfer tax rate on real estate transactions in The Netherlands has been raised from 8.0% to 10.4%. In the valuations as per 31 December 2022, this raise was not yet taken into account. The change of the transfer tax rate was taken into account for the first time as per 30 June 2023 and negatively affected the valuations for H1 2023.

Investment property in operation

The movement in investment property in operation per segment was as follows:

H1 2023

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2023	**665,530**	**333,706**	**200,917**	**1,200,153**
Investments	5,100	2,059	302	7,462
Revaluation	-61,076	-16,258	-7,268	-84,603
Transfer from / to inv. property under construction	-25,850	3,060		-22,790
Disposals			-22,806	-22,806
Balance as per 30 June 2023	**583,705**	**322,567**	**171,145**	**1,077,416**
Right of use leasehold as per 30 June 2023	-653		-44	-697
Lease incentives as per 30 June 2023	6,709	4,973	1,129	12,812
Market value as per 30 June 2023	589,761	327,540	172,230	1,089,531

H1 2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2022	**725,852**	**346,699**	**203,436**	**1,275,988**
Acquisitions			-3	-3
Investments	2,011	1,023	381	3,415
Revaluation	-14,492	7,373	12,833	5,714
Transfer from / to real estate in own use			573	573
Disposals		-62	-8,688	-8,750
Balance as per 30 June 2022	**713,371**	**355,033**	**208,533**	**1,276,937**
Right of use leasehold as per 30 June 2022	-714		-72	-787
Lease incentives as per 30 June 2022	6,704	5,617	1,864	14,185
Market value as per 30 June 2022	719,361	360,650	210,325	1,290,336

Collateral

On 30 June 2023, properties with a market value of € 202.7m (31 December 2022: € 230.0m) were mortgaged as security for loans drawn and there are no current account overdraft facilities at banks amounting to € 55.0m (31 December 2022: € 65.7m). The level of security can vary within the financing facilities, enabling NSI to create additional loan capacity within the existing facilities or to allocate part of the security to another financing facility.

Sensitivities to yield fluctuations

The value of investment property implies an average gross initial yield of 6.9% (31 December 2022: 6.4%). Valuations can be affected by the general macro-economic and market environment, but also by local factors. For this reason NSI has performed a sensitivity analysis. If, on 30 June 2023, the yields applied for the valuation of investment property had been 50 basis points lower than the yields currently applied, the value of investment property would increase by 7.4% (31 December 2022: 8.0%). In that case NSI's equity would be € 85m (31 December 2022: € 103m) higher due to a higher positive result. The loan-to-value would then decrease from 30.2% (31 December 2022: 28.7%) to 28.1% (31 December 2022: 26.5%).

If, on 30 June 2023, the yields applied for the valuation of investment property had been 50 basis points higher than those currently applied, the value of investment property would decrease by 6.4% (31 December 2022: 6.9%). In that case NSI's equity would be € 74m (31 December 2022: € 88m) lower due to a lower result for the year. The loan-to-value would then increase from 30.2% to 32.3%.

Investment property under construction

The movement in investment property un construction per segment was as follows:

H1 2023

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2023	**56,022**	**3,060**		**59,082**
Investments	1,002			1,002
Capitalised interest	930			930
Revaluation	-32,191			-32,191
Transfer from / to inv. property in operation	25,850	-3,060		22,790
Balance as per 30 June 2023	**51,613**			**51,613**
Right of use leasehold as per 30 June 2023	-195			-195
Market value as per 30 June 2023	51,418			51,418

At the end of H1 2023, the balance sheet value of investment property under construction consists of the book value of Laanderpoort and Vitrum, excluding the value of the parking places, which are let until start of demolition. Furthermore, the development costs of the beforementioned assets and Well House are included.

The negative revaluation in H1 2023 is related to declines in the market valuations of Vitrum and Laanderpoort, due to yield expansion.

H1 2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2022	**58,371**	**3,675**		**62,046**
Investments	3,205	7		3,213
Capitalised interest	662			662
Revaluation	-30	-112		-143
Balance as per 30 June 2022	**62,208**	**3,570**		**65,778**
Right of use leasehold as per 30 June 2022	-221			-221
Market value as per 30 June 2022	61,987	3,570		65,557

8. DEBTORS AND OTHER RECEIVABLES

	30 June 2023		31 December 2022	
Gross debtors	1,741		904	
Provision for doubtful debts	-294		-349	
Debtors		1,447		555
Tenant loans				0
Taxes		137		40
Interest		0		
Prepayments		1,429		511
Other current receivables		174		297
Debtors and other receivables		**3,186**		**1,403**

The largest items under debtors and other receivables concern debtors (€ 1.7m), mainly tenants which are overdue, which are reported after deduction of a provision for expected credit losses over the term of the receivables.

The provision for doubtful debts has been determined based on IFRS 9 guidelines, in line with prior year's calculations.

9. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

At 31 December 2022 20,054,240 ordinary shares with a nominal value of € 3.68 were placed and fully paid up. In May 2023 100,981 shares were issued as stock dividend, relating to the final dividend distribution for 2022. This resulted in 20,155,221 shares issued at 30 June 2023.

10. INTEREST BEARING LOANS

The development of the interest bearing loans the first half of 2023 and the first half of 2022 was as follows:

	H1 2023	H1 2022
Balance as per 1 January	**351,640**	**389,796**
Drawn interest bearing loans	10,000	
Transaction costs paid	-108	-7
Amortisation transaction costs	224	191
Repayment of interest bearing loans	-28,200	-20,350
Balance as per 30 June	**333,556**	**369,630**
Redemption requirement interest bearing loans		145,933
Balance as per 30 June	**333,556**	**223,697**

The remaining maturities of the loans at 30 June 2023 were as follows:

	30 June 2023			31 December 2022		
	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Up to 1 year					65,656	65,656
From 1 to 2 years						
From 2 to 5 years	39,939	59,004	98,943	39,928	66,359	106,287
From 5 to 10 years	179,721	54,892	234,613	179,697		179,697
Total	**219,661**	**113,896**	**333,556**	**219,624**	**132,016**	**351,640**

In the coming year no financing will expire (31 December 2022: € 65.7m).

Loans outstanding have a remaining average maturity of 5.0 years (31 December 2022: 4.7 years). The weighted average annual interest rate on the loans and interest-rate swaps at the end of June 2023 was 2.6% (31 December 2022: 2.0%). These include margin, utilisation fees and amortised costs and exclude commitment fees.

The interest coverage ratio amounted to 6.0x as at 30 June 2023 (31 December 2022: 6.3x). Based on our ICR debt covenant of 2.0x, NSI could absorb a net rental income decline of circa 65% before breaching this covenant.

11. CREDITORS AND OTHER PAYABLES

	30 June 2023	31 December 2022
Creditors	4,140	3,178
Taxes	2,368	1,918
Interest	508	1,357
Security deposits	1,838	1,994
Lease liabilities	360	373
Deferred income	10,124	6,129
Accruals	10,352	8,254
Other current payables	35	158
Creditors and other payables	**29,725**	**23,361**

12. FINANCIAL INSTRUMENTS

Recognition categories and fair values

The table on the next page summarises the book values and fair values of financial assets and liabilities, as well as their applicable level within the fair value hierarchy. The table does not provide information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable reflection of the fair value.

Fair value hierarchy

Fair value measurements are categorised into different levels in the fair value hierarchy depending on the input that formed the basis of the valuation techniques applied.

The different levels are defined as follows:
- Level 1: valuation based on quoted prices in active markets for identical assets or liabilities;
- Level 2: valuation of assets or liabilities based on (external) observable information;
- Level 3: valuation of assets or liabilities based wholly or partially on (external) unobservable information.

Level 2 applies to all financial instruments; a model in which fair value is determined based on directly or indirectly observable market data. In level 2 fair values for over-the-counter derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves obtained by external data sources (e.g. Bloomberg) and valuation statements received from our counterparties These quotes are regularly tested for adequacy by discounting cash flows using the market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments that take into account the credit risk of the group entity and the counterparty, when appropriate.

		30 June 2023			31 December 2022		
	Note	Fair value level	Amortised cost price	Fair value	Fair value level	Amortised cost price	Fair value
Financial assets valued at fair value through profit or loss							
Derivative financial instruments		2			2		1,163
Financial assets valued at amortised cost price							
Financial fixed assets		3	0		3	0	
Debtors and other receivables	8	2	1,621		2	852	
Cash and cash equivalents		1	511		1	196	
Financial liabilities valued at fair value through profit or loss							
Derivative financial instruments		2			2		
Financial liabilities valued at amortised cost price							
Interest bearing loans	10	2	333,556		2	351,640	
Other non-current liabilities		2	4,121		2	3,744	
Debts to credit institutions		1	12,429		1	14,037	
Creditors and other payables	11	2	17,234		2	15,314	

On the balance sheet the derivative financial instruments had the following maturity:

	30 June 2023				31 December 2022			
	# contracts	Nominal value	Fair value assets	Fair value liabilities	# contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year	5	50,000			9	147,500	1,163	
Total	**5**	**50,000**			**9**	**147,500**	**1,163**	

NSI minimises its interest rate risk by swapping the variable interest it pays on the majority of its loans for a fixed interest rate by means of contracts with fixed interest rates varying from -0.11% to -0.07% (31 December 2022: - 0.11% to 0.73%) and with maturity dates in 2023 (31 December 2022: 2023). The weighted average remaining maturity of the derivatives is 0.0 years (31 December 2022: 0.4 years). NSI is hedged at a weighted average interest rate of -0.1% (31 December 2022: 0.4%), excluding margin, 19.4% of the total outstanding variable interest loans (31 December 2022: over hedged 4.0%) are not hedged (volume hedge of 80.6%).

13. EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date.

MANAGEMENT BOARD STATEMENT

The Management Board states that, to the best of their knowledge:

- The condensed consolidated interim financial information, which has been prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, the financial position and the results of NSI N.V. and the companies included in the consolidation as a whole;

- The condensed consolidated interim financial information provides a true and fair view on the condition as at balance sheet date and the course of business during the half year under review of NSI N.V. and the related companies of which the data has been included in the interim statements, and the expected course of business;

- The condensed consolidated interim financial information includes a true and fair review of the information required pursuant to section 5:25d, subsections 8 an 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

NSI considers credit risk, liquidity risk and currency risk as financial risks. In addition, market risks include changes in the economic environment and in the availability of funding in the credit markets, which may affect the letting prospects as well as the market value of the properties. Please refer to the annual report 2022 for more information on existing risks.

Amsterdam, 13 July 2023

Management Board
B.A. Stahli, CEO
A.A. de Jong, CFO

REVIEW REPORT

To: the Management Board of NSI N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six month period ended 30 June 2023 of NSI N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated statement of cash flows for the period then ended, and the selected explanatory notes. The management board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2023 is not prepared, in all material respects, in accordance with

IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 13 July 2023

PricewaterhouseCoopers Accountants N.V.
Original version signed by A.A. Meijer MSc RA

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EPRA KEY PERFORMANCE MEASURES

Overview key performance indicators

	H1 2023		H1 2022	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	20,434	1.02	19,489	0.99
EPRA cost ratio (incl. direct vacancy costs)	28.5%		29.6%	
EPRA cost ratio (excl. direct vacancy costs)	27.2%		28.2%	
EPRA property related capital expenditure	8,464		6,625	

	30 June 2023		31 December 2022	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	888,697	44.09	987,844	49.26
EPRA NTA	769,707	38.19	885,774	44.17
EPRA NDV	799,679	39.68	918,162	45.78
EPRA LTV	31.5%		29.3%	
EPRA net initial yield (NIY)	4.7%		4.6%	
EPRA topped-up net initial yield	5.2%		5.0%	
EPRA vacancy rate	7.3%		6.2%	

EPRA earnings

	H1 2023	H1 2022
Gross rental income	35,521	35,565
Service costs not recharged	-866	-509
Operating costs	-6,672	-6,715
Net rental income	**27,983**	**28,341**
Administrative costs	-4,000	-4,579
Net financing result	-3,547	-4,272
Direct investment result before tax	**20,435**	**19,490**
Corporate income tax	-1	-1
Direct investment result / EPRA earnings	**20,434**	**19,489**
Direct investment result / EPRA earnings per share	1.02	0.99

EPRA cost ratio

	H1 2023	H1 2022
Administrative costs	4,000	4,579
Service costs not recharged	866	509
Operating costs (adjusted for municipality taxes)	5,246	5,433
Leasehold	0	-3
EPRA costs (including direct vacancy costs)	**10,112**	**10,520**
Direct vacancy costs	-436	-504
EPRA costs (excluding direct vacancy costs)	**9,676**	**10,016**
Gross rental income	35,521	35,565
EPRA gross rental income	**35,521**	**35,565**
EPRA cost ratio (incl. direct vacancy costs)	28.5%	29.6%
EPRA cost ratio (excl. direct vacancy costs)	27.2%	28.2%

EPRA property related capital expenditure

	H1 2023	H1 2022
Acquisitions		
Development	1,002	3,213
Like-for-like portfolio	7,408	3,236
Other	54	177
EPRA capital expenditure	**8,464**	**6,625**

EPRA NAV

	30 June 2023			31 December 2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**769,754**	**769,754**	**769,754**	**887,008**	**887,008**	**887,008**
Hybrid instruments						
Diluted NAV	**769,754**	**769,754**	**769,754**	**887,008**	**887,008**	**887,008**
Diluted NAV at fair value	**769,754**	**769,754**	**769,754**	**887,008**	**887,008**	**887,008**
Fair value of financial instruments				-1,163	-1,163	
Intangibles as per IFRS balance sheet		-47	-47		-72	-72
Fair value of fixed interest rate debt			29,973			31,225
Real estate transfer tax	118,944			101,999		
NAV	**888,697**	**769,707**	**799,679**	**987,844**	**885,774**	**918,162**
Fully diluted number of shares	20,155,221	20,155,221	20,155,221	20,054,240	20,054,240	20,054,240
NAV per share	**44.09**	**38.19**	**39.68**	**49.26**	**44.17**	**45.78**

EPRA LTV

	30 June 2023	31 December 2022
Borrowings from financial institutions	345,985	365,676
Foreign currency derivatives		-1,163
Net payables	17,849	12,043
Owner occupied property (debt)	-2,739	-3,036
Cash & cash equivalents	-511	-196
Net debt	**360,584**	**373,324**
Owner occupied property	2,739	3,036
Investment properties at fair value	1,089,531	1,213,074
Properties under construction	51,418	58,878
Intangibles	47	72
Financial assets	0	0
Total property value	**1,143,735**	**1,275,060**
LTV	31.5%	29.3%

EPRA yield

	30 June 2023	31 December 2022
Investment property including assets held for sale	1,143,688	1,274,988
Developments	-51,418	-58,878
Property investments	**1,092,270**	**1,216,110**
Allowance for estimated purchasers' costs	121,333	109,450
Gross up completed property portfolio valuation	**1,213,603**	**1,325,560**
Annualised cash passing rental income	69,551	72,252
Annualised property outgoings	-12,447	-11,781
Annualised net rent	**57,104**	**60,471**
Notional rent expiration of rent free periods or other lease incentives	5,619	5,940
Topped-up annualised net rent	**62,722**	**66,411**
EPRA net initial yield	4.7%	4.6%
EPRA topped-up net initial yield	5.2%	5.0%

EPRA vacancy

	30 June 2023	31 December 2022
Estimated rental value of vacant space	6,114	5,510
Estimated rental value of the whole portfolio	83,882	88,317
EPRA vacancy	7.3%	6.2%

GLOSSARY

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

CERTIFICATION
The percentage of assets within the portfolio that have formally obtained sustainability certification, ratings or labelling valid at the end of the reporting period.
NSI reports on the following certificates:
- BREEAM (based on sqm);
- EPC label (based on market value);
- GRESB-score (expressed as an overall score for total NSI).

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.

ENERGY INTENSITY (CRREM)
The total energy used by renewable and non-renewable resources during a reporting period, normalised by the sum of the CRREM floor area in square meters (gross floor area minus parking garages and outer facades) for the properties in scope.

EPC-LABEL
Energy Performance Certificates (EPC) reflect the energy efficiency of a building by a rating from A (very efficient) to G (inefficient).

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.

G4
G4 refers to the locations Amsterdam, The Hague, Rotterdam and Utrecht, being the largest cities in the Netherlands.

GRESB-SCORE
The GRESB-score is an overall measure of ESG-performance, represented as a percentage (maximum 100%). The GRESB-score gives quantitative insight into the company's ESG-performance in absolute terms, over time and against peers.

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-on-year 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.

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).

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.